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# 1. GENERAL INFORMATION

## VISION

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

## MISSION

To ensure responsible exploration, development, processing, utilization and management of minerals and energy resources.

## LEGISLATIVE MANDATE

The provision of services for effectual Transformation and Governance of minerals and energy industries for economic growth and development.

## PUBLIC ENTITIES' LEGISLATIVE MANDATE

Each of the public entities is controlled by an independent Board appointed by the Minister of Minerals and Energy. The boards are responsible for giving the strategic direction of the organisations (in line with the mandate and objectives set by government) and ensure effective implementation by Management. All board members are non-executive with the exception of the CEOs. The offices of the Chairpersons and those of the CEOs are separate. The Department is represented by its officials in each of the boards as required by law.

These entities operate independently within the framework of good governance and are made accountable to the shareholder through their boards. The following are public entities reporting to the Minister of Minerals and Energy and their respective legislative mandates.

- The Mine Health and Safety Council, established in terms of Section 42(1) of the Mine Health and Safety Act, NO. 29 of 1996. The Council has the responsibility of advising the Minister of Minerals and Energy on health and safety at mines, promote a culture of health and safety in the mining industry and annually consider an overall programme for relevant health and safety research.
- Council for Mineral Technology (Mintek), was established in terms of the Mineral Technology Act (30 of 1989). Mintek provides research, development and technology transfers that foster the development of businesses in the mineral and mineral products industries.
- The Council for GeoScience, established in terms of the Geoscience Act, no 100 of 1993, is the national agency that is

tasked with the systematic development and maintenance of the national geoscience knowledge infrastructure for both the onshore (land) and offshore (oceans) environment of South Africa.

- The National Electricity Regulator was established in terms of the Electricity Act, 1987, as amended. The role of the regulator is to regulate the electricity industry to meet the requirements of existing and future customers. Its key functions are to approve the prices at which electricity is sold, and to set standards for the quality of supply and service and monitor these. It also licenses all generators, transmitters and distributors of electricity in South Africa.
- The National Nuclear Regulator, was established in terms of the National Nuclear Regulator Act, 1999. The purpose of the Regulator is to provide for the protection of persons, property and the environment against nuclear damage, through the establishment of safety standards and regulatory practices.
- CEF (PTY) Ltd, is a private company, incorporated in terms of the Companies Act and governed by the Central Energy Fund Act, No 38 of 1977. The CEF group operates in the energy sector and consists of five operating subsidiaries with commercial, strategic, regulatory and development roles. It also manages, on agency basis, the strategic crude oil stock for the country.
- The South African Nuclear Energy Corporation is mandated by (NECSA) The Nuclear Energy Act, of 1999, to undertake and promote research and development in the field of nuclear energy and radiation science.
- The South African Diamond Board (SADB) was established in terms of the Diamonds Act, No 56 of 1986, to provide a regulatory function that includes the control of possession, purchase sale, processing and the export of diamonds.
- The Electricity Distribution Industry Holdings (PTY) Ltd (EDIH), was created for the sole purpose of executing the Department's strategic objective of restructuring the electricity distribution industry as per the requirements of the energy white paper. The company is to restructure the existing electricity distribution entities into six financially viable regional electricity distribution companies, REDs.

## DIRECTOR GENERAL'S OVERVIEW



DIRECTOR GENERAL  
**Adv Sandile Nogxina**

Minister, it is my pleasure to present to you the Annual Report for the Department of Minerals and Energy for the 2004/2005 financial year. The year under review was undoubtedly one of the busiest years for the Department; with the implementation of one of our major legislation, the restructuring of the electricity distribution industry and the securing of generation capacity, taking center stage.

The Minerals and Petroleum Resources Development Act (MPRDA) came into effect on 1st May 2004, opening opportunities for the previously disadvantaged South Africans in the minerals and mining industry. Applications for conversions from old order rights to new order rights are steadily flowing in. The minerals and mining components within the Department require strengthened support and capacity to effectively execute the implementation and regulatory responsibilities. To ensure better service delivery and enhance capacity within the Department plans on splitting the Mineral Development Branch into two are at the final stage.

We have agreed with the Department of Trade and Industry on aligning the Mining Charter with the BEE codes of practice. The launch of the Minerals and Mining Advisory Board during the next financial year will ensure that we are advised on the sustainable development of the nation's mineral resources.

The Precious Metals Bill and Diamond Amendment Bill was successfully tabled in Parliament, and is ready for presentation to the Minerals and Energy Portfolio Committee by mid-year. With this amendment, our dream of providing for downstream development of precious metals and diamonds, and promoting equitable access by the local 'beneficiaries' to the country's precious metals and stones will be realised.

As the 2004/5 financial year draws to an end, we are looking forward to the launch of the first Regional Electricity distributor (RED ONE). The Electricity Distribution Industry will see the first Regional Electricity Distributor (RED) by the dawn of 1st July

2005. This will be the first of the six RED's to be launched as an amalgamation of the distribution function of Eskom with that of 186 municipalities already distributing electricity in the country. The RED's will provide competitive electricity tariffs, offer an efficient electricity service and in the long run enable access to electricity for all.

Plans for the establishment of the South African Energy Regulator (NERSA) are at an advanced stage. This entity will be an umbrella regulatory body consolidating all energy regulating entities (electricity, gas and petroleum pipeline). This entity will be launched towards the end of 2005.

South Africa's booming and expanding economy, coupled with our efforts to provide electricity to all, has impacted on the country's diminishing generating capacity. It is for this reason that we have embarked on a vigorous process to generate new capacity with the intention to procure 1000MW through Independent Power Producers to be commissioned by 2008.

I am proud to report that we have made tremendous progress on the New Generation Capacity Project, with the first two critical stages of (a.) inviting expression of interest by potential suppliers and (b.) hosting a workshop for these bidders, having been concluded. At the time of the workshop, over a hundred expressions of interest were received from locally and internationally based companies. At the same time, Eskom is driving an initiative, which will result in the production of 3000MW from mothballed power stations.

In advancing the objectives of our energy policy, we continue to progress in the national electrification programme, although this has slowed down due to sparsely populated areas. Access to electricity now stands at 71%. (details are listed under Programme 4 – Electricity, later in the document). Government's ideal of providing Free Basic Electricity experienced teething problems, however we are dealing with the matter in conjunction with the Department of Provincial and Local Government. This will see the poor being the primary beneficiaries of the programme as opposed to free basic electricity for all in the short-term.

The Designated National Authority (DNA), a requirement for participation in the Clean Development Mechanism (established under the Kyoto Protocol as signed by parties to the United Nations Framework Convention on Climate Change) was operationalised during 2004/5. The Kyoto Protocol came into force on the 16th February 2005 and thereby presented developing countries with the opportunity to develop projects that assisted developed countries with meeting their targets for reducing greenhouse gas



emissions. The donations from countries such as Denmark, Japan and Canada have been instrumental in establishing the DNA function in the Department. The Department has been elected chair of the Designated National Authority, which will be officially launched in Cape-Town in July 2005. This body will oversee and monitor the entire clean fuel development mechanism that is largely in support of the Kyoto Protocol.

Hazards associated with paraffin continue to be of concern to the Department. Paraffin safety remains top on our agenda, while we seek alternatives for the poor. As one of the initiatives to address this, the Department has completed the new National Standard for Non-Pressure Paraffin stoves and Heaters and we are currently awaiting final approval from the Standards Approval Committee at the South African National Standards.

We have had to allay unqualified fears on the use of nuclear energy. In collaboration with the Nuclear Energy Council South Africa, we are embarking on a public education campaign aimed at changing perceptions around nuclear as an alternative energy source.

During the year under review, we sadly experienced fatalities in the mines, an aspect we need to give enormous attention to. Mining related seismicity has in many cases been the cause of these accidents. The Department has implemented interventions to address the issue, which include: improving the placement and design of stabilizing pillars in new excavations, developing and installing better roof and tunnel support systems, monitoring seismicity to track trends over time and sharing information at an international level on best practice and experience.

Job losses in the mining industry as a result of a marked decline on the gold price is a challenge we are dealing with through engaging labour and industry. In addition, social and labour plans which are currently a pre-requisite to the issuing of new mining licences, will soon be required for existing and non-converted mining rights. This will go a long way in re-skilling mine-workers in other areas either than mining, empowering them to move on and establish small business ventures or seek employment in other sectors outside mining. We hope that our concerted efforts will help restore jobs where possible.

HIV and AIDS remains one of the biggest challenges in the mining industry. In 2004, the HIV and AIDS Summit commitments were translated into a plan of action around prevention and monitoring of HIV and AIDS, socio-economic development, research monitoring and evaluation, and the treatment-care-and wellness programmes. The implementation plans will be rolled out in the second quarter of 2005.

and long term solutions to the skills shortage and gaps that exist in the mining and energy sectors and have to that effect developed a Skills Master Plan to ensure adequate and sustainable human resource supply for the entire industry. An implementation plan has also been developed and will go a long way in implementing the Growth and Development Summit (GDS) agreements as well as ensuring that targets contained in the Charters are met.

Minister, on behalf of the Department, I would like to express our appreciation and gratitude for your guidance and leadership in the past year.

DIRECTOR GENERAL

**Adv Sandile Nogxina**

A handwritten signature in black ink, appearing to read 'Sandile Nogxina', written over a light blue grid background.

## DEPARTMENTAL PUBLICATIONS AND KEY DOCUMENTS – 2004/05

### REVIEWS

- South Africa's Mineral Industry (SAMI) 2003/2004, (annual)
- Invest in an Intense and Diverse Mineral Industry 2004, (annual)

### INFORMATION CIRCULARS

MB Bulletin (Trimester)

### DIRECTORIES

- D1/2005: Operating Mines and Quarries and Mineral Processing Plants in the Republic of South Africa, (2005)
- D2/2005: Operating and Developing Coal Mines in the Republic of South Africa, (2005)
- D3/2003: Operating Gold Mines and Recovery Plants in the RSA, (2003)
- D4/2002: Salt Producers in the Republic of South Africa, (2002)
- D6/2003: Platinum-Group Metal Mines in South Africa, (2003)
- D7/2004: South African Diamond Handbook and Operating Diamond Mines Directory (2004)
- D8/2005: Ferrous Mineral Commodities Produced in the Republic of South Africa, (2005)
- D9/2002: Producers of Dimension Stone in South Africa, (2002)
- D10/2004: Producers of Nonferrous Metal Commodities in South Africa, (2004)
- D11/2004: Producers of Industrial Mineral Commodities in South Africa, (2003)
- D12/2004: Operating and Developing Black Empowerment Mining Companies in the Republic of South Africa, (2004)
- D13/2004: African Mining – Mining Companies Government Department and Related Organizations

D14/2003: Producers of Sand and Aggregate in the RSA, (2003)

### STATISTICS

Mineral Production and Sales Statistics (Monthly and Annually)

B1/2004: Minerals - South Africa: Statistical Tables 1982-2003

### BULLETINS/REPORTS

R37/2002: The Tantalum Market (A micro-economic analysis)

R38/2002: A Review of the Dimension Stone Industry in South Africa, 2002.

R39/2004: Investment in South Africa's Mineral Sector, 2004

R40/2002: Possible Financial Sources for Small-to- Junior Empowerment Mining Companies

R41/2003: An Overview of South Africa's Mineral Based Fertilizers, 2003.

R42/2003: An Overview of South Africa's Primary Industrial Mineral Imports and Exports, 2003.

R43/2003: A Review of the Dolomite and Limestone Industry in South Africa

R44/2004: The Silica Industry in the Republic of South Africa

R45/2005: An Overview of the South African Iron, Manganese and Steel Industry during the period 1984-2003

R46/2005: Bentonite, Pyrophyllite and Talc in SA

R47/2005: The Kaolin Industry in South Africa, 2005

R48/2005: South African Ferrous Minerals Production Trends, 1994-2003

H2/2004: Precious Metals Trade - General Information Handbook, 2004.



## INFORMATION ON THE MINISTRY



MINISTER: MINERALS & ENERGY  
**Ms Phumzile Mlambo-Ngcuka**



DEPUTY MINISTER: MINERALS & ENERGY  
**Ms Lulu Xingwana**

### Ministerial Initiatives

#### Ministerial projects in support of women participation in the mining and energy industries:-

Over the past few years, the Ministry has facilitated the establishment of women associations/forums for networking and lobbying of the industries and government for meaningful participation by women in these sectors. These associations are aimed at sensitizing women on opportunities in the mining and energy sectors.

The South African Women in Mining Association (SAWIMA) was established to assist women in mining. Annual conferences are held whereby women are introduced to opportunities in the mining sector. The year the Deputy Minister launched SAWIMA'S website.

The Women in Oil and Energy, South Africa (WOESA), is an organization that ensures meaningful participation of women in business ventures in the oil, gas and energy sectors. A Memorandum of Understanding was signed during the year between Woesa and the South African Petroleum Industry Association (SAPIA), where SAPIA committed to provide support and open opportunities for women within the industry for the next five years.

The Department also hosted the Annual General Meeting of Women in Nuclear, South Africa (WINSA) this year. The organisation assists in the women entry into the nuclear sector. The WINSA

membership has increased in excess of 140 members, most of whom are women from previously disadvantaged communities. An outreach programme through institutions of higher learning is planned for the near future.

These women initiatives are beginning to bear fruit, with women being exposed to the industries through training and involvement in deal making. An example to this effect is the shareholders agreement signed on the hydroelectric plant near Bethlehem in the Free State, between the Central Energy Fund and HydroSA, a WOESA affiliate.

### Rural development

The Department continues to provide electricity, in particular to rural communities and ensuring new jobs and SMME opportunities. These opportunities have been concentrated in Kwazulu-Natal, Eastern Cape and Limpopo through non-grid electrification. The Integrated National Electrification Plan delivered 232 287 household connections, 2 232 schools and 50 clinics. The erection of bulk infrastructure has enabled local development in the nodal zones like OR Tambo and Maluti in Phofung districts. Backlogs have been completely eliminated in the Kgalagadi Node and Western Cape Schools.

### Beneficiation

One way of sustaining the future of our mining and minerals industry is by diversification of the minerals basket through value addition. In pursuance of this, the Minister spearheaded the amendments to the proposed Precious Metals Bill and Diamonds Amendment Bill. This will create an enabling environment for beneficiation by widening access to both rough diamonds and precious metals, while addressing security concerns. The Bill proposes that a State Diamond Trader be established to market rough diamonds such that the locals could benefit.

Plans for training and manufacturing for Precious Metals/Jewellery Manufacturing Precincts at the Johannesburg International Airport, Kimberley, Cape Town, Durban, Midrand and Phelindaba are at an advance stage. A precious metals precinct is being established at the Johannesburg International Airport, IDZ. The IDZ will have a VAT Free Customs Management area, which will allow for Duty Free imports and exports of finished goods with great advantage to the industry.

### NEPAD and SADC

On the continental front, the Minister led the negotiations and subsequent signing of the Intergovernmental Memorandum of

Understanding on the Western Power Corridor Project in October 2004, an initiative by Angola, Botswana, DRC, Namibia and South Africa aimed at piloting hydroelectric energy of the Inga rapids site in the DRC to ensure security of supply in the SADC region. This is a NEPAD flagship project. This drive will increase and provide power supply in SADC

The African Mining Partnership (AMP) held its second annual meeting in Cape Town in February 2005, which was attended by various Mining Ministers from the African continent and other countries and business representatives. This is a Mining Ministers' partnership that drives the minerals and mining agenda of NEPAD. The AMP has registered progress in the implementation of projects on beneficiation, small scale/artisinal mining, environment and sustainable development, human resource development and promotion of investment and indigenous/local participation.

In support of the implementation of mining related issues, the Department played an important role in conceptualising the AMP. Among the projects undertaken by the Department is a collaborative program amongst coastal states that provides a platform for African coastal states to share expertise in the compilation of their respective submissions supporting the claims to extend their Exclusive Economic Zones. The submission to the UN should be done by May 2009. The project is led by Senegal and South Africa (through the Council for Geoscience – a department's public entity).

In the thrive to make South Africa an energy efficient country; the Ministry engaged the Department of Public Works and Eskom to retrofit government buildings. This saved government

an amount of R600 000 in electricity bills per annum and set an example of how much consumers can save if they practice energy efficiency tactics.

The Department, with the support and commitment from Liquid Fuels Industry, launched the Supplier Development Agency to assist suppliers in accessing opportunities in the Liquid Fuels Industry. Potential suppliers can now log onto the data base and view the opportunities for the supply of goods and services.

### **The Minister submitted the following bills during the year under review**

- Minerals and Energy Laws Amendment Bill
- Precious Metals and Diamond General Amendment Bill

### **Public Entities reporting to the Minister of Minerals and Energy**

The following public entities report to the Minister:

- Mine Health and Safety Council
- Mineral Technology Research (MINTeK)
- Council for Geoscience (CGS)
- National Nuclear Regulator
- National Electricity Regulator
- CEF (PTY) Ltd
- South African Nuclear Energy Corporation Ltd (NECSA)
- South African Diamond Board (SADB)
- South African Electricity Distribution Industry Holdings (EDIH)



## Ministerial visits abroad

### Visits abroad undertaken by:

Minister: Ms Phumzile Mlambo-Ngcuka and

Deputy Minister: Ms Lulu Xingwana

DATE	VENUE	EVENT	PARTICIPATION
May 2004	Amsterdam	International Energy Forum	Deputy Minister
May 2004	Rep. Of Korea	Global Summit of Women on Mining and Metal	Minister
June 2004	Mozambique	World Economic Forum	Minister
June 2004	Bonn, Germany	WWSD Conference on Renewables	Minister
July 2004	Thailand	World HIV/AIDS	Deputy Minister
July 2004	Cairo, Egypt	African Mining Partnership Meeting	Minister
July 2004	Namibia	Discussion on the regional energy and power	Deputy Minister
August 2004	Namibia	Southern African Electricity Distribution Summit	Deputy Minister
August 2004	Mauritius	SADC Ministerial Meeting	Deputy Minister
August 2004	Brazil	Petroleum Electricity related issues	Minister
August 2004	Angola	Joint Bilateral Commission SA/Angola	Deputy Minister
August 2004	DRC	Joint Bilateral Commission SA/DRC	Deputy Minister
September 2004	China	Minerals and Energy issues	Minister
September 2004	Australia	Mining Conference	Deputy Minister
September 2004	Equatorial Guinea	Mining, Energy, Oil & Gas	Minister
September 2004	Moscow	10 Year Celebration	Deputy Minister
September 2004	Vienna, Austria	International Atomic Energy Agency Annual General Conference	Deputy Minister
September 2004	China	Presidential visit/Binational	Deputy Minister
October 2004	DRC	Ministerial Visit	Minister
November 2004	Mali	Ministerial Visits	Minister
November 2004	Belgium	State Visit	Minister
December 2004	Netherlands	Energy for Development	Deputy Minister
December 2004	Sudan	Presidential Visit	Deputy Minister
February 2005	Sao Tome Principe	Ministerial Visit	Deputy Minister
March 2005	Libya	Deputy President Visit	Minister
March 2005	Paris	Nuclear Energy Science	Deputy Minister

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## 2. PROGRAMME PERFORMANCE

### Programme Overview

#### Voted Funds (2004/05)

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000
	R1 934 494	R1 945 143	R1 858 668	R 86 475
Responsible Minister	Minister of Minerals and Energy			
Administering Department	Department of Minerals and Energy			
Accounting Officer	Director-General of Minerals and Energy			

### Aim of the Vote

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

#### Strategic overview and key policy developments for the 2004/5 financial year:

The following are the mid-term measurable objectives identified by the Department at the beginning of the year under review:

- To develop and maintain appropriate administrative measures and systems, enhance efficiency and productivity to ensure attainment of targets set by the Charters and effectively monitor systems
- To contribute towards effectual and sustainable development of minerals and energy resources
- To govern the minerals and energy industries to be safe and healthy working environments
- To redress past imbalances, by promoting equitable redistribution of benefits from the exploitation of mineral and energy resources
- To formulate and implement mineral and energy policies that will ensure optimum utilisation of mineral and energy resources.

#### Key policy developments for the 2004/5 financial year.

##### *The Precious Metals and Diamond Amendment Bill.*

Cabinet approved the Precious Metals and Diamonds Amendment Bill in December 2004. The main aim of the Bill is to address national policy with regards to the beneficiation of South Africa's Mineral Resources by removing barriers to the beneficiation of precious metals and diamonds in the country, such as access to diamonds and the over-regulation of the precious metals.

##### *The Minerals and Energy Amendment Bill.*

Cabinet also approved the Minerals and Energy Amendment Bill in 2004. This piece of legislation aims at ensuring that all mining related rights are registered in the Mining Titles Registration office of the Department of Minerals and Energy and that all rights pertaining to land registration are dealt with by the Deeds Registration Office of the Department of Land Affairs.

##### *The National Energy Regulator of South Africa (NERSA).*

The Energy Regulator Act was assented to by the President in March 2005. This Act establishes a single energy regulator for the electricity, piped gas and petroleum pipeline industries; and repeals only those sections of the Electricity Act, the Gas Act and the Petroleum Pipelines Act that pertain to the establishment of the associated regulators/authorities. The Act also amends these three pieces of legislation to redefine their associated regulators/authorities within the National Energy Regulator of South Africa (NERSA), as established by the Act.

The NERSA will utilise the infrastructure created by the existing National Electricity Regulator (NER), and will expand that infrastructure to undertake the gas and petroleum pipeline regulation functions as appropriate. The energy regulator is scheduled to be operational in November 2005.

##### *Petroleum Products Amendment Act*

The liquid fuels industry will, for the first time, be licensed in 2005. The objective of the licensing framework as detailed in the Petroleum Products Amendment Act, 2003 include promotion of an efficient manufacturing, wholesaling and retailing petroleum industry; facilitation of an environment conducive to efficient and commercially justifiable investment, promotion of advancement of historically disadvantaged South African; and the creation of employment opportunities and the development of small businesses in the petroleum sector.

### *The New Generation Capacity*

The National Integrated Resource Planning (NIRP) projected that South Africa will be running out of peaking generation capacity by 2007/8, indicating that more than 2000 MW of peaking generation capacity is required by 2008. Eskom is building 1000MW Open Cycle Gas Turbines (OCGT) power plans and another 1000 MW of OCGT will be built by Independent Power Producers (IPPs) through a competitive tendering process led by the Department. For the purpose of fast tracking the project, the Department will be engaging in various tasks on behalf of the IPPs. These include Site Selection and Environmental Impact Assessment (EIA). The feasibility study on the new generation capacity project has been completed and submitted to the National Treasury for approval in terms of the Public Private Partnership (PPP) guidelines.

On 08 December 2004 the Deputy Minister launched the expression of interest (Eoi), which attracted approximately 90 parties from different disciplines (i.e. Developers, Banks, Equipment Manufacture, fuel suppliers BEE companies etc).

### **Overview of the service delivery and organisational environment for 2004/5.**

#### *The Mineral and Petroleum Resources Development Act, 2002 (MPRDA).*

Last year the Department reported progress made, specifically within the Mineral Development branch, with regards to the preparation for the implementation of the MPRDA once promulgated. Within the MPRDA lies the legislative framework for the Broad-Based Socio-Economic Empowerment (BBSEE) Charter, that sets out the framework within which transformation of the minerals and mining industry will be carried out. As the Act came into effect on 1 May 2004, it was time for the Department to commence with an implementation process that would ensure compliance and promotion of the terms of the Act and the charter. The shift of mindset in the allocation of mineral rights within the mining sector started during this period. Administrative and interpretation challenges have been experienced with the implementation of this Act.

To improve on service delivery, enhance capacity and performance within the Mineral Development Branch (the branch charged with the implementation of the Act), a decision was taken to split the branch into two, forming the Mineral Policy and Promotion Branch and the Mineral Regulation Branch (responsible for implementation of the MPRDA, through licensing and mineral regulation). Deputy Directors General for the two branches have been appointed. The creation of new posts as a result of the split has been kept at a minimum, with the Department utilising the existing resources.

### *The Department's strategic direction.*

In November 2004, the Department engaged in a process of reviewing its mission, vision and strategy to ensure alignment with its mandate and government priorities, taking cognisance of the developments in legislation related to the mining industry. This exercise came at a time when Government was calling for micro economic reform strategies focusing on; key industries capable of growing the economy, developing appropriate skills needed to grow the economy, addressing the gap between the first and second economies and facilitating job creation and fighting poverty. As a result of this exercise, the Department has started engaging in the process of aligning its structures, systems and processes to the new strategic direction. The business case has been drawn and discussions between the Department and DPSA and National Treasury are underway.

The key personnel resignation over this period was that of the Chief Financial Officer in December 2004. A replacement was appointed in January 2005 with no interruptions. The Supply Chain Manager was appointed in May 2004, enabling the Department to commence with the implementation of the Supply Chain Management Framework during the financial year.

The Auditor General's report for the 2003/4 financial year indicated areas where internal controls within the Department were not effective. To address these issues, areas affected have been looked at during the year and various improvements implemented. The success of these efforts is supported by the Auditor General and the Audit Committee's comments on the 2004/5 performance, later in this report.

### **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 Services



## Departmental receipts and payments.

### Departmental receipts

	2001/02 Actual	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	% deviation from target
Tax receipts	0	0	0	0	0	0.00%
Sales of goods and services	2 339	2 697	3 653	2 054	8 819	76.71%
Sale of scrap,waste	3	3	3	0	3	0.00%
Transfers received	10	0	0	0	0	0.00%
Fines, penalties, forfeits	40	65	1 832	55	229	75.98%
Interest, dividends, rent	576 289	403 453	290 439	107 345	102 262	4.74%
Sale of capital assets	0	0	0	0	0	0.00%
Financial transactions	1 779	1 779	1 529	156	2 459	93.66%
<b>TOTAL</b>	580 460	580 460	297 453	109 610	113 773	3.66%

### Summary of Expenditure per Programme

Programmes	Voted for 2004/05 R'000	Roll-overs and adjustments R'000	Virement R'000	Total Voted R'000	Actual Expenditure R'000	Variance R'000
Programme 1: Administration	92 417	3 520	7 275	103 212	94 472	8.5%
Programme 2: Promotion of Mine Health and Safety	99 633	900	-2 890	97 643	87 566	10.3%
Programme 3: Mineral Development	159 808	1 445	-100	161 153	157 475	2.3%
Programme 4: Energy Management	73 623	1 628	-4 490	70 761	62 938	11.1%
Programme 5: Associated Services	1 509 013	3 156	0	1 512 169	1 456 013	3.7%
Special Functions (Theft & losses)	0	0	205	205	204	0.5%
<b>TOTAL</b>	1 934 494	10 649	0	1 945 143	1 858 668	4.4%

## MTEF TRANSFERS TO THE State Owned Entities REPORTING TO THE MINISTER OF MINERALS AND ENERGY

Name of the Institution	Amount transferred R'000
The South African Nuclear Energy Corporation Ltd (NECSA)	179 901
Council for Mineral Technology Research (Mintek)	88 632
The National Nuclear Regulator (NNR)	8 067
Council for Geoscience (CGS)	77 606
Mine Health and Safety Council (MHSC)	3 816
Electricity Distribution Industry Holdings (EDIH) Pty Ltd	54 000

## OTHER TRANSFERS TO SOE's REPORTING TO THE MINISTER OF MINERALS AND ENERGY

Name of the Institution	Reason for transfer	Amount Transferred R'000
The National Nuclear Regulator (NNR)	Closure abandoned Uranium Mines	18 000
Council for Geoscience (CGS)	Closure Safety Holes	13 254

## Transfers to other Organizations:

Name of the Institution	Project	Amount transferred R'000
Eskom	National Electrification Programme	797 329
Various Municipalities	National Electrification Programme	196 101
Industrial Development Corporation of SA	Small Scale Mining Projects	15 100
Council for Scientific and Industrial Research (CSIR)	Mine Environmental Management Project	20 000
Solar Vission (Pty) Ltd	National Electrification programme (Non grid electrification)	11 376
Nuon Raps Utility (Pty) Ltd	National Electrification programme (Non grid electrification)	6 671
Kwazulu Energy Services Company	National Electrification programme (Non grid electrification)	4 369
Grootvlei Proprietary Mines	Assistance to mines (pumping of water)	17 700
East Rand Proprietary Mines Ltd.	Assistance to mines (pumping of water)	14 830

## CONDITIONAL GRANTS

### Overview of conditional grants

The table below provides a summary of the type of grant(s), total allocations and the transfer trends for 2004/5:

#### Schedule 6A: National Electrification Programme

Province	Total allocation R'000	Total transfers R'000
Western Cape	23,596	17,819
Northern Cape	4,937	2,288
Eastern Cape	50,502	45,421
Mpumalanga	28,289	24,659
Northern Province	10,218	5,106
North West	10,558	5,576
Kwazulu Natal	56,179	36,828
Free State	27,328	21,209
Gauteng	39,126	36,637
Total	250,733	195,542

### Programme 1: Administration

**Purpose:** To provide administration support to the Ministry and the Department of Minerals and Energy.

#### Service Delivery

This programme includes the following sub-programmes/Chief Directorates; Management Services (Human Resource and

Efficiency Management, Human Resource Development and Special programmes, Legal Services and Security Risk Management; Finance and Information (financial services, Supply Chain Management and Information Management); Communication; Audit Services, Special Projects and The Compliance Office.

#### Chief Directorate: Management Services

The Chief Directorate Management Services renders a professional management support service through the implementation of all aspects of the Public Service Regulations, 1999 (PSR), Employment Equity and the Skills Development Legislation, Occupational and Safety Legislation, the Promotion of Access to Information and the Promotion of Administrative Justice Legislation as well as the Minimum Information and Security Standard (i.e. MISS document).

**Human resource development:** A total amount of R 2 468 441.13 was spent on training and skills development programmes for the period 2004/2005. The training interventions are as a result of the comprehensive training needs analysis that is conducted every year to ensure that whatever training that takes place is in line with the Department's vision and priorities. Training undertaken includes computer courses, technical, management and generic training. Besides local interventions. The Department also participated in international programmes that are specific to the minerals and energy sectors.

The internship programme in the year under review had a total of 108 interns in the system. The department absorbed 58 of these permanently, 23 were absorbed as contract workers, and 41 were offered employment in other government departments and the private sector.



The Department offers bursaries to its employees for studies that are in line with the core functions of the department in any institution of choice that is fully accredited. In total there are 258 bursary holders, with 21 employees completing their studies during the year under review.

The Malaysian Scholarship Programme produced 10 graduates in August 2004. Eight of these graduates got employment at PetroSA, one at Eskom and the other one was appointed as an Inspector and is participating in a Learnership programme for Inspectors of Mines aimed at addressing skills shortages within the Mine Health and Safety Inspectorate. A further seven students will be graduating in August 2005.

