

DEPARTMENT:

MINERALS AND ENERGY

ANNUAL REPORT

08/09



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Department:
Minerals and Energy
REPUBLIC OF SOUTH AFRICA



DEPARTMENT:
MINERALS AND ENERGY
ANNUAL REPORT

B P Sonjica, MP
Minister of Minerals and Energy

Minister, I have the honour to present to you the Department of Minerals and Energy's annual report for the 2008/09 financial year.

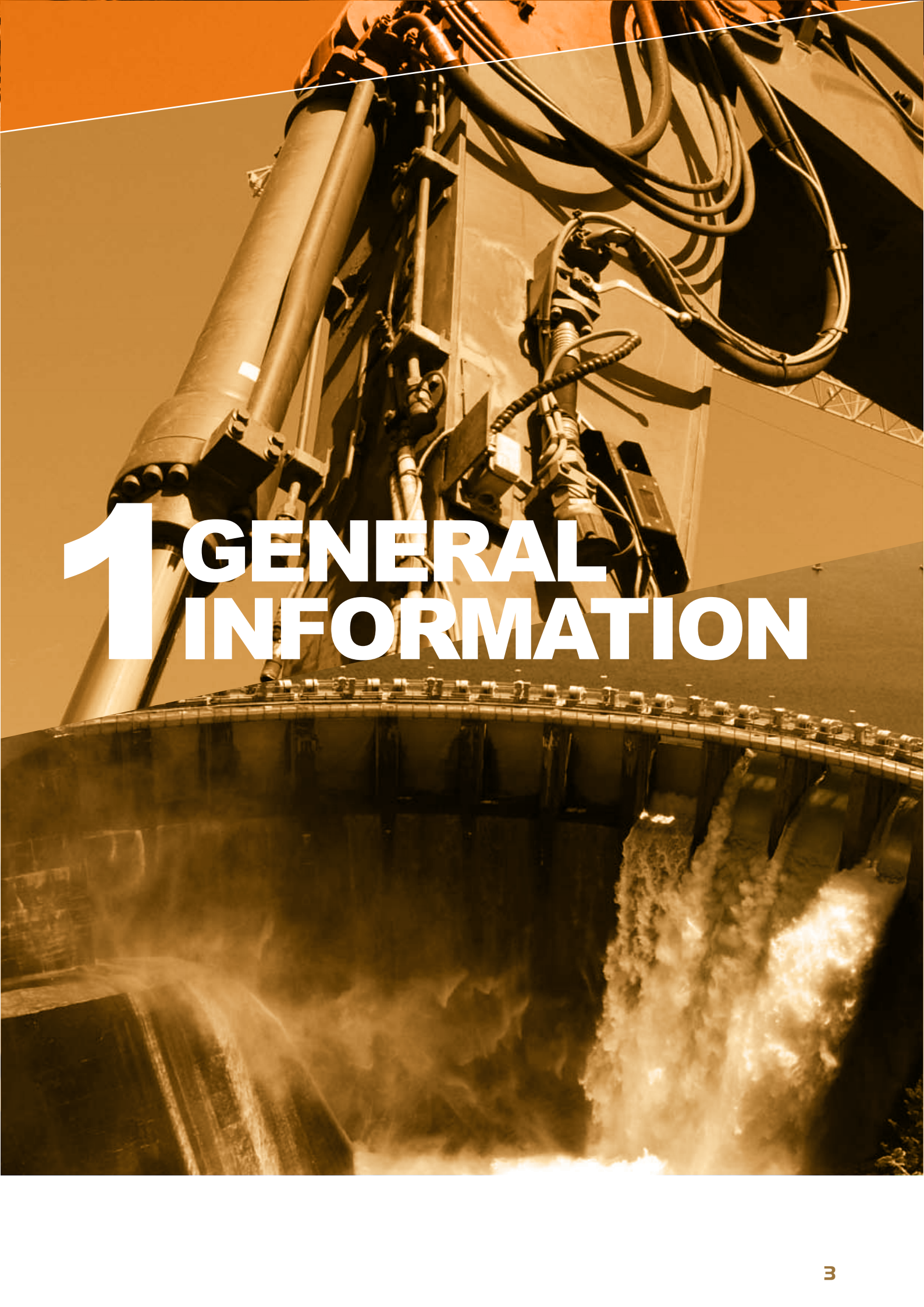
Adv Sandile Nogxina
Director General

DEPARTMENT OF MINERALS AND ENERGY
VOTE 29

2008/9 ANNUAL REPORT

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1 GENERAL INFORMATION



VISION

World-class minerals and energy sectors through sustainable development.

