



## mineral resources & energy

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Department: Mineral Resources &  
Energy  
**REPUBLIC OF SOUTH AFRICA**

*Briefing by the Department of Mineral Resources and  
Energy on their Annual Report for 2019/20*

***DG – ADV T MOKOENA***

***DATE: 04 October 2020***

# PRESENTATION OUTLINE

## **PART A- DEPARTMENT OF ENERGY**

1. Introduction
2. Summary of 2019/20 Annual Performance Report
3. Performance Highlights for 2019/20 Financial Year
4. Strategies to overcome underperformance
5. Service Delivery Environment
6. Organizational Environment
7. Annual Financial Statements

# PRESENTATION OUTLINE

## **PART B- DEPARTMENT OF MINERAL RESOURCES**

1. General Information
2. Performance Information
3. Governance
4. Human Resources
5. Financial Information
6. Concluding Remarks

A photograph of a business meeting, overlaid with a dark green tint. Several people are gathered around a table, looking at documents and laptops. One person is pointing at a chart on a document, while another holds a pen. The scene is professional and collaborative.

## **PART A DEPARTMENT OF ENERGY**

# Introduction

This presentation reflects on the following:

1. The Non-financial and Financial performance information of the Department of Energy (DoE) for the 2019/20 financial year as contained in the Audited Annual Report.

DoE implements its Annual Performance Plan (APP) through six programmes;

- ✓ Programme 1 – Administration,
- ✓ Programme 2 – Energy Policy and Planning,
- ✓ Programme 3 – Petroleum & Petroleum Products Regulation,
- ✓ Programme 4 – Electrification & Energy Programme and Projects,
- ✓ Programme 5 – Nuclear Energy and
- ✓ Programme 6 – Clean Energy.

## Summary of DoE 2019/20 Annual Performance Plan Results

BRANCH	Number of Annual Targets in the APP	Achieved	Partially Achieved	Not Achieved	Budget Allocation	Actual Expenditure
Administration	8	4	3	1	293 583	279 383 (95%)
Energy Policy & Planning	8	2	3	3	47 568	39 945 (84%)
Petroleum & Petroleum Products Regulation	3	3	0	0	88 355	80 710 (91%)
Electrification & Programme & Projects	5	4	0	1	5 274 825	5 064 328 (96%)
Nuclear Energy	4	1	2	1	1 050 143	1 039 907 (99%)
Clean Energy	5	3	1	1	429 083	422 956 (98%)
<b>Total</b>	<b>33</b>	<b>17(52%)</b>	<b>9(27%)</b>	<b>7(21%)</b>	<b>7 183 557</b>	<b>6 927 230 (96,4%)</b>

## PERFORMANCE HIGHLIGHTS FOR THE\_2019/20 COMPARED TO 2018/19 FY

- There has been an improvement in the performance results of the Department in 2019/20.

Year	2019/20	2018/19
Achieved	17 (52%)	13(32%)
Partially achieved	7 (27%)	18 (44%)
Not achieved	7 (21%)	10 (24%)



## PERFORMANCE HIGHLIGHTS FOR THE\_2019/20 FY

- 98.98% approved invoices were paid within 30 days of receipt;
- Annual Energy Balance report for 2017 data was published;
- Biofuels regulatory framework was gazetted;
- 1080 Fuel samples were collected and tested;
- 1367 Retail site inspections were conducted;
- 91.85% (733/798) of licence applications approved have a minimum of 50% HDSA ownership;
- 214 517 newly electrified households exceeding a target of 195 000;
- 3 new substations built; 3 substations upgraded; 174,87 km new MegaVolt power lines constructed; and 11 km of existing MegaVolt power lines upgraded
- 2 reports on interventions and support provided to municipalities regarding electricity were produced
- Authorisation applications were consistently processed within 8 weeks to achieve the target of 70% ;
- 6.3 Terawatts per hour energy savings realised and verified from Energy Efficiency Demand Side Management (EEDSM) projects; and
- 2018/19 Annual Compliance Report on the 3rd Environmental Management Plan Edition was approved

## PERFORMANCE CHALLENGES FOR THE\_2019/20 FY

- 14 Izimbizo out of 20 were conducted, due to budget constraints;
- Proposals of the “endstate” of the electricity sector were delayed by the production of the overarching electricity policy;
- Off-take agreement on the Grand Inga Project not negotiated due to delays in the appointment of the project developer by the Democratic Republic of Congo (DRC);
- Appointment of panel of contractors for the non grid electrification were delayed;
- The Draft National Nuclear Regulator Amendment Bill was not submitted to Cabinet due to engagements with the relevant stakeholders on the outstanding issues taking longer than expected;
- Radioactive Waste Management Fund Bill could not be submitted to Cabinet due to delays in stakeholder consultation;
- Reports on the installation of National Solar Water Heaters (NSWH) were produced, however, installation was not achieved due to under delivery of geysers to participating municipalities, and the training of installers

A hand is shown drawing a target with concentric circles on a document. The target is drawn with a pen. The background is a blurred office setting with a laptop and other documents. The entire image has a dark green overlay.

# Strategies to overcome underperformance

## Strategy to overcome areas of under performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Unqualified audit report by the AG achieved for 2018/19	<b>Not Achieved</b>	Accept irregular expenditure and implement consequence management
Municipal Asset Management Programme rollout framework developed	<b>Not Achieved</b>	Filling of critical positions need to be prioritised and funding secured
National Nuclear Regulator Amendment Bill submitted to Cabinet	<b>Partially achieved</b>	The Department will publish the National Nuclear Regulator Amendment Bill upon its conclusion
Radioactive Waste Management Fund Bill Submitted to Cabinet	<b>Partially achieved</b>	The Radioactive Waste Management Fund Bill will be published for public comments.

# Strategy to overcome areas of under performance

Area of Underperformance	Extent of Underperformance	Strategies to overcome the areas of underperformance
Terms of Reference for the Renewable Energy Technology Roadmap (RETRM) completed (Revised target)	<b>Not Achieved</b>	Projects will be implemented in line with the approved IRP 2019

A close-up photograph of two hands assembling white puzzle pieces. The hands are positioned in the center-right of the frame, with fingers carefully fitting the pieces together. The background is blurred, showing more puzzle pieces and a person's torso. The entire image is overlaid with a semi-transparent green filter. The text 'Service Delivery Environment' is centered over the image in a white, bold, sans-serif font.

# Service Delivery Environment

# Service Delivery Environment

- The Integrated Resource Plan of 2019 (IRP 2019) is currently the Department's preeminent policy for the South African electricity sector. Installed capacity for electricity generation by fuel type is as follows: 38 GigaWatt (GW) from coal, 1.8 GW from nuclear, 2.7 GW from pumped storage, 1.7 GW from hydro, 3.8 GW from diesel, and 3.7 GW from renewable energy. The electricity generated is transmitted through a network of high-voltage transmission lines that connect the various load centres, and Eskom and municipalities further distribute the electricity to end users, including the *Southern African Development Community* (SADC) public. Eskom also supplies a number of international customers, including some SADC electricity utilities.
- The IRP as an electricity infrastructure development plan is based on reaching a balance between demand and "least-cost electricity" supply while taking into account the country's energy security and the environment (to minimize negative emissions and water usage). In total 18 000 MegaWatt (MW) of new generation capacity is allocated as follows:
  - IPPs have commissioned 1 005 MW from two Open Cycle Gas Turbine (OCGT) peaking plants; A total of 6 422 MW has been procured by the REIPP Programme, with 3 876 MW made operational and available to the grid; Eskom has commissioned 1 332 MW from Ingula pumped storage, 1 588 MW from Medupi (coal), 800 MW from Kusile (coal), and 100 MW from the Sere Wind Farm.

# Service Delivery Environment

▪The current electricity shortages will ease as Eskom finishes critical maintenance. Bid Window 4 of the renewable energy programme has been accelerated while the rapid decline in renewable energy prices will give new impetus to the remaining Bid Window 5. South Africa continues to pursue a diversified energy mix that reduces reliance on a single or a few primary energy sources. Generation capacity is designed to restore the necessary reserve margin and to be ahead of the economic growth curve at the least possible cost. The extent of decommissioning of the existing coal fleet due to end-of-design life, could provide space for a completely different energy mix relative to the current mix. In the period prior to 2030, the IRP 2019 provides for largely incremental capacity (modular and flexible technology) to complement the existing fixed capacity. The restructuring of the electricity sector as a whole is also underway with a R230 billion allocation over ten years.

▪Recently South Africa and South Sudan signed an oil exploration and production sharing agreement which is strategic for South Africa as an energy consumer. South Sudan currently produces 160,000 barrels of oil per day. The agreement concerns Block B2 which will be operated by South Africa's state-owned Strategic Fuel Fund (SFF), and the Ministry of Petroleum and Nilepet, the national oil company of the Republic of South Sudan.