**Employment equity:** There has been significant improvement in the representivity levels within the Department over the past ten years. As at the end of the year under review, the employment equity in terms of race stood at 67% black and 33% white and in terms of gender, males represented 42% against 58% females. At senior and middle management levels female representation is at 24%. The biggest challenge with regard to representativeness is that of disabled persons within the Department. We have not been able to reach the 2% national target. Currently only 1% has been achieved.

**Scarce skills strategy:** Although the Department has managed to fill a large number of vacancies during this reporting period, there has been a continuing challenge when it comes to the appointment of employees possessing the right calibre of skills to deliver on its specialised mandate. It is for this purpose that the Department developed a comprehensive, holistic strategy with regard to the recruitment and retention of scarce-skills. This strategy includes inter alia the following: payment of a scarce-skill allowances to certain categories of skills; creation of professional posts where specialized knowledge and skills are required; specific training interventions to address the skills shortages in the Department.

The high turnover rate in the Department is currently posing a major challenge, with a 32% rate at senior and middle management levels.

**Performance management and development system:** The Public Service Regulations, 2001 (as amended) prescribe that Departments should develop Performance Management Systems, which was implemented in the Department in 2001. In this reporting period the Department developed a policy document aimed at giving guidance on the management of the system. Vigorous training was also embarked upon to ensure that performance agreements are in-line with the strategic objectives of the Department. To date the

system has a positive impact on service delivery. The Department also plans to computerize this system and assist managers in developing efficient and effective performance standards, which amongst others will ensure the objective assessment of staff. During this period, 55% of staff members have benefited from the system in terms of performance rewards.

The implementation of the MISS document is going according to plan. The implementation of the Occupational Health and Safety Strategy is being monitored and evaluated on a continuous basis by the relevant Committee. The strategy involves security systems, employee health and safety, emergency /disaster management plan as well as employee awareness within the Department. We have also established good working relationships with Security Organs such as NIA, SAPS etc.

The implementation of the Promotion of Access to Information Act and the Promotion of Administrative Justice Act is also ongoing. Training sessions were held with all managers who are responsible for implementing the afore-mentioned legislation. Legal advice is being provided to other components in terms of the drafting of legislation and Memoranda of Agreement according to need.

#### **Chief Directorate: Finance, Information Management and Logistical Services.**

This office houses Financial Management, Information Management and Supply Chain Management and Auxiliary Services directorates.

The Department has spent 98% of its budget for Compensation of Employees and 85% of the budget for Goods and Services. It has also transferred 96% of the budget allocated to public entities and municipalities.

The under spending is attributed to among other things, R55 million that could not be transferred to Municipalities and unfilled posts throughout the Department.

Reported by Auditor General in the previous year was R1.9 million of unallocated credits on the Bank Adjustment account. This balance has been drastically reduced to R197 040.18 as at 31 March 2005. The other recommendations of the Auditor General that was implemented during the year was the centralization of all internal debts into one point (excluding the royalties debts). This has improved debt management within the Department. The 2004/5 financial statements have been prepared using the new BAS version that is SCOA compliant.

To ensure sound financial management and accountability, the Department has reviewed its existing policies and regulations and where necessary improved and/or developed new ones.

As part of the Supply Chain Management implementation programme, the Department has; reviewed the current structures and capacity of the directorate, developed the relevant policies and procedures and commenced with the appointment of critical personnel in this area.

One of the challenges facing this directorate is the consolidation of the asset management systems. In roads have been made and much work has been done to ensure finalization of the process.

The 2010 Strategy as adopted by the Information Management directorate in support of the DME strategic objectives has progressed into implementation phase. The objective of this phase is to migrate the departmental information systems with an effort to reduce duplications and ensure correctness and accuracy of information. A phased approach methodology was adopted as an appropriate delivery strategy and this strategy ensures maximum continuity of business activities.

#### **Chief Directorate: Audit Services**

Since its establishment in 1999, the Chief Directorate Audit Services has been rendering the Department with the assurance and consulting services aim at enabling the Department to maintain an efficient and effective control environment. During the year under review the component has been able to complete 69 % of its risk-based audit plan due to high turnover during this period. In addition to its normal functioning the component continued with offering its services to the South African Diamond Board and also rendered services to the SAWIMA and the Integrated Energy Centres (IeC) at Eshana – KZN.

The component still reports to the Audit Committee and has received enormous support from the Audit Committee. In its strategies more emphasis would be focused on improving operational efficiency and strengthening of internal controls. Both the component and the Office of the Auditor-General enjoy healthy working relations as was demonstrated by the sharing of audits between regional offices.

#### **Chief Directorate: Communication**

This Chief Directorate is responsible for providing and implementing internal, external and international liaison strategies for the Department. This includes media liaison, stakeholder relations, event management, outreach programmes, public

education, publications, library services and other initiatives that would enhance the image of the Department.

The Chief Directorate is also responsible for co-ordinating the Department's participation in bilateral, trilateral and multilateral fora and implement decisions and agreements thereof, with the objective of furthering South Africa's Foreign Policy especially in the African context.

#### **Chief Directorate: Special Projects**

The Department has developed programmes on special projects that focus on the participation of vulnerable groups; women, the youth and children in the mining and energy sectors. Through these programme women participation in these sectors is encouraged through training, capacity building and development. Youth and children's programme cover the area of education and career planning within the sectors. Special Projects engages learners in career guidance to opt for skills in the mining and energy sectors. Learners are drawn from disadvantaged communities and most of them cannot afford tertiary education. This is one of the attempt by the Department to address the shortage of skills in these sectors.

Special projects also focus on issues of poverty alleviation and job creation as part of its rural and urban development programmes.

#### **Chief Directorate: The Compliance Office**

The Compliance Office established in October 2003 was fully complemented in October 2004 as per the approved temporal structure. The office is responsible for:

- Overseeing all aspects of compliance within the department and its public entities by providing a compliance monitoring function,
- Ensuring effective and efficient communication channels between the Department, Ministry and the Public Entities,
- Reviewing the department's controls framework and ensure these achieve established objectives and where necessary suggest improved controls for implementation by management.

During the year under review, the office has ensured improvement on

- The submission, review and approval of the public entities' budgets, shareholders compacts, strategic plans and reporting on performance against planned actions.



## PROGRAMME 2: PROMOTION OF MINE HEALTH AND SAFETY

**Purpose:** Execute the department's statutory mandate to protect the health and safety of the mine employees and people affected by mining activities

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

### 1. Service Delivery Objectives and Indicators:

#### Policy and Legislation Development

The Inspectorate participate in the activities of the Mine Health and Safety Council (chaired by the Chief Inspector of Mines) and its committees to; develop subordinate legislation for the Mine Health and Safety Act; develop occupational health and safety policies and oversee research. To date, 875 project milestones out of the 922 identified have been finalised, which reflects an achievement of 95%. The process of completing this sub-ordinate legislation initially scheduled for March 2005 has been postponed to June 2005 due to consultative processes taking longer than anticipated.

#### Mine Health and Safety Review Implementation

Implementation of recommendations following the review of the Mine Health and Safety Inspectorate post the Leon Commission has reached an advanced stage. Work is currently underway on a number of fronts. Task teams have been established to address the organizational structure, recruitment, and retention and work practices. The implementation plan is 80% on course to be finalized in July 2005 after which, subject to approval, implementation should commence and is expected to be completed in October 2006.

#### Mine Safety and Health Performance.

(Note: All the 2004 statistics quoted are provisional subject to confirmation of; labour statistics, pending cases and subsequent deaths)

At the Mine Health and Safety Summit held in 2003, employers, labour and government agreed to work towards achieving zero fatalities and injuries and thus set national health and safety milestones. The milestones set out below, necessitate steady improvement over the next decade, ending in December 2013.

- To reduce the fatality and disabling injury rate by 20% in the industry as a whole (that is, by 2% per annum).

The sector met safety performance milestones during the 2004 calendar year, with results that reflect an overall annual decrease of 14% for fatalities and 7% for disabling injuries

- Reduce the fatality and disabling injury rate by 50% in the gold sector to achieve performance comparable to other internationally recognised levels in Metalliferous underground mines (achieve a reduction of 5% per annum).

*The gold sector met this milestone in 2004 calendar in respect of fatalities, which showed a 24% decrease, but the disabling injury rate fell short of the disabling injury milestone. A 4,5% decrease in disabling injuries was achieved, 0,5 % short of the 5% target*

- Elimination of Silicosis and Noise Induced Hearing Loss by 2013.

Work on improving data continues and information on best practice is being shared more systematically than in the past. The interim database being used to capture data from mines does not produce reports and trends. An integrated database that will generate reports and trends should be implemented in 2006.

#### Audits and Inspections

Mines are audited in order to determine the effectiveness of their safety and health management systems. A total of 3 311 system audits were conducted, reflecting 79% of the planned 4 190 and thus a 1% shortfall on the 80% target.

In order to monitor compliance to safety and health requirements, the inspectorate does inspection of operations. A total of 11 380 inspections were conducted as compared to the 12 940 planned and thus an 88% achievement against the 80% target set.

The major problem identified through the audits and inspections is poor or lack of implementation of measures necessary to safeguard safety and health at mines, ill discipline and a poor safety and health culture.

#### Investigations and Inquiries

Accidents reported to the inspectorate are classified according to the severity of the accident. The accidents will then be investigated and/or inquiry conducted. Inquiries are conducted for the more severe accidents like fatalities, amputations, etc. 78% of the investigation reports and 83% of inquiry reports were completed on time.

## Information Management

The accident statistical database system (SAMRASS), provides valuable information on accident trends, prevalence; etc and assists with strategic plans for dealing with safety challenges. Up dated safety statistics are made available on the Internet monthly.

All reports, guidelines and any relevant mine health and safety information developed and produced by the Inspectorate and related bodies are also available on the DME intranet and website as soon as they are finalized.

## Research Programmes

The safety and health challenges requiring special focus as identified by the inspectorate are referred to the Mine Health and Safety Council's standing committee on research (SIMRAC). The approved research programme will include projects on legislation review, incentive schemes, cultural change, etc and these projects will provide valuable insight for future strategies by the inspectorate.

SIMRAC embarked on a technology transfer process by conducting workshops on finalized projects. In 2004, thirteen (13) workshops were held in all the regions.

## 2. Service Delivery Achievements

The MHSI has an approved staff establishment of 288 posts. At the end of the reporting period; 237 of the posts were occupied; 51 vacant and 16 additional to the approved (i.e., for officers still undergoing training). This reflects an 82% staffing and all the planning was done on full compliment. The achievements detailed above are summarised in the table below.

Sub-Programme	Objective	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Management	Comprehensive policy and legislative framework to support the Mine Health and Safety Act	National policy and legislative framework completed	March 2005	95%(Consultative processes taking longer than anticipated)
	Implementation of appropriate strategy to address current occupational health and safety concerns (in major commodity areas	Regular assessment of implementation and appropriateness of strategy Alignment between inspectorate's capacity and strategy through restructuring and relocations	Annual Strategy update by all chief directorates by March 2005, and monthly assessment thereafter October 2005	100%
	Mining Qualification Authority outputs to support health and safety, human resource development, and transformation of the mining sector	Alignment between MQA outputs, the Mining Charter and the legislative programme of the inspectorate	Alignment achieved by March 2005	100% on course. Relevant training being provided in line with Charter objectives



Implementation of the review of the Mine Health and Safety	Implementation plan completed by October 2005	Implementation Schedule	Completed by October 2006 (funds available)	80%
Mine Safety and Health	Improved health and safety in the mining sector	Improvement in fatality and injury rates to meet industry target Improvement in fatality and injury rates per sector: Gold Sector Platinum, Coal and other mine sectors	Zero rate of fatalities and injuries achieved by 2013  5% decrease per annum 2% decrease per annum	FIFR: 14% (on target) DIFR: 7% (on target)  Au: 24% (on target) Pt: 15% (on target) Coal: 12% Other: +28% (not on target)
	Health	Decree of improvement in occupational health silicosis: determine meaningful industry targets		Work is in progress to develop appropriate indicators and to complete the database.
		Date for silicosis to be eliminated	Achieved by 2013 5% decrease by March 2005	Not achieved. Work on improving data collection continues
		Degree of reduction in noise induced hearing loss: determine meaningful industry target	June 2004	
	Inspection and Audits	Date for noise induced hearing to be eliminated	Achieved by 2013 Monitor progress March 2005	
		Regular monitoring of mines to assess effective systems, and plans to address concerns and hotspots	Monthly monitoring and assessments of occupational health and safety systems, and implementation of remedial action plans as required	Audits 79%
		Number of planned inspections and audits completed, depending on available capacity	80% of planned inspections as per regional capacity	Inspections-88%

	Occupational Health and Safety information and statistics	Specified time for reports on accidents and incidents to be released	Within 3 months of occurrence	Investigations: 78% compliance Inquiries: 83% compliance
		Percentage of mining industry data on the occupational health data system	80% by March 2005	
	Design research programmes for providing technical support on identified issues in the mining sector	Programme to address occupational health and safety concerns approved and funding secured	April 2004	Programme and funding approved.
		Communicate research results	At least 4 workshops on research results by March 2005	13 workshops were held.

The table below reflects regional safety performance

Regions	2003/2004				2004/2005				
	Injuries	Inj. rate	Fatalities	Fat. rate	Injuries	Inj. rate	Fatalities	Fat. rate	Labour
RSA	4301	10.32	270	0.65	4254	9.63	246	0.56	441 612
Western Cape	25	3.60	1	0.14	33	5.73	2	0.35	5 759
Northern Cape	99	4.43	7	0.31	93	3.72	11	0.44	25 016
Free State	998	18.45	24	0.44	1042	18.99	31	0.57	54 862
Eastern Cape	8	6.89	2	1.72	6	3.26	1	0.54	1 842
Kwazulu –Natal	23	3.66	7	1.11	25	3.34	4	0.53	7 477
Mpumalanga	482	8.76	28	0.51	425	7.80	23	0.42	54 493
Limpopo	106	3,24	17	0.52	112	3.67	25	0.82	30 520
Gauteng	1250	12.84	96	0.99	1088	11.40	77	0.81	95 413
North West	1310	9.31	88	0.63	1430	8.60	72	0.43	166 230

## PROGRAMME 3: MINERAL DEVELOPMENT

**Purpose:** To transform the Minerals and Mining Industry and promote sustainable development for the benefit of all South Africans

**Measurable Objective:** Increase participation by new entrants, in particular historically disadvantaged South Africans, in the mineral and mining industry through responsible mining, thereby contributing towards poverty eradication and as safe environment.

### 1. Service Delivery Objectives and Indicators:

#### Recent Outputs:

The implementation of the MPRDA has posed a challenge to both the officials within the Department and members of the industry who have had to grapple with the implementation. With a large number of applications for both prospecting and mining right received, not all of them were finalised within an acceptable timeframe. This was due to the fact that officials were learning on



how to put their theoretical knowledge of the Act into practice, but also on the reality the industry itself was getting acquainted with the new compliance requirements.

The Mineral Resource Management Promotion System (MRMS), which is phase 1 of the National Mining promotion System

(NMPS), was implemented during the period under review. As funding for the development of phase 2 of the NMPS had not been approved, the Department focused on the amendments to the MRMS and the inclusion of a tracking mechanism in the system.

## 2. Service Delivery Achievements

Sub-programmes	Objective	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
Mineral Resource Management	Successful implementation of the Mineral and Petroleum Resource Development Act with minimum disruption to the industry	Regular assessment reports on progress with implementation of the Act	End 2003/04	The MPRDA was implemented successfully. No disruption to the mining industry has occurred. However, due to the fact that both the industry and the Department were for the first time implementing the MPRDA, delays in processing of applications were experienced.
	Effective mine environmental management and rehabilitation	All licenced mines are operating with approved environmental management programmes	Annual review (March 2005)	95% of licenced mines operating with approved environmental management programmes
		All identified ownerless and derelict mines have been rehabilitated during the specified period	Database for all ownerless mines developed by March 2005	Development of database for gold and asbestos derelict mines completed. Contract signed with the CSIR to fast track the conclusion of the database for all derelict mines.
	Facilitate integrated rural development and urban renewal	Industry socio-economic development contribution aligned with integrated development plans	All new applications and old order conversions contributing to local development March 2005	The impact of the Social and Labour Plan, is not felt yet, because it is too early to assess the impact of projects which may be implemented as a result of these rights granted.

	Regulate and manage the allocation and registration of prospecting and mining rights through uniform application of the law and harmonization of mining legislation.	Efficient regulatory and registration system.  Mining legislation in place.	Complete and Audit all submitted conversions registration of old order rights  Finalise drafting of Precious Metals and Diamonds General Amendment Bill and amendments Mining Titles Registration Act.	Verivcation and registration of prospecting and mining rights completed.  Both Bills approved by Cabinet in 2004.
Mineral Policy and Investment	Provide relevant information to enhance global competitiveness and attract new investment into the South African minerals industry  Completion of prototyping the National Mining Promotion System (NMPS)	Number of new reports or brochures reaching potential investors within specified time frame  Completion of phase 2 (integration of mineral developments databases into NMPS)  Completion of phase 3 (integration of Council for Geoscience and petroleum agency databases into National Mining Promotion System)  Finalised beneficiation strategy for the development of projects	10 reports by March 2005  31 January 2005  31 December 2005  Strategy finalised	10 Directories and 17 reports completed and published.  Development of phase 2 delayed because of funding and amendment to phase 1 and the inclusion of a tracking system commenced.  Development of phase 3 dependant on completion of phase 2  Beneficiation strategy not finalized because of lack of capacity, however Precious Metals and Diamonds Amendment Bill drafted to facilitate the development of projects
	SMME development	Development of Small Scale Mining projects	Development and implementation of 11 projects	Support was given to 15 Small Scale Mining projects



Mineral Development and Administration	Increased participation by historically disadvantaged South Africans in the industry	Percentage increased in participation of historically disadvantaged South Africans within the sector	5% increase by March 2005	All applications for prospecting and mining rights receive during the course of the year were subject to compliance with the Mining Charter requirements relating to HDSA participation in the proposed projects.
	Effective processing of applications for prospecting and mining rights	All applications processed within the prescribed time frames	As prescribed in the Act	Incomplete. Capacity problems in the Department and often incomplete information received from applicants
	Co-ordinate and maintain effective and efficient administrative systems and controls	Monitor reliability and effectiveness of administrative systems and controls	Quarterly assessment	Significant improvement

## PROGRAMME 4: ENERGY MANAGEMENT

### A. Hydrocarbons & energy planning branch

**Purpose:** To promote the environmentally sustainable use of energy through integrated energy planning and policy development, and the appropriate promotion and regulation of petroleum products, coal, gas, renewable energies and energy efficiency.

**Measurable Objective:** Ensure the optimal use of all energy resources (electricity, nuclear, hydrocarbons and renewables) through the development of policies that contribute to economic growth and development.

#### 1. Service Delivery objectives and indicators:

##### Recent Outputs:

### RENEWABLE ENERGY

#### Renewable Energy Strategy

Underpinning the Renewable Energy Strategy is a realistic implementation plan, including budgets and targets. The due diligence on the proposed projects and financials to be reported in the Renewable Energy Strategy and Implementation plan were only finalized in June 2004. Key bills such as the Energy Bill and Electricity Regulation bill will have an impact on the Renewable Energy Strategy and Implementation Plan legal and regulatory

basis - these bills are still being finalized and refined to incorporate Renewable Energy. These inputs result that the Renewable Energy Strategy will only be concluded by September 2005.

#### Renewable Energy Target

The DME Strategic Plan indicated a target of 100 GWh for the 2005/06 financial year. The renewable energy contribution, since Cabinet approved the White Paper on Renewable Energy in November 2003, was reported as 90 GWh. The 90 GWh is all inclusive of renewable energy resources and applications and is based, for the 1st time, on a monitoring system developed for renewable energy. With 90% of the target of 100 GWh already confirmed in the 1st quarter of 2005/06, the prospects are good that the target of 100 GWh will be reached and even succeeded by the end of 2005/06 financial year.

#### Darling National Demonstration Wind farm

A significant breakthrough was the positive Record of Decision (Environmental Impact Assessment), which was issued by the Dept of Environmental Affairs and Tourism. This clears the way for the remaining project activities e.g. Power Purchase Agreement (PPA), Power Wheeling Agreement (PWA), shareholders, loan agreements to be finalized. The expected date for financial closure is July 2004 with the contract to be signed soon thereafter.

### ENERGY PLANNING AND DEVELOPMENT

#### Energy Data Collection and Reporting

Data collection for Energy Balances and Digest of SA Energy Statistics was delayed due to a lack of reliable data and capacity

constraints (trained personnel) in the DME. This has been addressed somewhat through an MOU to be signed between the DME and Stats SA to facilitate data collection.

The Energy Information Management System was delayed due to the extension of the project plan and charter (to provide for the project management solution definition). The system is scheduled to be purchased in the 3rd quarter of 2005.

### **Integrated Energy Centres (IeCs)**

A total of 5 IeCs were proposed for construction and launching during 2004/5. As a result of delays experienced as a result of environmental impact assessment constraints and management issues at existing IeCs, only one new IeC was launched in 2004/5. The Caba Mdeni IeC, partly sponsored by Sasol, was launched in December 2004 in Matatiele (Eastern Cape) by the Deputy Minister of Minerals and Energy.

New staff were appointed in May. Software is in the process of being installed. Workshops have been held on developing scenarios for the second Integrated Energy Plan (IEP2). Completion of the draft for submission to Cabinet is scheduled for August 2006. Capacity constraints are being addressed through a program of staff training.

### **Energy efficiency**

Worldwide, nations are beginning to face up to the challenge of sustainable energy – in other words to alter the way that energy is utilised so that the social, environmental and economic aims of sustainable development are supported. The benefits of energy efficiency upon the environment are self evident. South Africa remains one of the highest emitters per capita of greenhouse gases. If a culture of energy efficiency in South Africa could be developed, it would benefit the social well being of all by alleviating poverty, creating more jobs, improving human health and working conditions, thus contributing to the aims of sustainable social development.

During the year 2004/05 the following outputs were achieved:

- The Minister of Minerals and Energy approved the Energy Efficiency Strategy during March 2005
- Energy efficient retrofits were undertaken in 4 Government buildings by DME, 35 by Eskom and 108 by the Department of Public Works
- Energy Management Manuals for training (3 different levels) have been completed
- Industrial standards for 3 industrial applications have been developed
- Coordination of all energy issues with an environmental impact

for South Africa e.g. Environmental Management Plan (EMP) for Energy completed

- Participation in the Committee for Sustainable Development (CSD) and other committees of the Department of Environmental Affairs and Tourism.
- Standard 204 for Commercial buildings has been almost completed
- Paraffin Stove standards for pressure stoves drafted and implementation started
- Appliance Labelling standard has been drafted
- Energy Efficiency Month held in May 2004

### **Designated National Authority (DNA) for Clean Development Mechanism (CDM)**

The Designated National Authority for the Clean Development Mechanism is hosted by the Department of Minerals and Energy. Its role is to ensure efficient regulation of Clean Development Mechanism activities in accordance with the objectives of the United Nations Framework Convention on Climate Change and the Kyoto Protocol.

The establishment of the DNA in South Africa is an important step in the implementation of the provisions of the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC). The CDM allows industrialised countries with emission reduction commitments to meet part of their commitments by investing in projects that reduce emissions in developing countries. The clean Development Mechanism provides for international trade in emission reductions or "carbon credits". These "carbon credits" typically arise from, renewable energy or energy efficiency projects carried out by the private sector. These projects need to support sustainable development in the host countries and must lead to emission reductions that are real, measurable and long term.

A selection of 8 projects screened so far will reduce South Africa's CO<sub>2</sub> emissions by approximately 21 million tons by the year 2012 and generate revenue of R618 million by the year 2012 from sales of Certified Emission Reductions (CER's). In addition, these projects will contribute to the realisation of energy efficiency and renewable energy targets. These projects are in the areas of:

- Fuel switching from coal to gas in a brick making kiln
- A mini – hydroelectric scheme in the Free State
- A significant reduction of waste gas emissions of nitrous oxide in the production of nitric acid in Sasolburg.
- Installation of a 7MW wind farm underpinned by a 5MW pumped storage scheme for stability of supply and thereby promoting job creation and poverty alleviation in the PE area.
- Retrofitting and reconfiguring the electrode assembly and



production management processes of a current manganese alloy production facility in Witbank.

- The Sasol Natural Gas Conversion project that entails the use of natural gas to supplement the use of coal as a feedstock at Sasol Synthetic Fuels plant at Secunda and to replace coal at Sasol Chemical Industries at Sasolburg.
- Reduction of waste gas emissions of nitrus oxide in the production of nitric acid.
- Putting pig manure through an anaerobic digester and using the resultant methane gas to generate electricity.
- Utilising biogas produced by the anaerobic digesters as a fuel source for generating renewable electricity.
- An empowermet initiative aimed at the operation and supply of innovative energy solutions in Africa focusing on power generation through the utilisation of wasted energy.

The DNA Interdepartmental Committee is operational and has recommended approval of the first project in South Africa, namely the Kuyasa housing project in Khayalitsha, Cape Town. The project involves energy efficiency improvements in low cost housing with solar water heating added.

The DNA website is operational and may be accessed off the DME website: [www.dme.gov.za/energy](http://www.dme.gov.za/energy)

The Supplier Development Agency was launched to assist suppliers in accessing opportunities in the Liquid Fuels Industry. A few months down the line, potential suppliers can log onto the database and view the opportunities for the supply of goods and services. This is one initiative that could not have been possible had it not been for the industry's support and commitment to making the Liquid Fuels Charter the success it is.

## 2. Service delivery achievements:

Sub-programme	Objective	Output performance/ service delivery indicators	Actual performance against target	
			Target	Actual
Management and Energy Planning	Renewable energy and energy efficiency strategies and action plans	Approved renewable energy strategy and action plan  Approved energy efficiency strategy and action plan	June 2004	Renewable Energy Strategy delayed, the Minister signed off Energy Efficiency Strategy in March 2005.
Integrated Energy Centres (leC)	Avail energy to all communities  Launch of new leCs	Develop a blue print to ensure leC sustainability.  Additional leCs launched.	Completion of leC blue print, review by March 2005.  5 new leCs launched, 2004/5	Review complete.  Delayed – only 1 leC launched by year end.
Energy Information & Publications	Energy Balances and Digest of SA Energy Statistics  Energy Information Management System	Produce 2002 Energy Balances and Digest to assist planning  Operational system	Completed by end march 2005  Have an operational system by March 2005	Delayed (new target Sept 2005)  Delayed (new target Jan 2006)
Integrated Energy Planning	Integrated Energy Plan (IEP2)	Produce draft submission to Cabinet .	August 2005	In progress
Designated National Authority	Regulation of Clean Development Mechanism activity in South Africa	Develop a sustainable development criteria to screen projects	100% of received projects within set time frames	8 projects have been reviewed.

Hydrocarbons	Amended statutory and licensing framework for the petroleum industry	Promulgation of the Petroleum Products Act and Petroleum Pipelines Act	June 2004	Bills approved by Parliament in June 2004 and promulgated end 2004
		NERSA : progress on the establishing the South African National Energy Regulator which will replace the NER (National Electricity Regulator)	Launch end Oct 2005 Appoint Regulators June 2005	Expected date Aug 2005
	Attaining universal access to energy by 2014	Switching of low income households to LPGas.	Connect/switch 250000 low income households by March 2005	Only 23 000 households connected by March 2005 *
	Black Economic Empowerment	Establishment of the Supplier Development Agency (SASDA)	June 2005	Launched Dec 2004

\* Progress in the LPGas switching programme has been handicapped by the need to clarify certain issues with the Competition Commission as well as the industry's sudden need for a "switching grant" to enable poor households to obtain necessary LPGas equipment.

## B. Electricity and Nuclear Branch:

**Purpose:** To ensure an efficient, safe and cost effective electricity and Nuclear Industry in South Africa.

**Measurable Objective:** To ensure the optimum and safe use of the electricity and Nuclear resources through the development of policies that contribute to economic growth and development.

### Sub-programme – Electricity

#### 1. Service Delivery objectives and indicators:

##### Electricity Regulation (ER) Bill

As a result of policy shift post-Enron and electricity market failure in other developed countries, there was a review of the context in which the Electricity Regulator (ER) Bill was drafted. Prior to 1994, the Government envisaged the implementation of the multi-market model as the best model to be applied in the electricity sector. The mandate given by Government to state owned entities such as Eskom has since shifted towards increased infrastructure investments necessary to promote economic growth, service delivery and ensure security of supply. This meant affordable tariffs

to consumers in the electricity sector and the accommodation of new generation projects through legislation, with the introduction of Independent Power Producers in a conducive regulatory environment.

The ER Bill in its original form was tabled in Cabinet in December 2004 and is currently in the process of Certification. It will be tabled in Parliament for consideration next year.

##### Free basic electricity

The Directorate has joined hands with the Department of Provincial and Local Governments through the National Free Basic Services Task Team (FBSTT) in assisting municipalities with capacity necessary for effective implementation. As of now (by June 2005), the number of municipalities that have not signed the funding agreements with Eskom is less than 56 %. Nationally there are about 3,5 million beneficiaries on the programme of which about 0,5 million are in Eskom areas. In addition to this, the quality of the municipal infrastructure has been deteriorating because of lack of proportional investments and maintenance. Free Basic Electricity is one of the Government programmes aimed at poverty alleviation in the marginalized communities. The programme was effectively launched in September 2004, three months after the municipal financial year that began in July 2004.



Up to now there has been poor penetration to the rural areas that deserve it the most. This is due to infrastructure backlogs in poor areas, lack of finances, poor metering and administrative systems and lack of capacity of municipalities. The current DME electrification rate is about 70% including the use of Solar Home Systems. Given this rate the challenge is that the penetration of the programme in the whole country is only 12% by June 2004.

### The restructuring of the electricity distribution sector

The structuring of the electricity distribution sector, will ensure increased access to electricity, affordability of energy services, improved governance and stimulate economic development.

Following a number of Constitutional issues that have not been resolved, the Electricity Distribution Industry Bill has been put on hold. The process of launching the Regional Electricity Distributors (RED) will take place without a legislation framework. All restructuring processes such as compiling asset registers, consultations with municipalities, etc have been initiated. Following consultations within government circles, the RED will now be municipal entities. Legislation regulating the industry is expected to be tabled in parliament early 2005/6.

### Integrated National Electrification Programme

An amount of R1, 070 billion (includes R3 million roll-over from 2003/4) was allocated for the implementation of the electrification programme this year. A total of 217 287 households and 2 282 schools and clinics were connected during the period. An amount of R 22 416 million was utilised for the implementation of non-grid electrification of households in rural areas and 6 146 households in Limpopo and Kwazulu Natal have been electrified through non-grid technology to provide lighting and facility for electronic communication.