MISSION

To regulate and promote the minerals and energy sectors for the benefit of all.

LEGISLATIVE MANDATE

Provision of services for effectual transformation and governance of the minerals and energy industries for economic growth and development, thereby improving the quality of life.



PUBLIC ENTITIES REPORTING TO THE MINISTER OF MINERALS AND ENERGY

- 1 **The Mine Health and Safety Council (MHSC)**, established in terms of Section 42(1) of the Mine Health and Safety Act, no. 29 of 1996. The Council has the responsibility of advising the Minister of Minerals and Energy on health and safety at the mines, promoting a culture of health and safety in the mining industry and annually considering an overall programme for relevant health and safety research.
- 2 **The Council for Mineral Technology Research (Mintek)** was established in terms of the Mineral Technology Act, no. 30 of 1989. Mintek provides research, development and technology that foster the development of businesses in the mineral and mineral products industries.
- 3 **The Council for Geoscience (CGS)** established in terms of the Geoscience Act, no. 100 of 1993, is the national agency tasked with the systematic development and maintenance of the national geosciences knowledge infrastructure for both the onshore (land) and offshore (oceans) environment of South Africa.
- 4 **The National Energy Regulator of South Africa (NERSA)** derives its mandate from the National Energy Regulator Act, Act no. 40 of 2004, which establishes NERSA as the competent authority for electricity regulation (in terms of the Electricity Regulation Act, no. 4 of 2006), gas regulation (in terms of the Gas Act, no. 48 of 2001) and petroleum pipelines regulation in South Africa (in terms of Petroleum Pipelines Act, no. 60 of 2003). NERSA derives its revenues by imposing prescribed levies on regulated industries. In this regard, the following Acts govern the imposition of such levies:
 - Gas Regulator Levies Act, no. 75 of 2002
 - Petroleum Pipelines Levies Act, no. 28 of 2004; and
 - Section 5B of the Electricity Act, no. 41 of 1987.
- 5 **The National Nuclear Regulator (NNR)** was established in terms of the National Nuclear Regulator Act, 1999, no. 47 of 1999. The purpose of the Regulator is to provide for the protection of persons, property and the environment against nuclear damage, through the establishment of safety standards and regulatory practices.
- 6 **CEF (Pty) Ltd** is a private company, incorporated in terms of the Companies Act and governed by the Central Energy Fund Act, no. 38 of 1977. The CEF group of companies operates in the energy sector and is made up of entities with commercial, strategic, licensing and development roles. The group consists of five operating subsidiaries – PetroSA, iGas, Petroleum Agency SA (PASA), Oil Pollution Control South Africa (OPCSA), and SFF. CEF also manages, on an agency basis, the strategic crude oil stock for the country. PetroSA is involved in the exploration for oil and gas onshore and offshore around South Africa, as well as the rest of Africa; the production of environmentally friendly petroleum fuels and petrochemical products from gas and condensate at its synfuels refinery outside Mossel Bay; and the management of oil storage facilities. SFF manages South Africa's strategic reserves of crude oil. OPCSA provides oil prevention, control, and clean-up services, mainly in South African ports and coastal areas, in terms of South Africa's National Environmental Management Act (NEMA). PASA manages the promotion and licensing of oil and gas exploration, development and production in South Africa and the coastal areas offshore South Africa as part of creating a viable upstream oil industry in the country. iGas acts as the official agent of the South African Government for the development of the hydrocarbon gas industry, comprising natural gas (LNG) and petroleum gas (LPG), in South Africa.
- 7 **The South African Nuclear Energy Corporation (NECSA)**. The Nuclear Energy Act, No. 46 of 1999, mandates NECSA to undertake and promote research and development in the field of nuclear energy and radiation science. NECSA is also responsible for the following institutional obligations on behalf of the state: decommissioning and decontamination of past strategic nuclear facilities; management of nuclear waste disposal on a national basis; application of radiation technology for scientific and medical purposes; operation of the SAFARI-1 nuclear reactor; operation of the Pelindaba site and accompanying services; and execution of the safeguards function.