# Service Delivery Environment

- Under this agreement, which includes a six-year exploration period, the SFF alongside Nilepet will launch a comprehensive aerogravity survey exploration campaign, seismic acquisition and drill wells with great prospectivity. The SFF will also invest in capacity building initiatives, training of South Sudanese citizens, social and community development projects and ensuring local content and the empowerment of women.
- Concerning the recent oil and gas discovery off our shores, as the Honourable President Cyril Ramaphosa noted in last year's State of the Nation speech: This could well be a game-changer for our country and will have significant consequences for our country's energy security and the development of this industry. We congratulate Total and its various partners and wish them well in their endeavours. Government will continue to develop legislation for the sector so that it is properly regulated for the interests of all concerned.
- In light of the need to transition to cleaner energy, the SADC Energy Ministers approved in 2018 the development of the SADC Regional Gas Master Plan covering evaluation of the available gas resources and existing markets, gas utilisation strategy, supply and demand analysis, infrastructure development plans, identification and linkages of value chains as well as institutional, regulatory and fiscal frameworks.

A close-up photograph of two hands assembling white plastic puzzle pieces. The hands are positioned in the center and right of the frame, with fingers carefully fitting the pieces together. The background is blurred, showing more puzzle pieces and a person's torso. The entire image is overlaid with a semi-transparent green filter. The text 'Organizational Environment' is centered in white, bold, sans-serif font.

# Organizational Environment

# Organisational Environment

- In May 2019 the President announced the reconfiguration of Government which resulted in the creation of a new Department of Mineral Resources and Energy (DMRE) through a merger between the Department of Mineral Resources and the Department of Energy with effect from 01 April 2020. The majority of the 2019/2020 financial year was dedicated at managing the merger, transition, development of the start-up structure for DMRE and winding up the old Department of Energy through the National Macro Organization of Government (NMOG) process
- The department will review the DMRE StartUp Organizational Structure to align with the DMRE strategic plan in order to ensure that the Organizational Structure is fit for purpose and implement necessary change management interventions accordingly.
- The DoE 2019/2020 financial year end resulted in 597 post with 534 employees and 36 employees employed additional to the establishment until 31 March 2020. A vacancy rate of 10, 6% was observed at the end of the period which is 6% down from the previous financial year. The turnover rate of 16.1% was significantly higher than previous years but was due to the end of contracts which coincided with the merger date of the DMRE.

# Organisational Environment

- Training and Development continued for the year under review with 21 Bursaries issued to employees, 36 Learnerships, 22 Internships and 225 Skills Programmes being implemented. Training programs were implemented in line with the Workplace Skills Plan (WSP) and a set target of 60 was achieved and exceeded to 64.
- Although there was no Employee Health and Wellness (EHW) service provider for the year, Health and Wellness activities were hosted during the year including events and wellness clinics. The process of procuring the EHW services was stopped because of the impending merger between DOE and DMR to form DMRE. Professional services were procured through Supply Chain Management (SCM) process when required by the officials and their family members.
- Two duly authorised employee unions namely, the National Education, Health and Allied Workers' Union (NEHAWU) and the Public Service Association (PSA) represent workers. NEHAWU organizes state, health, education and welfare workers. PSA represents public servants, public service pensioners, and employees of quasi-state institutions. Additional discussion and descriptive statistics concerning human resources may be found in Part D of this report.



**DETAILED PERFORMANCE  
TABLES FOR THE 2019/20  
ANNUAL REPORT**

# Programme 1: Governance and Compliance

## Strategic Objective 1.1-1.5

### Programme 1: Administration

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
SOEs Strategic Plans, Corporate Plans & Shareholder Compacts approved <i>(Governance &amp; Compliance branch)</i>	SOEs Strategic Plans, Corporate Plans & Shareholder Compacts submitted to the Minister	<b>Partially Achieved</b> SOEs Strategic Plans, Corporate Plans & Shareholder Compacts with the exception of Central Energy Fund (CEF) were received and approved.	CEF requested extension for submission of Corporate Plan.	CEF's request for extension was approved by the Minister.
Number of foreign participants to advance energy agenda with the rest of the world <i>(Governance &amp; Compliance branch)</i>	18 foreign participants to advance energy agenda with the rest of the world	<b>Achieved</b> 24 foreign participants to advance energy agenda with the rest of the world	+6	6 additional bilateral arrangements were conducted.

# Programme 1: Governance and Compliance

## Strategic Objective 1.1-1.5

### Programme 1: Administration

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Number of foreign participants to advance the African Agenda in the energy sector with African countries <i>(Governance &amp; Compliance branch)</i>	10 foreign participants to advance the African Agenda in the energy sector with African countries	<b>Achieved</b> 10 foreign participants to advance the African Agenda in the energy sector with African countries	None	None
Number of foreign participants to advance the African Agenda in the energy sector with multilaterals <i>(Governance &amp; Compliance branch)</i>	12 foreign participants to advance the African Agenda in the energy sector with multilaterals	<b>Achieved</b> 27 foreign participants to advance the African Agenda in the energy sector with multilaterals	+15	15 additional multilateral engagements were held with European countries to promote energy issues.

# Programme 1: Financial Management Services

## Strategic Objective 1.1-1.5

### Programme 1: Administration

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Results of the annual Audit Report <i>(Financial Management Services branch)</i>	Unqualified audit report by the AG achieved for 2018/19	<b>Not Achieved</b>	Department received a qualified audit opinion.	Accept irregular expenditure and implement consequence management.
Percentage of approved invoices from service providers paid within 30 days of receipt  <i>(Financial Management Services branch)</i>	100% approved invoices from service providers paid within 30 days of receipt	<b>Partially Achieved</b> 98.98% approved invoices were paid within 30 days of receipt.	-1.02% of invoices were paid outside of 30 days mainly due to delays in verification processes.	Communication of compliance requirements with service providers needs to be improved



# Programme 1: Corporate Services

## Strategic Objective 1.1-1.5

### Programme 1: Administration

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
<p>Number of Quarterly Reports on vacancy rate of less than or equals to 15% against the funded positions</p> <p><i>Number of Quarterly Reports on Vacancy rate against the funded positions (Revised indicator)</i></p> <p><i>(Corporate Services branch)</i></p>	<p><i>4 Quarterly Reports on Vacancy rate against the funded positions (Revised target)</i></p>	<p><b>Achieved</b></p> <p>The vacancy rate at the end of the quarter was 10.55%.</p> <p>4 Quarterly Reports on vacancy rate were produced.</p>	None	None

## Programme 1: Corporate Services

### Strategic Objective 1.1-1.5

#### Programme 1: Administration

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 ( <i>"achieved", or "partially achieved", or "not achieved", and narrative support</i> )	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Number of Izimbizo PPPs conducted  <i>(Corporate Services branch)</i>	20 Izimbizo PPPs conducted	<b>Partially Achieved.</b>  14 Izimbizo were conducted	-6	Budget constraints limited achievement

## Programme 2: Energy Policy and Planning

### Strategic Objectives 2.1-2.6

#### Programme: Energy Policy and Planning

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Annual Energy Balances report	Annual Energy Balance report (2017) published by March 2020.	<b>Achieved</b> Annual Energy Balance report was published concerning 2017 data	None	None
Gas Infrastructure Master plan report	Gas Strategy Report submitted to the Minister	<b>Partially Achieved</b> Draft produced	Dependent on the finalisation of the Gas Amendment Bill.	There are dependencies on a number of other activities
Gas Amendment Bill	Gas Amendment Bill certified by the State Law Advisor	<b>Partially Achieved</b> Draft produced	Consultation took longer than expected.	None

## Programme 2: Energy Policy and Planning

### Strategic Objectives 2.1-2.6

#### Programme: Energy Policy and Planning

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Biofuels Regulatory Framework	Biofuels regulatory framework gazetted	<b>Achieved</b>	None	None
Proposals regarding the "end-state" of the electricity sector	Proposals of the "end-state" of the electricity sector.	<b>Not Achieved</b> Conclusion of the report is dependent on external factors	Delayed by production of the overarching electricity policy	The approval of IRP 2019 will now enable this target to proceed
National Energy Regulator Amendment Bill	National Energy Regulator Amendment Bill certified by State Law Advisor	<b>Partially Achieved</b> The Department has gazetted the Amended schedule 2 of the Energy Regulation Act exempting certain categories of power plants under 1 MW from a requirement to hold a license.	Cabinet committee decision to make the Executive Authority "the Appeal Authority" needs to be resolved.	None

## Programme 2: Energy Policy and Planning

### Strategic Objectives 2.1-2.6

#### Programme: Energy Policy and Planning

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Municipal Asset Management Programme rollout framework	Municipal Asset Management Programme rollout framework developed	<b>Not Achieved</b>	Capacity constraints	Filling of critical positions need to be prioritised and funding secured
Off-take agreement on the Grand Inga Project	<i>Negotiate Off-take agreement with the project developer (Revised target)</i>	<b>Not Achieved</b>	Delay in the appointment of the project developer by the Democratic Republic of Congo (DRC).	Dependent on outside factors.

