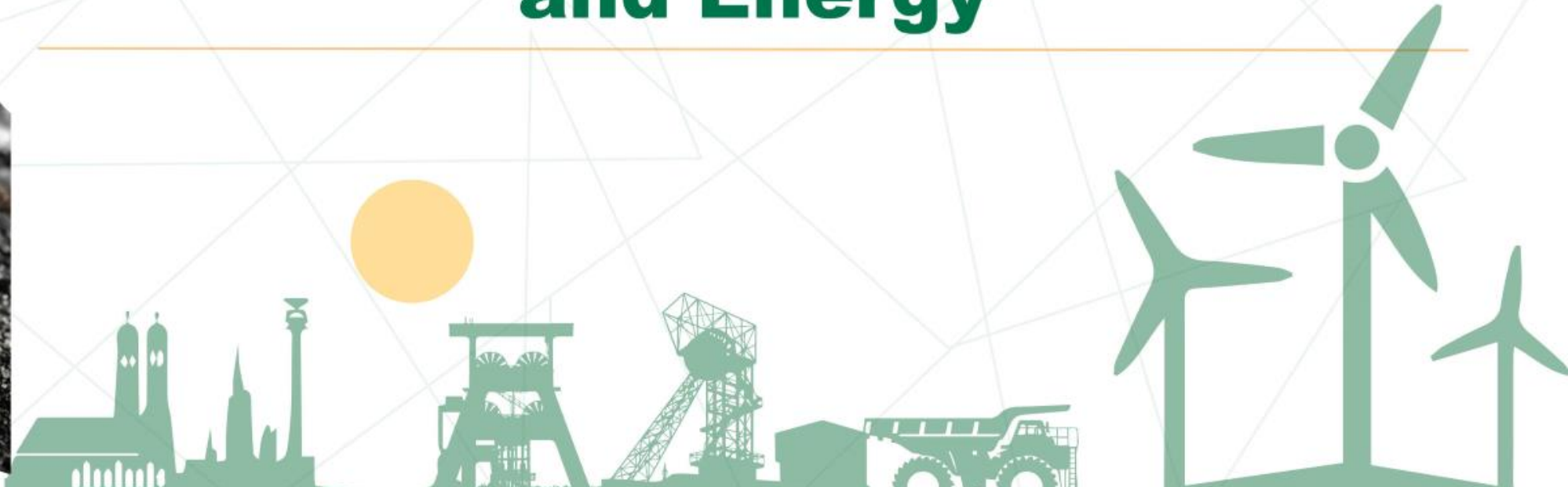


# Department of Mineral Resources and Energy



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# BRIEFING ON THE 1ST, 2ND AND 3RD QUARTERLY PERFORMANCE REPORTS FOR 2021/22 FY

**Mr Jacob Mbele  
Director General**

**20 September 2022**



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# PRESENTATION OUTLINE

1. Summary of Performance Results
2. Performance highlights
3. Performance Tables
4. Financial Performance Report



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# Summary of Performance Results

## FIRST QUARTER

## SECOND QUARTER

## THIRD QUARTER

Branches/Units	Total	Achieved Quarterly Targets	Partially Achieved Quarterly Targets	Not Achieved Quarterly Targets	Total	Achieved Quarterly Targets	Partially Achieved Quarterly Targets	Not Achieved Quarterly Targets	Total	Achieved Quarterly Targets	Partially Achieved Quarterly Targets	Not Achieved Quarterly Targets
Financial Management Services	3	2	1	0	4	3	1	0	3	2	1	0
Corporate Services	1	0	1	0	2	0	2	0	2	1	1	0
DG Office	6	5	1	0	5	5	0	0	6	6	0	0
Minerals and Petroleum Regulation	12	7	5	0	12	6	3	3	12	8	4	0
Mining, Mineral and Energy Policy Development	19	15	2	2	26	21	1	4	21	15	0	6
Mine Health and Safety Inspectorate	6	2	1	3	6	2	1	3	6	2	1	3
Programme and Projects Management	5	4	0	1	7	6	0	1	9	5	2	2
Nuclear Energy	7	5	2	0	8	4	0	4	8	4	0	4
<b>Total</b>	<b>59</b>	<b>40</b> <b>(68%)</b>	<b>13</b> <b>(22%)</b>	<b>6</b> <b>(10%)</b>	<b>70</b>	<b>47</b> <b>(67%)</b>	<b>8</b> <b>(12%)</b>	<b>15</b> <b>(21%)</b>	<b>67</b>	<b>43</b> <b>(64%)</b>	<b>9</b> <b>(14%)</b>	<b>15</b> <b>(22%)</b>