- 8 ***The South African Diamond and Precious Metals Regulator (SADPMR)*** was established in terms of the Diamonds Act 1986 as amended and the Precious Metals Act, no. 37 of 2005. The South African Diamond Board ceased to exist on 30 June 2007 and the South African Diamond and Precious Metals Regulator came into effect on 1 July 2007. The Regulator took over the mandate, current functions, staff and all assets and liabilities of the Diamond Board. The Diamond Bourse of South Africa was incorporated into the Regulator with all its staff, assets and liabilities. The Regulator is responsible for the regulation of the diamond, platinum and gold sectors. The Regulator is funded in terms of the Precious Metals Act, no. 37 of 2005, through a state grant, as opposed to the Board which generated its own funding from levies and licence fees of sight holders.
 - 9 ***The Electricity Distribution Industry Holdings (Pty) Ltd (EDIH)*** was created for the sole purpose of executing the Department's strategic objective of restructuring the electricity distribution industry outlined in the White Paper on Energy Policy of 1998. The company is to restructure the existing electricity distribution entities into six financially viable regional electricity distribution companies (REDs)
 - 10 ***The State Diamond Trader*** was established in terms of the Diamond Act, no. 56 of 1986, as amended, to fulfil the following main functions: to promote equitable access to and beneficiation of diamond resources, address distortions in the diamond industry and correct historical market failures to develop and grow South Africa's diamond cutting and polishing industry. The State Diamond Trader commenced its operations in September 2007 and was officially launched by the Director General, Advocate Sandile Nogxina, on behalf of the Minister of Minerals and Energy on 29 February 2008.
- All entities submit their own Annual Report to the Minister, which are then tabled together with the DME's Annual Report. A summary of the entities' performance is listed under Programme 7: Associated Services, later in this report.

DIRECTOR GENERAL'S OVERVIEW

Minister, we have come to the end of the 2008/09 financial year, in which we successfully hosted the April general elections and prepared for the FIFA 2009 Confederations Cup. Such developments again indicate our status as a great country.

It is therefore my pleasure to present to you the Department of Minerals and Energy's performance report for the 2008/09 financial year.

MINING

The global financial crisis that commenced in 2008 radically slowed down economies and in many cases caused recession. The financial crisis is still unfolding and the worrying truth is that its ramifications are not yet fully understood. Mining companies are experiencing varying levels of difficulty, with some retrenching employees while others have either closed down or been put under care and maintenance.

The Mining Industry Growth, Development and Employment Task Team (**MIGDETT**) was set up to mitigate the severity of the crisis in the mining industry, and continues with interventions that can be applied over the medium to long term. This has already yielded some positive results, including containing the levels of cumulative retrenchments to below the 25 000 mark, contrary to early forecasts of more than 100 000 during the first year of the crisis. MIGDETT was also able to influence deferment of the Royalty Bill, obtain stakeholder support for the beneficiation strategy and initiate the development of a Mining Development Agency. It also sought a commitment from companies in the sector to the mining regulatory compliance framework in its entirety. This intervention has strengthened relationships among all stakeholders in working together to address the challenge as a collective.

The Department is continuing with the assessment of the **Mining Charter** that began in the last financial year. Significant progress has been made towards quantifying the Charter's impact. The Charter gives effect to transformation objectives in the mining industry, as a result of the proclamation of the Mineral Petroleum Resources Development Amendment Act. The provisions for reviewing the Charter are based on agreement among all stakeholders.

The Department has published a dynamic strategy to deal with **derelict and ownerless mines** in South Africa, recognising the long heritage of mining and its inherent environmental liability. The strategy comprises three main components, which include the compilation and verification of a database of abandoned mines, the ranking of these mines in terms of their priority for rehabilitation and the proposal for the management of these sites. During the 2008/09 financial year, the Mineral Regulation Branch embarked on transferring planning and management functions in rehabilitating ownerless and derelict mines to the Council for Mineral Technology, a state-owned entity reporting to the Minister of Minerals and Energy.