# Programme 3: Petroleum and Petroleum Products Regulation

## Strategic Objectives 3.1-3.2

### Programme 3: Petroleum and Petroleum Products Regulation

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 ( <i>"achieved", or "partially achieved", or "not achieved", and narrative support</i> )	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Number of retail site compliance inspections conducted per year	1 500 retail site compliance inspections conducted	<b>Achieved:</b> 1367 Retail site inspections were conducted.	- 133	Vacant positions of inspectors in Kwa-Zulu Natal and Northern Cape provinces.
Number of fuel samples tested	1 080 fuel samples tested	<b>Achieved</b> 1080 Fuel samples were collected and tested.	None	None
% of licence applications approved where HDSA ownership is at least 50%	At least 50% of licence applications approved have a minimum of 50% HDSA ownership	<b>Achieved</b> 91.85% compliance - 733 applications with 50% and more HDSA involvement out of 798 applications approved.	The percentage of participation by black Africans in the retail sector remains low.	None

**Strategic Objectives 4.1-4.3**

**Programme 4: Electrification and Energy Programme and Project Management**

<b>Performance Indicators from 2019/20 APP</b>	<b>Planned Targets from 2019/20 APP</b>	<b>Actual Achievement 2019/20</b> <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	<b>Deviations from Planned Targets to Actual Achievement 2019/20</b>	<b>Comments on Deviations</b>
<p>Number of quarterly reports of additional households to be electrified with grid electrification towards the 2019/20 target of 195 000 in the National Electrification Plan</p>	<p>4 Quarterly Reports on additional households to be electrified with grid electrification towards the target of 195 000 in the National Electrification Plan</p>	<p><b>Achieved</b></p> <p>4 Quarterly Reports were produced on achieving 214 517 additional households with grid electricity against the target of 195000 in the National Electrification Plan</p>	<p>+19 517households were connected to the electricity grid</p> <p>None</p>	<p>None</p> <p>None</p>
<p><i>Number of quarterly reports on the allocation of funding and the monitoring of implementation of grid electrification of additional households by Eskom and Municipalities (Revised indicator)</i></p>	<p><i>4 Quarterly Reports on the allocation of funding and the monitoring of implementation of grid electrification of additional households by Eskom and Municipalities (Revised target)</i></p>	<p>4 Quarterly reports on the allocation of funding and the monitoring of implementation of grid electrification of additional households by Eskom and Municipalities were produced</p>		

## Strategic Objectives 4.1-4.3

### Programme 4: Electrification and Energy Programme and Project Management

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Number of quarterly progress reports on building/upgrading of electrification infrastructure projects towards the 2019/20 target	4 Quarterly Reports on building/upgrading of electrification infrastructure projects towards the targets, as contracted with Eskom and municipalities- 2 new bulk substations built - 3 additional substations upgraded - 50 km new MegaVolt power lines constructed- 50 km of existing MegaVolt power lines upgraded	<b>Achieved</b> 4 Quarterly Reports on building/upgrading of electrification infrastructure projects as follows: 3 new substations built; 3 substations upgraded; 174,87 km new power lines constructed; and 11 km of existing MegaVolt power lines upgraded	+1 new substation +124,87 km of new MegaVolt power lines -39 km of existing MegaVolt power lines were not upgraded None	New substation and new MegaVolt power line targets were exceeded due to project planning overruns Underachievement of -39km for the upgrading of existing power lines was due to the late appointment of service providers by some of the municipalities
Number of Quarterly reports on the funding and the monitoring of progress towards the building/upgrading of bulk electrification infrastructure projects by Eskom and Municipalities (Revised indicator)	4 Quarterly Reports on the funding and the monitoring of progress towards the building/upgrading of bulk electrification infrastructure projects by Eskom and Municipalities. (Revised target)	4 quarterly reports on on the funding and the monitoring of progress towards the targets contracted with Eskom and municipalities were produced		None



### Strategic Objectives 4.1-4.3

#### Programme 4: Electrification and Energy Programme and Project Management

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Number of additional households electrified with non-grid electrification towards the 2019/20 target of 20 000 in the National Electrification Plan	20 000 additional households electrified with non-grid electrification towards the target in the National Electrification Plan	<b>Not Achieved</b> Zero additional households electrified with non-grid electrification in this fiscal year	-20 000	Delays were experienced with appointment of panel of contractors
Number of quarterly reports on progress made with regard to development of rural IECs	4 Quarterly Reports regarding the development of rural IECs	<b>Achieved</b> 4 quarterly reports on the development of rural IECs were produced	None	None
Number of reports on interventions and support provided to municipalities regarding electricity	2 Reports on interventions and support provided to municipalities regarding electricity	<b>Achieved</b> 2 reports on interventions and support provided to municipalities regarding electricity were produced	None	None

# Programme 5: Nuclear Energy

## Strategic Objectives 5.1-5.2

### Programme 5: Nuclear Energy

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Draft Decommissioning and Decontamination Policy submitted to Cabinet.	Draft Decommissioning and Decontamination Policy submitted to Cabinet.	<b>Not achieved</b> Delays in conducting studies for data collection, due to establishment of a new procurement framework.	The drafting of the Policy is dependent on data from the studies.	None
Percentage of processed authorisation applications within the 8-week time period.	At least 70% of authorisation applications processed within the 8-week time period.	<b>Achieved</b> Authorisation applications were processed within 8 weeks.	None	Authorisation report was produced.
National Nuclear Regulator Amendment Bill.	National Nuclear Regulator Amendment Bill submitted to Cabinet	<b>Partially Achieved</b> The Draft Bill, Sign Off on Socio-Economic Impact Assessment (SEIAS) report by DPME and Memorandum of Objects submitted to the State Law Advisor.	Delays due to engagements with the relevant stakeholders on the outstanding issues.	The Department will publish the National Nuclear Regulator Amendment Bill upon its conclusion

# Programme 5: Nuclear Energy

## Strategic Objectives 5.1-5.2

### Programme 5: Nuclear Energy

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 <i>("achieved", or "partially achieved", or "not achieved", and narrative support)</i>	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Approved Radioactive Waste Management Fund Bill	Radioactive Waste Management Fund Bill Submitted to Cabinet	<b>Partially achieved</b> Draft Bill, Sign-off on SEIAS report by DPME, Memorandum of Objects, responses to comments submitted to the State Law Advisor.	Delays due to consultation with the State Law Advisor.	The Radioactive Waste Management Fund Bill will be published for public comments.

## Programme 6: Clean Energy

### Strategic Objectives 6.1-6.3

#### Programme 6: Clean Energy

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 ( <i>"achieved", or "partially achieved", or "not achieved", and narrative support</i> )	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Number of energy savings realised and verified from EEDSM projects	0.5 TeraWatt per hour energy savings realised and verified from EEDSM projects	<b>Achieved</b> 6.3 TeraWatt per hour energy savings realised and verified from EEDSM projects.	+5.8 TeraWatt per hour	Target exceeded and verified
	Energy consumption baselines developed from 15 additional municipalities	<b>Achieved</b> Energy consumption baselines developed from additional municipalities.	None	None.
Energy Technology Roadmap <i>Developed the Terms of Reference (ToRs) for Energy Technology Roadmap (Revised indicator)</i>	<i>Terms of Reference for the Renewable Energy Technology Roadmap (RETRM) completed (Revised target)</i>	<b>Not Achieved</b> External dependencies delayed the project	Unavailability of funds was the main reason the project could not continue	Projects will be implemented in line with the approved IRP 2019

## Programme 6: Clean Energy

### Strategic Objectives 6.1-6.3

#### Programme 6: Clean Energy

Performance Indicators from 2019/20 APP	Planned Targets from 2019/20 APP	Actual Achievement 2019/20 ( <i>"achieved", or "partially achieved", or "not achieved", and narrative support</i> )	Deviations from Planned Targets to Actual Achievement 2019/20	Comments on Deviations
Report on roll-out of baseline systems in line with budget allocation  <i>Number of reports on roll-out of baseline systems in line with budget allocation (Revised indicator)</i>	<i>Reports on the roll out of the NSWH Programme (Revised target)</i>	<b>Partially Achieved</b> The reports on the installation of NSWH were produced	Installation was not achieved due to under delivery of geysers to participating municipalities, and the training of installers.	There were delays in the finalisation of the Technical Feasibility Assessment studies in municipalities' designated installation areas and the procurement of installation service providers
Developed Annual Compliance Report on the 3rd Environmental Management Plan Edition	<i>2018/19 Annual Compliance Report on the 3rd Environmental Management Plan Edition approved (Revised Target)</i>	<b>Achieved</b> 2018/19 Annual Compliance Report was approved.	None	None.