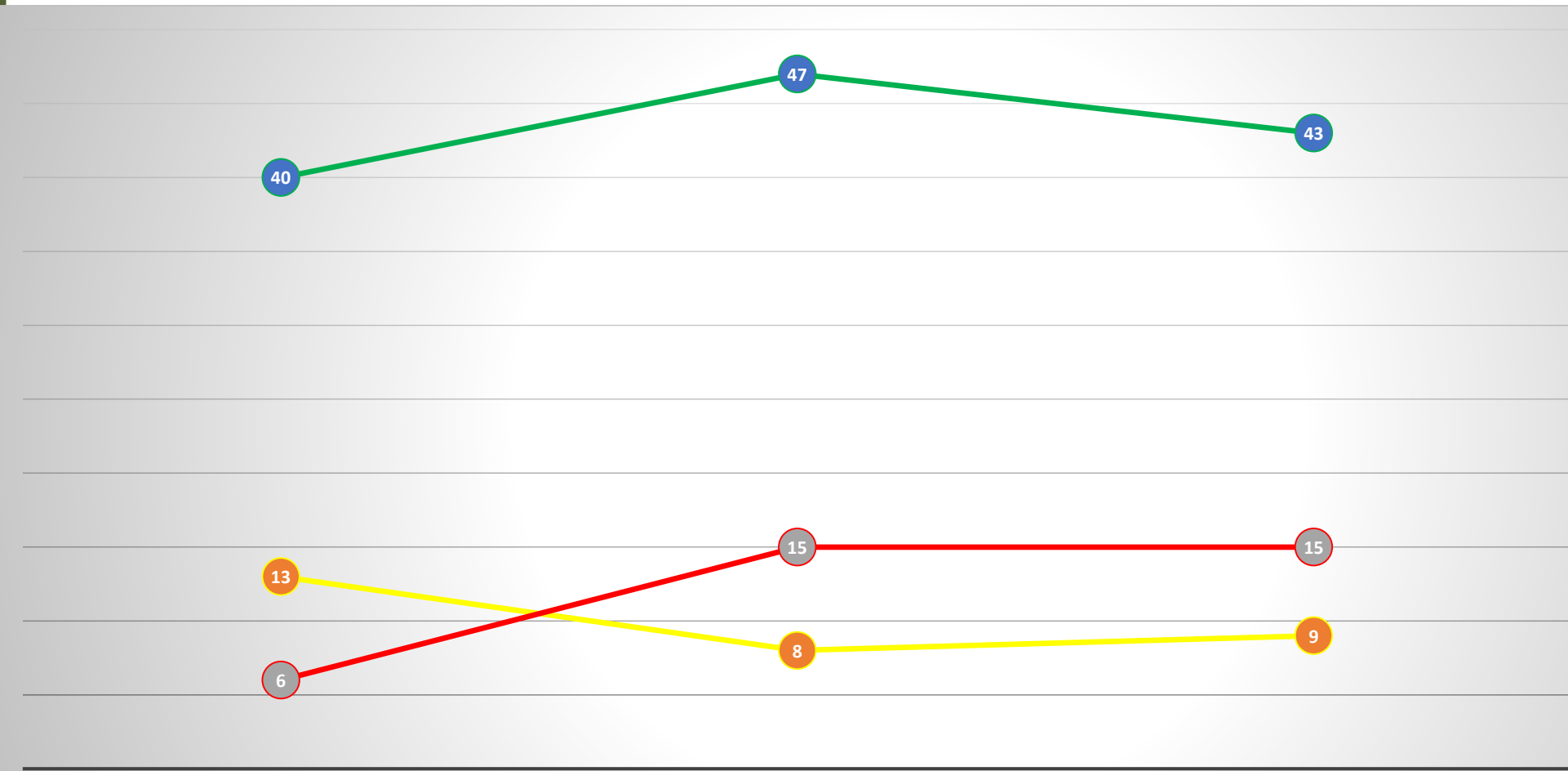


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# Comparison Across Quarters 1-3



● Achieved  
● Partailly achieved  
● Not achieved

1ST QT 2021-22

2ND QT 2021-22

3RD QT 2021-22



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# FIRST QUARTER 2021-22 PERFORMANCE HIGHLIGHTS