The role of **small-scale mining** is critical as it entails prospects of community upliftment, job creation and poverty alleviation, although varying levels of success have been attained by the Department. We are therefore currently developing a new approach to maximise the impact of small-scale mining, with particular focus on community development, details of which will be finalised during 2009/10.

The past year has marked a shift in how health and safety is dealt with at mines. The public and workers have focused the attention of all involved with mining on health and safety issues. The industry has recorded a welcome 24% improvement in fatality levels and reduction in injuries at work. The **Presidential Audit** into health and safety at mines has highlighted the need for mine operators to improve compliance with legal requirements, the need to develop enabling frameworks for prosecution of negligent operators and the building of enforcement capacity.





The **Mine Health and Safety** Inspectorate completed the Presidential Audit during the year under review and will work hard to realise the implementation of the outcomes of the Tripartite Leadership Summit on health and safety at mines and the recommendations of the Presidential Audit Report. All stakeholders in the sector will be encouraged to continue to work together to improve the health and safety performance of mines.

The **Mine Health and Safety Amendment Act** was approved and establishes the Mine Health and Safety Inspectorate as an entity of government. To this effect, consulting firm Deloitte was commissioned to prepare a business case for the amalgamation of the Mine Health and Safety Council and the Inspectorate. This case has been finalised and preparation for implementation is underway. Implementation of the Amendment Act will also require regulations, guidelines and codes of practices for mines. Further to strengthen oversight of health and safety conditions, health and safety representatives will be trained through the **Mining Qualifications Authority**.

Given capacity constraints, the Inspectorate will use whatever information is at its disposal to profile mines and working places in terms of health and safety. The Department has signed a service level agreement with the University of the Witwatersrand to develop a customised training package for inspectors and other units so as to enhance capacity and ensure broader appreciation of the role of Occupational Health and Safety in the sector.

Further to enhance decision making and improve management of health and safety at mines, a project to develop a mine health and safety management system was embarked on during the year under review and will be finalised within the next 12 months.

ENERGY

In co-operation with key stakeholders, the Department has embarked on a high-level national communication and information dissemination campaign through the Government Communication and Information System (GCIS) on **energy efficiency**. Adverts have been placed on national radio, television and in print media. The roll out of 22 million compact fluorescent lamps has been achieved with a saving of approximately 800MW. In collaboration with the South African Bureau of Standards and industries, a number of standards were completed in the year under review. The National Energy Efficiency Strategy will, in the next financial year, begin ascertaining whether targets are still relevant and will update action plans.

There is growing interest in investing in **clean energy** projects through the Clean Development Mechanism (CDM) and as a department we have embarked on a mass awareness campaign through provincial and sectoral workshops to increase the number of CDM projects. During the 2008/09 financial year, eight workshops were conducted as part of awareness campaigns. We actively participated in international multilateral forums on sustainable development and climate change where these have relevance to energy. During this financial year, the Department reviewed 45 CDM projects (39 Project Idea Notes and six Project Design Documents). To date 15 projects have been registered by the CDM Executive Board as CDM projects and four of these projects (Lawley Fuel Switch, Omnia Fertiliser Ltd Nitrous Oxide Reduction, Sasol Nitrous Oxide Abatement and Transalloys Manganese Alloy Smelter Energy Efficiency) have started claiming carbon credits.

In addition to energy efficiency, the Department has committed itself to increasing the deployment of **renewable energy** technologies in line with the policy of diversification of energy supply. The Department together with all the key stakeholders undertook a review of the Renewable Energy Policy White Paper at a Summit held towards the end of the financial year. The main objective of the Summit was to review progress towards the achievement of the 2013 target and also to agree on a process to accelerate implementation. The revised policy will be presented to Cabinet for approval in the next financial year.

The Renewable Energy Finance and Subsidy Office (REFSO office) has achieved the target of subsidising three projects to the value of R5.4 million during 2008/09. With the Department's interventions and the increased funding, we expect that more projects will be subsidised during the 2009/10 financial year.



The Department of Minerals and Energy continues to spearhead the process of **electrification** in South Africa with specific emphasis on rural electrification. Access to basic services by historically disadvantaged communities will continue to be high on the agenda. Last year, through the electrification programme, the Department electrified a total of 123 364 households (87 221 for 2008/09 and 36 143 as rollover projects for 2007/08) and 712 schools. Six substations (three new substations and three upgrades), and eight bulk feeder lines were completed as part of bulk infrastructure projects. The strategy to eradicate backlogs in municipalities with an electricity backlog of less than 5 000 connections will be embarked on in the following Medium Term Expenditure Framework cycle. This is a strategy to clean up all low-level backlogs which do not require serious bulk capacity to address. A database of such municipalities is being finalised.