A photograph of a business meeting with a green tint. Several people are gathered around a table, looking at documents and laptops. One person is pointing at a pie chart on a document. The scene is dimly lit, focusing on the hands and the documents.

# **ANNUAL FINANCIAL STATEMENTS**

Year Ended 31 March 2020

## Summary of Performance – Financial Overview

Programmes	2019/20				2018/19			
	Final Appropriation	Actual Expenditure	Variance	% Variance	Final Appropriation	Actual Expenditure	Variance	% Variance
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Administration	293,583	279,383	14,200	4.8%	305,329	304,017	1,312	0.4%
Energy Policy and Planning	47,568	39,945	7,623	16.0%	46,073	40,066	6,007	13.0%
Petroleum and Petroleum Products Regulation	88,355	80,710	7,645	8.7%	79,242	77,043	2,199	2.8%
Electrification and Energy Programme and Project Management	5,274,825	5,064,328	210,497	4.0%	5,380,591	5,364,511	16,080	0.3%
Nuclear Energy	1,050,143	1,039,907	10,236	1.0%	875,486	875,285	201	0.0%
Clean Energy	429,083	422,956	6,127	1.4%	476,811	429,317	47,494	10.0%
<b>TOTAL</b>	<b>7,183,557</b>	<b>6,927,230</b>	<b>256,327</b>	<b>3.6%</b>	<b>7,163,532</b>	<b>7,090,239</b>	<b>73,293</b>	<b>1.0%</b>

In 2019/20 the department spent 96,4% of the allocated budget as compared 99,4% in 2018/19

## Summary of Performance – Financial Overview

Economic Classification	2019/20				2018/19			
	Final Appropriation	Actual Expenditure	Variance	% Variance	Final Appropriation	Actual Expenditure	Variance	% Variance
	R'000	R'000	R'000	%	R'000	R'000	R'000	%
Compensation of Employees	375,454	356,438	19,016	5.1%	360,075	346,731	13,344	3.7%
Goods and Services	284,986	258,770	26,216	9.2%	419,116	331,433	87,683	20.9%
Transfer Payments	6,518,602	6,309,774	208,828	3.2%	6,378,197	6,359,491	18,706	0.3%
Payments for capital assets	4,504	2,237	2,267	50.3%	6,140	52,580	(46,440)	(756.4%)
Payments for financial assets	11	11	-	-	3	3	-	-
<b>TOTAL</b>	<b>7,183,557</b>	<b>6,927,230</b>	<b>256,327</b>	<b>3.6%</b>	<b>7,163,531</b>	<b>7,090,238</b>	<b>73,293</b>	<b>1.0%</b>



## Explanation of Variances

**Explanation of variance:** The Department's adjusted budget for the 2019/20 financial year was R7.18 billion. Expenditure at year-end amounted to R6.93 billion or 96.43% of the total 2019/20 budget leading to a budget balance of R256.33 million. The reasons for this balance are as follows:

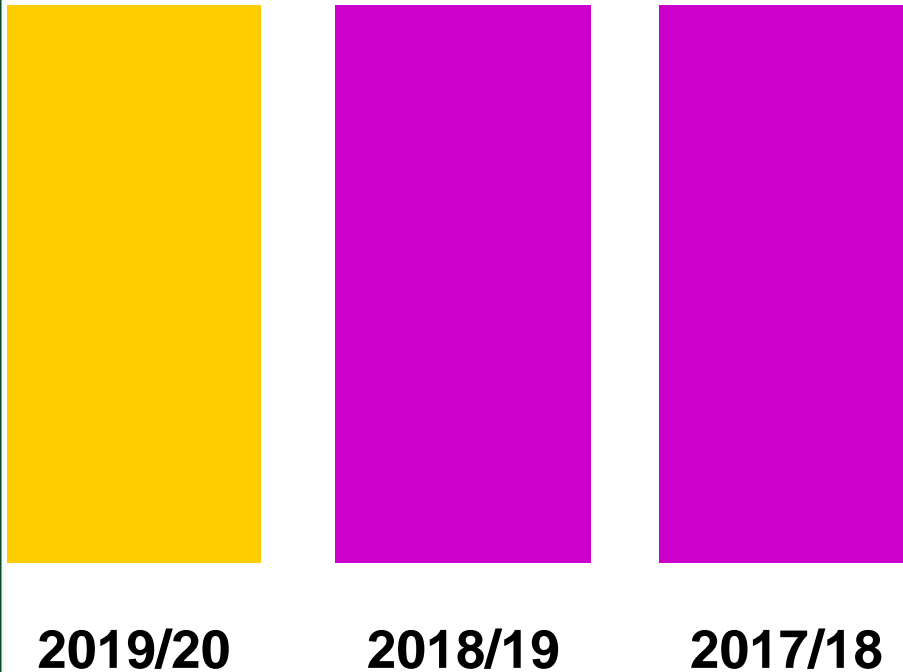
- **Compensation of employees** – R19.02 million or 5.06% budget underspending attributable to vacant priority positions which were put on hold pending the finalization of the merger with the DMR.
- **Goods and services** – Actual spent was R258.77 million against projected spending of R284.99 million resulting in a net budget underspending of R26.22 million or 9.2% due to:
  - Delayed commencement and finalization of planned projects which included the LPG Audit in the Petroleum and Liquid Fuel Industry project; B-BBEE Monitoring project;
  - Non-grid Monitoring and Evaluation (M&V); the Electrification Master Plan development project;
  - Stress-testing the NECSA Turnaround Strategy
  - SWHP's installation of procured units.
  - Operating Leases item for office accommodation at Head Office, as payments to DPW were lower than budgeted for pending the resolution of a dispute with DPW.

## Explanation of Variances (continued)

- **Transfer Payments** - net budget underspending of R208.83 million or 3.2% due to:
  - Integrated National Electrification Programme (INEP) Non-Grid Households: R199.83 million underspending due to procurement process which could not be finalized by year-end.
  - International Membership fees: R4.89 million underspending mainly for subscription fees to multilateral international organizations.
  - Households: R603 thousand underspending as a result of outstanding payments relating to early retirement applications and pension liability payable to the GEPF
  - INEP Municipal grant: R3.51 million underspending due to the withholding of a payment to JS Moroka in Mpumalanga due to underspending by the municipality.
- **Payments for capital assets** - The net budget underspending of R2.27 million is due to fewer requests than anticipated, mainly due to the merger of DoE and DMR.

## Summary of Audit Outcomes

### Improvement in audit outcomes



### Types of audit outcomes

Unqualified with no findings

Unqualified with findings

Qualified with findings

Adverse with findings

Disclaimer with findings

The department obtained an unqualified audit opinion with findings in 2019/20 financial year

## Key audit findings

- ❑ Material misstatement which were subsequently corrected,
  - Missing SWH units - contingent asset
  - Nuclear New Build Programme (NNBP) - Accruals for the prior financial period
  - NNBP - Irregular expenditure misstatement not disclosed as prior year error.
  - Operating Lease payment - Payables were understated
- ❑ Department incurred irregular expenditure of R8.555 million - NNBP
- ❑ Department incurred fruitless and wasteful expenditure of R90.118 million - SWH

## Notes to the Annual Financial Statements – Abridged Extracted key / critical Notes to AFS

Irregular Expenditure (Note 20)	2019/20	2018/19
	R'000	R'000
Opening balance	264,044	89,170
Prior period error	-	98,380
As restated	264,044	187,550
Add: Irregular expenditure – relating to current year	8,555	76,494
Closing balance	272,599	264,044
Fruitless and wasteful expenditure (Note 27)	2019/20	2018/19
	R'000	R'000
Opening balance	199,290	89143
As restated	199,290	89,143
Fruitless and wasteful expenditure – relating to current year	90 118	110151
Less: Amounts recoverable		-4
<b>Closing balance</b>	<b>289,408</b>	<b>199,290</b>

## Summary of Audit Outcomes

Expenditure Management	As at 31 March 2020	As at 31 March 2019
Creditor-payment period	35 days	9 days
Amount of total accruals	R26,884m	R19,897m
30+ days accruals as a percentage of total accruals	50.5%	1.2%
Amount of 30 days accruals	R13,583m	R232

- There were some challenges experienced at year end regarding the payment of creditors.
- Further improvement measures has been implemented to remedy the situation

## Summary of Audit Outcomes

Revenue Management	As at 31 March 2020	As at 31 March 2019
Debtor-collection period	511 days	431 days
Amount accrued departmental revenue	R5,030m	R54,680m
Amount debtors impairment provision	R121 000	-
Debtors impairment provision as a percentage of departmental revenue	2.41%	-

- **Collections efforts for revenue collection were implemented in 2019/20, however there were still challenges. Various improvement initiatives were further enhanced in 2020/21.**

A photograph of a business meeting, overlaid with a dark green tint. Several people are gathered around a table, looking at documents and laptops. One person is pointing at a pie chart on a document, while another holds a pen. The scene is professional and collaborative.