- A total of 176 837 household have been connected over 10 000 households were electrified with non grid;
- The Minister made an announcement for Preferred bidders on 18 March 2021 for Independed Power Producers;
- The report on the EEDSM grant programme have been prepared highlighting baselines and EEDSM project plans submitted by municipalities;
- Report on energy related climate change response measures produced;
- 5 carbon offset projects were approved;
- A report on greenhouse gas assessment and reporting framework;
- A report t on indicators underpinning the development of just transition was produced;
- 1508 jobs were created through issuing of mining rights;
- 13 black industrialists were created through mining;
- 344 environmental inspections were conducted;
- 300 retail site compliance inspections conducted;
- A total of 352 license applications were processed, there was (323) 91.76% compliance with respect to 50% HDSA participation;
- 37 mining rights and permits were issued to HDSA controlled entities;
- Report on the monitoring of Koeberg's Plant Life Extension produced;
- 70% of authorization applications processed, Five nuclear safeguard compliance reports approved, and Three nuclear security compliance reports approved;
- A total of 11 accident-initiated investigations and additional 12 were completed from April 2021 to June 2021;
- Out of 239 invoices received, 224 (94%) invoices were paid within 30 days, however, there were some delays by branches in verifying and signing off the invoices 100% was not achieved;
- A report with detailed implementation of the DMRE Fraud Prevention Plan was produced; and
- One quarterly report that details the implementation of the 2019–2024 MTSF priorities



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## SECOND QUARTER 2021/22 PERFORMANCE HIGHLIGHTS

- No incidents of wasteful and fruitless expenditure reported during quarter under review, and no reported irregular transactions for the current financial year;
- No reported cases of fraud and corruption during the period under review;
- A cumulative figure of 4127 jobs to be created was achieved;
- The number of SLP development projects completed for the quarter is 34;
- Total number of licenses processed = 304, number of licences with 50% and greater HDSA participation = 284, = 93.42% compliance;
- Clean Fuels 2 Regulations developed for promulgation; Biofuels Mandatory Blending Regulations developed for promulgation and LPG Strategy approved were published;
- Draft National Petroleum Company Bill developed and submitted to Cabinet for approval;
- Report on stakeholder consultation with respect to Greenhouse gas assessment and reporting framework produced;
- Draft energy statistics reports developed;
- A total of 261 accident-initiated investigations were completed from April 2021 to September 2021;
- Issued RFP in April 2021 for 2 600 MW from renewable energy (Bid Window 6);
- Produced a report on the consultation with municipalities on their submitted energy consumption baselines and EEDSM project plans;
- 7 034 households connected to non-grid; and
- A report with respect to 29 687 additional households connected to Grid electrification produce;
- Produced a report on monitoring of Koeberg's Plant Life Extension Plan through established Technical Oversight Committee meetings;
- 41 Nuclear Authorization applications received. 41 processed and approved. 31 met turnaround time. 10 did not meet the turnaround time. % performance is 75.6%; and
- 10 Nuclear Compliance Safeguards Inspections conducted, and 5 nuclear security compliance inspections reports approved



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## THIRD QUARTER 2021/22 PERFORMANCE HIGHLIGHTS

- Schedule 3A SOE's first draft APPs reviewed, Submission to the Minister for approval will happen in February once the final draft APPs are submitted;
- Out of 411 invoices received, 400 (97.32%) were paid within 30 days and only 11 were paid after 30 days;
- Produced a report with detailed implementation of the DMRE Fraud Prevention Plan;
- A total of 726 jobs were created through the issuing of mining rights. The number of jobs to be created through petroleum licences is 1188. The total number of jobs to be created for the quarter is 1914. A cumulative figure of 6041 was achieved;
- There were 30 SLP development projects that were completed this quarter. Accumulative figure of 92 has been achieved;
- 5 black industrialists were created through mining the charter. A cumulative figure of 18 has been achieved;
- A total of 322 environmental inspections were conducted this quarter. A cumulative figure of 971 has been achieved;
- A total of 447 retail site compliance inspections were conducted. A cumulative figure of 980 has been achieved;
- A total of 462 fuel samples were tested;
- 60 mining rights and permits were issued to HDSA controlled entities this quarter. A cumulative figure of 146 has been achieved;
- The following stakeholder consultation reports were produced: Clean Fuels 2 Regulations developed for promulgation, Biofuels Mandatory Blending Regulations developed for promulgation and LPG Strategy approved and just transition plan
- A draft National Petroleum Company Bill has been completed; and
- The Department participated in 4 Conferences: the Dubai Expo; the World Bank Battery Energy Storage for Southern Africa in collaboration with Mintek, China Mining Conference and Africa Energy Week (AEW) 2021.