Our electrification plans include the construction of 10 additional bulk substations per year for the next three years, connecting 150 000 houses per year, and plans to electrify all schools by the end of the 2009/10 financial year. The Department is committed to eradicating the schools backlog at the end of the next financial year and discussions are underway with Eskom regarding funding shortages and capacity to deal with the remaining 1 500 schools.

The Department is assisting municipalities with the deployment of 100 students in the electrical engineering field. These students render support to municipalities while training in their respective fields.

The **Electricity Pricing Policy** (EPP) was gazetted in December 2008 to provide a broad policy framework for the setting of electricity tariffs from a generation, transmission and distribution value chain perspective. The introduction of new power stations will exert upward pressure on electricity tariffs. It is critical that this must happen in a manner that takes into consideration and balances the need to cushion the indigent whilst contributing to lowering the cost of doing business. The EPP provides the framework for the regulator, NERSA, to approve electricity tariffs in alignment with the key policy principles.

The electricity supply shortages in 2008 underscored the importance for government to align and co-ordinate its activities with stakeholders for the common good. The National Electricity Response Team (NERT) was conceived out of the need to harness all the initiatives that business, labour and civil society had launched to mitigate power disruptions. In addition a Project Management Unit (NERT - PMU) was established to give the Department additional implementation capacity in the short term. The intention is for the NERT - PMU ultimately to become a permanent structure in the Department

2010 FIFA World Cup – The Department allocated R77 million (2007/08), R136 million (2008/09) and R112 million (2009/10) to host cities for the development of new substations and strengthening of electricity networks before the FIFA World Cup. All will be completed by the second quarter of 2009/10.

The DME has collaborated with the Local Organising Committee for the funding and provision of generators for technical power at stadiums for both the FIFA Confederations Cup and the 2010 World Cup. R49 million is an indicative allocation for the Confederations Cup and approximately R100 million has been allocated for the 2010 World Cup.

The Department continued implementing the recommendations of the **Energy Security Master Plan for Liquid Fuels** which was approved by Cabinet. Meetings on a bilateral basis took place with state-owned entities and oil companies to address the infrastructure issues that impact on the supply of liquid fuels. A consolidated project report on the Master Plan implementation was completed and critical issues are being addressed.

Petroleum licensing backlogs were reduced significantly during the year. Conversion licences constituted the majority of the 14 000 applications. There is an action plan to address the remaining backlog of 1 300 new licence applications by the end of 2009. Now that the bulk of the backlog has been dealt with, emphasis will shift to enforcement and compliance.



The **National Energy Act, no. 34 of 2008**, was assented to in November 2008. It seeks to address issues related to energy security. It provides for universal access to energy by poor households, integrated energy planning and the furnishing of energy data and information required for energy planning. It puts in place measures to promote energy efficiency as well as production of energy from renewable sources. It also provides for the holding of strategic energy feedstocks and carriers which may be required to ensure security of supply nationally. The Act also establishes the South African National Energy Development Institute (SANEDI), responsible for energy research and development as well as the execution and promotion of energy efficiency initiatives. SANEDI will take over the functions of the existing South African National Energy Research Institute (SANERI) as well of the National Energy Efficiency Agency (NEEA), both of which are subsidiaries of the Central Energy Fund (CEF).

CONCLUSION

I would like to thank, most sincerely, all members of staff of the Department of Minerals and Energy for the excellent manner in which they executed their responsibilities during the financial year covered by this report. I have no doubt that our continuing efforts to improve the working conditions of these first-rate citizens have not gone unnoticed and will bear even more fruit. We will - in October this year - be relocating to the new head office in Trevenna, next to Sunnyside. This will be our new home. I hope you will utilise this move further to carry on with the good work of delivering quality service to our people. Our energy colleagues will be the first people to occupy that new building and the mining staff will join them during the first half of next year. This bold step, I believe, will place this Department onto an even higher trajectory.