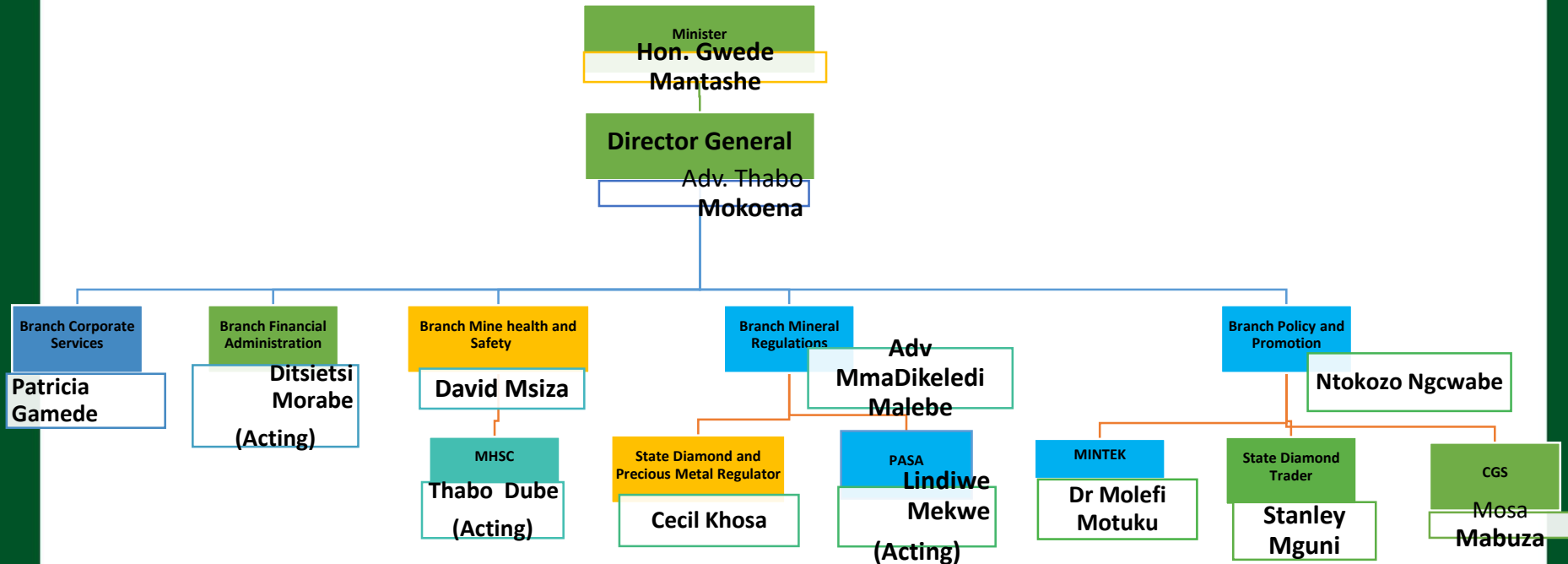
**PART B**  
**DEPARTMENT OF MINERAL RESOURCES**



# Strategic Overview

VISION	STRATEGIC GOALS / OUTCOMES
<p>A leader in the transformation of South Africa through economic growth and sustainable development by 2030</p> <p>A global competitive, sustainable and meaningful transformed mining and mineral sector by 2019</p>	<ul style="list-style-type: none"> <li>➤ Increased investment in the minerals, mining and petroleum sectors</li> <li>➤ Transformed minerals sector</li> <li>➤ Equitable and sustainable benefit from mineral resources</li> <li>➤ Efficient, effective and development-oriented Department</li> </ul>
<p style="text-align: center;"><b>MANDATE</b></p>	
<p>Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) and the Mine Health and Safety Act (Act No. 29 of 1996) provide the regulatory framework for the promotion and regulation of the industry, as well as the equitable access to and the sustainable development of the nation's mineral resources and related matters.</p>	
<p style="text-align: center;"><b>MISSION</b></p>	
<p>Promote and regulate the minerals and mining sector for transformation, growth and development, and ensure that all South Africans derive sustainable benefit from the country's mineral wealth.</p>	

# Department Structure Overview



# PART A – GENERAL INFORMATION

# HIGHLIGHTS – Sector Performance

## ❑ South Africa's mining

- Industry saw a decline over the past five years in financial performance impacted by a slump in commodity prices and increased cost pressures. The industry faced job losses, a fall in its exploration budget and rising input costs.

## ❑ Production

- Year-on-year mining production decreased by 3.1 percent in Q4 2019. The largest contributors being PGMs, coal and iron ore.

## ❑ Employment

- The industry suffered 3.2 % job losses, from 463 441 in Q3 to 448 492 in Q4 2019.
- Year-on-year employment decreased by 0.8% due to a decline in all commodities.

## ❑ Earnings

- Despite employment, total earnings increased by 2% from R34.8 billion in Q3 to R35.5 billion in Q4.
- Year-on-year earnings increased by 7.7% from R32.7 billion in Q4 2018 to R35.5 billion in Q4 2019.

## ❑ Sales

- Seasonally adjusted mineral sales increased by 22,9 percent in January 2020 compared with December 2019

## HIGHLIGHTS – Health and Safety Performance

Key results for the year: 2019/20

- ❑ 17% improvement on overall fatalities;
- ❑ 2% improvement on the number of injuries;
- ❑ 4% reduction in occupational diseases; and
- ❑ 99% of investigations completed.

The fatalities per commodity during the year under review (2019/20) were 57 and broken down as follows:

- ❑ Gold Sector - 24;
- ❑ Platinum Sector - 8;
- ❑ Coal Sector - 21;
- ❑ Other mines – 4

## HIGHLIGHTS – Sector Performance

- ❑ **Rights and permits granted and/or issued to HDSA-controlled entities** – 176 achieved against a target of 120
- ❑ **Consultations/engagements and conflict management with communities/ stakeholder and the mining industry** – 523 achieved against a target of 150
- ❑ **SLP inspections** – 228 achieved against a target of 212
- ❑ **SLP projects completed** – 99 achieved against a target of 120
- ❑ **Black Industrialists** – 10 achieved against a target of 10
- ❑ **Legal compliance inspections** – 142 achieved against a target of 150
- ❑ **Environmental compliance inspections** – 1 381 achieved against a target of 1 275
- ❑ **Mine Economics compliance inspections** – 434 achieved against a target of 425

# HIGHLIGHTS – Organisational Environment

- ❑ During May 2019, the President of the Republic of South Africa, His Excellency CM Ramaphosa announced the reconfiguration of government which culminated in the merger of the DMR and DOE to form the new DMRE with effect from 1 April 2020,
- ❑ A significant part of the financial year was dedicated to managing the merger and putting in place transitional arrangements,
- ❑ The merger process affected filling of critical vacancies that as a decision was taken not to fill vacancies in anticipation of excess capacity post merger,
- ❑ The new DMRE will be conducting a reorganisation exercise after the merger aimed at ensuring optimal service delivery,

## HIGHLIGHTS – Key policy development and legislative changes

- ❑ **Draft Upstream Petroleum Development Bill, 2019** - The Draft Upstream Petroleum Resources Development Bill, 2019 was gazetted for public comments in December 2019 and the department subsequently conducted public consultations with all stakeholders who sent written submissions
- ❑ **MPRDA Amendment Regulations** – The Amendment Regulations were gazetted for implementation on 27th March 2020. The Amendment Regulations provide for the following: Improved regulation of Social and Labour Plans, Meaningful notification and consultation requirements, Procedures and requirements for downscaling and retrenchments, section 52 of the MPRDA, Procedures and requirements for surface land use, section 53 of the MPRDA, Full alignment with NEMA and the One Environmental Management System, and Improved Appeals regime
- ❑ **Mine Community resettlement guidelines** – guidelines were gazetted for public comment in November 2019. These Resettlement Guidelines were intended to outline the process and requirements to be complied with by an applicant or a holder of a prospecting right, mining right or mining permit when such application or right will result in relocation, displacement and resettlement of land owners, lawful occupiers, host communities, mine communities, holders of informal land rights and holders of communal land rights from their land
- ❑ **Housing and living conditions standards for the mining industry** – gazetted during December 2019. The objective is to ensure that right holders provide **decent livable integrated human settlements, healthcare schemes, balanced nutrition, water and related amenities** to mine employees



