



## Analysis of unspent funds

- Under spending has been consistently below 3% for the last three years .
- The increase in unspent funds for the year under review is attributable to the following :
  - R82 million non-grid electrification transfers that did not realize however contracts already concluded
  - The funds appropriated for working for energy project (R5m)
  - The R5m relating to Rehabilitation of ownerless and derelict mines
- Roll over application has been made to National Treasury for the above



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## Analysis of variance in Statement of Financial Performance

Item	2009/10	2008/9	Variance	% variance
	R'000	R'000	R'000	
<b>Compensation of employees</b>				
Basic salary	259,530	207,803	51,727	25
Periodic payments	1,526	2,950	(1,424)	(48)
Pension	33,503	26,771	6,732	25
<b>Goods and services</b>				
Venues and facilities	5,454	11,239	(5,785)	(51)
Advertising	2,829	16,009	(13,180)	(82)
Communication	19,875	17,207	2,668	15.



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## Analysis of the Statement of Financial Performance

Item	2009/10	2008/9	Variance	% variance
	R'000	R'000	R'000	
Travelling	67,458	79,317	(11,859)	(14)
Operating leases	34,231	19,413	14,818	76
Financial transactions in assets and liabilities	925	593	332	55
<b>Tangible capital assets</b>				
Buildings and other fixed structures	26,917	3,978	22,939	577
Machinery and equipment	20,467	12,565	11,133	88
Software and other intangible assets	1,306	2,312	(1,006)	(44)



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## Statement of Financial Performance: Variance analysis

- The staff cost increased in relation to the increase in staff numbers (1272 vs.1169)
- The G & S cost is relatively low compared to 2008/9 owing to cost containment measures implemented during the year under review. The related costs include, travelling, venues and facilities, advertising and catering.
- Tangible capital assets increased significantly owing to acquisition of furniture and servers for new building
- Intangible capital assets decreased as only security related software were acquired during 2009/10



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## Statement of Financial Performance: Variance analysis

- Increase of 23% in transfers represent new funds appropriated for Demand Side Management project (R250m), Working for Energy and Renewable Energy Finance Subsidy Office (REFSO) @ R5m apiece
- Financial transactions in assets and liabilities went up by 56% and account for R925 thousand mainly written off for car accidents and ex-employees debts.



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## Analysis of variances: Statement of Financial Position

Item	2009/10	2008/09	Variance	%variance
	R'000	R'000	R'000	
<b>Current Assets</b>				
Cash and cash equivalents	192,279	127,225	65,054	34
Prepayments and Advances	5,902	19,133	(13,231)	(224)
Receivables	14,580	29,674	(15,094)	(104)
<b>Current Liabilities</b>				
Voted Funds to be surrendered	137,288	54,105	83,183	61
Revenue to be surrendered	74,344	115,158	(40,814)	(55)



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## Analysis of variances: Statement of Financial Position

Item	2009/10	2008/09	Variance	%variance
	R'000	R'000	R'000	
<b>Net Assets</b>				
Recoverable Revenue	1062	844	218	21



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## Analysis of major variances : Statement of Financial Position

- The asset base increased by 24% from last year attributable to bank balance (R158m) for payments projected to disburse at year end , late revenue payments (R33m)
- Prepayments and advances went down by 224% due to rehabilitation of ownerless and derelict mines projects that were concluded during the 2009/10 financial year.
- Recoverable expenditure (R7.6m fraud and approximately R1. 9m – land for IPP project).
- Notable decrease in long outstanding staff debt (R2.2m vs. R2.7m)



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## Analysis of major variances : Statement of Financial Position

- Total liabilities of R201m(also 24% increase) include R 74 m revenue and R137m of voted funds for surrender
- Net assets of R3.2 m include the capitalization reserve (R2.2m) and R1m recoverable revenue



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## Analysis of variances: Cash Flow Statement

Item	2009/10	2008/09	Variance	%variance
	R'000	R'000	R'000	
Receipts	4,899,148	4,068,731	830,417	17
Net cash flow available from operating activities	113,526	27,808	85,718	76
Net cash flow available from financing activities	218	(17)	235	108
Cash and cash equivalents	192279	127225	65054	34



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## Analysis of major variances: Cash Flow Statement

- The increase in net cash flow available from operating activities is attributable to the increase in unspent funds by 60%. (as explained under unspent funds)
- The significant increase in net cash flow from investing activities is due to acquisition of furniture and servers for the new building as well as the improvements made to the new building



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## Analysis of variances: Disclosure notes

Items	2009/10	2008/09	Variance	%variance
	R'000	R'000	R'000	
Contingent liabilities and contingent assets	367,474	273,800	93,674	25
Commitments	99,002	87,526	11,476	12
Accruals	40,525	13,358	27,167	67
Employee Benefits	42,201	30,241	11,960	28
Lease commitments	368,526	359,464	9,062	2
Receivable for Departmental Revenue	25,567	10,437	15,130	59
Irregular Expenditure	4,203	-	4,203	100
Related Party Transactions	17,600	58,349	(40,749)	(232)



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## Analysis of variances: Disclosure notes

Items	2009/10	2008/09	Variance	%variance
	R'000	R'000	R'000	
Key Management Personnel	33,377	24,738	8,639	26
Provisions	10,559	7,847	2,712	26



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## Analysis of variances: Disclosure notes

- Contingent Liabilities is made out of legal claims against the department, guarantees issues and interdepartmental payables (unconfirmed balances).
- Accruals increased by 67% as a result of R20.4m due to Public works, invoice of which is still awaited
- Increase on employees benefits is as a result of leave and performance bonuses due
- Receivables increased as a result of uncollected monies due to the department
- Irregular expenditure incurred in the current financial year was due to officials not following the departmental financial delegations.



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## Details of Transfers and Subsidies

Recipient	2009/10	Purpose of transfer payment
	Actual transfer	
	R'000	
Assistance to Mines	31,100	Assistance to marginal mines in the form of pumping subsidies and research to prevent ingress of water into underground holdings (CGS:R17.6m and Mining companies R13.5 m)
Council for Geoscience	132,677	Core funding in terms of establishing act
Council for Mineral Technology Research	161,108	Core funding in terms of establishing act
South African Diamond and Precious Metals Regulator	39,412	Core funding in terms of establishing act
Mine Health and Safety Council	5,118	Core funding in terms of establishing act



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## Transfers and Subsidies

Recipient	2009/10	Purpose of transfer payment
	Actual transfer R'000	
Industrial Development Corporation of SA (Small scale mining)	25,058	Small scale mining projects
State Diamond Trader	1,000	Bail out during recession



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## State of Financial Management systems

### Report on Financial Misconduct

- 4 cases of financial misconduct were reported during the year.
- Outcomes of the hearing are: 2 were found guilty, 1 is in progress while the other 1 has already left the Department.
- Further action taken - 2 of the cases were reported to the police while the other one was suspended without pay for 3 months and the 4<sup>th</sup> one is still in progress



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## State of Financial Management systems

### Efficiency Savings and Productivity Gains:

- Reduction on travel related expenditure and Catering is attributable to the effective implementation of the cost containment measures introduced during the year
- The split of the Department of Minerals and Energy into two, namely the Department of Mineral Resources and the Department of Energy was successfully executed



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## State of Financial Management systems

### Supply Chain Management:

- The SCM component has been fully restructured and aligned with the SCM Framework requirements. This enables effective implementation of all functionalities and improves productivity.
- All SCM Committees as required in the framework have been constituted and fully operational. This enhances internal control measures within the SCM environment
- Departmental Internal control systems in place are able to pick up irregular expenditure effectively



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