Thanking the Minister

Adv. Sandile Nogxina
Director General: Department of Minerals and Energy

DEPARTMENTAL PUBLICATIONS AND KEY DOCUMENTS – 2008/09

Reviews

- 25th Edition of South Africa's Mineral Industry (SAMI) 2007/2008
- Invest in an Intense and Diverse Mineral Industry 2009

Information Circulars

MB Bulletin Trimester	Vol 21 Issue 1 of 3 2008
	Vol 21 Issue 2 of 3 2008
	Vol 21 Issue 3 of 3 2008
	Vol 22 Issue 1 of 3 2009

Directories

- D1/2009: Operating Mines and Quarries and Mineral Processing Plants in the Republic of South Africa
- D2/2009: Operating and Developing Coal Mines in South Africa
- D3/2008: Operating and Developing Gold Mines in South Africa
- D5/2007: South African Mineral Beneficiators
- D6/2009: Platinum-group Metal Mines in SA
- D8/2009: Ferrous Mineral Commodities produced in SA
- D9/2008: Producers of Dimension Stone in South Africa
- D10/2008: Producers of Nonferrous Metal Commodities produced in South Africa
- D11/2008: Producers of Industrial Mineral Commodities in South Africa
- D12/2008: Operating and Developing Black Economic Empowerment Mining Companies
- D14/2009: Producers of Sand and Aggregate in South Africa

Statistics

- Minerals - South Africa: Statistical Tables 1986 – 2007
- Mineral Production and Sales Statistics (Monthly and Annually)

Bulletins/ Reports

- R45/2008 An Overview of South African Iron, Manganese and Steel Industry during the period 1986-2006
- R51/2009 An Overview of current platinum-group metal exploration projects and new mine developments in South Africa
- R55/2008 An Overview of South Africa's Vanadium Industry during the period 1997-2006
- R58/2008 Overview of the South African Sand & Aggregate Industry
- R59/2008 An Analysis of SA's Mining Contribution to the National Economy
- R68/2008 An Overview of Current Gold Exploration Projects and new mine developments in South Africa
- R69/2008 Overview of SA Mineral Based Fertilizer Industry
- R71/2008 An Overview of SA's Titanium Mineral Concentrate Industry
- R73/2008 An Overview of South Africa's Clay & Brick Industry
- R74/2009 Overview of the Nickel Industry in South Africa, 1997-2006
- R75/2009 Supply Demand Dynamics of Base Metals versus prices, 1997-2006
- R76/2009 The future role of the Waterberg Coalfield in SA Coal Industry
- R77/2009 Growth prospects of SA's Coal exports and the effect on Black Economic Empowerment Companies
- R78/2009 Developments in the Economic contribution of Hydrocarbons, Natural Gas and Coal

Handbook

- H3/2008 South African Steel Producers' Handbook

INFORMATION ON THE MINISTRY

Message from the Minister

The financial year ended 31 March 2009 was a pivotal year in entrenching democracy, peace and stability in our country and in contributing to the quest for a better life for our people. The year brought closure to the current government's term of office, heralding the beginning of a new five - year tenure in office for the next administration that would flow from the April 2009 national polls.

The Department as a leader, nurturer and regulator of the minerals and energy sectors can rightfully look back with pride at its role in leveraging the sectors to contribute positively to the political stability, economic resilience and social cohesion prevalent in our country.

This Annual Report affords us the opportunity to account for the performance of the Department pertaining to its mandate and its contributions towards a better life in relation to government's overarching objectives. Moreover, the Annual Report gives effect to the imperatives of accountability and transparency, values that are enshrined in our Constitution, the supreme law and repository of the norms of the nation.

The onset of the credit crunch in the supposedly first world and the resultant global financial crisis has serious implications for emerging economies including the continent of Africa and, more specifically, South Africa. The global economic meltdown demanded bold action from our side. Accordingly, we demonstrated leadership and initiative when we became the first sector in government to form a multi-stakeholder task team at the end of the 2008 year. The aim of this task team was to look at practical measures we could take, as a sector, to mitigate and counteract the ramifications of the global economic crisis that affected our mining industry.