## HIGHLIGHTS – Strategic Outcome Oriented Goals

### • Outcome 4 – Decent employment through inclusive growth

- ❑ The SLP continues to be an instrument that is used to improve the quality of life of communities. The projects that have been identified and implemented have been contributing towards reduction of poverty, inequality and unemployment, 99 SLP development projects in infrastructure development, SMME development, Education and Health have been completed which has created a number of jobs.
- ❑ The Department continues to capture and share reliable statistical data on mining and minerals with SARS.
- ❑ Coal Sector and Chrome Sector reports were developed to strategically guide these sectors into a sustainable future – technology and beneficiation
- ❑ On the viability of shale gas exploration in the Karoo,
  - ❑ The Department is currently engaged in a process of environmental authorisation for the drilling of a 3.5 km deep vertical stratigraphic borehole.
  - ❑ The information collected from this borehole will be critical in determining the economic and environmental feasibility of shale gas exploration in South Africa

## HIGHLIGHTS – Strategic Outcome Oriented Goals

- **Outcome 10: Protect and enhance our environmental assets and natural resources**

- The department managed to rehabilitate 3 asbestos mine,
  - Steelpoort and Streatham in the Limpopo Province, and
  - Msauli in the Mpumalanga Province.
  
- A total of 61 mine shafts were sealed in Gauteng, Limpopo and Kwazulu-Natal

## PART B – PERFORMANCE INFORMATION

## Summary of performance as at end of 31 March 2020

Branches	AUDITED PERFORMANCE INFORMATION RESULTS				
	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
<b>Departmental Performance</b>	<b>81.7%</b>	<b>84.0%</b>	<b>81.3%</b>	<b>84%</b>	<b>85.8%</b>
<b>Breakdown of the 2019/20 Performance Information</b>					
<b>Corporate Services</b>					<b>96.3%</b>
<b>Financial Administration</b>					<b>73.3%</b>
<b>Mine Health and Safety Inspectorate</b>					<b>81.0%</b>
<b>Mineral Regulation</b>					<b>76.9%</b>
<b>Mineral Policy and Promotion</b>					<b>95.8%</b>

## Summary of Performance (Pre-determined Objectives)

- ❑ The overall audited performance attained by the department for the year under review was **85.8%** which compared favorably to **84%** achieved during the previous financial year.
- ❑ This performance is an improvement in comparison to the previous financial year results.
- ❑ The increased performance is attributable to an improved control environment with management ensuring that all targets within their area of control are achieved in accordance to the plan.

## Summary of Performance – Corporate Service

- ❑ The branch attained an overall **96.3%** on all performance indicators for the year under review.
- ❑ The following only target that was partially achieved and negatively contributed resulting in the **final score of 96% was:**
  - ❑ Number of policies/guidelines developed and/or reviewed (Target 5 vs Actual 0)
- ❑ Management remains committed to achieving planned goals and has committed to ensuring that this policies are reviewed under the DMRE as deferment was as a result of the announcement of the merger of the DMR and DoE

## Highlights – Corporate Services

- ❑ DDGs' in the Department have a 60% women representation.
- ❑ The Directorate achieved 50 bursaries for recipients to study mining related qualifications,
- ❑ **Twenty (20) women** from the Greater Taung Municipality have been **enrolled for the Small-Scale Mining skills programme called “Women Diggers”** aimed at their inclusion in the mainstream economy within the mineral and mining sector as a result of the President’s visit in North West during the 2019 Women’s Day celebration in Taung. The DMR was working in collaboration with its SOEs namely, MINTEK and MQA
- ❑ Established a Gender-Based Violence subcommittee aimed at ending gender based violence and femicide,
- ❑ Vacancy rate was kept at 6% which is below the allowed threshold of 10%,
- ❑ The Department achieved a 100% compliance in terms of disclosure of financial interests for SMS members.
- ❑ **Finalization of accident Inquiries** especially Phalaborwa mining as well as the collaboration protocol with NPA in Mpumalanga on Lilly Mine Prosecution.
- ❑ **Consolidation** of both Northern Cape (Kimberley) and Kwa-Zulu Natal (Durban) **Regional Offices.**

## Summary of Performance – Financial Administration

- ❑ The branch attained an overall **73%** on all performance indicators for the year under review.
- ❑ The following only target that was partially achieved and negatively contributed resulting in the **final score of 73%**:
  - ❑ % achievement of service Level agreement (Target 95% vs Actual 94%)
  - ❑ Customer Satisfaction Index (1-5) (Target 3 – Actual 0)
  - ❑ % of Financial reports delivered on schedule (Target 100% vs Actual 98.22%)
  - ❑ % of fully implemented agreed upon management action plans (Int Audit) - (Target 100% vs Actual 87%)
- ❑ Management remains committed to achieving planned goals and has committed to corrective action going into the future. Management had attributed weaker performance to weak capacity within ICT helpdesk, and had introduced automated help-desk facility which will contribute to increased performance going into the future.



## Highlights – Financial Administration

- ❑ The department obtained a Unqualified Audit for 2019/20 financial year, with an Irregular expenditure reported with proper SCM procedures having not been followed,
- ❑ The department returned 0,7% of the total allocation to NT – which is noticeably below the 2% threshold of the National Treasury,

## Summary of Performance – Mine Health and Safety Inspectorate (MHSI)

- ❑ The branch attained an overall **81%** on all performance indicators for the year under review.
- ❑ The following **4 uncontrollable measures** were partially achieved and negatively contributed resulting in the **final score of 81%**:
  - ❑ % Reduction in occupational fatalities (Target 20% vs Actual 17%)
  - ❑ % Reduction in occupational injuries (Target 20% vs Actual 2%)
  - ❑ % Reduction in occupational diseases, incl TB (Target 10% vs Actual 4%)
  - ❑ % adherence to prescribed timeframes for MPRDA applications (Target 100% vs Actual 98%)
- ❑ Management remains committed to the goal of Zero-harm and continues with stakeholder engagement and collaboration
- ❑ The reasons for partial achievement of fatalities is attributed to increase in seismic induced fatality fall of ground at the mines and this area continue to be a focal point of the inspectorate.

# Highlights - Mine Health and Safety Inspectorate (MHSI)

- **TRIPARTITE HEALTH AND SAFETY INITIATIVE**

- The Department, led by Director General (DG) Adv Thabo Mokoena, participated at the Anglo-American Tripartite Health and Safety Initiative on 28 to 29 November 2019. The two-day summit gave an opportunity for stakeholders to engage on health and safety matters.

- **WORLD AIDS DAY COMMEMORATION**

- On the 6<sup>th</sup> December 2019, the Department, in collaboration with the Mine Health and Safety Council, hosted a World Aids Day commemoration event in the Northern Cape. The event was well attended, by over 1000 delegates from mine employees and persons from the nearby mine communities.

- **RELEASE OF THE 2019 MINE HEALTH AND SAFETY STATISTICS**

- On the 24<sup>th</sup> January 2020, the Minister of the DMRE released mine health and safety statistics during the media a briefing in Pretoria. The number of fatalities in the sector reported in 2019 was the lowest on record with no disaster recorded for the first time since 2016. There was a 37% reduction on fatalities from 81 during to 51 in 2019.
- The occupational diseases decreased by 23% from 4483 cases in 2017 to 3458 cases in 2018. The reduction was mainly on silicosis, Pulmonary TB and noise induced hearing loss with 29%, 24% and 22% respectively.

## Highlights - Mine Health and Safety Inspectorate (MHSI)

- **NO VIOLENCE AGAINST WOMEN AND CHILDREN IN THE MINING SECTOR**
- The Department led a launch of the first, Mens' Dialogue for the Mining Sector on "No Violence Against Women and Children" on 29 November 2019 in Mpumalanga. The Prevention of Gender Based Violence Steering Committee was also established.
- **SUCCESSFUL RESCUE OF TRAPPED 1800 MINEWORKERS**
- On 1 May 2019, a successful rescue of the 1 800 mineworkers was conducted. The workers were trapped at the Sibanye-Stillwater's Thembelani shaft in Rustenburg following a damages at shaft infrastructure on 30 April 2019.