Backlogs have been completely eliminated in Kgalagadi Node and Western Cape schools.

The programme has also focused on the creation of bulk infrastructure especially in areas where it has become impossible to connect new households to the network without reinforcement. However the fiscal allocations are not sufficient to cover the funding for the creation of infrastructure and this might have an impact on the number of connections that have to be delivered per annum in order to reach universal access by 2012.

fur Wiederaufbau (KfW) for non-grid electrification of schools and clinics in district 13 and 14 of the Eastern Cape and parts of the North West. This is in addition to the initial 15,8 million euros received from the German Development Bank.

A Baseline Study to determine the potential of this renewable energy solution has been completed and it is anticipated that tenders for implementation will be issued before November 2005.

### Analysis of spending trend

The following table indicates the analysis of the spending trend on the INEP funding (grid and non-grid electrification of households, schools and clinics) per province during 2004/5.

#### GRID

Province	Total Allocation	Total transferred	Total spending	Percentage spending
	R	R	R	R
Western Cape	33,178	26,604	34, 996	105%
Northern Cape	29,010	28,046	35,517	122%
Eastern Cape	206,965	197,274	267, 907	129%
Free State	36,368	30,472	31, 865	87%
Kwa-Zulu Natal	160,327	153,638	248, 390	155%
Mpumalanga	54,406	50,167	43, 844	81%
Limpopo	142,715	130,263	244, 320	171%
North West	98,409	92,720	106, 956	109%
Gauteng	71,934	69,178	52,796	73%
<b>Total</b>	<b>833,312</b>	<b>778,361</b>	<b>1 066 591</b>	<b>128%</b>

#### NON-GRID

	Total Allocation	Total transferred	Total spending	Percentage spending
	R	R	R	R
Schools and Clinics	171, 000	171, 000	171, 000	100%
Solar Home Systems	22, 500	22, 416	22, 416	97%
Special Projects	43, 500	43, 500	- *	0%
<b>Total</b>	<b>237, 000</b>	<b>236, 916</b>	<b>193, 416</b>	

\* Expenditure effected 2005/06

The following table indicates the outputs and performance of municipalities per province.

Province	Household connections budgeted	Household Connections Actual	Percentage of household connections achieved	Clinics connections budgeted	Clinics connections actual	Percentage of Clinics connections achieved	Schools connections budgeted	Schools Connections Actual	Percentage of schools connections achieved
Western Cape	16, 646	10 370	62%	0	0	0	5	7	140%
Northern Cape	6 251	6 331	101%	2	2	100%	29	26	90%
Eastern Cape	53, 872	44 388	82%	8	5	63%	321	321	100%
Free State	7 059	5 664	80%	0	0	0	44	44	100%
Kwa-Zulu Natal	41, 885	35 536	85%	2	2	100%	269	123	46%
Mpumalanga	14, 044	12 397	88%	1	3	300%	140	116	83%
Limpopo	45, 465	58 734	129%	9	3	33%	368	366	99%
North West	22 896	25 345	110%	4	4	100%	108	106	98%
Gauteng	26, 391	18 522	70%	0	0	0	3	4	133%
<b>Total</b>	<b>234, 509</b>	<b>217 287</b>	<b>93%</b>	<b>26</b>	<b>19</b>	<b>73%</b>	<b>1 287</b>	<b>1 113</b>	<b>86%</b>

#### The main reasons for the shortfall of outputs are as follows:

- The misalignment of INEP (National Government) and the municipality's financial years, that results in the delay of plans since the municipalities start planning just after July of each year, which is the beginning of their financial year.
- Longer approval of projects by Municipalities (Municipalities need to obtain Council approval for each project in order to obtain top up funding if required), which result in delay in signing of contracts.
- Inflexibility of DoRA with regard to the re-allocation of funds outside a district hence funds cannot be re-allocated to other municipalities that are in need of the funds during re-gazetting in October of each year.
- Bulk Infrastructure in Municipalities need to be completed first before connections can be realised.
- Limited engineering and project management capabilities by smaller municipalities to manage and execute projects and change of personnel.
- Poor housing delivery was a major contributor for underperformance by municipalities.
- Late changes of projects.
- Late delivery of materials.
- Project delay due to roll –over projects.
- Late submission of monthly reports or no submission.
- Late appointment of contractors.

#### Electrification socio-economic indicators

The total electrification expenditure for the financial year 2004/5 was R1 260 007 (includes R271 901m bridging finance for IEC voting stations) of which R707, 415,000 went to Eskom while

R180, 836, 000 went to municipalities, and R22, 416,000 was spent on non-grid. About 57% ( R508, 998,553) of the Eskom's total electrification expenditure was utilised on the empowerment of the people of South Africa (See the table below). Out of R508 998 553, R77 584 082 (15%) was spent on Black Economic Empowerment (BEE) Companies while R112 278 275 (22%) was allocated to Black Women Owned (BWO) Companies and R319 136 196 (63%) went to Small Micro and Medium Enterprises (SMME). These figures reflect a positive commitment by the electrification programme towards the socio-economic upliftment of the Historically Disadvantaged South Africans, especially women.

In 2004/5 financial year, a total of 4721 jobs were created through electrification programme.

#### Socio-Economic Indicators for the 2004/5 financial Year.

REGION	BEE	BWO	SMME	TOTAL
North West	9,360,327	25,109,120	53,986,188	88,455,635
Southern	18,367,351	6,227,289	74,153,748	98,748,387
Western	6,153,586	5,968,435	12,425,756	24,547,777
Eastern	15,245,341	41,584,228	71,901,177	128,730,746
Central	8,045,219	9,177,903	20,967,022	38,190,144
North East	4,325,204	3,484,194	13,197,726	21,007,124
Northern	6,559,184	6,938,547	33,312,415	46,810,146
Sub-total	68,056,212	98,489,715	279,944,031	446,489,959
VAT 14%	9,527,870	13,788,560	39,192,164	62,508,594
<b>Total</b>	<b>77,584,082</b>	<b>112,278,275</b>	<b>319,136,196</b>	<b>508,998,553</b>

**2. Service delivery achievements**

Sub-programme	Objective	Output performance/ service delivery indicators	Actual performance against target	
			Target	Actual
Electricity	Revamped regulatory framework for electricity supply industry (ESI)	ESI Regulatory Legislation	September 2005	The Bill is currently in the process of Certification and will be submitted to parliament for consideration during 2005/6
	Free basic electricity (FBE)	Technical support for municipalities in rolling out FBE, particularly in Eskom licence areas	Ongoing	Ongoing
	New generation capacity	Procurement process for new power station to ensure that electricity demand can be met around 2008	July 2004	Feasibility Study Completed
	Restructuring of ESI	Introduction of Multi Market Model for electricity trading	Legislation by September 2004	ESI Restructuring on hold.
	Learnerships in electricity sector	Establishment of programme to enhance number of learnerships in electricity industry	1 000 Learnerships	1 185 Learnerships
	Electrification of households, schools and clinics; includes grid and non-grid programs	Accelerated access to electricity by households, schools and clinics	March 2005 248 972 Connections	225 715 Connections done in 2004/5
	Restructuring of Electricity Distribution Industry (EDI)	EDI Restructuring legislation	March 2005	Not achieved due to constitutional constraints

## 1. Service delivery objectives and indicators:

### Recent Outputs:

#### Radioactive Waste Policy and Strategy

Following the publishing of the Radioactive waste policy and strategy, comments received were considered. In addition eight nuclear capacity building workshops were conducted in the Western Cape (Gugulethu, Atlantis, Melkbosstrand), Northern Cape (Kamieskroon, Kliprand, Leliefontein) and Gauteng area (Atteridgeville & Hartebeestpoort). The finalisation of the Policy was delayed pending the completion of the capacity building workshops.

The revised Radio Active Waste Management Policy will be taken to Cabinet during 2005.

#### Physical Security of Nuclear Installation

The revision of the Design Basis Threat (DBT) continued during this period. The finalisation of the DBT will take place during the next financial year.

#### Nuclear Sector Skills Plan

A number of training programmes were conducted in collaboration with the International Atomic Energy Agency (IAEA) as well as with the French Company AREVA here in South Africa. South African

nuclear sector role players have also underwent training in France under the initiative led by AREVA. In the next financial year training will be conducted on security of radioactive sources, nuclear materials and installations.

#### Emergency Planning

With regard to the obligations under the Disaster Management Act, DME has completed the first draft of its Nuclear Disaster Management Plan and the Department has continued its oversight of the Koeberg Nuclear Power Station emergency plan through a formal Emergency Planning Steering and Oversight Committee with an approved Terms of Reference. A similar committee will be established for Necsa's Pelindaba site during 2005/6.

#### Nuclear Liabilities Management

In order to service the Minister's institutional nuclear obligations, DME has continued its oversight of the decommissioning and decontamination (D&D) of past strategic nuclear facilities. The ring-fenced ministerial allocation amounted to R20, 5m during 2004/5 and a financial report is submitted annually to the Minister. Necsa drafted a Nuclear Liabilities Management Plan with inputs from DME and a Cabinet Memorandum will be submitted during 2005.

## 2. Service delivery achievements

Sub-programme	Objective	Output performance/ service delivery indicators	Actual performance against target	
			Target	Actual
Nuclear	Radio waste policy and strategy	Establishment of the Radioactive Waste Management Agency	March 2005	Not Achieved
	Physical security of nuclear installations	Revision of physical security in line with the new design basis threat	March 2005	Not Achieved
	Skills development	Development and implementation of a comprehensive nuclear sector skills plan	March 2005	Ongoing
	Emergency planning	Development of a disaster management plan	October 2004	A draft disaster management plan has been produced
	Nuclear liabilities management	Complete reassessment of government nuclear liabilities	March 2005	Liability assessment done by NECSA and submitted to DME



### Reasons for not achieving targets

The revision of the design basis threat was not completed owing to the delays in coordinating with other stakeholders, which was not anticipated at the beginning of the project.

The Radioactive Waste Policy Target was not achieved as a result of the Capacity Building workshops, which had not been part of the original schedule. The delay, however, has had no impact on the Safe management of radioactive waste.

## PROGRAMME 5: ASSOCIATED SERVICES

**Purpose:** To provide related services in support of the Department's mandate through funded and non-funded statutory bodies and organisations.

### 1. THE MINE HEALTH AND SAFETY COUNCIL (MHSC)

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

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

The Council is listed as a Section 3A Public Entity since 1 April 2001 and is also governed by, inter alia, Public Finance Management Act, Preferential Procurement Policy Framework Act, Treasury Regulations, Promotion of Access to Information Act, Employment Equity Act, Labour Relations Act and the SA Mining Charter.

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

- The Mines Regulations Advisory Committee (MRAC) is responsible for advising the Council on proposed changes to legislation, Guidelines for codes of practice and for Standards approved by the South African National Standards (SANS).
- The Mines Occupational Health Advisory Committee (MOHAC) is responsible for advising the Council on health policies, regulations, research, the management of health risks and data management.

- The Safety in Mines Research Advisory Committee (SIMRAC) reviews OHS risks and solicit research projects, manage the conclusion of those projects and advise on the technology transfer of its results.

In addition to advising the Minister of Minerals and Energy on the above, the MHSC is also tasked with:

- co-ordinating the activities of its Permanent Committees;
- promoting a culture of health and safety in the mining industry;
- liaising with the Mining Qualifications Authority and any other statutory bodies; and
- arranging a tripartite summit once every two years to review the state of occupational health and safety at mines.

### Mining Qualifications Authority (MQA) Outputs

In order to realise the Mining Charter objectives, The Sector Education and Training Authority for the mining industry, the MQA, supported the following initiatives:

- Beneficiation: Indigenous Rural Jewellery –620 of the 720 targeted had been trained. Therefore the project is 86% complete.
- SMME: Small Scale Mining- 1874 individuals trained, exceeding the 1500 target by 24%.
- Social Plan: Training of ex-miners in other skills- 2 054 of the 3159 targeted have completed training
- Employment Equity: Bursaries offered to 135 PDI, 40 have completed training, 18 transferred to companies, 43 still in training.

### 2. MINERAL TECHNOLOGY RESEARCH (MINTEK)

Mintek was established in terms of the Mineral Technology Act, 1989 [Act 30 of 1989]. Mintek strives, through innovative research and development, to be a global leader in the field of mineral and metallurgical R&D and technology transfer. Mintek enhances the well-being of all in South Africa and the region through the best-practice implementation and participation in the commercial application of novel and appropriate technologies to recover and to add value to mineral resources.

Mintek's mission is to serve South Africa through high calibre research, development, and technology transfer that promotes mineral technology, industrial growth, and human development.

During the year under review, a strong emphasis has been on the company's role in the beneficiation of gold, platinum, ferrous metals, base metals and industrial minerals. Research projects

undertaken to support this goal include the DC plasma arc furnace projects to produce ferroalloys and to produce magnesium from dolomite, the copper bioleach project, Project AuTEK, Kgabane, the PGM demo smelting project, the development of a low-nickel stainless steel, and the development of alloys involving platinum, aluminium, ruthenium and chromium.

Mintek has continued on the path to facilitate minerals inputs industry cluster development by forming joint ventures, working consortia and strategic alliances. The company is also undertaking three studies to develop the platinum-industry inputs cluster, study the African minerals-industry cluster and the skills required in the mineral-industry inputs cluster.

Mintek continues to work closely with the South African Capital Equipment Export Council to strengthen the exports of South African mineral technologies, capital goods and services. At the same time, it is active in promoting the export of in-house technology, including the Minfurn, Minataur, Floatstar, Millstar, Cynoprobe and Carbon Activity Analyser.

One of the goals for Mintek has been to develop New Partnership for Africa's Development strategies as well as regional strategies for the beneficiation sector. Mintek has completed a scan of possible downstream mining activities for the Zambezi Valley and Walvis Bay Spatial Development Initiatives [SDIs]. It has also completed a strategy document for the Northern Cape. Moreover, it remains involved in the development of the Coega industrial development zone [IDZ] and the Richards Bay IDZ [ferroalloy plant]. It has also been involved with Eastern Cape Development Corporation research projects, glass-bead making and ornamental stone projects in Namaqualand and continues to support small-scale mining and beneficiation projects in rural areas.

As far as the development of artisanal mining and poverty alleviation, the small-scale mining division continues to create small-scale industries and train people. Mintek has also assisted small-scale miners to eliminate mercury poisoning, helped with market research for beadwork that has been manufactured and assisted with the establishment of a unit to manufacture fertiliser from mineral and organic-waste products. It is also involved with a technology demonstration centre to develop appropriate technology for small-scale projects [Zenzele]. In addition, Mintek's Kgabane programme continues to train jewellery-making groups, and has trained 320 women, disabled persons and youths to date.

### 3. ELECTRICITY DISTRIBUTION INDUSTRY HOLDINGS (EDIH)

Electricity Distribution Industry Holdings (Pty) Ltd (EDI Holdings) was created on 11th March 2003, for the sole purpose of executing the Department of Minerals and Energy's strategic objectives of restructuring the electricity distribution industry as per the requirements of the Government's White Paper on Energy Policy for South Africa (1998) and as amplified by the Blueprint for EDI Reform (2001) and subsequent cabinet decisions.

The mandate of EDI Holdings is therefore derived from the key recommendations of the Blueprint to develop a consolidated, effective and efficient electricity distribution industry that is capable of providing accessible, affordable and reliable electricity by restructuring the existing industry into six wall-to-wall Regional Electricity Distributors (REDs) for the benefit of the economy and the people of South Africa.

Highlights and challenges for the 2004/2005 financial year:

- Preparations and plans for the launch of RED One in the City of Cape Town on the 1st July are at an advanced stage.
- Partnerships between the EDI Holdings and various critical stakeholders involved in the restructuring process such as ESKOM, the National Energy Regulator, SALGA as well as the Metropolitan Councils and municipalities, have been established and are being further strengthened.
- EDI Holdings has put in place an effective and efficient business plan as well as project management systems to support the RED ONE establishment process.
- Effective planning for the execution of the EDI Holdings mandate is in place
- The framework and contractual arrangements were agreed upon and put in place to enable the delivery of RED ONE DAY ONE.
- The Transitional Labour Relations Structure (TLRS) was established.

Among the challenges facing the EDIH is the urgent need for the development and finalization of an enabling legal framework to facilitate the restructuring process and to solicit participation of the key industry players, potential insufficient funding to deliver on the mandate, obtaining the necessary amendments and/or exemptions to the Municipal Finance Management Act, No. 56 of 2003 and the Local Government Municipal Systems Act, No 32 of 2000, ensuring that the mandate as stated in the Blue Print is achieved via the Municipal Entity vehicle



#### **4. THE COUNCIL FOR GEOSCIENCE (CGS)**

The Council for Geoscience (CGS) was established in terms of the Geoscience Act (Act 100 of 1993), in order to promote mineral exploration and mining in South Africa, and to further research in geoscientific fields through amongst others geoscientific mapping.

In order to achieve its objectives, the CGS undertakes scientific research, collects and publishes information, maintains geoscientific databases, conducts geoscientific mapping, and manages the Geological Museum, the National Core Library, the National Geoscientific Library, and the National Seismographic Network. The CGS provides services to the public and to local authorities in the form of geotechnical mapping and environmental management. With a change in approach to map publication during the past year, 3 maps were published and 14 were made available as print-on-request documents.

During the year, a new framework to promote small scale mining was established in conjunction with the Department of Minerals and Energy (DME), and the CGS was appointed as the National Implementing Agent for small scale mining. Earth Resource Assessments will target areas where contributions to poverty alleviation are possible.

As part of initiatives to enhance the management of South Africa's minerals, the CGS started with a project to assess mineral resources of selected minerals.

The need to increase investment into the exploration sector prompted the CGS to expand its airborne geophysical survey capabilities. In this regard a Cessna 208B Grand Caravan aircraft was purchased. The aircraft will enhance CGS's airborne geophysics data collection capabilities, and for allow low cost, high density geophysical mapping using magnetic field intensity, near infrared, radiometric surveys, hyper spectral scanning and digital aerial photography.

On NEPAD initiative and new economic growth in Africa, the CGS continued to play an important role on collaborative programs. The CGS is managing development projects in Mozambique, and will be working in Ghana, Gabon and Madagascar on a commercial basis in future. The CGS is also involved in the Exclusive Economic Zone (EEZ) and the Association of African Geological Surveys projects, both of which were initiated through the ministerial NEPAD African Mining Partnership. The EEZ project assists African coastal states in the preparation of claims for the extension of maritime economic interest zones. A workshop was organized and a steering committee appointed to drive this

process during 2005/6. A meeting to establish the Association of African Geological Surveys was held during the African Mining Indaba conference in Cape Town, and the organisation will be launched in February 2006.

The CGS has been mandated by the Department to identify and rehabilitate all known abandoned unsafe mine openings in the Witwatersrand goldfields. A total of 485 openings such as shafts and subsidences had previously been identified, including 75 on the old Van Rhyn Mine, which could result in underground water ingress. An assessment of the sites has been completed and it was established that 74 openings were found to be "very, to extremely" hazardous to the nearby inhabitants. Engineering solutions are currently being investigated which will involve amongst others, closing of the holes.

#### **5. NATIONAL NUCLEAR REGULATOR: NNR**

The National Nuclear Regulator is a statutory body established in terms of the National Nuclear Regulator Act (Act no 47 of 1999), responsible for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices. It exercises regulatory control related to safety over nuclear installations, nuclear vessels and other applicable activities involving radioactive material through the granting of nuclear authorisations. The regulator must also provide assurance of compliance with the conditions of nuclear authorisations through a system of compliance inspections, fulfil national obligations in respect of international legal instruments concerning nuclear safety and ensure that provisions for nuclear emergency planning are in place.

#### **6. SOUTH AFRICAN DIAMOND BOARD (SADB)**

The South African Diamond Board was established in 1986 in terms of the Diamonds Act, Act 56 of 1986. Its objectives are:

- a. To ensure that the diamond Resources of South Africa are exploited and developed in the best interest of South Africa
- b. To promote the sound development of diamond undertakings in South Africa.
- c. To stop the flow of "conflict diamonds" to the markets while at the same time protecting the legitimate diamond trade in accordance with the Kimberley Process as stipulated by the United Nations Security Council.

The management of the Board in conjunction with the chairpersons of the various sub -committees of the Board are therefore

entrusted with the responsibility of rendering their duties with all fairness, discipline and accountability to the existing Board.

The challenges currently being addressed by the Board for this period revolves mainly around the proposed amendments to the Diamond Act, No. 56 of 1986. The Bill, known as The Precious Metals and Diamonds General Amendment Bill which is due to be presented for public hearing within the next few weeks, prescribes the following:

- 1) The abolishment of the current Board and the establishment, in its place, of a South African Diamond Regulator, a juristic person responsible for discharging all regulatory functions as prescribed.
- 2) The establishment of a Diamond Exchange and Export Centre responsible for;
  - a) collecting and distributing unpolished diamonds to the local cutting and polishing industry, and;
  - b) export centre for all export/imports of diamonds
- 3) The conversion of currently diamond licenses to new order licenses as prescribed in the proposed amendments.
- 4) Competitiveness in terms of labour costs in the diamond beneficiating industry.
- 5) Advancing opportunities in the diamond industry for previously disadvantaged individuals.

The board continues to play a significant role in the implementation of the Kimberley Process Certification Scheme and various teams have been involved in review missions and review visits to other countries.

## 7. NATIONAL ELECTRICITY REGULATOR (NER)

The NER is the regulatory authority established in terms of the Electricity Act, No 41 of 1987, (as amended), with the mandate to..."exercise control over the electricity supply industry so as to ensure order in the generation and efficient supply of electricity, and to perform such other functions as may be assigned to it by or under this Act".

The NER's mandate is further derived from the Electricity Act, Electricity Regulations No. RG 506 of 25 March 1988 (as amended), the Energy White Paper of December 1998, government policies and Ministerial directives issued from time to time.

The NER also provides advice and makes recommendations to government on the formulation of policy, legislation and regulations relating to the electricity industry and proactively take necessary regulatory actions in anticipation of and in response to the changing circumstances in the electricity industry.

The NER is funded from license fees, donations, levies or contributions received from any person, institution, government or interest on investment.

On the establishment of the National Energy Regulator, the NER has finalised the implementation mechanism for the Energy Regulator, developed and started implementation of capacity building and training, developed regulatory frameworks for gas and petroleum pipelines and operationalised the implementation/project plan for the establishment of the regulator.

Significant changes are expected in the electricity industry and therefore also for the role of the NER. The Electricity Regulation Bill will probably be promulgated into an Act by the time the 2005/06 financial year comes to an end. This Act will 'modernise' the legislation governing the NER's activities and empower it to better regulate a changing industry.

Government's plans for rationalising the distribution industry will also be put into place, which will see the establishment (over a period of time) of six regional electricity distributors (REDs). This development will require the NER to embark on a re-licensing process, and to this end work is being done on the development of new distribution licences. Also, a new methodology will have to be introduced to regulate these new entities.

## 8. THE SOUTH AFRICAN NUCLEAR ENERGY CORPORATION (NECSA)

Necsa was established in terms of the Nuclear Energy Act, (Act no 46 of 1999) to, amongst others, undertake and promote research and development in the field of nuclear energy and radiation science and technology. Necsa is also responsible for fulfilling institutional obligations such as the operation of the national disposal facility for low and intermediate level radioactive waste. NECSA has continued to conduct the decommissioning and decontamination of facilities that were used in the past.

As part of the support to the DME objectives on skills development, a joint venture company (ARECSA) was formed between NECSA and a French company, AREVA, to drive the national nuclear skills development in the sector. NECSA also supports the South African nuclear sector research and development efforts through its primary lead in the PBMR reactor physics development programme.

## 9. CEF (PTY) LTD

CEF, incorporated in terms of the CEF Act, is mandated by the South African government to engage in the acquisition, exploration,



generation, marketing and distribution of any energy form and to engage in research relating to the energy sector.

CEF's activities are housed within CEF (Proprietary) Limited itself and its five active subsidiaries - PetroSA, Petroleum Agency SA, iGas, OPCS and SFF.

Group performance has improved significantly from the prior year due mainly to improved results from PetroSA. The high crude price during the year which averaged \$42.1/bbl had a significant positive impact on revenue and the stronger R/\$ exchange rate benefited operating costs and the cost of imported condensate. During the year a strong cash position and a favourable R/\$ created an opportunity for PetroSA to effect an early repayment of the foreign loans amounting to \$99.9million.

A feedstock team was assembled in February 2004 as a strategic imperative to investigate all options that would ensure the long term sustainability of the Mossel Bay manufacturing plant. The PetroSA board approved the proposal which will ensure the operations in Mossel Bay remain viable. In the short term additional fields in the Bredasdorp Basin are expected to provide gas until the end of 2013. Subsequent to this, LNG has been identified as the best possible alternative long term feedstock for the plant post 2013.

Commercialisation of the PetroSA GTL technology is being pursued through international joint ventures for technology development

and commercial scale operation. The latest schedule indicates that the first large scale GTL plant will begin operating in 2010. A new joint venture technology company is to be established in Switzerland to market and license the LTFT technology.

During the current financial year both the CEF and iGas boards gave their consent for iGas to take up a 25% stake in the Republic of Mozambique Pipeline Investments Company (Pty) Ltd (Rompco). Before the stake can be taken up the Competition Commission needs to approve the transaction. This is anticipated to happen in June 2005. The Rompco gas pipeline between Mozambique and Secunda has been operational since March 2004. Equity and guarantee funding for the project is estimated at R1.1billion.

In terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002), the South African government has, through the Minister of Minerals and Energy designated the Petroleum Agency SA as the official agency to be responsible for the promotion and regulation of the country's petroleum resources. This situation became effective from 18 June 2004.

All companies within the CEF group are actively involved in the prestigious World Petroleum Congress, with PetroSA being the main sponsor of the congress which will be held at the Sandton Convention Centre from 25 - 29 September 2005.

### 3. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2005.

#### Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and meets 4 times per annum as per its approved terms of reference. During the current year 5 meetings were held.

Name of Member	Position	Meeting Attended
Mr S Sithole	Chairperson	5
Mr DP van der Nest	Member	5
Ms S Titus	Member	3
Ms E Heyn	Member	4
Adv.S Nogxina	Ex-officio member (Accounting Officer)	3

#### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulations 3.1.13.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

#### The effectiveness of internal control

Management is committed to the maintenance of effective internal control systems in the Department. Internal Audit has assisted by providing reports identifying corrective action, where appropriate, and suggesting enhancements to the control and the processes audited. Based on the results of the various internal audit reports and the Auditor-General's reports and the management letter, the Committee is of the opinion that the control systems in the Department are satisfactory. They are satisfied that Internal Audit operates independently but have recognize the need for this function to acquire additional resources in order to cope with all its responsibilities.

#### The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and Division of Revenue Act.

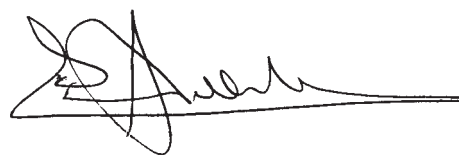
The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the department during the year under review.

#### Evaluation of Financial Statements

The Audit Committee has

- Reviewed and discussed the audited Annual Financial statements to be Included in the annual report with the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's Response thereto;
- Reviewed changes in accounting policies and practices; and
- Reviewed significant adjustments resulted from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial statements and is of the opinion that the audited Annual Financial statements be accepted and read together with the report of the Auditor-General.



**Mr S. Sithole**

Chairperson of the Audit Committee  
22 August 2005

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## VOTE 31 MANAGEMENT REPORT

for the year ended 31 March 2005

### 4.1 Management report

Report by the Accounting Officer to the Executive Authority and Parliament/Provincial Legislature of the Republic of South Africa.

#### 1. General review of the state of financial affairs

In contributing towards the achievement of Government's objectives, the Department of Minerals and Energy's aim is to formulate and implement an overall minerals and energy policy in order to ensure the optimum utilisation of minerals and energy resources.

During the 2004/05 financial year the Department embarked on a process of reviewing its strategy. The outcome was a complete new mission, vision and strategic objectives for the whole department. This was aimed at ensuring that the departmental objectives are informed by the Cabinet Lekgotla of 2005, the State of the Nation Address and the Medium Term Strategic Framework.

The revised strategic objectives of the Department are to:

- actively contribute to sustainable development; redress past imbalances and bridging the gap between the first and the second economies; implement minerals and energy economic policies and legislation; govern the minerals and energy sectors to be healthier, cleaner and safer industries. This we will achieve by regulating, reviewing and developing appropriate structures, processes, systems and skills as well as the maintenance thereof.

The past years have seen a strong focus on the introduction of policy and new legislation, encouraging broad-based ownership of the minerals and energy sectors in an effort to redress past imbalances. The promulgation of the Minerals and Petroleum Resources Development Act (MRDA) in May 2004 is testimony to that effort. The priority of the Department over the next couple of years will be the implementation of the Act and its complementary Charter. The department has also recently tabled the Precious Metals and Diamond Amendment bill which will ensure value addition.

In a continued effort to redress past imbalances, a substantial portion of the Department's resources was directed at providing access to energy to all South Africans. Electricity is a key strategic sector of the South African economy,

underpinning the growth and development objectives set out by Government. Recognising the strong growth forecasts for the economy and correspondingly for electricity demand, Government indicated in October 2004 the need to address major capital investments in power plant and infrastructure. To date a total of 7 million households of our 10 million target have been electrified.

The Department was, for the 2004/05 allocated a total budget of R1,945 billion. Of the total budget of R1,9 billion, 81% was allocated to transfers and subsidies to public entities and municipalities leaving the Department with a net budget of R360 million. Compensation of Employees (R194 million) accounted for 54% of the net budget, Use of Goods and Services (R156 million) accounted for 44%. The remaining 2% was allocated to Capital Assets (R8 million) and other Financial Transactions (R205 000).

Expenditure budget has increased over the last three years, from R1,8m in 2002/03 to R1,9m in 2004/05. A further increase to R2,1 billion is expected in 2005/06. The funds allocated to the Integrated National Electrification Programme will, however, flow through the Department of Provincial and Local Government from 2006/07, thus reducing the Department's expenditure estimate to around R1,1 billion.