Mining Industry Growth, Development and Employment Task Team (MIGDETT)

We duly established the MIGDETT on 8 December 2008. MIGDETT comprises Government, Labour and Industry and it is charged with the responsibility to recommend short, medium and long term interventions aimed at mitigating job losses, monitoring and assessing the impact of the crisis and preparing the ground for the economic recovery. We could not afford to leave anything to chance and leave the mining sector to the extraneous vagaries of "market forces". As sector leaders, we duly exercised leadership in partnership with our stakeholders.

Mineral Petroleum Resources Development Act, Amendment Bill (MPRDA)

It is also my pleasure to report that we managed to pilot through the MPRDA. The Bill brings about improvements to the regulator's framework aimed at policy certainty as well as promoting investments in the mining sector. It also deals with the challenges of the implementation of the MPRDA - as it has, as its main objective, the technical improvements of the principal Act to facilitate efficacy in the management of the country's mineral resources. The Bill also seeks to improve the handling of residual stockpiles and residue deposits. It also streamlines the process of setting Ministerial approval for cession, transfers and other alienations aimed at promoting and protecting new entrants into the industry.

Youth and Women empowerment

In our efforts to transform both the mining and energy sectors, youth and women empowerment took centre stage. We managed to establish six sector groups within the minerals and energy sectors for vulnerable groups. Provincial sector groups were also formed for vulnerable groups. However, challenges were experienced in coordinating with municipalities. Given our country's capacity challenges in the mining and energy sectors, the education and skilling of our youth creates prospects for growth and development of the economy and people. Our interventions in this regard covered the Malaysian school programme, Mine Health and Safety bursary scheme. Our learner focus programme is aimed at encouraging learners to study science and technology subjects in order to expose them to an array of career opportunities in the





mining and energy sectors. The programme has grown in leaps and bounds during the past five years.

It is worth highlighting the **Memorandum of Understanding** that we concluded with the **University of Fort Hare** as a harbinger of our department's drive to partner with institutions of higher learning to mobilise resources geared towards widening and deepening the scarce skills base required to grow and develop our economy as well as to benefit our minerals and energy sectors. The MOU lays the basis for the implementation of projects specific to skills development, research, youth development and empowerment.

The affirmation and empowerment of women remained the focal point of government's strategic goals in general - and specifically one of our department's main objectives as indicated by the launches of numerous women-driven projects in the mining and energy sectors over which the Minister as the Executive Authority had to officiate. We drew inspiration from former President Mandela's wisdom that, "To achieve our goals as a nation, we must also ensure that women participate fully in every sphere of economic and political life of our country".

Mine Health and Safety Amendment Bill

Injuries and fatalities in the mining sector continued to blight the industry. The safety audits conducted by the Mine Health and Safety Inspectorate (MHSI) on the instructions of the highest office in the land, The Presidency, reflected a damning side of the industry. We however remain committed and determined to prosecute those in the industry who continue to tarnish it through negligence and greed by placing the lives of employees at risk. Capacity challenges have also impeded enforcement of health and safety standards. We however take comfort in the fact that the Mine Health and Safety Amendment Bill was duly assented to during the year under review. The Bill seeks to strengthen sanctions arising from non-compliance. It also provides for the establishment of an Inspectorate as an entity of government aimed at strengthening the enforcement of capacity.

Beneficiation Strategy

Mindful of the incontrovertible fact that our country's resources are limited, Cabinet has approved the Beneficiation Strategy. Essentially, the strategy is intended to support national programmes such as the National Industrial Policy Framework as well as the development of nuclear power capacity in order to diversify the country's energy basket and ensure the security of energy supply, among many other things. As we embark on the beneficiation route, all stakeholders in the minerals and energy sectors will leverage benefit from the country's comparative and competitive advantages.

The extent of the external vulnerabilities created by our significant dependence on external markets will not only be mitigated but will also be reduced somewhat. The beneficiation strategy also provides opportunities for investment in the country by South African and foreign investors, as per the PGM beneficiation, which grew from less than 2% in the latter part of the 1990s to just over 20% in 2008. It is our intention to increase the "value-addition" per capita in the country to create jobs, eradicate poverty and contribute to economic growth and development.