## Summary of Performance – Mineral Regulation (MR)

- The branch attained an **overall 76.92%** on all performance indicators for the year under review.
- ❑ The following **6 measures** were partially achieved and negatively contributed resulting in the **final score of 76.92%**:
  - ❑ Number of SLPs development projects completed (Target 120 vs Actual 99 or 82.5%)
  - ❑ Number of jobs created through mining (Target 1 500 vs Actual 295 or 19.67%)
  - ❑ % of complaints closed vs received (Target 100% vs Actual 26%)
  - ❑ Number of legal compliance and verification inspections (MLA & SLP) (Target 150 vs Actual 142 or 94.67%)
  - ❑ % adherence to timeframe committed to DPME (Target 70% vs Actual 16%)
  - ❑ % Implementation of risk management plans (Target 100% vs Actual 88%)

## Summary of Performance – Mineral Regulation (MR)

- The negative impact of unachieved measures was noted by management and corrective action will be taken going into the future wherever possible as in some instances the cause is as a result of external uncontrollable factors

# HIGHLIGHTS – MINERAL REGULATION

REGION	COMPANY NAME	MUNICIPALITY/WARD/VILLA GE	DESCRIPTION OF THE PROJECT	TOTAL SPENT
EASTERN CAPE	East London Bricks (Pty) Ltd	Buffalo Metropolitan Municipality, East London	Renovation of a school	R154 533
LIMPOPO	African Red Granite (Pty) Ltd	Mokopane Local Municipality, Kadichuene Village.	Construction of a Multipurpose centre.	R901 294
FREE STATE	Hendrik Sand van Heerden (Pty) Ltd	Matjhabeng Local Municipality, Virginia	Refurbishment of a water reticulation plant (Installation of generator to pump water & security cameras)	R69 000

## KEY HIGHLIGHTS – MR

REGION	COMPANY NAME	MUNICIPALITY/WARD/ VILLAGE	DESCRIPTION OF THE PROJECT	TOTAL SPENT
KWA ZULU- NATAL	NPC Cimpor (Pty) Ltd	Ray Nkonyeni Local Municipality	South Coast Educational & Vegetable farming projects	R860 000 R1 300 000
	Sterkspruit Aggregate (Pty) Ltd	eThekwini Metropolitan	To promote safety in communities, ensure visibility of CPFs community centre (for victims)  1. Mobile Library container 2.CPF container 3. Ablusion facilities	R365 000
	Mattioda Collabora Heavy Equipment & Spares cc	eThekwini Metropolitan	Renovation of a community centre	R100 000



## KEY HIGHLIGHTS – MR

REGION	COMPANY NAME	MUNICIPALITY/WARD/VILLAGE	DESCRIPTION OF THE PROJECT	TOTAL SPENT
MPUMALANGA	Exxarro Coal (Pty) Ltd	Emalahleni local Municipality, Kriel	Construction of Bonginhlanhla Primary School Phase 2	R10 million
NORTHERN CAPE	Assmang Limited (Khumani mine)	Gamagara Local Municipality ( Kathu)	Bakhidi Bricks and paving ( Enterprise Development project	R3 684 684
	Kolomela Mine	Tsantsabane Local Municipality ( Jenn Haven )	Roads construction and upgrade of main access roads and internal roads in Jenn Haven ( infrastructure)	R 7 567 096
	Sedibeng Iron Ore	Tsantsabane Local Municipality ( Maramane Village)	Maramane Laundry project – ( ED)	R 785,551
	Assmang Limited ( Blackrock Mine)	Joe Morolong Local municipality ( Maphiniki village in Kuruman)	Upgrade of water system at Maphiniki (Infrastructure)	R 8 011 637

**NR:** Reported spent by right-holders includes professional services fees incurred related to project (eg Environmental Impact

## KEY HIGHLIGHTS – MR

REGION	COMPANY NAME	MUNICIPALITY/WARD/VILLAGE	DESCRIPTION OF THE PROJECT	TOTAL SPENT
NORTHERN CAPE	Tshipi entle Mine	Joe Morolong Local municipality ( Glen Red village in Kuruman)	Borehole Glen Red Clinic ( Infrastructure)	R 377 775
	Tshipi E ntle Mine	Joe Morolong Local municipality Heuningvlei village in Kuruman)	Contribution towards the construction of Heuningvlei Clinic ( Infrastructure)	R 7 800 000
WESTERN CAPE	Afrimat (Pty) Ltd	1.Drakenstein local municipality 2.Brede Valley local municipality (Rawsonville & Worcester) 3.Swartland local municipality (Malmesbury)	Driver License Training Project to contribute to job readiness of unemployed youth within these local municipalities	R 560 799
NORTH WEST	Pilanesberg Platinum Mine (Pty) Ltd	Moses Kotane Local Municipality, Mothlabe	Construction of 5.1km paved road	R32 332 339



## Summary of Performance – Mineral Policy and Promotion (MPP)

- ❑ The branch attained an **overall 95.8%** on all performance indicators for the year under review.
- ❑ The following **measure** was partially achieved and negatively contributed resulting in the **final score of 95.8%**:
  - ❑ Number of technical partnerships implemented (Target 7 vs Actual 5 or 71.43%)
- ❑ Management remains committed to the attainment of planned goals and has deferred outstanding plans for implementation under the new DMRE.

# Highlights - Mineral Policy and Promotion

## Regulatory Certainty & Investment

- ❑ Publishing of the **draft upstream petroleum bill** is opening up investments in the petroleum space.
- ❑ The **Total gas find** has been the highlight for investments. The company has further committed to drill more holes in June 2020. - this is a huge boost for the economy.
- ❑ South Africa improved as a mining destination according to the **2019 Fraser Institute Survey** on mining indicating that the investment drive and regulatory framework provides confidence to the investor community.

## International Matters

- ❑ **Through South Africa's interventions** and negotiations at the KPCS  
The **Central African Republic is now able to trade its diamonds** from certain provinces;  
Zimbabwean diamonds are now able to enter international markets.

## Rehabilitation Programme

- ❑ **61 mine shafts were sealed**, includes those that were outstanding from the previous year.
- ❑ **3 asbestos mines were rehabilitated** – (but 2 of these were completed during the last week of May due to the national lockdown).

# PART C – GOVERNANCE

# PART C – GOVERNANCE

- Good governance plays a critical role in ensuring accountability in the use and management of state resources. It leads to better decisions, helps the Department meet its legislative responsibilities and further promotes public confidence.

- **1) RISK MANAGEMENT**

- Department has an approved risk management policy and strategy in place, which was formulated using the Public-sector Risk Management Framework and the Management Performance Assessment Tool (MPAT) standards

- **2) FRAUD AND CORRUPTION**

- This policy is implemented through the Department's Anti-fraud and Corruption Strategy
- Reported allegations are investigated internally, referred to the South African Police Services (SAPS) or the National Prosecuting Authority (NPA), and/or are referred to a disciplinary committee.

## PART C – GOVERNANCE

- ❑ The Senior Management Service (SMS) is required to disclose its financial interests annually and employees are required to seek Director-General's approval before embarking on any remunerative work outside employment

- **4) CODE OF CONDUCT**

- ❑ **Code of conduct in place and manuals circulated to officials, and transgressors are disciplined** in terms of Public service Coordinating Bargaining Council (PSCBC) Resolution 1 of 2003

- **5) HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

- ❑ Health Safety and Environmental challenges having an impact on the department identified and escalated to management for resolution and monitored on an ongoing basis

## PART C – GOVERNANCE

- **6) PORTFOLIO COMMITTEES**

- Committees attended in line with schedule and all questions answered

- **7) SCOPA RESOLUTIONS**

- There were no Standing Committee on Public Accounts (SCOPA) resolutions

- **8) PRIOR MODIFICATIONS TO AUDIT REPORTS**

- There were no modifications during the period under review

- **9) INTERNAL CONTROL UNIT**

- Internal Control Unit compiled the annual financial statements, quarterly financial statements and monthly compliance certificates. In addition, the Unit coordinated the activities of the Auditor-General, and monitored the clearance of suspense accounts in order to ensure that financial periods were closed properly and on time.