The spending trend for the last two financial periods is as follows;

	2004/05	2003/04
<b>Voted Funds</b>		
Total Allocation	1 945 143	1 825 083
Less Expenditure	(1 858 668)	(1 796 893)
<b>NET SURPLUS FOR THE YEAR</b>	<b>86 475</b>	<b>28 190</b>
<b>Non-Voted Funds</b>		
Opening balance	639	1 895
Current receipts	14 138	1 475
Less Current Expenditure	13 199	(2 731)
<b>NET SURPLUS FOR THE YEAR</b>	<b>1 578</b>	<b>639</b>

The main reasons for the under spending are:

- The scarcity of skills in certain specialised areas within the Department
- The lengthy turn-around time for the recruitment process



## VOTE 31 MANAGEMENT REPORT

for the year ended 31 March 2005

- Delays in issuing tenders for various reasons, amongst others, lack of a BEE component in most potential suppliers/services providers.  
The Department has re-enforced and adopted a new mandate for its budget Committee. Amongst other interventions, the following will be done to minimise the level of under spending within the Department.
- Improve the recruitment process by conducting a performance audit aimed at identifying problems that are causing delays.
- Linking of the budget to individual activities for effective monitoring
- Review of the budget on a quarterly basis with a view to identify problems with the implementation of identified programmes.

Looking forward at the 2005/06, 2006/07 and 2007/08 MTEF, the Department received R2.117 billion, R1.065 billion and R1.119 billion respectively. The decrease in budget allocations from the 2006/07 MTEF year is due to the re-allocation of funds for the National Electrification Programme to the Department of Local and Provincial Governments (DPLG).

### 2. Service rendered by the department

The main sources of the Department's revenue over the last three years were dividends from Central Energy Fund and the royalties recovered in terms of the Minerals Act (1999) and the Treasury Regulation 7.3.1. Total receipts have decreased from R297m in 2003/04 to R113m in 2004/05. The decrease is attributable to the fact that no dividends were received from CEF in the 2004/05 financial year.

#### 2.1. Tariff policy

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 were charged in respect of the Minerals Act, 1991 (Act 50 of 1991) where the State was the holder of the mineral rights before 1 May 2004.

The approved rates, as from 1 April 2003, started at R3,00/hectare for the first year and escalated at R1,00/hectare for the maximum period of 5 years determined by a prospecting lease. For any renewal period, the fee doubled and escalated at R2,00/hectare/year thereafter. For offshore exploration the same rates applied but for square kilometers.

Due to the promulgation of the Mineral and Petroleum Resources Act, Act 28 of 2002 (MPRDA), new prescribed rates apply on all new prospecting rights granted including private owned land as from 1 May 2004 – see regulation 76 of the new MPRDA. Rights already granted at the time of promulgation, will continue with prospecting fees as set out above.

##### Exploitation fees (Royalties)

Royalties payable are 1% of gross revenue (free on mine) for all minerals and 5% of gross revenue for diamonds for existing rights. Any new mining rights granted from 1 May 2004 carry no royalties until the Royalty Bill, with different gross revenue rates set for different minerals, is promulgated (expected time of promulgation  $\pm$  2009).

##### Mining or removal of diamonds during prospecting

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

##### 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 for existing rights as at 1 May 2004.

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 were payable from 1 April 2004 until such time as the new Royalty Bill becomes applicable:

## VOTE 31 MANAGEMENT REPORT

for the year ended 31 March 2005

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

Year 1 – R1-00 per cubic meter

Year 2 – R1-05 per cubic meter

In the case of longer-term permissions (five years) and mineral leases (existing rights), the relevant royalty will start at R1-00 per cubic meter for the first year, escalating at the rate of R0-05 per cubic meter 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 in the amount of R180-00 per year, escalating at R15-00 per annum. This amount will be reviewed on a five yearly basis.

### Minimum royalties

Minimum royalties are payable, as a "deposit", in advance. Whether 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.

### 2.2. Inventories

Although the Department is not in the business of buying/producing and selling of goods it does maintain certain levels of E-class items. The list of E-class inventories on hand at 31 March 2005 is as follows:

	2004/05	2003/04
Printing	31	30
Stationery	53	71
Computer consumable items	42	220
Other stock	2	6
<b>TOTAL</b>	<b>128</b>	<b>327</b>

The disclosure of this information will be included in the disclosure notes for the year-ended 2006. The average costing method was used for all categories of inventories listed above and inventories disclosed are for the main store at Head Office.

### 3. Capacity constraints

As reported in the previous annual report the Department during the past three years gradually improved its organizational structure by increasing the number of positions on the fixed establishment in order to meet the capacity needs. For the 2004\2005 financial year an amount of R47,305 million was requested for this purpose of which R5,608 million was allocated. This amount includes personnel, additional accommodation and support\administrative expenditure. A total of 30 new posts were funded during the 2004\2005 financial year.

The capacity constraints can be attributed, amongst others, to the following reasons:

- High turnover rate especially amongst people
- Difficulty in sourcing the right people with relevant skills
- Lack of succession and mentoring programmes in place, therefore people are not geared up or prepared to take up new demanding roles and responsibilities; and

The turnover rate increased from 8,5% in the 2003\2004 financial year to 13% in 2004\2005 financial year. The turnover rate at senior management level was extremely high at 39% and while the turnover rate amongst highly skilled employees was 12%.

The major impact of these capacity constraints is that the department struggles to deliver as per agreed timeframes thereby affecting service delivery. Some of the projects are rolled over to the next financial year due to lack of capacity to implement. The under spending on the budget is one of the resulting effects of these capacity problems. Another observable impact is the high level of stress amongst officials due to enormous workloads, which sometimes lead to resignations.

In an attempt to resolve these problems the Department has come up with the following initiatives:

- Establishment of scarce skills Committee to develop and ensure implementation of the scarce-skills retention and recruitment strategy;
- Introduction of specialists posts\professional bands;
- Implementation of learner-ship programmes with a view to train graduates so that they acquire the right skills needed in



## **VOTE 31 MANAGEMENT REPORT**

*for the year ended 31 March 2005*

the Department;

- Development of succession and mentorship policies and implementation programmes and
- Managers are encouraged to participate in the Management Programme (PSLDP) so that they equip themselves with the relevant skills as managers.

### **4. Utilisation of donor funds**

#### **Capacity Building Programme**

At the beginning of 2004/05, the department brought forward a savings of R639,000 in respect of the Electricity Capacity Building Programme sponsored by the Norwegian Government. A further R2m was received from the Norwegian Government during the financial year under review. A further R1,6m was received from the Danish Government to capacitate the Designated National Authority. Of the R1.6m only R800 000 was requested from National Treasury during the 2004/05 financial period.

#### **Non-Grid Electrification of rural schools**

The department also received R438,000 from the European Union for the provision of non-grid electricity to rural schools. Another R10.8m was received from the Netherlands. These amounts were transferred to Eskom as part of the non-grid electrification programme. The department remains committed to the finalisation of these projects in terms of the approved project plans.

#### **Electrification of rural areas, schools and clinics**

Furthermore, a donation of R2,2m was received in kind from the German government for the electrification of rural areas, schools and clinics. In terms of the contract the donor shall on the achievement of certain milestones transfer the funds to the contractors appointed by the department. The amount is therefore not paid to the Department but to the service providers.

### **5. Trading entities and 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.

#### **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 transferred R179,9m to implement some of the activities as required by the Nuclear Energy Act, 1999, of the R179m, R10,754m was for the final redemption of strategic loans, R20.5 million for decommissioning projects and R148,647 million for NECSA's operational activities. Transfers to NECSA will increase during the 2005/06 financial year with an additional allocation of R21 million for security at the Pelindaba site (R9 million) and the Safari Reactor fuel conversion programme (R12 million). Transfers to NECSA accounted for 9,24% of the Department's budget for the 2004/05 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, and
- 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 Council for Mineral Technology Research, established in terms of the Mineral Technology Act (1989), provides research, development and technology transfers that foster the development of businesses in the mineral products industries. It achieves its objectives by transferring technology to the industry and promoting the optimal supply and efficient use of mineral resources. The department transferred R88,632m during the year under review, which is 4,55% of the department's budget.

## VOTE 31 MANAGEMENT REPORT

for the year ended 31 March 2005

### The National Nuclear Regulator (NNR)

The object of the NNR is to provide for protection of persons, property and the environment against nuclear damage through the establishment of safety standards and regulatory practices and to exercise regulatory control related to safety over the siting, design, construction and operation of nuclear installations and other actions, to which the Act (National Nuclear Regulator Act, 1999 - Act No. 47 of 1999) applies. NNR derives a major portion of its income from levies it collects. The department transferred R8,067m during the year under review, which is 0.41% of the department's budget. A further R18m was transferred to NNR for the rehabilitation of abandoned uranium mining sites in the Western Cape and Free State Provinces.

### Council for Geoscience (CGS)

For the year under review the department transferred R77,606m to the council which is 3.98% of the departmental budget. The funds were to be used to focus on a programme of re-surveying the whole country at shorter intervals of 200 m. This is expected to boost exploration activities within the next ten years. A further amount of R13,254 million was transferred to CGS to close and rehabilitate abandoned shafts and opening for public health and safety reasons.

### CEF (Proprietary) Ltd

The successful merger of Soekor, Mossgas and parts of the Strategic Fuel Fund (SFF) gave rise to the formation of PetroSA (Pty) Ltd. The State's strategic oil stock procurement and management is being undertaken by PetroSA on behalf of SFF on an agency basis, both of which are subsidiaries of CEF (Pty) Ltd. PetroSA (Pty) Ltd manufactures petroleum products from natural gas mined off-shore, at its facility in Mossel Bay. It is also involved in crude oil mining in that vicinity as well as various oil exploration and production activities in African countries.

The department does not transfer any funds to any of the companies in the CEF group. On instruction from the Minister in concurrence with the Minister of Finance, CEF makes transfers to the National Revenue Fund through the department.

### The South African Diamond Board (SADB)

The South African Diamond Board was established in terms of the Diamonds Act (Act 56 of 1986) to regulate the diamond industry. It derives its main income from levies raised on the exploitation and importation of diamonds.

The main regulatory functions of the board are to:

- issue licences to qualifying South Africans who aspire to be future diamond dealers, cutters and polishers;
- regulate the establishments of the diamond exchange centers in South Africa;
- evaluate all rough diamonds destined for export through the government diamond valuator; and
- keep records of the total diamond production in the Republic of South Africa.

No funds are transferred to SADB.

### Mine Health and Safety Council (MHSC)

The Mine Health and Safety Council was established as a tripartite organisation by Section 41(1) of the Mine Health and Safety Act, 1996 (Act 29 of 1996).

Its mandate is to:-

- Advise the Minister on health and safety at mines, including, but not limited to, any legislation on mine rehabilitation in so far as it concerns health and safety;
- Co-ordinate the activities of its committees, receive reports from the committees and liaise with the Mining Qualifications Authority on matters relating to health and safety;
- Liaise with other statutory bodies concerned with matters relating to health and safety;
- Promote a culture of health and safety in the mining industry;
- At least once every two years arrange and co-ordinate a tripartite summit to review the state of health and safety at mines;
- Annually consider an overall programme for relevant health and safety research for approval as prescribed and deliver a copy to the Minister of Finance for consideration; and
- Perform every duty imposed upon the Council in terms of the Act.

A total amount of R3,816 million was transferred to the Council for the year under review, which is 0,19% of the departmental budget.

### Electricity Distribution Industry Holdings (EDIH) (Proprietary) Limited

The EDIH was established in March 2003 and became operational in April 2003.

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



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for the year ended 31 March 2005

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 to the REDs for payment.

The EDIH is subject to the condition that on achieving its main objective, as decided by the Minister, it shall be voluntarily wound up following a review process. It is anticipated that the first RED will be launched in July 2005 in Cape Town.

For the year under review the Department transferred R54 million to the EDIH which is 2,77% of the departmental budget.

### 6. Organisations to whom transfer payments have been made

Name of Institution	Project	Amount transferred R'000
Eskom	National Electrification Programme	R797,329
Various Municipalities	National Electrification Programme	R196,101
Industrial Development Corporation of South Africa Limited (IDC)	Small Scale Mining	R15,100
Council for Scientific and Industrial Research	Rehabilitation of ownerless mines	R20,000
Solar Vision (Pty) Ltd	National Electrification Programme (non-grid)	R11,376
Kwazulu Energy Services	National Electrification Programme (non-grid)	R4,369
Nuon Raps Utility (Pty) Ltd	National Electrification Programme (non-grid)	R6,671
East Rand Proprietary Mines	Assistance to Mines	R14,830
Grootvlei Proprietary Mines	Assistance to Mines	R17,700

### Eskom, Non-grid service providers and various municipalities

Energy is one the core responsibilities of the Department. The Department has therefore been charged with the responsibility of funding, planning and managing the National Electrification Programme. Eskom, municipalities and several non-grid service providers that are licensed to distribute electricity are appointed as the implementing agencies annually. Their responsibilities are to install the electricity infrastructure and to report, on a monthly basis to the Department on a prescribed format in terms of the DORA. Contracts are negotiated between the Department and the implementing agencies annually.

### Industrial Development Corporation of South Africa Limited (IDC)

The Department transfers funds to the IDC as part of its contribution to promoting the small-scale mining sector. The funds transferred to IDC are disbursed through the National Steering Committee(NSC) of Service Providers to the Small Scale Mining Sector.

In terms of the management agreement, all funds transferred by the Department 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 prepare separate accounts of transferred funds, which must be properly audited.

### East Rand Proprietary Mines(ERPM)/Grootvlei Proprietary Mines (GPM)

Amounts of R14m and R17m were transferred to ERPM and GPM respectively as part of a programme aimed at assisting marginal mines faced with costs of pumping extraneous waters originating from adjacent defunct gold mines.

### 7. Corporate governance arrangements

#### Risk Management/Fraud Prevention Policies

A high level risk assessment was conducted during the 2004/05 financial year. The detailed risk assessment will be done during the 2005/06 financial year. A draft fraud prevention strategy, encompassing:- the code of ethics, whistle-blowing policy, terms of reference of the fraud prevention Committee, has been compiled and is expected to be finalised during the 2005/06 financial year.

## VOTE 31 MANAGEMENT REPORT

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### Internal Audit and Audit Committee

The Internal Audit component performed audits in terms of the plan, which was compiled taking into account the previous risk assessment. The function continues to report to the Audit Committee on a quarterly basis. The assessment of the internal audit function will be done by the Audit Committee and a statement to that effect will be included in the report of the Audit Committee which forms part of the Annual report.

### Other governance structures/processes

All members of Senior Management are required to declare their financial interest (shares, directorships and partnerships, etc) on an annual basis. In addition all members of staff are required to complete a Disclosure of information form on appointment. Each employee is required to sign and accept the code of conduct as part of the conditions of employment.

The Compliance Office within the Office of the Director-General was established in the previous financial year. Its main purpose is to address all aspects of compliance by the Department as well as compliance by the Department's public entities. Through the Minerals and Energy Compliance Officer's Forum (MECOF), the Office provides a compliance monitoring function as well as a consultation service with regard to Corporate Governance as it applies to government departments and public entities.

### 8. New/proposed activities

Description	Reason/effect on the operations of the department	Financial implications
Restructuring of the Department	There is a need to align the Departmental structure with its revised strategic objectives in order to ensure successful implementation of identified programmes.	There will be a need to shift some resources from one area to the other. The final figure will be determined once the new structure is finalised and approved.

Tender for the new generation capacity	Due to an unexpected large demand for electricity, it is anticipated that the current supply of electricity will be depleted by 2008. It takes up to three years to build a new power station. The procurement process for the new generation capacity has to be completed before the end of 2005. Expressions of interest have thus far been received – a total of 101. The next step will be qualifying prospective tenderers and a call for tenders.	Funding is required to pay for the costs attached to the preparations for the tender to be issued.
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### 9. Events after the reporting date

An amount of R107million was received and paid into the Sanlam Rehabilitation Trust during April 2005 in respect of the Durban Roodepoort Deep (North West Liquidation funds).

### 10. Performance information

The Department has implemented the following accountability framework and process designed to monitor progress and achieve desired targets.

A strategic plan for the Department for 2005/06 to 2009/10 has been compiled. All activities of the Department are to be in line with the strategic objectives as set out in the strategic plan. All branches/components are expected to draft business plans for each financial period. During the monthly Management Committee meetings, branches/components report on progress made against

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the approved business plan. The Accounting Officer is the Chairperson of Management Committee.

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. A budget Committee chaired by the Accounting Officer also meets monthly where reviews of the Department's financial performance are undertaken.

**11. Other Activities****Revenue and Receivables**

The Department has made some progress in resolving issues raised by the Auditor General in his report for 2003/04. Royalty Cards have been updated to reflect all payments received as well as affidavits received and outstanding. All transactions for each contract have been captured on an excel spreadsheet in order to determine the outstanding amounts and to effectively monitor the submission of affidavits. The plan for 2004/05 is to migrate the debtors information to our financial system in order to produce proper age analysis and to ensure correct calculation and accumulation of interest. Improvements have been implemented within the revenue collection process, i.e the banking and allocation of receipts, the use of bank account numbers by the regions that would identify payments against the specific account holder.

**Accounts Payable**

A draft procurement policy and procedures have been developed, in alignment with the Supply Chain Management Framework, the policy is expected to be finalised in 2005. All orders are now generated through LOGIS. Outstanding orders are reviewed monthly and a quarterly report issued. Through the Logis and BAS integration approved orders will raise a commitment on BAS. Reports on commitments will therefore be used to determine all our commitments at year-end. The receipting of invoices has since been centralised to Finance. Letters have been sent to all suppliers providing them with the new address for sending invoices. The centralised process will ensure proper monitoring of invoices as well as the ability to generate a correct report on accruals.

**Asset Management**

A survey and tagging of assets has been completed, the asset register has been updated to include all the Departmental

assets. New assets are recorded in Logis as and when they are received. All old computers for disposal are recorded in the disposals register. A complete and updated disposal register is maintained within the Department. The information on Logis is currently being updated and reconciled to the information on the current and updated asset register. The asset register has been updated to reflect the location of the assets and the user who is responsible for the asset. A draft asset management policy has been developed with processes and procedures for asset management, currently in circulation for inputs.

**Leave**

Procedures for improving the leave administration process have been implemented over the past six months and reviews are ongoing.

**Ownership of MHS levies**

Funds are owned by the DME and are held in a trust or dedicated fund. A Tripartite Legal Drafting Team has been set up and meetings of the Team and the Attorney General and Treasury are ongoing – address amongst other things the legislative issues. Monthly meetings are held between the users of MinAct and NMPS (Mineral Development data base systems) and users of SAMRASS and SAMINDEX (Mine Health and Safety data base systems) to reconcile the information of these and ensure correctness and completeness of the information on the Databases.

**Guarantees for Rehabilitation**

The Department receives funds from various mining licence holders as financial provision for future rehabilitation work. A trust fund was established and incorporated on 11 September 2003. The purpose of the Trust is to hold and provide funds for future rehabilitation at the respective prospecting and/or mining operation by those parties under legal obligation to do so in accordance with the Minerals Act, 1991 (Act 50 of 1991). Details of funds held in Trust for rehabilitation are disclosed in notes 26 of the financial statements. Financial statements in respect of the trust are prepared and audited separately.

**Lebowa Minerals Trust**

The Trust ceased to exist on 30 September 2003 following its abolishment through the Abolition of the Lebowa Mineral Trust Act (Act No. 67 of 2000). Section 3(1)(a) provided that the

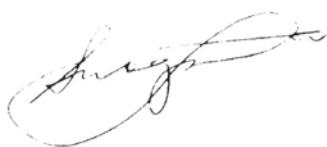
## VOTE 31 MANAGEMENT REPORT

*for the year ended 31 March 2005*

assets, liabilities, rights and obligations of the Trust will vest in the State and that this section would come into operation on 30 September 2003. The final set of financial statements for the period ending 30 September 2003 were included with the annual report for the Department of Minerals and Energy ending 31 March 2004 which were tabled in Parliament. The process of distributing of the assets of the trust has not been finalized yet pending agreement between the Minister of Minerals and Energy and the Minister of Finance on the approach to be followed.

### Approval

The Annual Financial Statements set out on pages 37 to 94 have been approved by the Accounting Officer.



ADV. S NOGXINA

Director-General

31 May 2005



## **4.2 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE ANNUAL FINANCIAL STATEMENTS OF VOTE 31 - THE DEPARTMENT OF MINERALS AND ENERGY**

*for the year ended 31 march 2005*

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 37 to 94, for the year ended 31 March 2005, 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 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). 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. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

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.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

### **4. EMPHASIS OF MATTER**

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

#### **4.1 Accounts payable management**

The Logis system used by the department concerning expenditure management is not utilised effectively as it is not used for all purchases. This impacts upon the clarity of the extent of commitments and accruals.

#### **4.2 Asset management**

With reference to paragraph 5.1 of my previous report, page 77, improvement has been made regarding the implementation of effective policies and procedures concerning asset management. The following unsatisfactory matters were however identified:

- The fixed asset register had not been properly maintained as it is incomplete and descriptions of assets are incorrectly captured.
- Not all assets were correctly classified on BAS.
- The (Logis) system used by the department is not operating effectively as monthly reconciliations between Logis and BAS are not prepared.

#### **4.3 Leave entitlement**

With reference to paragraph 5.4 of my previous report, page 78, the controls and system concerning the timely capture of leave forms were not operating effectively resulting in the possible overstatement of the leave entitlement as disclosed in note 25 to the financial statements.

#### **4.4 Loans**

With reference to paragraph 5.5 of my previous report, page 78, the loan of R894 000 due by JC Gold Mining (PTY) Ltd, as reflected in note 11 to the financial statements may be doubtful. No payment has been made since 1998 and the loan was due for repayment in 2000. However the department has handed it over to the state attorneys.

#### 4.5 Non-compliance with The Division of Revenue Act (DORA)

The department did not comply with the requirements of the Division of Revenue Act. The following instances of non-compliance were identified:

- The annual reports and financial statements of the municipalities were not received as required by section 18(2).
- The disclosure requirements of section 18(1) regarding the annual report and financial statements of the transferring department have not been met.

Treasury Regulation 8.5.1 requires that accounting officers of the departments transferring funds to other spheres of government in terms of DORA must comply with the provisions of that act.

#### 4.6 Late renewal of mandate – National Electricity Regulator

The mandate given to the National Electricity Regulator regarding non-grid electrification projects expired on 31 March 2004. It was noted that the department had only extended the mandate to the National Electricity Regulator on 20 January 2005 to expense approximately R10 million which includes interest for non-grid electrification before 31 July 2005. At the time of compiling this report none of the funds had been utilised.

#### 4.7 Lebowa Mineral Trust

The Lebowa Minerals Trust was abolished in terms of the Lebowa Minerals Trust Act, 2000 (Act No. 67 of 2000) which came into effect on 1 October 2001 with the final abolition procedures to be completed by 30 September 2003. All assets, liabilities, rights and obligations of the trust were to vest in the State. A portion of the assets and liabilities were to be transferred to the Limpopo Provincial Government. In contravention of section 3(1)(a) of the Lebowa Minerals Trust Act, 2000, the investments have not been transferred by 30 September 2003. These investments are still administered by the Department. Negotiations are still taking place between the Department and National Treasury to resolve this issue.

#### 5. APPRECIATION

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

*S. A. Fakie*

S.A. Fakie

Auditor-General

Pretoria

31/07/2005





## 4.3 VOTE 31 ACCOUNTING POLICIES

for the year ended 31 March 2005

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate, meaningful and additional information has been disclosed to enhance the usefulness of the Annual 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 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

### 1. Basis of preparation

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

### 2. Revenue

#### Appropriated funds

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, unless otherwise stated.

#### Departmental revenue

##### Tax revenue

##### Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

##### Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

##### Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision 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 Statement of Financial Performance of the department and then transferred to the National Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

##### Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

##### Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

##### Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

## VOTE 31 ACCOUNTING POLICIES

for the year ended 31 March 2005

### 3. Expenditure

#### **Compensation of employees**

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

#### **Short-term employee benefits**

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

#### **Long-term employee benefits and other post employment benefits**

##### **Termination benefits**

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

##### **Medical benefits**

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the department.

#### **Post employment retirement benefits**

The department provides retirement benefits for its employees qualifying 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 the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National Revenue Fund and not in the Annual Financial Statements of the employer department.

#### **Other employee benefits**

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes had not been paid for at year-end.

#### **Goods and services**

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were used on a capital project.

#### **Interest and rent on land**

Interest and rental payments resulting from the use of land are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

#### **Financial transactions in assets and liabilities**

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.



## VOTE 31 ACCOUNTING POLICIES

for the year ended 31 March 2005

### **Unauthorised expenditure**

Unauthorised expenditure, is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

### **Irregular expenditure**

Irregular expenditure, is defined as : expenditure, other than unauthorised expenditure, incurred in contravention 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.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

### **Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure, is defined as: expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- It must be recovered from a responsible official (a debtor account should be raised), or
- The vote (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

### **4. Transfers and subsidies**

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

### **5. Expenditure for capital assets**

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

### **6. Investments**

Investments include; investments in associates; joint ventures; investments in controlled entities and other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

### **7. Receivables**

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

### **8. Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## VOTE 31 ACCOUNTING POLICIES

for the year ended 31 March 2005

### 9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the National Revenue Fund or another party.

### 10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting. Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

### 11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

### 12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

- the amount of the obligation cannot be measured with sufficient reliability
- Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

### 13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

### 14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

### 15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

### 16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may have reasonably available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.

**4.4 VOTE 31 APPROPRIATION STATEMENT**

for the year ended 31 March 2005

Appropriation per programme									
Programme	Adjusted Appropriation	2004/05						2003/04	
		Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payment	92 831	-1 365	3 080	<b>94 546</b>	89 820	4 726	95.0	87 884	80 842
Transfers and subsidies	1 949	168	-	<b>2 117</b>	923	1 194	43.6	1 048	1 048
Payment for capital assets	5 557	1 197	-	<b>6 754</b>	3 933	2 821	58.2	20 463	20 116
<b>2. Promotion of Mine Health And Safety</b>									
Current payment	96 201	-371	-2 890	<b>92 940</b>	83 182	9 758	89.5	84 964	82 071
Transfers and subsidies	3 992	56	-	<b>4 048</b>	4 047	1	100.0	4 461	4 461
Payment for capital assets	340	315	-	<b>655</b>	337	318	51.5	1 276	712
<b>3. Mineral Development</b>									
Current payment	145 846	-51 971	-100	<b>93 775</b>	90 278	3 497	96.2	104 260	100 496
Transfers and subsidies	15 407	51 363	-	<b>66 770</b>	66 620	150	99.8	16 784	16 284
Payment for capital assets	-	608	-	<b>608</b>	577	31	94.9	1 788	730
<b>4. Energy Management</b>									
Current payment	70 780	-359	-90	<b>70 331</b>	62 586	7 745	89.0	47 333	41 824
Transfers and subsidies	71	54	-	<b>125</b>	115	10	92.0	2 214	2 110
Payment for capital assets	-	305	-	<b>305</b>	237	68	77.7	1 055	552
<b>5. Associated Services</b>									
Transfers and subsidies	1 512 169	-	-	<b>1 512 169</b>	1 456 013	56 156	96.3	1 451 553	1 445 647
<b>Subtotal</b>	<b>1 945 143</b>	-	-	<b>1 945 143</b>	1 858 668	86 475	95.6	1 825 083	1 796 893
<b>TOTAL</b>	<b>1 945 143</b>	-	-	<b>1 945 143</b>	1 858 668	86 475	95.6	1 825 083	1 796 893

**Reconciliation with Statement of Financial Performance**

Departmental revenue received	113 773			297 453	
Local and foreign aid assistance received	14 777			3 370	
<b>Actual amounts per Statements of Financial Performance (Total revenue)</b>	<b>2 073 693</b>			<b>2 125 906</b>	
Local and foreign aid assistance		13 199			2 731
<b>Actual amounts per Statements of Financial Performance (Total expenditure)</b>		<b>1 871 867</b>			<b>1 799 624</b>

## VOTE 31 APPROPRIATION STATEMENT

for the year ended 31 March 2005

Appropriation per economic classification									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	206 102	-8 275	-2 880	194 947	190 783	4 164	97.9	178 618	177 240
Goods and services	199 556	-45 997	2 880	156 439	134 878	21 561	86.2	145 387	127 614
Financial transactions in assets and liabilities	-	205	-	205	204	1	99.5	374	374
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	251 286	58	-	251 344	196 102	55 242	78.0	248 759	245 604
Departmental agencies and accounts	143 489	31 254	-	174 743	174 743	-	100.0	132 867	132 867
Public corporations and private enterprises	1 137 013	20 000	-	1 157 013	1 155 908	1 105	99.9	1 093 338	1 089 983
Households	1 800	75	-	1 875	711	1 164	37.9	879	879
Gifts and donations	-	255	-	255	255	-	100.0	223	223
<b>Payment for capital assets</b>									
Machinery and equipment	5 897	2 425	-	8 322	4 294	4 028	51.6	24 492	21 963
Software and other intangible assets	-	-	-	-	790	-790	0.0	146	146
<b>Total</b>	<b>1 945 143</b>	<b>-</b>	<b>-</b>	<b>1 945 143</b>	<b>1 858 668</b>	<b>86 475</b>	<b>95.6</b>	<b>1 825 083</b>	<b>1 796 893</b>

**VOTE 31 DETAIL PER PROGRAMME 1***for the year ended 31 March 2005*

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Minister</b>									
Current payment	755	-	-	755	755	-	100.0	713	826
<b>1.2 Deputy Minister</b>									
Current payment	643	-	-	643	616	27	95.8	607	710
<b>1.3 Management</b>									
Current Payment	9 674	-1 517	-	8 157	7 746	411	95.0	7 098	6 675
Transfers and Subsidies	13	-	-	13	11	2	84.6	10	10
Payment for capital assets	-	-	-	-	-	-	0.0	-	12
<b>1.4 Corporate Services</b>									
Current Payment	81 759	-53	3 080	84 786	80 499	4 287	94.9	79 092	72 257
Transfers and subsidies	1 936	168	-	2 104	912	1 192	43.3	1 038	1 038
Payment for capital assets	5 557	1 197	-	6 754	3 933	2 821	58.2	20 463	20 104
<b>1.5 Theft and Losses</b>									
Current Payment	-	205	-	205	204	1	99.5	374	374
<b>Total</b>	<b>100 337</b>	<b>-</b>	<b>3 080</b>	<b>103 417</b>	<b>94 676</b>	<b>8 741</b>	<b>91.5</b>	<b>109 395</b>	<b>102 006</b>