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# THIRD QUARTER 2021/22 PERFORMANCE HIGHLIGHTS

- A total of 445 accident-initiated investigations were completed from April 2021 to December 2021;
- A total of 35 accident-initiated investigations and 33 were completed from April 2021 to December 2021;
- Ten shafts were sealed off;
- 0.4879 TWh savings were realized as a result of projects implemented through the 12L Energy Efficiency Savings (by Industries) 2020/21 EEDSM grant programme by municipalities;
- Report on the monitoring of Koeberg's Plant Life Extension Plan was produced;
- 63 nuclear authorization applications were received, 63 were processed and approved. While 53 (84.13%) met turnaround time. Only 10 did not meet the turnaround time;
- 10 nuclear safeguard compliance inspections reports were produced and approved by DG on 22 December 2021; and
- 5 nuclear security compliance inspections reports were produced and approved by DG on 22 November 2021.



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# Q1-Q3 FINANCIAL PERFORMANCE

## 2021/22 FINANCIAL YEAR

### (ENDING 31 DECEMBER 2021)



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# FINANCIAL PERFORMANCE PER PROGRAMME

Programmes	2021/22				
	Budget	YTD - Budget	YTD - Actual	YTD Variance	% YTD % Variance
Rand thousand	R'000	R'000	R'000	R'000	%
Administration	665,219	479,881	399,846	80,035	16.68%
Minerals and Petroleum Regulation	534,862	393,295	373,434	19,861	5.05%
Mining, Minerals and Energy Policy Development	792,832	666,793	625,158	41,635	6.24%
Mine Health and Safety Inspectorate	233,117	179,705	154,274	25,431	14.15%
Programmes and Projects	5,905,640	4,605,004	4,296,618	308,386	6.70%
Nuclear Energy Regulation and Management	1,109,794	1,076,902	1,070,081	6,821	0.63%
<b>Total Programmes</b>	<b>9,241,464</b>	<b>7,401,580</b>	<b>6,919,411</b>	<b>482,169</b>	<b>6.51%</b>



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# DETAILS PER ECONOMIC CLASSIFICATION

Economic Classification	2021/22				
	Budget	YTD - Budget	YTD - Actual	YTD Variance	% YTD % Variance
Rand thousand	R'000	R'000	R'000	R'000	%
<b>Compensation of Employees</b>	<b>1,037,124</b>	<b>781,368</b>	<b>724,538</b>	<b>56,830</b>	<b>7.27%</b>
<b>Goods and Services</b>	<b>876,401</b>	<b>477,436</b>	<b>396,833</b>	<b>80,603</b>	<b>16.88%</b>
<b>Transfers and Subsidies</b>	<b>7,308,475</b>	<b>6,125,674</b>	<b>5,797,300</b>	<b>328,374</b>	<b>5.36%</b>
Public Entities	1,925,121	1,885,458	1,740,398	145,060	7.69%
INEP Municipal Grants	2,003,157	1,477,478	1,318,212	159,266	10.78%
INEP Eskom Grant	2,824,257	2,400,619	2,400,619	-	0.00%
INEP Non-Grid Households	264,969	203,082	192,004	11,078	5.46%
EEDSM - Municipal Grants	220,874	150,874	140,374	10,500	6.96%
Industrial Development Corporation	26,267	-	-	-	0.00%
Water management solutions subsidies for marginal mines	6,618	5,418	-	5,418	100.00%
International Membership Fees (IAEA / IEF / GIF / APPA)	31,510	-	344	-344	0.00%
Other Transfers SETAs	3,376	1,225	-	1,225	100.00%
Other Transfers Households	2,326	1,520	5,349	-3,829	-251.91%
<b>Payments for Capital Assets</b>	<b>19,464</b>	<b>17,102</b>	<b>740</b>	<b>16,362</b>	<b>95.67%</b>
<b>Payment for Financial Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Total</b>	<b>9,241,464</b>	<b>7,401,580</b>	<b>6,919,411</b>	<b>482,169</b>	<b>6.51%</b>



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# FINANCIAL PERFORMANCE (REASONS FOR VARIANCES)

## Compensation of employees (CoE)

- Total expenditure incurred on 31 December 2021 was R724.54 million against projected expenditure of R781.37 million resulting in budget underspending of R56.83 million or 7.27%. The budget underspending was mainly due to delays in filling vacant funded positions. The PERSAL system report of 31 December 2021 reflected the Department's employees as 1,432 permanent employees and 17 additional to establishment.
- The Department also employed 119 interns that are appointed and are additional to the establishment. At the end of same period, the Department had 168 vacant positions of which 102 had been advertised.