# PART C – GOVERNANCE

## 10) INTERNAL AUDIT AND AUDIT COMMITTEES

- The Department has in place an Internal Audit unit and an independent oversight body in a form of Audit and Risk Committee (ARC) which functioned throughout the financial year,
- The Internal Audit unit performed the following work during the year under review:
  - Financial Audits
  - Performance Audits
  - Operational Audits, and
  - Information Communications Technology Audit
- ARC had a total of five meetings during the year under review,
- The ARC raised the following areas of concern for the year under review:
  - Insufficient funding to sustain the department,
  - Some of the ICT systems were obsolete and required funding to acquire new systems,
  - Accuracy of reported information remains a concern, however the ARC noted significant improvements from previous years,

## PART D – HUMAN RESOURCES

# PART D – HUMAN RESOURCES

- **Human Resources Oversight Statistics**

- ☐ Employment costs as a percentage of Total Programme Expenditure (see table 3.1.1)

Programme	Total Expenditure (R'000)	Total Personnel Expenditure (R'000)	Personnel Expenditure as percent of Total Expenditure
DMR: ADMINISTRATION	384 718	192 053	50%
DMR: MINE HEALTH AND SAFETY	219 733	184 195	84%
DMR: MINERAL REGULATION	441 333	204 629	46%
DMR: MINERAL POLICY AND PROMOTION	942 577	69 754	7%
<b>Total</b>	<b>1 988 361</b>	<b>650 631</b>	<b>33%</b>

# PART D – HUMAN RESOURCES

- **Human Resources Oversight Statistics**

☐ Employment costs per salary band, and average employee compensation per salary band (see table 3.1.2)

Salary Bands	Personnel expenditure (R'000)	% of Personnel Cost	Number of Employees	Average Compensation Cost per Employee (R)
Skilled (Levels 3-5)	51 216	8%	178	287 733
Highly skilled production (Levels 6-8)	128 658	20%	298	431 739
Highly skilled supervision (Levels 9-12)	357 625	55%	433	825 923
Senior management (Levels >13)	83 949	13%	67	1 252 975
Contract (Levels 3-5)	488	0%	3	162 557
Contract (Levels 6-8)	6 948	1%	13	534 486
Contract (Levels 9-12)	13 585	2%	17	799 108
Contract (Levels >13)	8 161	1%	4	2 040 373
<b>TOTAL</b>	<b>650 631</b>	<b>100%</b>	<b>1 013</b>	<b>642 281</b>

## PART D – HUMAN RESOURCES

- **Human Resources Oversight Statistics**

☐ Salaries, Overtime, Home Owners Allowances and Medical Aid by programme (see table 3.1.3)

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	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
DMR: ADMINISTRATION	167 604	87%	4 823	3	4 794	3%	8 068	4%
DMR: MINE HEALTH AND SAFETY	162 737	88%	163	0	2 654	1%	5 122	3%
DMR: MINERAL REGULATION	60 995	87%	36	0	1 426	2%	2 382	3%
DMR: MINERAL POLICY AND PROMOTION	175 587	86%	110	0	4 818	2%	10 341	5%
<b>TOTAL</b>	<b>566 923</b>	<b>87%</b>	<b>5 132</b>	<b>1</b>	<b>13 692</b>	<b>2%</b>	<b>25 913</b>	<b>4%</b>

# PART D – HUMAN RESOURCES

- Human Resources Oversight Statistics
  - Vacancy rate as at 31 March 2020, **Target ≤ 10% Vacancy Rate**. The Department Vacancy rate was better than the allowed maximum of 10%
  - The reported 6% vacancy rate was in senior management service (12%), middle management (7%), Highly skilled (4%) and Skilled (4%) (see table 3.2.2)

Programme	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate	Number of employees additional to the establishment
DMR: ADMINISTRATION, Permanent	338	326	4%	2
DMR: MINE HEALTH AND SAFETY, Permanent	279	253	9%	0
DMR: MINERAL POLICY AND PROMOTION, Permanent	96	95	1%	0
DMR: MINERAL REGULATION, Permanent	362	339	6%	0
<b>TOTAL</b>	<b>1 075</b>	<b>1 013</b>	<b>6%</b>	<b>2</b>

# PART E – FINANCIAL INFORMATION

## Expenditure outcome - Programme

Programme	2019/20				2018/19			
	Final appropriation R'000	Actual spending		Variance R'000	Final appropriation R'000	Actual spending		Variance R'000
		Amount R'000	%			Amount R'000	%	
Administration	389 835	384 717	98,7%	5 118	361 649	354 470	98,0%	7 179
Mine Health & Safety	220 082	219 733	99,8%	349	209 053	208 477	99,7%	576
Mineral Regulation	446 038	441 265	98,9%	4 773	389 277	388 775	99,9%	502
Mineral Policy & Promotion	946 265	942 577	99,6%	3 688	930 682	928 401	99,8%	2 281
<b>TOTAL</b>	<b>2 002 220</b>	<b>1 988 292</b>	<b>99,3%</b>	<b>13 928</b>	<b>1 890 661</b>	<b>1 880 123</b>	<b>99,4%</b>	<b>10 538</b>

- In 2019/20 the department spent 99,3% of the allocated budget as compared 99,44% in 2018/19, this being below the National Treasury variance threshold set at 2% of appropriation.
- The programmes that surrendered more funds to NT is Administration, Mineral Regulation and Mineral Policy and Promotion



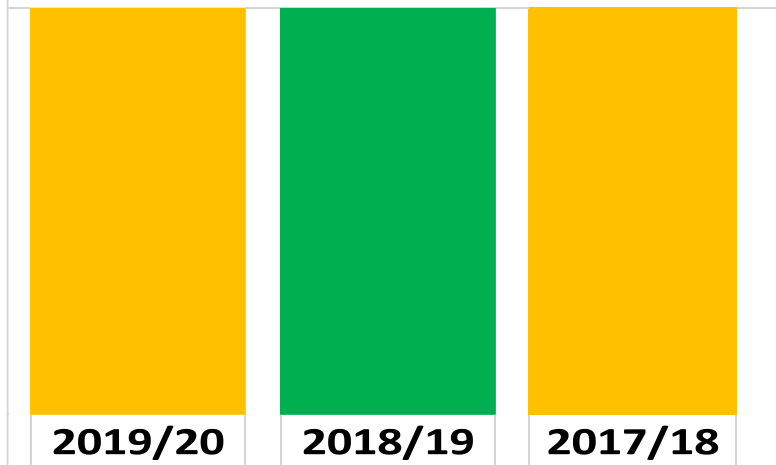
## Expenditure outcome – Economic classification

Programme	2019/20				2018/19			
	Final appropriation R'000	Actual spending		Variance R'000	Final appropriation R'000	Actual spending		Variance R'000
		Amount R'000	%			Amount R'000	%	
Compensation of employees	663 578	650 631	98,0%	12 947	616 728	611 141	99,1%	5 587
Goods & services	286 768	286 742	100,0%	26	267 749	266 858	99,7%	891
Transfers & subsidies	1 048 752	1 048 651	100,0%	101	993 182	992 866	100,0%	316
Payments for capital assets	3 048	2 195	72,0%	853	12 350	8 606	69,7%	3 744
Payments for financial assets	74	73	98,6%	1	652	652	100,0%	-
<b>TOTAL</b>	<b>2 002 220</b>	<b>1 988 292</b>	<b>99,3%</b>	<b>13 928</b>	<b>1 890 661</b>	<b>1 880 123</b>	<b>99,4%</b>	<b>10 538</b>

- **Compensation of employees:** 2019/20 recorded a larger variance as compared to 2018/19 because there was a directive for departments affected by NMOG process to halt filling of posts until the process is finalised.
- **Transfer payments:** the allocation on transfers to households was overestimated – payment i.r.o. claims against the department by DMR officials and payments of leave gratuity to officials resigning/retiring from the employ of State
- **Payments for capital assets:** there is an improvement as compared to 2018/19. Variance is due to delay in installation of security system in Head Office.

# Summary of Audit Outcomes

## Audit outcomes



## Types of audit outcomes



The department obtained an unqualified audit opinion with findings in 2019/20 financial year

## Summary of Audit Outcomes

- ❑ Material misstatements
  - Contingent liability and provisions
  - Lease commitments
  - Movable assets
  - Performance information
- ❑ The prior year irregular expenditure was condoned by NT
- ❑ Irregular expenditure of R 358 000.00 was incurred in 2019/20 – the tax status of the supplier awarded a tender changed to non-compliant before the procurement process was finalised
- ❑ Wasteful expenditure of R 551 000.00 was recorded under travel claims – once the investigation is finalised the department will implement consequence management

## Summary of Audit Outcomes

EXPENDITURE MANAGMENT	As at 31 March 2020	As at 31 March 2019
Creditor-payment period	30 days	6 days
Amount of total accruals	R4,638m	R3,639m
30+ days accruals as a percentage of total accruals	0.0%	0%
Amount of 30 days accruals	0	0

**The expenditure management environment of the department is healthy**

## Summary of Audit Outcomes

REVENUE MANAGMENT	As at 31 March 2020	As at 31 March 2019
Debtor-collection period	430 days	809 days
Amount accrued departmental revenue	R229,094m	R206,632m
Amount debtors impairment provision	R174,099m	R113,373m
Debtors impairment provision as a percentage of departmental revenue	76%	54,9%

- **Although the debtor-collection period has reduced substantially, there are challenges in the department's revenue management environment**
- **Accrued departmental revenue continue to increase due to delay (by prospecting rights applicants) to execute the granted prospecting right**
- **New developments: Under DMR the officials who were performing revenue management functions were also responsible for reporting and one Director responsible for FA& Reporting. On the new structure of DMRE there is a dedicated team of 4 officials responsible for revenue management; and a dedicated Director for Revenue and Financial Provisions Management**

*Thank you*