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	42 833	-1900	-	40 933	39 841	1 092	97.3	36 497	36 059
Goods and services	49 998	330	3 080	53 408	49 774	3 634	93.2	51 016	44 404
Financial transactions in assets and liabilities	-	205	-	205	204	1	99.5	374	374
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	149	-	-	149	120	29	80.5	108	108
Households	1 800	33	-	1 833	669	1 164	36.5	822	822
Gifts and donations	-	135	-	135	135	-	100.0	123	123
<b>Payment for capital assets</b>									
Machinery and equipment	5 557	1197	-	6 754	3 382	3 372	50.1	20 430	20 091
Software and other intangible assets	-	-	-	-	551	-551	0.0	25	25
<b>Total</b>	<b>100 337</b>	<b>-</b>	<b>3 080</b>	<b>103 417</b>	<b>94 676</b>	<b>8 741</b>	<b>91.5</b>	<b>109 395</b>	<b>102 006</b>

## VOTE 31 DETAIL PER PROGRAMME 2

for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>1.1 Management</b>									
Current payment	5 811	-519	-630	4 662	3 844	818	82.5	3 463	3 413
Transfers and subsidies	10	-	-	10	9	1	90.0	8	8
Payment for capital assets	-	-	-	-	-	-	0.0	15	9
<b>1.2 Promotion of Mine Health and Safety</b>									
Current payment	90 390	148	-2 260	88 278	79 338	8 940	89.9	81 501	78 658
Transfers and subsidies	3 982	56	-	4 038	4 038	-	100.0	4 453	4 453
Payment for capital assets	340	315	-	655	337	318	51.5	1 261	703
<b>TOTAL</b>	<b>100 533</b>	<b>-</b>	<b>-2 890</b>	<b>97 643</b>	<b>87 566</b>	<b>10 077</b>	<b>89.7</b>	<b>90 701</b>	<b>87 244</b>

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	70 539	-	-2 790	67 749	66 972	777	98.9	64 621	64 408
Goods and services	25 662	-371	-100	25 191	16 211	8 980	64.4	20 336	17 663
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	176	25	-	201	200	1	99.5	181	181
Departmental agencies and accounts	3 816	-	-	3 816	3 816	-	100.0	4 238	4 238
Households	-	31	-	31	31	-	100.0	43	43
<b>Payment for capital assets</b>									
Machinery and equipment	340	315	-	655	293	362	44.7	1 161	590
Software and other intangible assets	-	-	-	-	43	-43	0.0	121	121
<b>Total</b>	<b>100 533</b>	<b>-</b>	<b>-2 890</b>	<b>97 643</b>	<b>87 566</b>	<b>10 077</b>	<b>89.7</b>	<b>90 701</b>	<b>87 244</b>

**VOTE 31 DETAIL PER PROGRAMME 3***for the year ended 31 March 2005*

2004/05								2003/04	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Management</b>									
Current payment	5 554	110	-	5 664	5 515	149	97.4	6 724	6 138
Transfers and subsidies	9	68	-	77	77	-	100.0	10	10
Payment for capital assets	-	-	-	-	-	-	0.0	368	358
<b>1.2 Mineral Resource Management</b>									
Current payment	83 241	-56 977	-100	26 164	24 044	2 120	91.9	43 156	40 947
Transfers and subsidies	37	51 264	-	51 301	51 300	-	100.0	43	43
Payment for capital assets	-	-	-	-	-	-	0.0	274	127
<b>1.3 Mineral Policy and Investment</b>									
Current payment	18 058	3 169	-	21 227	20 336	891	95.8	14 956	14 525
Transfers and subsidies	15 286	9	-	15 295	15 144	151	99.0	16 633	16 133
Payment for capital assets	-	608	-	608	560	48	92.1	830	95
<b>1.4 Mineral Development and Administration</b>									
Current payment	38 993	1 727	-	40 720	40 343	377	99.1	39 424	38 886
Transfers and subsidies	75	22	-	97	99	-2	102.1	98	98
Payment for capital assets	-	-	-	-	57	-57	0.0	316	150
<b>TOTAL</b>	<b>161 253</b>	<b>-</b>	<b>-100</b>	<b>161 153</b>	<b>157 475</b>	<b>3 678</b>	<b>97.7</b>	<b>122 832</b>	<b>117 510</b>

2004/05								2003/04	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	64 568	-575	-	63 993	63 086	907	98.6	58 531	58 335
Goods and services	81 278	-51 397	-100	29 781	27 152	2 629	91.2	45 730	42 161
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	157	31	-	188	187	1	99.5	170	170
Departmental agencies and accounts	-	31 254	-	31 254	31 254	-	100.0	-	-
Public corporations and private enterprises	15 250	20 000	-	35 250	35 100	150	99.6	16 600	16 100
Households	-	11	-	11	11	-	100.0	14	14
Gifts and donations	-	68	-	68	68	-	100.0	-	-
<b>Payment for capital assets</b>									
Machinery and equipment	-	608	-	608	617	9	101.5	1 787	730
<b>Total</b>	<b>161 253</b>	<b>-</b>	<b>-100</b>	<b>161 153</b>	<b>157 475</b>	<b>3 678</b>	<b>97.7</b>	<b>122 832</b>	<b>117 510</b>

## VOTE 31 DETAIL PER PROGRAMME 4

for the year ended 31 March 2005

2004/05	2003/04								
Programme per subprogramme	Adjusted	Shifting of		Final	Actual		Payment	Final	Actual
	Appropriation	funds	Virement	Appropriation	Payment	Variance	as % of final appropriation	appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Hydrocarbons and Energy</b>									
<b>Planning Management</b>									
Current payment	3 591	-30	-	3 561	3 551	10	99.7	2 642	2 354
Transfers and subsidies	6	2	-	8	9	-1	112.5	4	4
Payment for capital assets	-	-	-	-	-	-	0.0	228	99
<b>1.2 Hydrocarbons</b>									
Current payment	11 266	-509	-45	10 712	7 640	3 072	71.3	6 812	6 438
Transfers and subsidies	14	50	-	64	64	-	100.0	112	112
Payment for capital assets	-	286	-	286	199	87	69.6	-	-
<b>1.3 Energy Planning</b>									
Current payment	10 981	-2 206	-	8 775	5 879	2 896	67.0	8 053	7 273
Transfers and subsidies	13	2	-	15	9	6	60.0	11	11
Payment for capital assets	-	5	-	5	4	1	80.0	-	-
<b>1.4 Electricity and Nuclear</b>									
<b>Management</b>									
Current payment	3 550	9	-45	3 514	3 425	89	97.5	3 005	2 683
Transfers and subsidies	6	-	-	6	6	-	100.0	4	4
Payment for capital assets	-	14	-	14	13	1	92.9	228	99
<b>1.5 Electricity</b>									
Current payment	35 263	700	-	35 963	35 094	869	97.6	15 730	12 242
Transfers and subsidies	26	-	-	26	22	4	84.6	2 079	1 975
Payment for capital assets	-	-	-	-	21	-21	0.0	599	353
<b>1.6 Nuclear</b>									
Current payment	6 129	1 677	-	7 806	6 997	809	89.6	11 091	10 834
Transfers and subsidies	6	-	-	6	5	1	83.3	4	4
Payment for capital assets	-	-	-	-	-	-	0.0	-	1
<b>TOTAL</b>	<b>70 851</b>	<b>-</b>	<b>-90</b>	<b>70 761</b>	<b>62 938</b>	<b>7 823</b>	<b>88.9</b>	<b>50 602</b>	<b>44 486</b>

	2004/05							2003/04	
Economic Classification	Adjusted	Shifting of		Final	Actual		Payment as	Final	Actual
	Appropriation	Funds	Virement	Appropriation	Payment	Variance	% of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	28 162	-5 800	-90	22 272	20 884	1 388	93.8	18 969	18 438
Goods and services	42 618	5 441	-	48 059	41 701	6 358	86.8	28 305	23 386
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	71	2	-	73	63	10	86.3	54	54
Public corporations and private enterprises	-	-	-	-	-	-	0.0	2 060	1 956
Gifts and donations	-	52	-	52	52	-	100.0	100	100
<b>Payment for capital assets</b>									
Machinery and equipment	-	305	-	305	41	264	13.4	1 114	552
Software and other intangible assets	-	-	-	-	197	-197	0.0	-	-
<b>Total</b>	<b>70 851</b>	<b>-</b>	<b>-90</b>	<b>70 761</b>	<b>62 938</b>	<b>7 823</b>	<b>88.9</b>	<b>50 602</b>	<b>44 486</b>

**VOTE 31 DETAIL PER PROGRAMME 5***for the year ended 31 March 2005*

Programme per sub programme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Council for Mineral Technology</b>									
Transfers and subsidies	88 632	-	-	88 632	88 632	-	100.0	82 439	82 439
<b>1.2 South African Nuclear Energy Corporation</b>									
Transfers and subsidies	179 901	-	-	179 901	179 901	-	100.0	161 190	161 190
<b>1.3 National Nuclear Regulator</b>									
Transfers and subsidies	8 067	-	-	8 067	8 067	-	100.0	7 610	7 610
<b>1.4 Council for Geoscience</b>									
Transfers and subsidies	77 606	-	-	77 606	77 606	-	100.0	72 019	72 019
<b>1.5 Electricity Distribution Industry Holdings Company</b>									
Transfers and subsidies	54 000	-	-	54 000	54 000	-	100.0	49 000	49 000
<b>1.6 National Electrification Programme</b>									
Transfers and subsidies	1 070 562	-	-	1 070 562	1 015 277	55 285	94.8	1 056 195	1 053 040
<b>1.7 Assistance to Mines</b>									
Transfers and subsidies	33 401	-	-	33 401	32 530	871	97.4	23 100	20 349
<b>TOTAL</b>	<b>1 512 169</b>	<b>-</b>	<b>-</b>	<b>1 512 169</b>	<b>1 456 013</b>	<b>56 156</b>	<b>96.3</b>	<b>1 451 553</b>	<b>1 445 647</b>

Economic Classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	250 733	-	-	250 733	195 532	55 201	78.0	248 246	245 091
Departmental agencies and accounts	139 673	-	-	139 673	139 673	-	100.0	128 629	128 629
Public corporations and private enterprises	1 121 763	-	-	1 121 763	1 120 808	955	99.9	1 074 678	1 071 927
<b>Total</b>	<b>1 512 169</b>	<b>-</b>	<b>-</b>	<b>1 512 169</b>	<b>1 456 013</b>	<b>56 156</b>	<b>96.3</b>	<b>1 451 553</b>	<b>1 445 647</b>

## 4.5 VOTE 31 NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2005

### 1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 (A-D+F) 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 (Annual Appropriation) to the Annual Financial Statements.

### 3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

### 4. Explanations of material variances from Amounts Voted (after Virement):

#### 4.1 Details of material variances per programme appear in Note 1 to the Annual Financial Statement.

#### 4.2 Per Economic classification

##### Current payment:

Compensation of employees  
Vacancies within the Department during the reporting period due to a high personnel turn over and late filling of new posts associated with the expansion of the Department's organisational structure resulted in a decrease in personnel and related compensatory expenditure. On 31 March 2005 the Department had vacancies on its establishment. An amount of R8.182 million was subsequently re-allocated to other expenditure items to provide funding for projects that were not funded in the 2004 Estimates of National Expenditure or unforeseen expenditure.

##### Goods and services

The under spending of 13.9% under the item goods and services is mainly due to delays in the procurement process, delays in the delivery of goods and services, the consequent late receipt of invoices and subsequent payment of service providers and suppliers during the 2005/06 financial year. Delays in finalising tenders, contracts in respect of energy projects that were not finalised, energy projects that were subsequently extended or not implemented and the consequent late receipt of final reports and accompanying invoices

for payments resulted in an under spending of 13.2% under the item goods and services of Programme 4: Energy Management. Several investigations into mine accidents and occurrences at mines that led to the death or serious injury of mine employees and persons effected by these events, such as underground fires, seismic events and rock falls, were not fully finalised or still in process. An application was made to roll over R7.847 million to finalise outstanding energy projects during the 2005/06 financial year.

##### Transfers and subsidies:

##### Provinces and municipalities

On 31 March 2005 the item transfers and subsidies to provincial and local governments reflected an under spending of 12%. The mentioned under spending can be attributed to the fact that several Municipalities were not able to implement electrification projects in terms of the DORA due to the following reasons:

- The slow delivery of houses in the National Housing Programme which effects the progress of electricity connections in households;
- The time frames associated with the approval process within municipal structures;
- The extent of bulk infrastructure projects that must be implemented and finalised before actual connections can be made.

##### Households

Payments, such as leave gratuities, relating to retirement benefits were less than originally anticipated and consequently resulted in an under spending of R1.164 million (63.5%) under the item transfers to households.

##### Payments for capital assets:

##### Machinery and equipment

Several order payments for capital assets remained unpaid on 31 March 2005 due to delays in the procurement process, time frames associated with the procurement of equipment, the late delivery of equipment and consequent late receipt of invoices for payment. The Department subsequently made an application in terms of Treasury Regulation 6.4 to roll over R2.654 million which remained unspent on 31 March 2005 to finalise the mentioned outstanding purchases.

##### Software and other intangible assets

With the implementation of the new standard chart of accounts (SCOA) software were not budgeted for separately from computer equipment.

**4.6 VOTE 31 STATEMENT OF FINANCIAL PERFORMANCE***for the year ended 31 March 2005*

	<b>Note</b>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>REVENUE</b>			
Annual appropriation	1	1 945 143	1 825 083
Departmental revenue	2+16	113 773	297 453
Local and foreign aid assistance	3	14 138	3 370
<b>TOTAL REVENUE</b>		<b>2 073 054</b>	<b>2 125 906</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	190 783	177 240
Goods and services	5	134 878	127 609
Financial transactions in assets and liabilities	6	204	374
Local and foreign aid assistance	3	13 199	2 731
<b>Total current expenditure</b>		<b>339 064</b>	<b>307 954</b>
Transfers and subsidies	8	1 527 719	1 469 556
Expenditure for capital assets			
Machinery and Equipment	9	4 294	21 968
Software and other intangible assets	9	790	146
Total expenditure for capital assets		5 084	22 114
<b>TOTAL EXPENDITURE</b>		<b>1 871 867</b>	<b>1 799 624</b>
<b>NET SURPLUS FOR THE YEAR</b>		<b>201 187</b>	<b>326 282</b>

	<b>Note</b>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
Reconciliation of Net Surplus for the year			
Voted Funds to be surrendered to the Revenue Fund/unutilised	15	86 475	28 190
Departmental receipts to be surrendered to the Revenue Fund	16	113 773	297 453
Local and foreign aid assistance	3	939	639
<b>NET SURPLUS FOR THE YEAR</b>		<b>201 187</b>	<b>326 282</b>

## 4.7 VOTE 31 STATEMENT OF FINANCIAL POSITION

at 31 March 2005

	<i>Note</i>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		9 891	27 607
Fruitless and wasteful expenditure	7	25	-
Cash and cash equivalents	10	7 408	17 430
Prepayments and advances	12	407	343
Receivables	13	2 051	9 834
<b>Non-current assets</b>		3 099	3 108
Investments	14	2 205	2 205
Loans	11	894	903
<b>TOTAL ASSETS</b>		<b>12 990</b>	<b>30 715</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		9 553	27 360
Voted funds to be surrendered to the Revenue Fund	15	6 475	-
Departmental revenue to be surrendered to the Revenue Fund	16	1 461	26 337
Payables	17	39	384
Local and foreign aid assistance unutilised	3	1 578	639
<b>Non-current liabilities</b>			
Payables	18	25	-
<b>TOTAL LIABILITIES</b>		<b>9 578</b>	<b>27 360</b>
<b>NET ASSETS</b>		<b>3 412</b>	<b>3 355</b>
<b>Represented by:</b>			
Capitalisation reserve		2 205	2 205
Recoverable revenue		1 207	1 150
<b>TOTAL</b>		<b>3 412</b>	<b>3 355</b>

**4.8 VOTE 31 STATEMENT OF CHANGES IN NET ASSETS***for the year ended 31 March 2005*

	<b>Note</b>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
<b>Capitalisation reserve</b>			
Opening balance		2 205	2 205
Closing balance		2 205	2 205
<b>Recoverable revenue</b>			
Opening balance		1 150	316 562
Debts recovered (included in departmental revenue)	2	-	-5
Debts raised		-	31 532
Prior year adjustment		57	-346 939
Closing balance		1 207	1 150
<b>TOTAL</b>		<b>3 412</b>	<b>3 355</b>

## 4.9 VOTE 31 CASH FLOW STATEMENT

for the year ended 31 March 2005

	<b>Note</b>	<b>2004/05 R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts		
Annual appropriated funds received		1 865 143
Departmental revenue received		113 773
Local and foreign aid assistance received	3	14 138
Net decrease in working capital		7 375
		<hr/> 2 000 429
Surrendered to Revenue Fund	20	-138 649
Current payments		-339 064
Transfers and subsidies paid		-1 527 719
<b>Net cash flow available from operating activities</b>	19	<hr/> -5 003 <hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets		-5 085
Decrease in loans granted		9
<b>Net cash flows from investing activities</b>		<hr/> -5 076 <hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution/dividend to government		-
Increase in loans received		57
<b>Net cash flows from financing activities</b>		<hr/> 57 <hr/>
Net decrease in cash and cash equivalents		-10 022
Cash and cash equivalents at the beginning of the period		<hr/> 17 430 <hr/>
<b>Cash and cash equivalents at end of period</b>	10	<hr/> <hr/> 7 408 <hr/> <hr/>



## 4.10 VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### 1. Annual Appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds):

Programme	Final Appropriation 2004/05 R'000	Actual Funds Received R'000	Variance over/ (under) R'000	Total Appropriation 2003/04 R'000
1: Administration	103 417	94 676	8 741	109 395
2: Promotion of Mine Health and Safety	97 643	87 566	10 077	90 701
3: Mineral Development	161 153	157 475	3 678	122 832
4: Energy Management	70 761	62 938	7 823	50 602
5: Associated Services	1 512 169	1 456 013	56 156	1 451 553
Total	1 945 143	1 858 668	86 475	1 825 083

Provide explanation of material variances including whether or not application will be made for a rollover.

#### Programme 1: Administration

The under spending of 8.5% under Programme 1: Administration is mainly due to outstanding order payments relating to the payment of goods and services and the purchase of capital assets. Delays in the delivery of equipment, goods and services resulted in the late receipt of invoices and subsequent payments to service providers and suppliers being made in the 2005/06 financial year. The number of vacancies within the programme during the reporting period resulted in an under spending of R1.092 million (2.7%) under the item compensation of employees. Payments, such as leave gratuities, relating to retirement benefits were less than originally anticipated and consequently resulted in an under spending of R1.164 million (63.5%) under the item transfers to households. An application was made in terms of Treasury Regulation 6.4 to roll over R4.434 million which remained unspent on 31 March 2005 to finalise outstanding order payments and related commitments during the 2005/06 financial year. The mentioned request included R3.652 million and R782 000-00 under the items goods and services and payments for capital assets respectively, which represents 50.73 % of total savings under the programme.

#### Programme 2: Promotion of Mine Health and Safety

On 31 March 2005 the Mine Health and Safety Inspectorate reflected an under spending of 10.3% that can be attributed to the following:

- The number of vacancies within the Inspectorate during the reporting period due to a high personnel turn over, problems experienced with retaining skilled personnel and filling expert and technical posts. The number of vacancies at a stage reached 54 vacancies and resulted in an under spending of approximately R4 million on expenditure associated with the compensation of employees, related allowances for subsidised vehicles and subsistence and transport cost. The Minister of Minerals and Energy recently approved recommendations regarding the restructuring of the Inspectorate which are aimed at, amongst others to build organisational capacity and retaining skilled personnel.
- Due to the required processes, investigations and delays associated with restructuring process and compliance with the anticipated final organisational structure, several Senior Occupational Hygiene Inspector positions and expert positions could not be created and filled during the reporting period. This resulted in an under spending of approximately R2 million under the item goods and services and R1 million under the item compensation of employees that are currently utilised for the payment of consultants to render the required expert services. The creation and filling of these positions will be addressed as a priority during the 2005/06 financial year.
- Several investigations into mine accidents and occurrences at mines that led to the death or serious injury of mine employees and persons effected by these events, such as underground fires, seismic events and rock falls, were not fully finalised or still in process.

An application was made in terms of Treasury Regulation 6.4 to roll over R3.154 million which remained unspent on 31 March 2005 to finalise outstanding investigations into mine accidents and order payments during the 2005/06 financial year.

### **Programme 3: Mineral Development**

On 31 March 2005 the Mineral Development Branch reflected an under spending of 2.3% that can be attributed to vacancies within the Branch that resulted in a decrease in expenditure associated with personnel, subsistence and transport cost. Delays in mine rehabilitation projects and order payments resulted in an under spending under the item goods and services. The Department made an application in terms of Treasury Regulation 6.4 to roll over R145 000-00 which remained unspent on 31 March 2005 to finalise outstanding order payments and related commitments during the 2005/06 financial year.

### **Programme 4: Energy Management**

Programme 4: Energy Management reflected an under spending of R7.823 million or 11.1% of their total budget allocation at the end of the reporting period. Actual spending associated with the Electricity and Nuclear Branch represented 99.6% of their allocated budget, while actual spending in respect of the Hydrocarbons and Energy Planning Branch only represents 74.08% of their final budget allocation for the reporting period. This is mainly due to the following:

- Vacancies within the respective Branches that resulted in a 6.2% under spending under the item compensation of employees.
- Delays in finalising tenders, contracts in respect of energy projects that were not finalised, energy projects that were subsequently extended or not implemented and the consequent late receipt of final reports and accompanying invoices for payments resulted in an under spending of 13.2% under the item goods and services. An application was made to roll over R630 000-00 to finalise outstanding energy projects during the 2005/06 financial year.
- Delays in the procurement process and time frames associated with the procurement of computer equipment and software for the Integrated Energy Management System (IEMS) and Integrated Energy Planning Sub-directorate (IEP) resulted in payments not being made before 31 March 2005. The Department subsequently made an application in terms of Treasury Regulation 6.4 to roll over R1.872 million which remained unspent on 31 March 2005 to finalise the mentioned outstanding purchases.

### **Programme 5: Associated Services**

On 31 March 2005 the programme reflected an under spending of 3.3%. This is mainly due to an under spending of R55.201 million under the item transfers and subsidies to provincial and local governments in respect of conditional grants payable to municipalities for the National Electrification Programme (NEP) in terms of the Division of Revenue Act

(DORA). The mentioned under spending can be attributed to the following:

- The slow delivery of houses in the National Housing Programme which effects the progress of electricity connections in households;
- The time frames associated with the approval process within municipal structures;
- The extent of bulk infrastructure projects that must be implemented and finalised before actual connections can be made.

Due to the mentioned reasons and the limitations placed on conditional grants in terms of the DORA, funds could not be re-allocated to other municipalities outside specific districts. The Department is currently working together with Municipalities and the Department of Provincial and Local Government (DPLG) to rectify the situation. Letters of commitment were received from Municipalities who were not able to implement electrification projects before 31 March 2005 to confirm that they will be utilising unspent funds to implement and finalise electrification projects during the 2005/06 financial year. The Department subsequently made an application in terms of Treasury Regulation 6.4 to roll over R55.132 million which remained unspent on 31 March 2005 to implement and finalise outstanding electrification projects during the 2005/06 financial year.

**VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005***2. Departmental revenue to be surrendered to revenue fund**  
**Description**

	<i>Notes</i>	<b>2004/05</b> <b>R'000</b>	<b>2003/04</b> <b>R'000</b>
Tax revenue			
Sales of goods and services other than capital assets		8 823	3 656
Fines, penalties and forfeits		229	1 832
Interest, dividends and rent on land		102 262	290 438
Sales of capital assets		-	-
Recoverable revenue received		-	5
Financial transactions in assets and liabilities	2.1	2 459	1 522

**Departmental revenue collected**

<b>113 773</b>	<b>297 453</b>
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**2.1 Financial transactions in assets and liabilities**  
**Nature of loss recovered**

Cheques written back	-	1
Other	2 459	1 521
	<b>2 459</b>	<b>1 522</b>

**3. Local and foreign aid assistance****3.1 Assistance received in cash****Name of donor and purpose**

<b>Opening Balance</b>	<b>Revenue</b>	<b>Expenditure</b>	<b>Closing balance</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Foreign</b>			
European Union – Non-grid Electrification of rural schools	-	438	-
Danish Government – Capacitating the Designated National Authority	-	800	800
Norwegian Government – Electricity Capacity Building	639	1 894	778
Netherlands – Non-grid Electrification of rural schools	-	10 867	-
639	14 138	13 199	1 578

**Analysis of balance**

Local and foreign aid unutilised  
Closing balance

<b>2004/05</b> <b>R'000</b>	<b>2002/03</b> <b>R'000</b>
1 578	639
1 578	639

## VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### 3.2 Assistance received in kind

#### Name of donor and purpose

#### Foreign

German Government: Decentralised Rural Electrification Project

#### Total local and foreign aid assistance received in kind

2004/05 R'000	2003/04 R'000
*2 204	1 257
2 204	1 257

\* These funds are not received by the Department and therefore do not form part of the Department's revenue.

## 4 Compensation of employees

### 4.1 Salaries and Wages

	2004/05 R'000	2003/04 R'000
Basic salary	130 333	116 374
Performance award	3 951	3 761
Service Based	9 857	532
Compensative/circumstantial	1 767	2 907
Periodic payments	2 109	2 999
Other non-pensionable allowances	15 808	26 141
	163 825	152 714

### 4.2 Social contributions

#### 4.2.1 Short-term employee benefits

Pension	19 399	17 344
Medical	7 508	7 163
Bargaining council	51	19
	26 958	24 526

### Total compensation of employees

190 783	177 240
918	906

Average number of employees

**VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005***5. Goods and services**

	<b>Note</b>	<b>2004/05</b>	<b>2003/04</b>
		<b>R'000</b>	<b>R'000</b>
Advertising		1 538	1 365
Attendance fees (including registration fees)		1 672	2 213
Bank charges and card fees		143	89
Bursaries (employees)		960	904
Communication		10 835	9 838
Computer services		7 759	7 858
Consultants, contractors and special services		45 648	39 660
Courier and delivery services		395	-
Drivers' licences and permits		20	36
Entertainment		1 238	369
External audit fees	5.1	1 796	2 077
Equipment less than R5000		461	-
Freight service		1	-
Inventory	5.2	4 210	4 062
Legal fees		808	1 416
Licence agency fees		-	10
Maintenance, repairs and running cost		1 018	1 310
Medical services		218	55
Operating leases		1 284	1 523
Personnel agency fees		166	89
Photographic services		50	35
Printing and publications		1 596	2 074
Professional bodies and membership fees		4 428	8 757
Resettlement cost		1 149	1 078
Subscriptions		404	-
Storage of furniture		-	14
Taking over of contractual obligations		165	22
Owned leasehold property expenditure		588	547
Translations and transcriptions		156	112
Transport provided as part of the departmental activities		28	-
Travel and subsistence	5.3	39 524	35 917
Venues and facilities		3 205	1 226
Protective, special clothing & uniforms		394	283
Training & staff development		2 861	3 378
Previous years unallocated items		-	1 292
		<b>134 718</b>	<b>127 609</b>

**5.1 External audit fees**

Regularity audits	1 796	2 077
<b>Total external audit fees</b>	<b>1 796</b>	<b>2 077</b>

## VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### 5.2 Inventory (purchased during the year)

	2004/05 R'000	2003/04 R'000
Other inventory	-	796
Domestic Consumables	424	44
Food and Food supplies	28	-
Laboratory consumables	17	-
Stationery and printing	3 739	3 199
Medical supplies	2	23
	<b>4 210</b>	<b>4 062</b>

### 5.3 Travel and subsistence

Local	34 251	33 097
Foreign	5 273	2 820
Total travel and subsistence	<b>39 524</b>	<b>35 917</b>

## 6. Financial transactions in assets and liabilities

	Note		
Other material losses written off	6.1	-	263
Debts written off	6.3	204	111
		<b>204</b>	<b>374</b>

### 6.1 Other material losses written off

#### Nature of losses

Intertech GIS (software and hardware)	-	263
	<b>-</b>	<b>263</b>

### 6.2 Other material losses of items expensed in previous periods

Cell phone	53	170
Laptop	86	47
	<b>139</b>	<b>217</b>

### 6.3 Bad debts written off

#### Nature of debts written off

Transfer to debts written off		
Government garage/Car rental accidents	121	81
Travel and subsistence	24	-
Private telephone	8	1
Salary overpayments	14	7
State guarantee	30	-
Fruitless/interest paid	1	3
Other debts	6	18
Bursary	-	1
	<b>204</b>	<b>111</b>

**VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

		<b>2004/05</b>	<b>2003/04</b>
		<b>R'000</b>	<b>R'000</b>
<b>7. Fruitless and wasteful expenditure</b>			
<b>7.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		-	-
Fruitless and wasteful expenditure – current year		25	-
Fruitless and wasteful expenditure awaiting condonement		25	-
<b>7.2 Fruitless and wasteful expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/</b>		
<b>criminal proceedings</b>			
Bookings made no show charged	Case not finalized	2	-
Booking at Holiday Inn non arrival charged	Case not finalized	1	-
Imperial car rental no show charged	Case not finalized	1	-
Sub Sahara Charter flight: double booking	Case not finalized	14	-
Telkom interest charged	Case finalized need to be written off	6	-
Nashua interest charged	Case not finalized	1	-
		<b>25</b>	<b>-</b>
<b>8. Transfers and subsidies</b>			
	<b>Notes</b>		
Provinces and municipalities	<i>Annex 1A</i>	<b>196 102</b>	<b>245 605</b>
Departmental agencies and accounts	<i>Annex 1B</i>	<b>174 743</b>	<b>132 867</b>
Public corporations and private enterprises	<i>Annex 1C</i>	<b>1 155 908</b>	<b>1 089 983</b>
Households	<i>Annex 1D</i>	<b>711</b>	<b>876</b>
Gifts and donations	<i>Annex 1F</i>	<b>255</b>	<b>225</b>
		<b>1 527 719</b>	<b>1 469 556</b>
<b>9. Expenditure for capital assets</b>			
Machinery and equipment	<i>Annex 4</i>	<b>4 294</b>	<b>21 968</b>
Software and other intangible assets	<i>Annex 5</i>	<b>790</b>	<b>146</b>
<b>Total</b>		<b>5 085</b>	<b>22 114</b>
<b>10. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		<b>7 358</b>	<b>17 403</b>
Cash on hand		<b>50</b>	<b>27</b>
		<b>7 408</b>	<b>17 430</b>

## VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### 11. Loans

#### Description

Glencairn trading as JC Gold Mining (Pty) Ltd  
Portuguese Government

2004/05 R'000	2003/04 R'000
894	903
-	-
<b>894</b>	<b>903</b>

11.1 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. The recovery of this loan is doubtful.