## Goods and Services (G&S)

- Planned expenditure in this classification was R477.44 million while actual expenditure was R396.83 million resulting in a net budget underspending of R80.60 million or 16.88%. The major contributors to the underspending amongst other includes travel and subsistence item with R29.99 million or 38% of the total G&S underspending, venues, and facilities R9.81 million due to reduction in the number of planned official trips and decreased utilization of outside facilities.
- Expenditure in office supplies was R9.81 million lower than anticipated due to staggered physical office attendance while the underspending of R4.97 million under computer services due to the finalization of processes for software licenses, maintenance, and upgrade of systems.



# FINANCIAL PERFORMANCE (REASONS FOR VARIANCES)

- The operating payments item which includes provisions for professional membership fees, storage of departmental records, awards to employees in terms of the departmental incentive policy and resettlement cost for employees, was R9.26 million lower than anticipated.
- Agency & support services item was R8.52 million under spent - the process to procure additional installation of SWH kits is taking longer than anticipated. Additional installation kits are required to meet the current building standards in many of the beneficiary houses
- Training and Development underspending of R7.68 million due to the delayed implementation of training programmes, lock-down limitations placed on the number of attendees during the first/second quarters of the financial year.



# FINANCIAL PERFORMANCE (REASONS FOR VARIANCES)

Notwithstanding the G&S total underspending, budget overspending was recorded in the following items:

- Audit and legal services items - overspending of R2.71 million and R8.09 million respectively due to the extension of the 2020/21 financial year audit and higher than anticipated expenditure for legal representation relating to MPRDA applications and disputes declared by solar water heater service providers.
- Operating leases - overspending of R4.76 million due to a historically insufficient budget allocation for office accommodation. A virement of R31 million has already been approved to close the funding gap however, as per Treasury's schedule, the cash-flow amendment was submitted to Treasury in January 2022 - budget allocations will be aligned with expenditure from February 2022.



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# FINANCIAL PERFORMANCE (REASONS FOR VARIANCES)

**Transfer payments:** The net budget underspending of R328.38 million or 5.36% is due to:

**INEP Municipal Grant:** R159.27 million underspending due to the pending re-gazetting approval from Treasury.

**INEP Non-Grid Households:** R11.08 million underspending due to the delayed finalization of procurement processes.

**International Membership Fees:** R344 thousand overspending due to the forex difference of the payment to the International Energy Forum and cash flow projection.

**Employee social benefits:** R3.83 million overspending due to an increase in leave gratuity payments because of increased service terminations and higher than anticipated leave liability payable to ex-staff members.

**EEDSM Municipal grants:** R10.50 million underspending due to the pending approval of re-allocation of funds between municipalities / re-gazetting. Payments will be released upon receipt of relevant approval from Treasury.

**Management of water ingress at mines:** R5.42 million underspending due to internal administration process that are underway.

**Energy and Water Sector Education and Training Authority:** R1.23 million underspending due to the delayed release of funds planned for distribution to SETAs.





# PUBLIC ENTITIES PAYMENTS SCHEDULE

RCIPIENT	2021/22				
	Budget	YTD - Budget	Expenditure	Under / Over Spending	% Under / Over Spent
	2021/22	31 December 2021	31 December 2021		
	R'000	R'000	R'000	R'000	%
NNR	46,089	46,089	46,089	-	0.00%
NRAWDI	49,166	49,166	49,166	-	0.00%
NECSA	952,510	952,510	952,510	-	0.00%
SANEDI	75,182	56,386	56,386	-	0.00%
CGS	326,243	328,480	277,661	50,819	15.47%
MINTEK	316,247	311,967	239,853	72,114	23.12%
PASA	93,076	88,079	65,952	22,127	25.12%
MHSC	4,581	4,581	4,581	-	0.00%
SADPMR	62,027	48,200	48,200	-	0.00%
<b>Total</b>	<b>1,925,121</b>	<b>1,885,458</b>	<b>1,740,398</b>	<b>145,060</b>	<b>7.69%</b>



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# PUBLIC ENTITIES (REASONS FOR THE VARIANCES)

In compliance with Treasury's Classification Circular, payments made to:

- CGS of R50.82 million for **Mine rehabilitation and Water ingress projects**,
- PASA of R22.13 million for the **Shale gas project** and
- Mintek of R72.11 million for the **Rehabilitation of derelict and ownerless mines project** were shifted to the goods and services classification while the associated budget remained under Transfers leading to a budget underspending under Transfers.
- The above misalignment will be corrected by Treasury's approval of the revised cash-flow projection in February 2022.



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# Thank you



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