11.2 The loan to the Portuguese Government towards the Hydro Electrica de Cahora Bassa scheme was written down from R347m to R1-00 during the 2003/04 financial year. The capital amount in respect of the loan was R39m. The amount of R347m includes capitalised interest of R308m.

### 12. Prepayments and advances

#### Description

Travel and subsistence

2004/05 R'000	2003/04 R'000
407	343
<b>407</b>	<b>343</b>

12.1 The amount of R343 278-03 has been reclassified as prepayments and advances for the 2003/04 financial year.

### 13. Receivables

		Less than one year R'000	One to three years R'000	Older than three years R'000	Total	Total
Staff debtors	13.2	502	422	186	1 110	1 191
Clearing accounts	13.3	218	-	-	218	-
Other debtors	13.4	688	-	35	723	8 643
		<b>1 408</b>	<b>422</b>	<b>221</b>	<b>2 051</b>	<b>9 834</b>

#### 13.1 Age analysis – receivables current

Less than one year	1 408	9 068
Staff debtors	502	559
Other debtors	688	8 509
Clearing accounts	218	32
One to three years	422	459
Staff debtors	422	325
Other debtors	-	134

**VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005*

	<b>2004/05</b>	<b>2003/04</b>
	<b>R'000</b>	<b>R'000</b>
Older than three years	221	307
Staff debtors	186	307
Other debtors	35	-
	<b>2 051</b>	<b>9 834</b>
<b>13.2 Staff debtors</b>		
Debtors	868	868
Various other staff debtors	214	323
	<b>1 110</b>	<b>1 191</b>
<b>13.3 Clearing accounts</b>		
Sal: Income Tax	215	-
Sal: Tax Debt	3	-
	<b>218</b>	<b>-</b>
<b>13.4 Other debtors</b>		
National Treasury	-	8 010
Council for Geoscience	-	72
Other debtors	127	153
Dept of Foreign Affairs	-	101
Eyabantu	314	289
MQA H2	19	18
Disallowance Miscellaneous	263	-
	<b>723</b>	<b>8 643</b>

**14. Investments****Investee****Nature of investment**

*Notes*  
*Annex 2*

South African Nuclear Energy Corporation	Shares	<b>2 205</b>	<b>2 205</b>
CEF (Pty) Ltd	Shares	-	-
Electricity Distribution Industry Holdings Company	Shares	-	-
		<b>2 205</b>	<b>2 205</b>

## VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
<b>15. Voted funds to be surrendered to the Revenue Fund</b>		
Opening balance	-8 010	19 410
Funds received	*8 010	-
Transfer from Statement of Financial Performance	86 475	28 190
Voted funds not requested/not received	-80 000	-36 200
Paid during the year	-	-19 410
Closing balance	6 475	-8 010

\* An amount of R8 010 340-76 was approved by National Treasury and received on 30 April 2004 for the late request of funds for the 2003/04 financial year.

### 16. Departmental receipts to be surrendered to the Revenue Fund

Opening balance	26 337	44 734
Transfer from Statement of Financial Performance	113 773	297 453
Paid during the year	-138 649	-315 850
Closing balance	1 461	26 337

				2004/05	2003/04
				R'000	R'000
17. Payables – current					
Description	Notes	30 Days R'000	30+ Days R'000	Total	Total
Clearing accounts	17.1	31	-	31	-
Other payables	17.2	8	-	8	384
		39	-	39	384

### 17.1 Clearing accounts

<b>Description</b>	
Salary: Income Tax	28
Salary: Deduction Disallowance	3
	31

**VOTE 31 NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005*

	<b>2004/05</b>	<b>2003/04</b>
	<b>R'000</b>	<b>R'000</b>
<b>17.2 Other payables</b>		
<b>Description</b>		
Other payables	-	271
Debt	1	5
Mineral Rights Claim Licence	-	60
Persal deduction	-	48
Sal: Pension Fund	1	-
Private telephone	6	-
	<u>8</u>	<u>384</u>

	<b>2004/05</b>	<b>2003/04</b>
	<b>R'000</b>	<b>R'000</b>

**18. Payables – Non-current****Description**

	<b>One to two</b>	<b>Two to three</b>	<b>More than three</b>	<b>Total</b>	<b>Total</b>
	<b>years</b>	<b>years</b>	<b>years</b>		
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		
Other payables 18.1	25	-	-	25	-
	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>

**18.1 Other payables****Description**

Disallowance Miscellaneous

	25	-
	<u>25</u>	<u>-</u>

**19. Reconciliation of net cash flow from operating activities to surplus**

Net surplus as per Statement of Financial Performance	201 187
Decrease in receivables – current	7 758
Increase in prepayments and advances	-63
Decrease in other non-current assets	9
Decrease in payables – current	-345
Increase in non-current liabilities	25
Surrenders	-138 649
Capital expenditure	5 084
Voted funds not requested/not received	-80 000
Proceeds on sale of financial assets	-9

**Net cash flow generated by operating activities****-5 003**

## 4.11 VOTE 31 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
<b>20. Appropriated funds and departmental revenue surrendered</b>		
Appropriated funds surrendered	28 190	19 410
Departmental revenue surrendered	138 649	315 850
	<b>166 839</b>	<b>335 260</b>

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

		<i><b>Note</b></i>	<b>2004/05</b>	<b>2003/04</b>
			<b>R'000</b>	<b>R'000</b>
<b>21. Contingent liabilities</b>				
<b>21.1 Liable to</b>	<b>Nature</b>	<b>Note</b>		
Motor vehicle guarantees	Employees	<i>Annex 3</i>	370	278
Housing loan guarantees	Employees	<i>Annex 3</i>	1 983	2 513
Various foreign banks	Loans	<i>Annex 3</i>	585 602	2 573 992
Guarantees: South African Nuclear Energy Corporation Ltd	Loans	<i>Annex 3</i>	-	10 636
Guarantees: South African Nuclear Energy Corporation Ltd	Banking facilities	<i>Annex 3</i>	20 000	20 000
Pending legal cases			65 783	65 372
Department of Foreign Affairs	Interdepartmental claim	<i>Annex 7</i>	453	1 071
Department of Justice	Interdepartmental claim	<i>Annex 7</i>	-	229
South African Police Services	Interdepartmental claim	<i>Annex 7</i>	298	-
Provincial Administration: Gauteng (DOT)	Interdepartmental claim	<i>Annex 7</i>	2 432	-
Nuclear Energy Corporation of South Africa Ltd	Decontamination and Decommissioning of Strategic plants		68 900	114 845
SIMRAC contracts signed in the name of the Department	Research		35 906	35 762
Departmental employees	Capped leave		13 180	-
			<b>794 907</b>	<b>2 824 698</b>



## VOTE 31 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### 21.2 Guarantees held for Rehabilitation may not be adequate and the amount is unquantifiable

Regulation 54 of the Regulations promulgated in terms of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) requires that the quantum of the financial provision be revised on an annual basis. Apart from this legal obligation that vests with all holders of mining permits, prospecting rights and mining rights the financial provision are also revised whenever a site inspection undertaken by an official from the Department reveals that the quantum is not sufficient to cover all rehabilitation liabilities.

Due to a dedicated plan of action, which involved the verification of the validity and estimates provided by the Mining industry to the Department, the total amount of financial provision available increased significantly.

The Department appointed Sanlam Trust in terms of Treasury Regulation 14 for the management and administration of cash deposits made for the purpose of rehabilitation liabilities. Officials of the Department act as Trustees to this Trust with majority voting powers. Included in the amount available in terms of this cash option is an amount of R35 million deposited by Gencor for the rehabilitation of derelict and/or ownerless asbestos mines for which they had an interest in the past.

	2004/05 R'000	2003/04 R'000
<b>22. Funds held for Rehabilitation purposes</b>		
Bank guarantees	1 876 844	937 664
Sanlam Trust*	16 898	18 171
Gencor Trust*	34 890	-
Trusts held by Mining Companies	3 078 265	1 929 443
	<b>5 006 897</b>	<b>2 885 278</b>

\* Shown at net assets value.

### 23. Commitments per programme

#### Current expenditure

Approved and contracted	4 285	6 007
Approved but not yet contracted	3 254	8 410
	<b>7 539</b>	<b>14 417</b>

#### Capital expenditure

Approved and contracted	63 792	2 966
Approved but not yet contracted	-	3 156

	<b>63 792</b>	<b>6 122</b>
<b>Total Commitments</b>	<b>71 331</b>	<b>20 539</b>

### 24. Accruals

#### Listed by economic classification

	30 Days R'000	30+ Days R'000	Total	Total
Goods and services	4 923	1 144	6 067	7 443
Machinery and Equipment	-	-	-	838
	<b>4 923</b>	<b>1 144</b>	<b>6 067</b>	<b>8 281</b>

#### Listed by programme level

Administration	4 231	2 849
Promotion of Mine Health and Safety	315	460
Mineral Development	257	4 142
Energy Management	1 264	830
	<b>6 067</b>	<b>8 281</b>

## VOTE 31 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

	2004/0 R'000	2003/04 R'000
<b>25. Employee benefits</b>		
Leave entitlement	4 900	17 401
Thirteenth cheque	5 555	5 153
Performance bonus	3 805	3 770
	<b>14 260</b>	<b>26 324</b>
<b>26. Lease Commitments</b>		
<b>26.1 Operating leases</b>		
	<b>Machinery and equipment R'000</b>	<b>Total</b>
Type of institution		<b>Total</b>
Not later than 1 year	-	75
Later than 1 year and not later than 3 years	979	162
Later than three years	-	93
Total present value of lease liabilities	979	330
<b>27. Receivables for services delivered (off balance sheet)</b>		
<b>Nature of service</b>		
Royalty debts	<b>5 359</b>	<b>469</b>
	<b>5 359</b>	<b>469</b>
<b>28. Irregular expenditure</b>		
<b>28.1 Reconciliation of irregular expenditure</b>		
Opening balance	<b>6</b>	<b>510</b>
Irregular expenditure – current year	<b>7</b>	<b>-</b>
Transfer to Statement of Financial Performance – authorised losses (Condoned)	<b>-6</b>	<b>-504</b>
Irregular expenditure awaiting condonement	<b>7</b>	<b>6</b>

**VOTE 31 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

	<b>2004/05</b> <b>R'000</b>	<b>2003/04</b> <b>R'000</b>
<b>Analysis</b>		
Current	7	-
Prior years	-	6
	<u>7</u>	<u>6</u>

**28.2 Irregular expenditure**

<b>Incident</b>	<b>Disciplinary steps taken/ criminal proceedings</b>		
Energy Efficiency month	Case not finalised	-	<b>6</b>
Amanzimtoti Printing and Publishing	Case not finalised	7	-
		<u>7</u>	<u>6</u>

**29. Related party transactions**

<b>Entity</b>	<b>Nature of Relationship</b>	<b>Type of Transaction</b>	<b>Elements of Transactions</b>
CEF (Pty) Ltd	Associated institution under control of the department	Refund of Director's Fees to an amount of R185 848 00 was paid during the 2004/2005 financial year.	In terms of section 1(7) of the Central Energy Fund Act, 1977 (Act 38 of 1997) remuneration of a director (excluding a director in full time service of the State), and the cost of transport facilities or other benefits afforded to him in respect of his service as director, shall be paid out of monies appropriated by Parliament for such purposes.
Council for Geoscience	Associated institution under control of the department	Payment to the amount of R13 253 620-00 for the Safety Holes Project.	Funds paid in terms of the Geoscience Act, 1993 (Act 100 of 1993).
National Nuclear Regulator	Associated institution under control of the department	Payment to the amount of R18 million for the Closure of abandoned Uranium Mines.	Funds paid in terms of the National Nuclear Regulator Act, 1999 (Act 47 of 1999).

## VOTE 31 DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### 30. Senior management personnel

The aggregate remuneration of twelve management personnel that were identified as key members of management of the Department is an amount of R7,819m.

	2004/05 R'000	2003/04 R'000
• The Minister, Deputy Ministers, Director-General	2 546	2 423
• Deputy Director Generals	2 596	2 120
• Advisor to the Minister	590	-
• Chief Directors*	2 087	2 004
	<u>7 819</u>	<u>6 547</u>

\* The Chief Directors of Programme 1: Administration reporting directly to the Director-General.

### 31. Lebowa Minerals Trust

The Trust ceased to exist on 30 September 2003 as a result of the abolishment through the Abolition of the Lebowa Mineral Trust Act (Act No. 67 of 2000). Section 3(1)(a) provided that the assets, liabilities, rights and obligations of the Trust will vest in the State and that this section would come into operation on 30 September 2003. The following changes have since taken place between 30/09/2003 and 31/03/2005:

- Investments and loans have grown from R204 186 248 to R220 798 426. The market value of listed investments has grown from R154 557 567 to R202 266 337.
- Furniture and Equipment have been transferred to the Department of Minerals and Energy at a book value of R72 000 (Cost: R1 864 972).
- The plant at Bathlabine Bricks has been fully depreciated.
- Accumulated profits have increased from R206 354 762 to R224 303 865. Included in this figure is an amount of R4 900 000 for interest received on gilts that was not taken into account previously as well as dividends.

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

**ANNEXURE 1A****STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of		DORA	Total	Actual	% of	Amount	Amount	% of	
	Revenue Act	Roll Overs	Adjustments	Available	Transfer	Available funds Transferred	received by municipality	spent by municipality	available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
ABAQULUSI	1 550	-	-	1 550	-	0	-	1 530	0	1 800
ALBERT LUTHULI	3 100	-	-	3 100	3 100	100	3 100	1 717	55	5 946
AGANANG	-	-	-	-	-	0	-	-	0	-
BAVIAANS	-	-	-	-	-	0	-	-	0	517
BEAUFORT WEST	620	-	-	620	-	0	-	-	0	-
BELA BELA	812	-	-	812	682	84	682	262	38	623
BERGRIVIER	1 094	-	-	1 094	1 094	100	1 094	1 383	126	870
BLOUBERG	-	-	-	-	-	0	-	-	0	1 863
BLUE CRANE ROUTE	-	-	-	-	-	0	-	-	0	1 256
BREEDE RIVER WINELANDS	1 116	-	-	1 116	248	22	248	1 326	535	458
BREEDE VALLEY	1 240	-	-	1 240	1 240	100	1 240	1 464	118	-
BUFFALO CITY	10 260	-	-	10 260	10 259	100	10 259	5 492	54	6 090
CAMDEBOO	1 249	-	-	1 249	1 231	99	1 231	791	64	1 357
CAPE AGULHAS	-	-	-	-	-	0	-	-	0	435
CEDERBERG	558	-	-	558	-	0	-	-	0	348
CITY JOHANNESBURG	10 000	3 156	-	13 156	13 156	100	13 156	10 002	76	13 845
CITY TSHWANE	10 000	-	-	10 000	10 000	100	10 000	3 762	38	7 409
CITY OF CAPE TOWN	8 302	-	-	8 302	8 302	100	8 302	10 434	126	11 852
DELMAS	960	-	-	960	50	5	50	50	100	-
DIPALESENG	930	-	-	930	930	100	930	1 062	114	-
DRAKENSTEIN	-	-	-	-	-	0	-	-	0	315
EDUMBE	775	-	-	775	-	0	-	-	0	-
EKURHULENI	5 000	-	-	5 000	5 000	100	5 000	300	6	5 984
ELUNDINI	4 168	-	-	4 168	4 168	100	4 168	7 503	180	-
EMALAHLENI	1 705	-	-	1 705	1 705	100	1 705	1 705	100	-
EC136										
EMALAHLENI	3 000	-	-	3 000	3 000	100	3 000	-	0	-
MP312										
EMNAMBITHI-LADYSMITH	2 324	-	-	2 324	352	15	352	-	0	110
EMTHANJENI	264	-	-	264	-	0	-	-	0	264
ENDUMENI	1 245	-	-	1 245	1 245	100	1 245	400	32	2 076
ETHEKWINI	23 712	-	-	23 712	23 712	100	23 712	54 300	229	25 239
GARIEP	1 550	-	-	1 550	1 550	100	1 550	2 415	156	201
GA-SEGONYANA	-	-	-	-	-	0	-	-	0	300
GEORGE	1 293	-	-	1 293	1 293	100	1 293	1 065	82	3 591

## VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of		DORA	Total	Actual	% of	Amount	Amount	% of	
	Revenue Act	Roll Overs	Adjustments	Available	Transfer	Available funds Transferred	received by municipality	spent by municipality	available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
GOVAN MBEKI	1 653	-	-	1 653	1 653	100	1 653	1 882	114	580
GREATER LETABA	-	-	-	-	-	0	-	-	0	802
GREAT KEI	403	-	-	403	403	100	403	403	100	0
GREATER TZANEEN	446	-	-	446	446	100	446	102	23	-
HANTAM	252	-	-	252	162	64	162	-	0	102
HIGHLANDS	1 120	-	-	1 120	1 120	100	1 120	200	18	-
INKWANCA	410	-	-	410	410	100	410	410	100	-
INXUBA YETHEMBA	2 480	-	-	2 480	2 480	100	2 480	3 275	132	2 303
KAMIESBERG	728	-	-	728	720	99	720	-	0	952
KAROO	-	-	-	-	-	0	-	-	0	61
HOOGLAND										
KGATELOPELE	540	-	-	540	86	16	86	-	0	160
KHAI-MA	264	-	-	264	77	29	77	48	62	145
KHARA HAIS	1 550	-	-	1 550	-	0	-	991	0	774
KING SABATA	5 580	-	-	5 580	5 580	100	5 580	-	0	10 608
DALINDYEBO										
KLERKSDORP	1 550	-	-	1 550	250	16	250	1 180	472	1 740
KNYSNA	465	-	-	465	365	78	365	440	121	740
KOKSTAD	973	-	-	973	-	0	-	-	0	3 555
KOUGA	899	-	-	899	745	83	745	863	116	1 740
KWADUKUZA	6 789	-	-	6 789	6 789	100	6 789	5 525	81	4 620
LAINGSBURG	620	-	-	620	-	0	-	-	0	551
LANGEBERG	223	-	-	223	-	0	-	-	0	328
LEKWA	1 626	-	-	1 626	1 626	100	1 626	1 641	101	1 450
LEKWA-TEEMANE	465	-	-	465	-	0	-	-	0	-
LESEDI	2 530	-	-	2 530	2 530	100	2 530	2 003	79	4 640
LETSEMENG	620	-	-	620	620	100	620	59	10	-
LICHTENBURG	-	-	-	-	-	0	-	-	0	2 610
LUKHANJI	1 445	-	-	1 445	1 445	100	1 445	1 445	100	3 350
MADIBENG	620	-	-	620	-	0	-	-	0	1 450
MAFUBE	310	-	-	310	-	0	-	-	0	3 451
MAKHADO	302	-	-	302	-	0	-	-	0	1 190
MALETSWAI	1 550	-	-	1 550	-	0	-	-	0	574
MALUTI A	17 873	-	-	17 873	14 634	82	14 634	15 563	106	17 639
PHOFUNG										
MANGAUNG	4 216	-	-	4 216	4 216	100	4 216	874	21	7 824
MAQUASSI HILLS	620	-	-	620	620	100	620	720	116	-
MATJHABENG	620	-	-	620	-	0	-	-	0	870
MBOMBELA	3 350	-	-	3 350	3 350	100	3 350	1 402	42	3 132
MERAFONG CITY	4 070	-	-	4 070	1 581	39	1 581	613	39	748
METSIMAHOLO	1 240	-	-	1 240	1 240	100	1 240	1 240	100	870
MIDVAAL	2 240	-	-	2 240	2 240	100	2 240	1 940	87	1 856
MKHONDO	2 083	-	-	2 083	2 083	100	2 083	98	5	799
MODIMOLLE	3 875	-	-	3 875	3 875	100	3 875	407	11	2 900
MOGALE CITY	-	-	-	-	-	0	-	-	0	1 908
MOGALAKWENA	133	-	-	133	102	77	102	102	100	-
MOQHAKA	620	-	-	620	-	0	-	-	0	-

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of		DORA	Total	Actual	% of	Amount	Amount	% of	Division of
	Revenue Act	Roll Overs	Adjustments	Available	Transfer	Available funds Transferred	received by municipality	spent by municipality	available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
MORETELE	117	-	-	117	-	0	-	-	0	-
MOSSEL BAY	2 790	-	-	2 790	2 790	100	2 790	1 409	51	3 924
MSUKALIGWA	1 705	-	-	1 705	-	0	-	-	0	-
MSUNDUZI	4 041	-	-	4 041	3 415	85	3 415	1 593	47	2 462
MUSINA	-	-	-	-	-	0	-	-	0	730
MTUBATUBA	3 922	-	-	3 922	-	0	-	-	0	-
NALEDI NW	-	-	-	-	-	0	-	-	0	961
NELSON MANDELA	11 781	-	-	11 781	11 780	100	11 780	11 936	101	12 444
NAMA KHOI	720	-	-	720	720	100	720	-	0	544
NDLAMBE	1 730	-	-	1 730	1 535	89	1 535	1 395	91	-
NEWCASTLE	1 240	-	-	1 240	-	0	-	150	0	1 156
NGWATHE	1 116	-	-	1 116	-	0	-	-	0	3 306
NKETOANA	310	-	-	310	96	31	96	-	0	-
NKOMAZI	4 986	-	-	4 986	4 986	100	4 986	2 085	42	6 500
NKONKOBÉ	1 550	-	-	1 550	713	46	713	-	0	1 554
NQUTHU	-	-	-	-	-	0	-	-	0	175
NXUBA	2 325	-	-	2 325	-	0	-	-	0	2 726
OUDTSHOORN	620	-	-	620	-	0	-	-	0	641
OVERSTRAND	1 070	-	-	1 070	1 061	99	1 061	-	0	1 853
PLETTENBERG BAY	-	-	-	-	-	-	-	-	0	157
POLOKWANE	4 650	-	-	4 650	-	0	-	-	0	2 175
POTCHEFSTROOM	2 536	-	-	2 536	2 536	100	2 536	2 625	104	3 480
PRINCE ALBERT	465	-	-	465	465	100	465	-	0	-
RANDFONTEIN	2 130	-	-	2 130	2 130	100	2 130	1 643	77	794
RUSTENBURG	2 480	-	-	2 480	-	0	-	-	0	2 900
SALDANHA BAY	372	-	-	372	-	0	-	-	0	696
*SEME	133	-	-	133	133	100	133	-	0	-
SOL PLAATJE	-	-	-	-	-	0	-	-	0	551
STELLENBOSCH	691	-	-	691	691	100	691	-	0	728
STEVE TSHWETE	1 864	-	-	1 864	839	45	839	1 438	171	-
SUNDAY'S RIVER	859	-	-	859	859	100	859	671	78	-
VALLEY										
SWARTLAND	465	-	-	465	270	58	270	174	64	-
SWELLENDAM	775	-	-	775	-	0	-	-	0	624
THABAZIMBI	-	-	-	-	-	0	-	-	0	1 015
THEEWATERSKLOOF	620	-	-	620	-	0	-	247	0	447
TOKOLOGO	403	-	-	403	403	100	403	-	0	-
TSOLWANA	558	-	-	558	558	100	558	309	55	-
UBUNTU	620	-	-	620	523	84	523	-	0	-
ULUNDI	6 346	-	-	6 346	-	0	-	-	0	6 495
UMHLATHUZE	-	-	-	-	-	0	-	-	0	444
UMJINDI	1 779	-	-	1 779	1 779	100	1 779	1 246	70	1 624
UMNGENI	620	-	-	620	-	0	-	-	0	2 802
UMSOBOMVU	-	-	-	-	-	0	-	-	0	-
UMTSHEZI	1 798	-	-	1 798	1 314	73	1 314	921	70	209
UMUZIWABANTU	843	-	-	843	-	0	-	-	0	-
UTRECHT	-	-	-	-	-	0	-	-	0	240
VENTERSDORP	2 170	-	-	2 170	2 170	100	2 170	2 604	120	751

## VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of		DORA	Total	Actual	% of	Amount	Amount	% of	Division of
	Revenue Act	Roll Overs	Adjustments	Available	Transfer	Available funds Transferred	received by municipality	spent by municipality	available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
WITZENBERG	197	-	-	197	-	0	-	-	0	212
REGIONAL SERVICE LEVIES	-	-	-	-	-	0.0	-	-	0.0	-
MOTHEO DIST MUN	-	-	-	-	-	0.0	-	-	0.0	-
NKANGALA DIST COUNCIL	-	-	-	-	33	0.0	-	-	0.0	27
FRANCES BAARD DIST MUN	-	-	-	-	27	0.0	-	-	0.0	24
CAPRICORN DIST MUN	-	-	-	-	25	0.0	-	-	0.0	21
TSHWANE METRO MUN	-	-	-	-	319	0.0	-	-	0.0	297
GREATER JHB METRO COUN	-	-	-	-	57	0.0	-	-	0.0	54
SOUTHERN DIST COUNCIL	-	-	-	-	36	0.0	-	-	0.0	27
CAPE METRO COUNCIL	-	-	-	-	12	0.0	-	-	0.0	10
LEJWELEPUTSWA DIST MUN	-	-	-	-	24	0.0	-	-	0.0	22
UMZINYATHI DIST MUN	-	-	-	-	20	0.0	-	-	0.0	17
NELSON MANDELA MUN	-	-	-	-	18	0.0	-	-	0.0	15
	<b>247 577</b>	<b>3 156</b>	<b>-</b>	<b>250 733</b>	<b>196 102</b>	<b>78</b>	<b>195 531</b>	<b>180 835</b>		<b>245 604</b>

\*An amount of R10 160-00 was received back during the 2004/05 financial year from Seme municipality and is included in these totals.

Funds were not transferred due to the following reasons:

- No further funding was transferred to municipalities which did not complete their 2002/03 and 2003/04 programmes; and
- No further funding was transferred to municipalities, which have not submitted the signed contract for 2004/05 programmes.

Funds transferred were not spent due to the following reasons:

- Delay in housing projects.

Remedial actions:

- For the Municipalities, which received funds and did not report: A letter will be written to the Municipality notifying them about their contravention to DORA.
- For the Municipalities, which did not supply reasons for the variances in their reports: A follow up will be made with such Municipalities.
- For the Municipalities with housing delays, which have sent request letters for roll overs: An application was made for the funds to be rolled over.
- For the Municipalities with projects still in progress: They will be monitored each month and audited and it should also be noted that no new funding will be transferred for the 2005/06 year until such projects have been completed.

Reasons for high percentage on the actual spent:

- Top up funds provided by the Municipalities.

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

**ANNEXURE 1B****STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Council for Geoscience	77 606	-	13 254	90 860	90 860	100.0	72 019
Council for Nuclear Safety	8 067	-	18 000	26 067	26 067	100.0	7 610
Electricity Distribution Industry Holdings Company	54 000	-	-	54 000	54 000	100.0	49 000
Mine Health and Safety Council	3 816	-	-	3 816	3 816	100.0	4 238
Council for Mineral Technology Research	88 632	-	-88 632	-	-		-
<b>Total</b>	<b>232 121</b>	<b>-</b>	<b>-57 378</b>	<b>174 743</b>	<b>174 743</b>		<b>132 867</b>

**ANNEXURE 1C****STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2003/04
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Public Corporations</b>									
Transfers									
Eskom	819 829	-	-22 500	797 329	797 329	100.0	797 329	-	807 949
Industrial Development Corporation of South Africa	15 250	-	-	15 250	15 100	99.0	-	15 100	15 100
South African Nuclear Energy Corporation Ltd	179 901	-	-	179 901	179 901	100.0	7 358	163 205	161 190
Council for Scientific and Industrial Research	-	-	20 000	20 000	20 000	100.0	-	20 000	-
Council for Mineral Technology Research	-	-	-	-	-		-	-	-
<b>Total</b>	<b>1 014 980</b>	<b>-</b>	<b>-2 500</b>	<b>1 012 480</b>	<b>1 012 480</b>		<b>804 687</b>	<b>198 305</b>	<b>984 239</b>

# VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

## ANNEXURE 1C (Continued)

### STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2003/04
	Appropriation			Total	Actual	% of Available funds			Appropriation
	Act	Roll Overs	Adjustments	Available	Transfer	Transferred	Capital	Current	Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000

#### Private Enterprises

Transfers									
Council for Mineral Technology Research	-	-	88 632	88 632	88 632	100.0	10 000	76 632	83 439
Eskom Enterprises	-	-	-	-	-	0.0	-	-	1 956
Solar Vision (Pty) Ltd	-	-	11 400	11 400	11 376	99.8	11 376	-	-
Nuon Raps Utility (Pty) Ltd	-	-	6 700	6 700	6 671	99.6	6 671	-	-
KwaZulu Energy Services Company	-	-	4 400	4 400	4 369	99.3	4 369	-	-
East Rand Proprietary Mines	15 701	-	-	15 701	14 830	94.5	-	14 830	20 349
Grootvlei Proprietary Mines	17 700	-	-	17 700	17 700	100.0	-	17 700	-

Total	33 401	-	111 132	144 533	143 578		32 416	109 162	105 744
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<b>TOTAL</b>	<b>1 048 381</b>	<b>-</b>	<b>108 632</b>	<b>1 157 013</b>	<b>1 155 908</b>		<b>837 103</b>	<b>307 467</b>	<b>1 089 983</b>
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**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005***ANNEXURE 1D****STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				TRANSFER		2003/04
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Leave payments	1 800	-	-	1 800	636	35.3	822
Claims against the State (subsidised & transport)	-	-	-	-	75	0.0	54
<b>Total</b>	<b>1 800</b>	<b>-</b>	<b>-</b>	<b>1 800</b>	<b>711</b>		<b>876</b>

**ANNEXURE 1E****STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000	2003/04 R'000
<b>Received in kind</b>			
*Imerys South Africa	Building	-	-
South African Diamond Board	T-shirts and caps	5	-
		5	-

\* Ownership of the building has been subsequently transferred to the Department of Public Works.

## VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### ANNEXURE 1F

#### STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2005

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000	2003/04 R'000
Paid in cash			
Sacred Heart School Project	Cash	10	-
Nestar Nala Pottery	Cash	5	-
Sewnath Family	Cash	17	-
Khanyile Family	Cash	17	-
Madau Family	Cash	17	-
Ndlovu Family	Cash	17	-
DME Soccer Club	Cash	20	20
WOESA	Cash	150	-
MEETI	Cash	2	-
DME Choir	Cash	-	2
N Langeni	Cash	-	10
Ex-gratia payment – Section 47 – claim licence	Cash	-	3
Lathi-Tha Investment Holdings	Cash	-	10
African Solar Technology	Cash	-	40
Facets of Africa	Cash	-	40
SAWIMA	Cash	-	100
		255	225
Made in kind			
Minister and Deputy Minister	Crockery & Cutlery	2	-
Switch-on Campaign	T-shirts/Caps	43	-
Switch-on Campaign	Provision of air transport	61	-
Switch-on Campaign	Pop-up banners	11	-
Switch-on Campaign	Catering services	31	-
Cabinet Ministers	Crockery & Cutlery	12	-
Cabinet Ministers	Stationery & Printing	2	-
International Guests & Dignitaries	Crockery & Cutlery	8	-
Chokoe Primary School	Audio visual	2	-
African Public Service Day	T-shirts/Caps	26	16
Foreign Ministers	Crockery & Cutlery	7	-
Mdeni Integrated Energy Centre	T-shirts	21	-
Woman in Nuclear SA (WINSA)	T-shirts/bags	20	2
Switch-on Campaign	Jug kettle	1	-
African Public Service Day	Catering services	11	-
HIV Awareness Day celebration	T-shirts/Caps	-	203
Naughty Boys of Kgalagadi	Corporate gifts	-	5
DME Budget Vote Speech	T-shirts	-	5
Farewell Gift: N Stroebel	Corporate gifts	-	3
Corporate gifts issued during Mining Industry HIV/Aids festivity	Corporate gifts	-	1
Corporate gift to Minister during year-end function	Corporate gifts	-	2
Prices for Children's Mining Week	Corporate gifts	-	10
<b>TOTAL</b>		<b>258</b>	<b>247</b>

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

**ANNEXURE 2A****STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2005**

Name of Public Entities	Nature of business	Relevant Act	State Entity's PFMA Schedule type (schedule) year end if not 31 March	% Held 03/04	% Held 04/05	Number of shares		Cost of investment		Profit/(Loss) for the year		Are the losses Guaranteed
						04/05	03/04	04/05 R'000	03/04 R'000	04/05 R'000	03/04 R'000	
Controlled entities												
Nuclear Energy Corporation of South Africa Ltd	Nuclear Technology Development	Nuclear Energy Act (Act 46 of 1999)	Schedule 2	100	100	2 205	2 205	2 205	2 205	#(35 467)	149 493	N/A
	Oversee a diverse number of subsidiaries in the Energy Sector	Central Energy Fund Act (Act 38 of 1978)	Schedule 2	100	100	1	1	0	0	# 1 940 946	242 920	N/A
Electricity Distribution Industry Holdings (Pty) Ltd	Electricity Distribution Industry Restructuring	Public Finance Management Act (Act 1 of 1999) and EDI Restructuring Bill	Schedule 3A	100	100	100	100	0	0	\$0	0	N/A
						2 205	2 205	1 905 479	392 413			

# Unaudited

\$ Fully Government funded, no revenue generated.

## VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

### ANNEXURE 2B

#### STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2005 (CONTINUED)

Name of Public Entities		Cost of investment		Amounts owing to		Amounts owing by		Valuation of investment	
		04/05	03/04	04/05	03/04	04/05	03/04	04/05	03/04
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Controlled entities									
Nuclear Energy Corporation of South Africa Ltd	Nuclear Technology Development	2 205	2 205	-	-	-	-	*91 579	126 507
CEF (Pty) Ltd	Oversee a diverse number of subsidiaries in the Energy Sector	-	-	-	-	-	-	*13 003 328	11 061 689
Electricity Distribution Industry Holdings Company (Pty) Ltd	Electricity Distribution Industry Restructuring	-	-	-	-	-	-	*13 160	59 191
<b>TOTAL</b>		<b>2 205</b>	<b>2 205</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 108 067</b>	<b>11 247 387</b>

\*Nett asset value

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

**ANNEXURE 3****STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – LOCAL**

<b>Guarantor institution</b>	<b>Guarantee in respect of</b>	<b>Original guaranteed capital amount</b>	<b>Opening balance 1 April 04</b>	<b>Guarantees issued during the year</b>	<b>Guarantees released during the year</b>	<b>Guaranteed interest for year ended 31 March 05</b>	<b>Closing balance 31 March 05</b>	<b>Realised losses i.r.o. claims paid out</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
	<b>Motor vehicles</b>							
Stannic	Motor vehicles	370	278	92	-	-	370	-
		<b>370</b>	<b>278</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>370</b>	<b>-</b>
	<b>Housing</b>							
ABSA	Housing loan	3 487	827	132	281	-	678	-
BOE Bank	Housing loan	225	41	-	41	-	-	-
Firstrand	Housing loan	1 390	335	104	167	-	274	-
FNB	Housing loan	693	250	-	131	-	119	-
Nedbank	Housing loan	1 705	325	126	116	-	335	-
Old Mutual	Housing loan	1 785	391	137	209	-	319	-
Peoples Bank	Housing loan	153	95	17	82	-	30	-
Standard	Housing loan	1 306	229	84	80	-	233	-
VBS Mutual	Housing loan	300	20	-	20	-	-	-
		<b>11 044</b>	<b>2 513</b>	<b>600</b>	<b>1 127</b>	<b>-</b>	<b>1 986</b>	<b>-</b>
	<b>Other</b>							
ABSA	Bank guarantee	20 000	20 000	-	-	-	20 000	-
CMB							-	
Nominees							-	
Central							-	
Depository							-	
Nominees							-	
Master of the Supreme Court	Loans (NECSA)	10 050	10 636	-	10 753	117	-	-
		<b>30 050</b>	<b>30 636</b>	<b>-</b>	<b>10 753</b>	<b>117</b>	<b>20 000</b>	<b>-</b>
<b>Total</b>		<b>41 464</b>	<b>33 427</b>	<b>692</b>	<b>11 880</b>	<b>117</b>	<b>22 356</b>	<b>-</b>

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005***ANNEXURE 3****STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – FOREIGN**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 04	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest for year ended 31 March 05	Closing balance 31 March 05	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
European Investment Bank	Other Foreign loan	340 013	212 027	-	55 742	3 699	159 984	-
European Investment Bank	Other Foreign loan	268 862	202 733	-	40 610	3 682	165 805	-
Deutsche Bank, London	Other Foreign loan	1 125 145	704 613	-	704 613	-	-	-
Deutsche Bank, London	Other Foreign loan	413 372	235 732	-	50 312	4 339	189 759	-
ABN Amro Bank, New York	Other Foreign loan	426 600	118 896	-	52 768	2 705	68 833	-
<b>Total</b>		<b>2 573 992</b>	<b>1 477 001</b>	<b>-</b>	<b>904 045</b>	<b>425</b>	<b>587 381</b>	<b>-</b>

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005***ANNEXURE 4****PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

	<b>Opening Balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Transfers in R'000</b>	<b>Transfers out R'000</b>	<b>Closing balance R'000</b>
<b>MACHINERY AND EQUIPMENT</b>						
Computer equipment		<b>1 316</b>	-	-	-	
Furniture and office equipment		<b>2 317</b>	-	-	-	
Other machinery and equipment		<b>251</b>	-	-	-	
Transport assets		<b>410</b>	-	-	-	
		<b>4 294</b>	-	-	-	

**PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2004**

	<b>Opening Balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Transfers in R'000</b>	<b>Transfers out R'000</b>	<b>Closing balance R'000</b>
<b>MACHINERY AND EQUIPMENT</b>						
Computer equipment		<b>18 549</b>		<b>25</b>		
Furniture and office equipment		<b>2 007</b>		<b>25</b>		
Other machinery and equipment		<b>1 058</b>		-		
Transport assets		<b>354</b>		<b>22</b>		
		<b>21 968</b>		<b>72</b>		

**VOTE 31 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2005***ANNEXURE 5****SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 MARCH 2005**

	<b>Opening Balance R'000</b>	<b>Additions</b>	<b>Disposals R'000</b>	<b>Transfers in R'000</b>	<b>Transfers out R'000</b>	<b>Closing balance R'000</b>
Computer software		<b>790</b>	-	-	-	
		<b>790</b>	-	-	-	

**SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 MARCH 2005**

	<b>Opening Balance R'000</b>	<b>Additions R'000</b>	<b>Disposals R'000</b>	<b>Transfers in R'000</b>	<b>Transfers out R'000</b>	<b>Closing balance R'000</b>
Computer software		<b>146</b>				
		<b>146</b>				

**ANNEXURE 6****INTER-GOVERNMENT RECEIVABLES**

<b>GOVERNMENT ENTITY</b>	<b>Confirmed balance outstanding</b>		<b>Unconfirmed balance outstanding</b>	
	<b>31/03/2005 R'000</b>	<b>31/03/2004 R'000</b>	<b>31/03/2005 R'000</b>	<b>31/03/2004 R'000</b>

**Departments**

North West Provincial Administration	-	-	8	-
Gauteng Provincial Safety and Liaison	-	-	22	-
North West Provincial Administration	-	-	1	-
GT: Agriculture Conservation and Environment	-	-	33	-
	-	-	64	-

**Other government entities**

Mining Qualification Authorities	-	-	19	-
	-	-	19	-
<b>TOTAL</b>	-	-	83	-

**ANNEXURE 7****INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
<b>Department</b>				
Amounts not included in Statement of financial position				
Current				
Department of Foreign Affairs	984	-	935	1 071
Department of Justice	88	-	492	229
South African Management Development Institution	86	-	-	-
South African Police Services	131	-	167	-
Provincial Administration: Gauteng (DOT)	-	-	931	-
<b>Subtotal</b>	<b>1 289</b>	<b>-</b>	<b>2 525</b>	<b>1 300</b>
<b>Total</b>	<b>1 289</b>	<b>-</b>	<b>2 525</b>	<b>1 300</b>
<b>Amounts included in Statement of financial position</b>				
<b>Current</b>				
Provincial Administration: Gauteng (DOT)	1 501	-		
<b>Subtotal</b>	<b>1 501</b>	<b>-</b>		
<b>Total</b>	<b>1 501</b>	<b>-</b>		

## 5. HUMAN RESOURCE MANAGEMENT



**HR OVERSIGHT STATISTICS FOR THE PERIOD APRIL 2004 TO MARCH 2005****Table 1.1 Main Service for Service Delivery Improvement and Standards**

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
<b>Mine Health and Safety</b>				
Develop and maintain an effective policy, legislative and enforcement framework	Mine Employers, Mine Employees, State Departments, Tripartite structures, SABS, SANAS, MQA.	Members of the public, Other Mining Countries, Manufacturers.	<p>Contribute to the development of a national health and safety policy in line with MH&amp;S Legislation. Tripartite relationship properly managed</p> <p>Problem solving techniques in place</p> <p>Develop business plan for the MHSI and produce annual report as required by the MHSI</p> <p>Ongoing monitor and implement business plan</p>	<p>Draft policy document and legislation Report back and advice were given to principals as required</p> <p>Necessary mandates obtained</p> <p>Communications with stakeholders maintained within mandate</p> <p>MHSC and MQA annual reports have been completed</p> <p>Problems between the MHSC and the DME related to levy fund and governance have been contained and are being addressed</p> <p>Problems related to governance within the MHSC office have been contained and are being addressed</p> <p>Problems related to financial controls in the MQA have been contained and have been addressed</p> <p>Research proposals concerning occupational Hygiene and environmental Engineering have been reviewed and revised</p> <p>Strategic plan development is underway taking necessary cognizance of the Councils advisory and facilitation role</p> <p>MHSI business plan developed and approved as planned</p> <p>Annual report produced and distributed as planned</p> <p>Review and revision of strategy, plan and budget as per MTEF cycle</p> <p>Implemented and monitored as planned</p> <p>Corrective action taken as necessary</p>

Table 1.1 Main Service for Service Delivery Improvement and Standards

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
			Financial system control in place	Budget controlled. Under spending due to staff vacancies
			Oversee HRD policy, training, career pathing and appointments	Staffing plan developed with inputs from DCIOMS Have overseen the developments of job descriptions, qualifications and appointment levels aligned as planned. These are based on independent assessments of MHSI staffing issues. Deficiencies amongst MHSI managers to oversee and address HRD related issues identified. Plan to provide dedicated support in progress.
			Monitor development of legislation and take steps to correct problems as necessary	Learnership programme in development. MRAC process monitored Incorporated into legislation and policies approved as planned.
Position Minerals and Energy for global competitiveness	Mine Employers, Mine Employees, SABS, SANAS.	Other mining countries, SABS, ILO Office, Public.	Adherence to best practice models.	Formal mechanism to benchmark and identify international best practice in place.
Govern sectors to be safe and healthy	Mine Employers, Mine Employees, State Departments, Tripartite structures, SABS, SANAS, MQA.	Mine Employers, Mine Employees, State Departments, Tripartite structures, SABS, SANAS, MQA.	Inspectorate responds to current concerns and trends appropriately.	Enforcement plan developed on basis on performance for 2002/ 2003 regional office.  Enforcement strategies specific to each sub-sector: gold, platinum, coal and other mines in development. Major developments to which a response/ appropriate action was developed: - Silicosis law suite - Beatrix inquiry refusal threat - Mponeng disaster inquiry outcome - ERPM flooding risk - HIV/ AIDS legal case

**Table 1.1 Main Service for Service Delivery Improvement and Standards**

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
				<ul style="list-style-type: none"> <li>- HIV/ AIDS Summit focus area</li> <li>- Outputs of review of mining industry and the inspectorate</li> </ul>
			MHSI website is current and updated daily	<p>MHSI content on DME website as current as possible</p> <p>Information also posted on other websites, namely SIMRAC and Chamber of Mines</p> <p>Monthly newsletters produced and distributed in regions.</p>
			Awareness promoted through newsletters, workshops, campaigns, award schemes, meetings, etc.	<p>Award scheme operating as planned.</p> <p>OHS Promotion related meetings/ conferences addressed by CIOM are in excess of 20</p> <p>Annual report distributed to stakeholders, all registered mines, parliamentary portfolio members and MPs</p> <p>Legislation and guidelines on web.</p>
			Take effective steps to improve fatal and reportable accidents	<p>Regional office reports closely monitored to check adequacy of actions taken</p> <p>Advice sought and offered as necessary</p> <p>Actions taken include closure of workplaces, mostly temporarily, instructions to take correction actions and administrative fines.</p>
			Monitor enforcement activities and take necessary steps to address gaps	<p>Monitored on basis of regional accident reports and monthly reports</p> <p>Inspection and audit targets generally met in all regions.</p> <p>Gaps identified in addressing occupational health hazards. Workshops for inspectors in progress. Necessary support provided in major inquiries.</p> <p>Gaps identified in medical appeal process. Development of enforcement policy under way.</p>

Table 1.1 Main Service for Service Delivery Improvement and Standards

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Redress past imbalances and social inequity, and support cross-cutting initiatives	Mine Employers, Mine Employees, MQA, Other State Departments, Public	Small scale mining enterprises, Learners, Training providers (e.g. Universities, etc.)	Databases improved, developed and integrated	<p>Inquiry manual finalized.</p> <p>Needs scoped and submitted to IM.</p> <p>Action plan developed.</p> <p>Funds transferred.</p> <p>Monitoring in progress</p> <p>Raised at EXCO to facilitate co-operation</p> <p>SITA currently developing programme from scratch.</p> <p>Contingency plan being developed in event of non-delivery by SITA.</p>
			Support development of capacity and appropriate services for small scale mines	<p>MHSI strategy in development</p> <p>Development of training standards and material in progress.</p>
			Oversee and support training opportunities in the mining sector	<p>Delivery of training supported through NSF funding.</p> <p>Draft of Mining School business plan available and under consideration by DOE.</p> <p>Mechanisms for delivery of training at regional level under investigation. Support from stakeholders obtained. MQA/ NSF funding secured.</p> <p>Executive Preparation Programme for HDI's launched and 1st round of students near completion of courses.</p> <p>42 learnerships and one skills programme have been registered by the MQA in line with industry priorities. Training underway.</p> <p>The following national certificates were issued by the MHSI during the 2003/ 2004 financial year:</p> <ul style="list-style-type: none"> <li>- Mine Manager's Certificate of Competency: 75</li> <li>- Mine Overseer's Certificate of Competency: 245</li> </ul>

**Table 1.1 Main Service for Service Delivery Improvement and Standards**

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
<b>Energy</b>			Support initiatives to combat HIV/ AIDS in industry	<p>- Mine Surveyor's Certificate of Competency: 4</p> <p>Work is in progress to hand over administration of all certificates to MQA. Databases are being developed as 1st step.</p> <p>A number of meetings of HIV/ AIDS Tripartite Committee have taken place and the technical sub-committee met several times in preparation for the Summit. HIV/ AIDS Summit held on 30 April 2003. Well attended by stakeholders including various Cabinet Ministers, Premiers of Provinces, Members of Executive Councils, Presidents and General Secretaries of Labour Unions and Presidents and CEOs of mining houses. Purpose of Summit was to strengthen partnerships between government, business and labour, to share experiences, enhance coordination, review progress and re-affirm commitment to the national 5-year strategic plan. Summit outcomes are being translated into an action plan.</p> <p>Cossa court case related issues referred to Committee for attention.</p>
			Legislation Regulation	<p>Energy Bill has been drafted , public consultation has been done – it is in the process of being amended based on public comments: The Energy Regulator Bill is now an Act (Act no 40 of 2004)</p> <p>Gas Regulations – the discussion document has been circulated to the public last year - it is now being amended to take account of comments received.</p>
			Contributing to alleviating energy poverty, job creation and facilitating SMME development.	<p>IeC's have educated communities around energy and provided them with more affordable and better access to modern energy sources.</p>
Policy Development	Minister Industry	Users		
Integrated Energy Centres (IeCs) X 3, one in NC , KZN and EC	Rural Communities In the poverty nodal areas of SA	Communities, Business Enterprises		

Table 1.1 Main Service for Service Delivery Improvement and Standards

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Draft Integrated Energy Plan (IEP)	All stakeholders in the energy sector, both locally and internationally	All stakeholders in the energy sector, both locally and internationally	To have IEP2 finalised by 2006 that will inform policy and investment decisions in the energy sector.	N/A
Draft Energy Bill	All stakeholders in the energy sector, both locally and internationally	All stakeholders in the energy sector, both locally and internationally	See above	N/A
The Energy Efficiency Strategy was approved by the Minister on 5 April 2005. Consultations with customers in the economic sectors e.g. government, commerce, industry/mining, residential, and transport already commenced in 2004.	Government Sector, Industrial Sector, Residential Sector, Commercial Sector, Transport Sector	All energy consumers nationwide	Energy Efficiency Strategy , Energy Bill and Regulations under these.	Energy Efficiency Accord signed with Industry and Big Business on 4 May 2005. Several standards for all sectors drafted including unit standards for training in all sectors. Awareness campaigns on an annual basis for the residential sector. Transport sector studies done , implementation lagging.
		Industry/Mining	No. of audits	30 companies signed the Energy Efficiency Accord and audits will commence in 2005.
		Residential	Mandatory standards	Standards for paraffin stoves completed. Standards for appliance labeling completed. Unit standards for audits and energy management completed.
		Transport	Adherence to regulations	Studies completed , implementation to commence in the year 2005.
		Commerce	Incentives	Standards for commercial buildings being drafted , to be incorporated into the Building Regulations at the DTI.

**Table 1.1 Main Service for Service Delivery Improvement and Standards**

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Policy Development; Environmental Policy; Black economic Empowerment Support: petroleum and gas regulatory issues	Minister; Oil Industry; NGO's; BEE companies	New BEE entrants; New oil companies	Adherence to Legislation; Empowerment programs; Cleaner and safer fuels Full access	Petroleum Pipelines Bill, Annual Empowerment Audit, Clear Fuels Strategy
Support: price regulatory and retail development issues	Oil and gas companies	N/A	Full service monthly price adjustment	Open access maintained
Information relating to the petroleum sector	Fuel retail sector	N/a	Full access in respect of information	Full service maintained monthly price adjustment
Administrative support service	Public	N/A	As directed	Open access maintained to date on website and daily press
<b>Mineral Development</b>	Minister and Departmental management	N/A		As directed
Provide through research, relevant information that will enhance global competitiveness and attract new investment.	Mining Companies; Small scale miners; Investors	Government; Public	Promote investment in South Africa's mining industry through exhibitions and conferences.	Participated in 1 conference and 3 internationally acclaimed exhibitions
			Publish industry promotional material Collection and timeous distribution industry statistical information Provide services to the Kimberly Process office	9 directories, and 11 special reports were completed Information supplied monthly to STATS S.A
	DME	Investors; Public	Provide an electronic management system, and spatial mineral-economic information through the National Mining Promotion System	Successful implementation of the Certification Scheme
				Development of Phase 1, which is the licensing system was completed

Table 1.1 Main Service for Service Delivery Improvement and Standards

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
To increase entrepreneurial investment activity in the Mineral Industry	Small Scale Miners	New Entrants	<p>Encourage the development of Small Scale mining Operations</p> <p>Provide continued support to existing small scale mining projects</p> <p>Identify new projects in consultation with the regional committees</p>	<p>A model was developed to address the needs identified during the pilot phase</p> <p>Supported 13 projects which were at different levels of development</p> <p>Ongoing process focusing on legalizing economic viable illegal operations</p>
Regulate the minerals and mining industry to achieve transformation	Established Mining Companies, Small Scale Miners	New entrants to mining sector	<p>Development of mineral resources on a sustainable basis: Work programmes</p> <p>Inspections</p> <p>Provide assistance to marginal mines</p> <p>Royalty payment inspections</p> <p>Mine valuation for tax purposes</p>	<p>All applications to mine or prospect on State owned minerals were evaluated to determine economic viability and to ensure that the applicant has the financial and technical expertise to mine or prospect optimally.</p> <p>Site inspections held to verify royalty payments owed to the State and compliance with the terms and conditions as per agreements.</p> <p>Due-diligence reports on ERPM and Grootvlei+ mines for continuation of pumping assistance.</p> <p>Site inspections held to verify royalty payments owed to the State and compliance with the terms and conditions as per agreements.</p> <p>Valuations for transfer duty, estate valuation and effective values as requested by SARS.</p>
Maintaining effective and efficient administrative systems and controls	Industry DME Auditor General		Proper administrative systems and controls in place and implemented	Effective systems have been developed and implemented in all the regional offices.

**Table 1.1 Main Service for Service Delivery Improvement and Standards**

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Regulate the industry to achieve transformation and compliance with legislative framework	Industry	BEE Companies	<p>Administrative guidelines and procedures in place.</p> <p>Address all adverse findings by the Auditor-General</p> <p>Capturing royalties in the royalty system</p> <p>Promote equitable access to mineral assets</p> <p>Ensure compliance with legislative framework in the processing of applications</p> <p>Preparing for Conversion of Old order rights into new order rights</p> <p>Ensure the effective collection of outstanding royalties</p>	<p>Procedures for the processing of all applications have been developed and adhered to at all regional offices.</p> <p>All the regional offices have adequately addressed adverse findings by the Auditor-General.</p> <p>Most standard state contracts have been captured in the system.</p> <p>Existing permits and licenses have been categorized to allow the DME to provide access to new entrants.</p> <p>Discussions with the members of the public have been held to inform them about the availability of minerals in the different regions.</p> <p>Capacity has been strengthened, particularly in the regional offices to reduce the turn around time for applications</p> <p>New work processes designed to ensure efficient processing of applications both at regional offices and at head office</p> <p>The verification of existing rights has been completed.</p> <p>Industry and Internal workshops have been held to provide information on the conversion process</p> <p>Outstanding royalties have been identified and measures have been taken to collect such royalties.</p>

Table 1.1 Main Service for Service Delivery Improvement and Standards

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Effectual management and control of mineral resource utilization to sustainable development (socio-economic development and environment)	Mine-Workers, Ex-Mine Workers, Mining companies, Cabinet	Hosting communities Sending communities Investors	Approval of EMP within specified time EMP Auditing and ensuring the adequacy and validity of Financial Provision	EMP's for operating mines have been processed Regular inspections are done
			Development of relevant legislation and supporting regulations Co-ordinate training of ex-mineworkers for integration into other areas of economy	The regulations supporting the Minerals and petroleum Development Act completed  300 ex-mineworkers have commenced training 30 ABET Learnership Providers commenced training
			Management of Downscaling and retrenchments	Over 5000 jobs have been saved with the intervention of the Department
			Establishment of legislative enforcement framework	Minerals and Mining Development Board was established and ratified by cabinet on 23 March 2004
			Provide social and labour plan information to maintain stakeholder awareness	Social and Labour Plan Regulations and Guidelines have been finalized Social and Labour Plan Presentations and advise given – BHP Billiton, Anglo Gold, Anglo Coal, Anglo Plats. Gold Fieds, Ingwe, Impala, Lonmin, Harmony, Sasol, Placer Dome etc.

**Table 1.1 Main Service for Service Delivery Improvement and Standards**

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Lay a foundation for environmental sustainable development in the mining industry.	<p>Mining companies.</p> <p>Professional environmental practitioners.</p> <p>Relevant Government departments on national, provincial and local level.</p> <p>DME Regional Offices</p> <p>DEAT and the 9 Provincial Environmental departments.</p> <p>DME</p>	<p>National and international investors.</p> <p>Partnerships with international countries, parastatal organizations, NGOs and CBOs.</p> <p>Other relevant Government departments. Mining industry.</p> <p>All other relevant Government department on national, provincial or local level.</p> <p>Other relevant Government departments. Partnerships with mining industry and parastatal or research organizations.</p>	<p>Co-ordinate implementation of WSSD resolutions for mining : within the Branch; within the national process established by DEAT; and via a dedicated strategy within the mining industry.</p> <p>Strengthening of environmental enforcement and compliance in the mining industry through the implementation of strategies, systems and measures.</p> <p>Strengthen co-operative Governance through MOUs between DME and other relevant Government departments to assist DME in strengthening of environmental enforcement.</p> <p>Develop database of all abandoned and ownerless mines/ dumps in SA.</p>	<p>Represented DME at external forums – Sector Skills Planning Committee, ABET Adhoc Committee, SPC</p> <p>Implementation of WSSD outcomes for mining in accordance with the Johannesburg Plan of Implementation and timeframes provided.</p> <p>Compliance to legislative requirements in terms of MPRDA, 2002</p> <p>To comply with the principles of co-operative governance in terms of the Constitution and to ensure harmonization of environmental legislation and policies.</p> <p>Rehabilitation of abandoned and ownerless mines in accordance with priorities with safety, health and environmental risks and hazards have been addressed to achieve resolutions in the Johannesburg Plan of Implementation.</p>

**Table 1.1 Main Service for Service Delivery Improvement and Standards**

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
	DME Regional offices	Other Government departments. Mining industry.	Manage mine pollution hotspots in SA through the: identification of gold, coal, platinum and other mining pollution hotspots; manage pollution and degradation in accordance with specific standards/norms; develop strategic closure plans to ensure that operational mines within hotspots implement closure plans accordingly.	Mine pollution, mining waste and degradation have been addressed in order to achieve resolutions and outcomes in the WSSD Johannesburg Plan of Implementation.

**TABLE 1.2 Consultation Arrangements for Customers**

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
<b>Mine Health and Safety</b>			
Tripartite negotiations in statutory committees.	Mine Employers, Mine Employees, State	Members of the public, Other Mining Countries, Manufacturers	Minister is advised on education and training, and health and safety matters.
Normal other (e-mail, telephone, etc.)	Departments, Tripartite structures, SABS, SANAS, MQA.		Legislation/ policies are developed and published
Informal consultation			
<b>Energy</b>			
Workshops, Correspondence, Publications	Coal & Gas Industries	Nil	Policy Development Workshops, Letters, Publications
ISRDP, IDP meetings and community gatherings	Communities	Communities	The leC concept well received and Municipalities and communities embraced and supported the initiative
Publication, circulations and stakeholders workshop to present draft IEP and Energy Bill	All stakeholders in the energy industry	All stakeholders in the energy industry	Received valuable comments and inputs
Consultations			Agreement with Treasury on shared savings
Meetings			Cabinet Memorandum on energy efficiency in government buildings approved
Audits			1/4ly meetings with Minister and SAPIA governors
Workshops, Correspondence, Publications; Regular meetings; Interactive consultation using all communication channels and processes	Oil and Gas industry	New BEE companies	Maintained high level of interactive consultation
Mineral Development	As outlined above	N/a	
Tripartite Structures (NSC Implementation Structures)	Mine employers, Mine Employees, Government Departments		Monthly meetings held and annual meeting of the principals also held
Publications	Industry		9 directories, and 11 special reports were completed
Conferences/ Exhibitions	Industry	New Investors	Participated in 1 conference and 3 internationally acclaimed exhibitions
Industry Workshops	Industry		Industry workshops held on strategic minerals
Meetings and Interactive consultation			Meetings and Interactive consultation held on a daily basis to provide information and handle queries from the industry, other government departments and the public

**Table 1.3 Service Delivery Access Strategies**

<b>Access Strategy</b>	<b>Actual Achievements</b>
<b>Mine Health and Safety</b>	
On site inspections	Inspection reports on status of health and safety standards at mines.
Off site consultation	Agreements/ clarification of processes.
<b>Energy</b>	
Legislation, Regulations	Petroleum Products Amendment Act, (No 2 of 2005) Gas Regulator Levies Act, Energy Regulator Act
Strategy on Energy Efficiency	Draft Strategy
Implementation Plans	Draft Implementation Plans
Standards	Work started on standards
Legislation, Regulations; Industry agreements	Petroleum Pipelines Act (No 60 of 2003), Annual BEE Audit, Ratification of clean fuel strategy
<b>Access strategy employing all channels of communication</b>	Open access maintained
<b>Mineral Development</b>	
Publication of legislation	The Minerals and Petroleum Resources Development Act
Distribution of information material at exhibitions and Head office	Directories and reports distributed at international events and at head office
Inspections on site. Consultations with applicants/ holders of rights	Regular inspections held to ensure compliance with the law

**Table 1.4 Service Information Tool**

Type of Information Tool	Actual Achievements
<b>Mine Health and Safety</b>	
DME Website – MHSI Section	MHSI content on DME website as current as possible
Safety statistics available on website	
	Information also posted on other websites, namely MHSC and Chamber of Mines
	Legislation and guidelines on website.
Annual Reports (DME/ MHSI/ MHSC)	Annual reports distributed to stakeholders, all registered mines, parliamentary portfolio members and MPs
Meetings, conferences, summits, workshops, etc.	OHS Promotion related meetings/ conferences addressed by CIOM are in excess of 20
	HIV/ AIDS Summit held on 30 April 2003. Purpose of Summit was to strengthen partnerships between government, business and labour, to share experiences, enhance coordination, review progress and re-affirm commitment to the national 5-year strategic plan.
	Mine Health and Safety Summit held on 24 October 2003. Agreement reached and commitments from all stakeholders on setting of health and safety targets for the industry.
Brochures, Flyers and Newsletters	Mine Health and Safety Inspectorate Brochure and Flyer developed and distributed.
Monthly newsletters produced and distributed in regions.	
<b>Energy</b>	
Gazette	Bills & Acts gazetted
Workshops/Public Gatherings	"Basa njengo Magogo" public gatherings, Policy development workshops
Websites	
Gazette	Bills, clean fuels strategy & Acts gazetted
Workshops/Public Gatherings/ quarterly meetings/	BEE interventions "declaration of intent" and Charter signed
All mediums of interaction including personal contact	Open access maintained
<b>Mineral Development</b>	
Mail (Publications) Exhibitions/ Workshops/Public gatherings DME Website Meetings	

**Table 1.5 Complaint Mechanisms**

NATURE OF COMPLAINT	COMPLAINT MECHANISM
<b>Mine Health and Safety</b>	
Issues dealing with site specific issues	Report to Regional Principal Inspectors via various means (Telephone, letters, faxes, e-mails, etc.)
Issues of a generic/ National nature	Complaints directed to appropriate sections at Head Office, also via various means (Telephone, letters, faxes, e-mails, etc.)
<b>Mineral Development</b>	
Mineral Development issues	Complaints can be directed to Regional managers or appropriate Programme managers at Head Office.

## HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy

**TABLE 2.1 - Personnel costs by Programme**

Programme	Total Voted Expenditure (R'000)	Compensation of Employees (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Administration -Prg1	94,676	39,841	0	0	42%	43	929
Associated Services -Prg6	1,456,013	0	0	0	0%	0	929
Hydrocarbons & Energy Plan -Pr	62,938	20,884	0	0	33%	22	929
Mineral Development -Prg3	157,475	63,086	0	0	40%	68	929
Norway	0	0	0	0		0	929
Promot Mine Safety &Health -Pr	87,566	66,972	0	0	76%	72	929
Theft And Losses	204	0	0	0	0%	0	929
<b>Z=Total as on Financial Systems (BAS)</b>	<b>1,858,872</b>	<b>190,783</b>	<b>0</b>	<b>0</b>	<b>10%</b>	<b>205</b>	<b>929</b>

**TABLE 2.2 - Personnel costs by Salary band**

Salary Bands	Compensation of Employees (R'000)	Percentage of Total Personnel Cost	Average Personnel Cost per Employee (R)	Total Compensation of Employees	Number of Employees
Lower Skilled (Levels 1-2)	2,585	1,3	136,053	203,818	19
Skilled (Levels 3-5)	12,885	6,3	64,749	203,818	199
Highly Skilled Production (Levels 6-8)	28,171	13,8	138,093	203,818	204
Highly Skilled Supervision (Levels 9-12)	97,481	47,8	262,046	203,818	372
Senior Management (Levels 13-16)	34,559	17	493,700	203,818	70
Contract (Levels 1-2)	32	0	0	203,818	0
Contract (Levels 3-5)	469	0,2	46,900	203,818	10
Contract (Levels 6-8)	3,392	1,7	199,529	203,818	17
Contract (Levels 9-12)	7,079	3,5	202,257	203,818	35
Contract (Levels 13-16)	2,069	1	517,250	203,818	4
Periodical Remuneration	260	0,1	1,361	203,818	191
Abnormal Appointment	2,144	1,1	10,510	203,818	204
<b>TOTAL</b>	<b>191126</b>	<b>93,8</b>	<b>144246</b>	<b>203,818</b>	<b>1325</b>

**TABLE 2.3 - 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)	Total Personnel Cost (R'000)
Administration	26,464	65%	360	1%	267	1%	1,635	40,995
Energy	14,231	65%	0	0%	79	0%	726	21,999
Mine Safety & Health	45,913	62%	0	0%	600	1%	2,404	73,799
Mineral Development	43,769	66%	189	0%	563	1%	2,692	66,543
Secondings Recoverable	289	0%	0	0%	5	0%	18	0
Unknown	7	47%	0	0%	0	0%	0	15
<b>TOTAL</b>	<b>130,673</b>	<b>64%</b>	<b>549</b>	<b>0%</b>	<b>1514</b>	<b>1%</b>	<b>7,475</b>	<b>203,351</b>

**TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band**

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	Total Personnel Cost (R'000)
Lower Skilled (Levels 1-2)	1847	70,2	6	0,2	44	1,7	193	7,3	2631
Skilled (Levels 3-5)	8947	68,6	256	2	201	1,5	973	7,5	13048
Highly Skilled Production (Levels 6-8)	20215	69,4	101	0,3	380	1,3	1574	5,4	29120
Highly Skilled Supervision (Levels 9-12)	69551	65,8	117	0,	852	0,8	3352	3,2	105699
Senior Management (Levels 13-16)	20129	54,6	0	0	-1	0	1099	3	36899
Contact (Levels 1-2)	27	84,4	0	0	0	0	1	3,1	32
Contact (Levels 3-5)	376	79,5	20	4,2	1	0,2	5	1,1	473
Contact (Levels 6-8)	2658	77,6	48	1,4	4	0,1	92	2,7	3426
Contact (Levels 9-12)	5584	72,5	0	0	27	0,4	170	2,2	7699
Contact (Levels 13-16)	1225	58,7	0	0	0	0	16	0,8	2087
Periodical Remuneration	0	0	0	0	0	0	0	0	511
Abnormal Appointment	8	0,4	0	0	0	0	0	0	2193
<b>TOTAL</b>	<b>13567</b>	<b>64,1</b>	<b>548</b>	<b>0,3</b>	<b>1508</b>	<b>0,7</b>	<b>7475</b>	<b>3,7</b>	<b>203818</b>

**HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy****TABLE 3.1 - Employment and Vacancies by Programme at end of period**

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administration, Permanent	277	232	16%	27
Energy, Permanent	118	89	25%	15
Mine Safety & Health, Permanent	305	259	15%	17
Mineral Development, Permanent	430	348	19%	31
Secondings Recoverable, Permanent	1	1	0%	1
<b>TOTAL</b>	<b>1,131</b>	<b>929</b>	<b>18%</b>	<b>91</b>

**TABLE 3.2 - 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), Permanent	48	40	17%	2
Skilled (Levels 3-5), Permanent	209	190	9%	18
Highly Skilled Production (Levels 6-8), Permanent	295	219	26%	37
Highly Skilled Supervision (Levels 9-12), Permanent	490	406	17%	31
Senior Management (Levels 13-16), Permanent	89	74	17%	3
<b>TOTAL</b>	<b>1,131</b>	<b>929</b>	<b>18%</b>	<b>91</b>

**TABLE 3.3 - 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
Biologists Botanists Zoologists & Rel Professional, Permanent	78	50	36%	10
Economists, Permanent	57	45	21%	0
Natural Sciences Related, Permanent	57	49	14%	11
Safety Health And Quality Inspectors, Permanent	213	174	18%	15
Trade/Industry Advisers & Other Related Profession, Permanent	1	1	0%	0
<b>TOTAL</b>	<b>406</b>	<b>319</b>	<b>21%</b>	<b>36</b>

## HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy

**TABLE 4.1 - 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)	48	0	0%	0	0%	0	0%
Skilled (Levels 3-5)	209	14	7%	5	36%	1	7%
Highly skilled production (Levels 6-8)	295	36	12%	11	31%	1	3%
Highly skilled supervision (Levels 9-12)	490	75	15%	23	31%	1	1%
Senior Management Service Band A	62	5	8%	0	0%	0	0%
Senior Management Service Band B	20	1	5%	0	0%	0	0%
Senior Management Service Band C	5	2	40%	0	0%	0	0%
Senior Management Service Band D	2	0	0%	0	0%	0	0%
<b>TOTAL</b>	<b>1,131</b>	<b>133</b>	<b>12%</b>	<b>39</b>	<b>29%</b>	<b>3</b>	<b>2%</b>

**TABLE 4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded**

Beneficiaries	African	Asian	Coloured	White	Total
Female	4	0	0	3	7
Male	6	0	0	6	12
<b>Total</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>19</b>
Employees with a Disability	0	0	0	0	0

**TABLE 4.3 - 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
Administration Clerk	1	4	5	Transferred as Secretary Level 5 to Admin Clerk Post	
<b>Total</b>	<b>1</b>				
Percentage of Total Employment	0%				929

**TABLE 4.4 - 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	1	0	0	0	1
Male	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
Employees with a Disability	0	0	0	0	0

**HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy****TABLE 5.1 - Annual Turnover Rates by Salary Band**

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Lower Skilled (Levels 1-2), Permanent	42	5	4	10%
Skilled (Levels 3-5), Permanent	157	54	17	11%
Highly Skilled Production (Levels 6-8), Permanent	246	26	29	12%
Highly Skilled Supervision (Levels 9-12), Permanent	387	46	51	13%
Senior Management Service Band A, Permanent	52	7	14	27%
Senior Management Service Band B, Permanent	17	1	2	12%
Senior Management Service Band C, Permanent	4	0	0	0%
Senior Management Service Band D, Permanent	1	1	0	0%
<b>TOTAL</b>	<b>906</b>	<b>140</b>	<b>117</b>	<b>13%</b>

**TABLE 5.2 - Annual Turnover Rates by Critical Occupation**

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Biologists Botanists Zoologists & Rel Professional, Permanent	53	0	4	8%
Economists, Permanent	31	1	6	19%
Natural Sciences Related, Permanent	52	20	11	21%
Safety Health And Quality Inspectors, Permanent	159	19	17	11%
Trade/Industry Advisers & Other Related Profession, Permanent	1	0	0	0%
<b>TOTAL</b>	<b>296</b>	<b>40</b>	<b>38</b>	<b>13%</b>

**TABLE 5.3 - Reasons why staff are leaving the department**

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	10	13%	1%	76	906
Resignation, Permanent	37	49%	4%	76	906
Expiry Of Contract, Permanent	12	16%	1%	76	906
Dismissal-Operational Changes, Permanent	1	1%	0%	76	906
Discharged Due To Ill Health, Permanent	3	4%	0%	76	906
Retirement, Permanent	10	13%	1%	76	906
Other, Permanent	3	4%	0%	76	906
<b>TOTAL</b>	<b>76</b>	<b>100%</b>	<b>8%</b>	<b>76</b>	<b>906</b>

**Resignations as % of Employment**

8%

**TABLE 5.4 - 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
Biologists Botanists Zoologists & Rel Professional	53	0	0%	21	40%
Economists	31	1	3%	10	32%
Natural Sciences Related	52	14	27%	22	42%
Safety Health And Quality Inspectors	159	15	9%	60	38%
Trade/Industry Advisers & Other Related Profession	1	0	0%	0	0%
<b>TOTAL</b>	<b>296</b>	<b>30</b>	<b>10%</b>	<b>113</b>	<b>38%</b>

**TABLE 5.5 - 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), Permanent	42	0	0%	0	0%
Skilled (Levels 3-5), Permanent	157	5	3%	107	68%
Highly Skilled Production (Levels 6-8), Permanent	246	20	8%	146	59%
Highly Skilled Supervision (Levels 9-12), Permanent	387	39	10%	138	36%
Senior Management (Levels 13-16), Permanent	74	9	12%	0	0%
<b>TOTAL</b>	<b>906</b>	<b>73</b>	<b>8%</b>	<b>391</b>	<b>43%</b>

## HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy

**TABLE 6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)**

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials And Managers, Permanent	27	1	2	30	15	17	1	1	19	1	65
Professionals, Permanent	73	5	4	82	26	68	2	0	70	12	190
Technicians And Associate Professionals	130	6	1	137	114	59	0	3	62	29	342
Clerks, Permanent	34	3	0	37	1	140	19	2	161	54	253
Service And Sales Workers, Permanent	17	1	0	18	4	5	0	0	5	1	28
Plant And Machine Operators And Assemblers, Permanent	10	1	0	11	0	0	0	0	0	0	11
Labourers And Related Workers	12	3	0	15	0	23	2	0	25	0	40
<b>TOTAL</b>	<b>303</b>	<b>20</b>	<b>7</b>	<b>330</b>	<b>160</b>	<b>312</b>	<b>24</b>	<b>6</b>	<b>342</b>	<b>97</b>	<b>929</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	1	0	0	1	3	1	0	0	1	0	5

**TABLE 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management (Levels 15-16)	3	2	0	5	1	1	1	0	2	0	8
Senior Management (Levels 13-14)	26	0	3	29	16	17	0	1	18	3	66
Professionally Qualified (Levels 10-12)	124	8	3	135	130	55	0	2	57	20	342
Skilled Technical (Levels 6-9)	88	6	1	95	10	106	5	2	113	65	283
Semi-Skilled (Levels 3-5)	49	2	0	51	3	111	15	1	127	9	190
Unskilled (Levels 1-2)	13	2	0	15	0	22	3	0	25	0	40
<b>TOTAL</b>	<b>303</b>	<b>20</b>	<b>7</b>	<b>330</b>	<b>160</b>	<b>312</b>	<b>24</b>	<b>6</b>	<b>342</b>	<b>97</b>	<b>929</b>

**TABLE 6.3 - Recruitment**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent Professionally Qualified And Experienced Specialists And Mid-Management, Permanent	3	2	0	5	1	3	0	0	3	0	9
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foremen, Permanent	19	2	0	21	8	16	0	1	17	0	46
Semi-Skilled And Discretionary Decision Making, Permanent	13	0	0	11	0	15	0	0	15	0	28
<b>TOTAL</b>	<b>49</b>	<b>4</b>	<b>0</b>	<b>51</b>	<b>9</b>	<b>73</b>	<b>4</b>	<b>1</b>	<b>78</b>	<b>0</b>	<b>140</b>

**TABLE 6.4 - Promotions**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent Professionally Qualified And Experienced Specialists And Mid-Management, Permanent	6	0	1	7	0	2	0	0	2	0	9
Professionally Qualified And Experienced Specialists And Mid-Management, Temporary	17	1	1	19	4	9	0	0	9	7	39
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foremen, Permanent	10	0		10	0	8	0	0	8	2	20
Semi-Skilled And Discretionary Decision Making, Permanent	2	0	0	2	0	3	0	0	3	0	5
	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>35</b>	<b>1</b>	<b>2</b>	<b>38</b>	<b>4</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>9</b>	<b>73</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

**TABLE 6.5 - Terminations**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent Professionally Qualified And Experienced Specialists And Mid-Management, Permanent	6	1	1	8	2	6	0	0	6	0	16
Skilled Technical And Academically Qualified Workers, Junior Management, Supervisors, Foremen, Permanent	26	1	1	28	18	3	0	0	3	0	49
Semi-Skilled And Discretionary Decision Making, Permanent	9	0	0	9	2	19	0	0	19	1	31
Unskilled And Defined Decision Making, Permanent	3	0	0	3	0	8	1	0	9	5	17
	1	0	0	1	0	3	0	0	3	0	4
<b>TOTAL</b>	<b>45</b>	<b>2</b>	<b>2</b>	<b>49</b>	<b>22</b>	<b>39</b>	<b>1</b>	<b>0</b>	<b>40</b>	<b>6</b>	<b>117</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees With Disabilities	0	0	0	0	0	0	0	0	0	0	0

**TABLE 6.6 - Disciplinary Action**

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
<b>TOTAL</b>	<b>20</b>	<b>2</b>	<b>1</b>	<b>23</b>	<b>5</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>40</b>

**TABLE 6.7 - Skills Development**

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials And Managers	24	1	0	25	30	14	0	1	15	0	70
Professionals	101	3	2	106	35	63	0	2	65	21	227
Technicians And Associate Professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	27	0	1	28	5	59	1	1	61	16	110
Service And Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture And Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft And Related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant And Machine Operators And Assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	3	0	0	3	3	6
<b>TOTAL</b>	<b>152</b>	<b>4</b>	<b>3</b>	<b>159</b>	<b>70</b>	<b>139</b>	<b>1</b>	<b>4</b>	<b>144</b>	<b>40</b>	<b>413</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

## HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy

**TABLE 7.1 - 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	132	312	42%	570	4,316
African, Male	126	303	42%	942	7,480
Asian, Female	5	6	83%	41	8,169
Asian, Male	4	7	57%	48	11,970
Coloured, Female	17	24	71%	82	4,797
Coloured, Male	9	20	45%	47	5,243
Total Blacks, Female	154	342	45%	692	4,494
Total Blacks, Male	139	330	42%	1,038	7,464
White, Female	86	97	89%	1,230	14,297
White, Male	130	160	81%	417	3,209
Employees with a disability	3	5	60%	26	8,692
<b>TOTAL</b>	<b>509</b>	<b>929</b>	<b>55%</b>	<b>5,132</b>	<b>10,083</b>

**TABLE 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service**

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	27	40	68%	40	1,497
Skilled (Levels 3-5)	104	190	55%	247	2,372
Highly skilled production (Levels 6-8)	125	219	57%	176	1,406
Highly skilled supervision (Levels 9-12)	237	406	58%	2,131	8,991
<b>TOTAL</b>	<b>493</b>	<b>855</b>	<b>58%</b>	<b>2,594</b>	<b>5,261</b>

\*SMS Excluded

**TABLE 7.3 - Performance Rewards by Critical Occupation**

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Biologists botanists zoologists & rel professional	0	47	0%	0	0
Economists	22	43	51%	227	10,311
Natural sciences related	41	54	76%	294	7,162
Safety health and quality inspectors	117	172	68%	1,225	10,467
<b>TOTAL</b>	<b>180</b>	<b>316</b>	<b>57%</b>	<b>1,745</b>	<b>9,695</b>

**TABLE 7.4 - 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	25	50	50%	502	20,078	2%	24,762
Band B	7	16	44%	133	18,963	1%	8,927
Band C	3	6	50%	111	36,878	3%	3,665
Band D	1	2	50%	46	45,680	3%	1,596
<b>TOTAL</b>	<b>36</b>	<b>74</b>	<b>49%</b>	<b>791</b>	<b>21,972</b>	<b>2%</b>	<b>38,950</b>

**HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy****TABLE 8.1 - Foreign Workers by Salary Band**

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	1	100%	1	100%	0	0	1	1	0
<b>TOTAL</b>	<b>1</b>	<b>100%</b>	<b>1</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>

**TABLE 8.2 - Foreign Workers by Major Occupation**

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Other occupations	0	0	0	0	0	0	0	0	0
Professionals and managers	1	100%	1	100%	0	0	1	1	0
Technicians and associated professionals	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>

**TABLE 9.1 - Sick Leave for Jan 2004 to Dec 2004**

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)	599	83%	68	10%	9	88	657	497
Skilled (Levels 3-5)	1,159	83%	145	22%	8	232	657	956
Highly Skilled Production (Levels 6-8)	1,472	76%	215	33%	7	528	657	1123
Highly Skilled Supervision (Levels 9-12)	1,322	83%	195	30%	7	1,028	657	1103
Senior Management (Levels 13-16)	185	80%	34	5%	5	310	657	147
<b>TOTAL</b>	<b>4,736</b>	<b>81%</b>	<b>657</b>	<b>100%</b>	<b>7</b>	<b>2,186</b>	<b>657</b>	<b>3,826</b>

**TABLE 9.2 - Disability Leave (Temporary and Permanent) for Jan 2004 to Dec 2004**

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
Lower Skilled (Levels 1-2)	4	100%	1	14%	4	1	4	7
Skilled (Levels 3-5)	12	92%	3	43%	4	2	11	7
Highly Skilled Production (Levels 6-8)	11	100%	2	29%	6	4	11	7
Highly Skilled Supervision (Levels 9-12)	29	100%	1	14%	29	24	29	7
<b>TOTAL</b>	<b>56</b>	<b>98%</b>	<b>7</b>	<b>100%</b>	<b>8</b>	<b>31</b>	<b>55</b>	<b>7</b>

**TABLE 9.3 - Annual Leave for Jan 2004 to Dec 2004**

Salary Band	Total Days Taken	Average per Employee	Employment
Lower Skilled (Levels 1-2)	1,318	16	83
Skilled (Levels 3-5)	3,507	16	219
Highly Skilled Production (Levels 6-8)	5,435	16	332
Highly Skilled Supervision (Levels 9-12)	7,592	18	432
Senior Management (Levels 13-16)	1,504	18	84
<b>TOTAL</b>	<b>19,355</b>	<b>17</b>	<b>1,150</b>

**TABLE 9.4 - Capped Leave for Jan 2004 to Dec 2004**

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004	Number of Employees	Total number of capped leave available at 31 December 2004	Number of Employees as at 31 December 2004
Lower Skilled (Levels 1-2)	6	2	48	4	1,446	30
Skilled (Levels 3-5)	32	3	22	10	1,886	86
Highly Skilled Production (Levels 6-8)	101	5	26	20	3,388	131
Highly Skilled Supervision (Levels 9-12)	102	4	39	24	9,634	250
Senior Management (Levels 13-16)	12	2	64	5	2,610	41
<b>TOTAL</b>	<b>253</b>	<b>4</b>	<b>35</b>	<b>63</b>	<b>18,964</b>	<b>538</b>

**TABLE 9.5 - Leave Payouts**

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave Payout For 2004/05 Due To Non-Utilisation Of Leave For The Previous Cycle	68	14	4,857
Capped Leave Payouts On Termination Of Service For 2004/05	418	89	4,697
Current Leave Payout On Termination Of Service For 2004/05	276	40	6,900
<b>TOTAL</b>	<b>762</b>	<b>143</b>	<b>5,329</b>

**HR OVERSIGHT APRIL 2004 to MARCH 2005 - Department of Minerals and Energy****TABLE 10.1 - Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Employees are not at a high risk of contracting HIV and AIDS	

**TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]**

Question	Yes	No	Details, if yes
<b>1.</b> 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, Ms Lindiwe Makhanya-Director: HRD and Special Programmes		
<b>2.</b> 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.	There is a sub-directorate with three employees designated for this purpose.		
<b>3.</b> 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, Counselling services, referrals, home visits, supplements distribution, awareness and training sessions.		
<b>4.</b> 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.	There is a committee with representatives from all Branches.		
<b>5.</b> 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.	The HIV/AIDS policy has recently been reviewed and endorsed by management and unions.		
<b>6.</b> 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, this is done through ongoing awareness camapigns aimed at raising awareness about HIV and deal with myths and discrimination.		
<b>7.</b> Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes employees are encouraged and more employees have come forward to the coordinator for VCT.		
<b>8.</b> Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators	Presently the department is trying to secure a tool that would make it easier to evaluate programmes.		

## HR OVERSIGHT APRIL 2004 to MARCH 2005 - Department of Minerals and Energy

**TABLE 11.1 - Collective Agreements**

Subject Matter	Date
Clothing Policy; HIV/AIDS in the workplace; PMDS Policy	3-Jun-04
Implementation of an incentive Policy Framework linked to Departmental PMDS for employees on salary levels 1-2; Internship Policy	24-Jun-04
Policy guidelines on Job Descriptions and Job Evaluation; Disability Policy; Mentorship Policy	28-Oct-04
Subsistence and Travel Policy	1-Mar-05

**TABLE 11.2 - Misconduct and Discipline Hearings Finalised**

	Number
Outcomes of disciplinary hearings	
Correctional counselling	0
Verbal warning	0
Written warning	4
Final written warning	4
Suspended without pay	2
Fine	2
Demotion	1
Dismissal	2
Not guilty	2
Case withdrawn	0
Suspended without pay	2
Pending cases	5
<b>TOTAL</b>	<b>22</b>

**TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings**

	Number
Type of misconduct	
Absenteeism from work without authorisation	4
Issuing permits, certificates without proper procedure	2
Inclusion of additional amounts without DG's authorisation	0
Accepting donations and sponsorship	0
Fruitless expenditure	1
Inappropriate behaviour	2
Theft	1
Alleged racism	1
Poor work performance	4
Failure to carry out instructions without just reasonable cause	3
Unauthorised use of GG vehicle	4
Damage of GG vehicle	1
Insubordination	5
Forgery and fraud	2
Under the influence of alcohol	0
Negligence	0
Damage to property	0
Misuse of hired vehicle	1
<b>TOTAL</b>	<b>29</b>

**HR OVERSIGHT APRIL 2004 to MARCH 2005 - Department of Minerals and Energy****TABLE 11.4 - Grievances Lodged**

<b>Number of grievances addressed</b>	<b>Number</b>	<b>% of total</b>
Resolved	20	62.5
Not resolved	3	9.4
Pending	9	28.1
<b>Total</b>	<b>32</b>	<b>100</b>

**TABLE 11.5 - Disputes Lodged**

<b>Number of disputes addressed</b>	<b>Number</b>	<b>% of total</b>
Upheld	1	33.33
Dismissed	0	0
Pending	2	66.67
<b>Total</b>	<b>3</b>	<b>100</b>

**TABLE 11.6 - Strike Actions**

<b>Strike Actions</b>	<b>Number</b>
Total number of person working days lost	1
Total cost(R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

**TABLE 11.7 - Precautionary Suspensions**

<b>Precautionary Suspensions</b>	<b>Number</b>
Number of people suspended	4
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	30
Cost (R'000) of suspensions	1, 256

## HR OVERSIGHT - APRIL 2004 to MARCH 2005 - Department of Minerals and Energy

**TABLE 12.1 - Training Needs identified**

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	84	0	84
	Male	0	2	12	0	14
Professionals	Female	0	2	50	0	52
	Male	0	4	26	0	30
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	4	6	0	10
	Male	0	2	14	0	16
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
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	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	13	0	13
	Male	0	0	21	0	21
<b>Gender sub totals</b>	<b>Female</b>	<b>0</b>	<b>6</b>	<b>153</b>	<b>0</b>	<b>159</b>
	<b>Male</b>	<b>0</b>	<b>8</b>	<b>73</b>	<b>0</b>	<b>81</b>
<b>Total</b>		<b>0</b>	<b>14</b>	<b>226</b>	<b>0</b>	<b>240</b>

**TABLE 12.2 - Training Provided**

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	45	0	45
	Male	0	0	35	0	35
Professionals	Female	0	0	47	0	47
	Male	0	0	20	0	20
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	6	0	6
	Male	0	0	14	0	14
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
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	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	13	0	13
	Male	0	0	21	0	21
Gender sub totals	Female	0	0	111	0	111
	Male	0	0	90	0	90
<b>Total</b>		<b>0</b>	<b>0</b>	<b>201</b>	<b>0</b>	<b>201</b>

**HR OVERSIGHT APRIL 2004 to MARCH 2005 - Department of Minerals and Energy****TABLE 13.1 - Injury on Duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	25%
Temporary Total Disablement	0	0%
Permanent Disablement	1	12,5%
Fatal	5	62,5%
<b>Total</b>	<b>8</b>	<b>100%</b>

**TABLE 14.1-REPORT ON CONSULTANTS USING APPROPRIATED FUNDS**

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS WORKED ON THE PROJECT	DURATION: WORK DAYS	CONTRACT VALUE
Reviewing of the sustainability of current lec project (ME 504)			R150 000.00
Travel Management Agent (ME 498)			R6 000 000.00
Appointment of Legal & Technical Advisor for the new generation capacity for SA (ME 507)			R20 000 000.00
Implementation of "BASA NJENGOMAGOGO" Technology (ME 511)			R1 055 642.28
Reduction in air pollution using "BASA NJENGOMAGOGO" methodology (ME 512)			R174 427.00
Travel Management Agent for Ministry (ME 516)			R6 000 000.00
Supply and delivery of fresh flowers for Ministry (ME 517)			R120 000.00
Implementation of an integrated assets register (ME 520)			R479 598.00
Project Co-Ordinator for the rehabilitation of ownerless asbestos mines and mine residue deposits in SA (ME 521)			R8 450 000.00
Development of DME strat plan for 2005/6-2009/10 financial years (ME 522)			R472 500.00
Development of information material on the subject of Nuclear Energy and conduct 8 capacity building work shops (ME 523)			R377 772.06
In-LoCo inspection at Northam Platinum LTD Zonderheide Mine accident (ME 524)			R500 000.00
Investigation at Northam Platinum Mine Accident 20 September 2004 (ME 525)			R62 232.60
Orange farm (BASA NJENGOMAGOGO) retention (ME526)			R363 426.00
Addressing capacity problems in the Chief Directorate Finance and Supply Chain Management (ME 527)	3	End of May 2005	R1 200 000.00
Advice the Department on specific FBE implementation EDI restructuring problems (ME 529)			R311 200.00
An advisor to the designated national authority (DNA) for clean air development mechanism (CDM) dispensing with the normal tender procedures (ME 532)	1		R496 104.00
Implementation of an integrated office accommodation (ME 534)			R400 103.18

## HR OVERSIGHT APRIL 2004 to MARCH 2005 - Department of Minerals and Energy

**TABLE 14.1-REPORT ON CONSULTANTS USING APPROPRIATED FUNDS**

TOTAL NUMBER PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	TOTAL DURATION WORK DAYS	TOTA CONTRACT VALUE
17	4		R46 613 005.12

**TABLE 14.2 ANALYSIS OF CONSULTANT APPOINTMENT USING APPROPRIATED FUNDS i.t.o HDIs**

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUP	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORKED ON THE PROJECT
Travel Management Agent (ME 498)	61%	35%	-
Reviewing of the sustainability of current lec project (ME 504)	100%	100%	2
Appointment of Legal & Technical Advisor for the new generation capacity for SA (ME 507)	50%	50%	-
Implementation of "BASA NJENGOMAGOGO" Technology (ME 511)	76%	76%	
Reduction in air pollution using 'BASA NJENGOMAGOGO' methodology (ME 512) (CSIR)	0%	0%	-
Travel Management Agent for Ministry (ME 516)	51%	15%	
Supply and delivery of fresh flowers for Ministry (ME 517)	100%	100%	1
Implementation of an integrated assets register (ME 520)	80%	80%	1
Project Co-Ordinator for the rehabilitation of ownerless asbestos mines and mine residue deposits in SA (ME 521)	87%	87%	-
Development of DME strat plan for 2005/6-2009/10 financial years (ME 522)	-	-	-
Development of information material on the subject of Nuclear Energy and conduct 8 capacity building work shops (ME 523)	100%	100%	3
In-Loco inspection at Northam Platinum LTD Zonderheide Mine accident.(ME 524)	No BEE CSIR	-	1
Investigation at Northam Platinum Mine Accident 20 September 2004 (ME 525)	No BEE CSIR	-	1
Orange farm (BASA NJENGOMAGOGO) retention (ME526)	100%	100%	3
Addressing capacity problems in the Chief Directorate Finance and Supply Chain Management (ME 527)	100%	97%	3
Advice the Department on specific FBE implementation EDI restructuring problems (ME 529)	100%	100%	1
An advisor to the designated national authority (DNA) for clean air development mechanism (CDM) dispensing with the normal tender procedures (ME 532)	100%	100%	1
Implementation of an integrated office accommodation (ME 534)	75%	100%	1

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