Energy

On the **Energy** front, the tight electricity reserve margin that gave rise to the energy crisis and the resultant establishment of the multi-stakeholder National Emergency Response Team (NERT) under the leadership of DME is still seized with the challenge of guiding the country towards a lasting behavioural change in energy management and usage. The security of energy supply is a matter of strategic importance to the wellbeing of the country, its entire citizenry and its economy. It is a critical mandate of the Department.

Cleaner energy sources through the provision of **Renewable Energy** and the provision of environmentally-friendly energy policies are in line with the department's sustainable development objectives. It is equally pleasing to report that we managed to convene the Renewable Energy Summit during the year under review. We have also elaborated regulations under the Electricity Regulation Act and the Energy Act which have created an enabling framework and certainty. Also, the renewable energy feed in tariffs was approved. It is beyond doubt that multi-pronged



implementation will commence in 2009/10 to add impetus to the country's renewable footprint.

It is worth highlighting the great strides that have been made in **Energy Efficiency**. The National Energy Efficiency Agency that coordinates the national campaign of power conservation is up and running. The Energy Addicts campaign was launched. The smart meter programme for high consumption domestic sector is under way. Also, the solar water heating programme is commencing very shortly. It is abundantly clear that energy efficiency and renewable energy provide exciting new opportunities for our country to create decent jobs, and to leapfrog old technologies and go for only the best new technologies and, in so doing, take the lead in becoming a country with a culture that embraces sustainable development.

In conclusion, it would be remiss of me not to acknowledge the sterling work done by the management and entire staff of the Department, ably led by the Director General, Advocate Sandile Nogxina. I am also grateful to the Boards and Managements of all the State Owned Entities that worked with us to discharge our mandate. Last but definitely not least, my sincere sense of appreciation extends to the leadership of the labour movement and the captains of industries including their constituencies, for their cooperation and understanding. My deployment in the minerals and energy portfolio, albeit tough and testing, was equally humbling and gratifying.

B P Sonjica, MP
Minister of Minerals and Energy

The Minister of Minerals and Energy submitted the following Bill during the year under review:

Mineral and Petroleum Resources Development Amendment Bill

Ministerial visits abroad

Visits abroad undertaken by Minister Ms Buyelwa Sonjica (and the Director-General Adv. Sandile Nogxina on behalf of the Minister)

INTERNATIONAL VISITS UNDERTAKEN BY THE MINISTER AND THE DIRECTOR GENERAL (ON BEHALF OF THE MINISTER) – APRIL 2008 TO MARCH 2009

DATE	VENUE	EVENT	PARTICIPATION
7 – 10 April 2008	Doha, Qatar	Technical visit to discuss cooperation between PetroSA and Qatar Gas	Minister, PetroSA, SASOL and DME officials
11 April 2008	Maputo, Mozambique	Heads of State Economic Bilateral Forum	Minister and DME officials
6 – 7 May 2008	Doha, Qatar	State visit	Minister, PetroSA, SASOL and DME officials
9 – 12 May 2008	Algeria	Working visit for the implementation of AFREC Convention	DG and DME officials
19 – 24 May 2008	Belgium and Russia	Official visit to discuss projects in the field of diamond beneficiation	DG and DME officials
3 – 4 June 2008	Cairo, Egypt	EU/G8 Conference on Energy Efficiency	Minister, DME officials and PetroSA
16 – 20 June 2008	Senegal, Mauritania and Guinea Bissau	Minister's official working visit	Minister and DME officials
21 – 22 June 2008	Jeddah, Saudi Arabia	Jeddah Ministerial Energy Conference	Minister and DME officials
9 July 2008	Luanda, Angola	Follow up meeting of Westcor Energy Ministers	Minister and DME officials
28 July – 1 August 2008	Cuba and Venezuela	Official and technical visit on energy cooperation	Minister, DME officials and PetroSA
4 – 5 August 2008	Windhoek, Namibia	Presidential Economic Bilateral Forum	Minister and DME officials
6 – 7 August 2008	Kinshasa, DRC	Ministerial Review of SA/DRC Bi-national Cooperation	Minister, DME officials, SOE and private business and institutions
13 – 14 August 2008	Accra, Ghana	African Mining Partnership Mid Term Review	Minister, SOE and DME officials
19 - 21 August 2008	Iceland	Joint working visit by DME and DEAT Ministers	Ministers, DME and DEAT officials
16 – 20 September 2008	Ukraine	Technical visit to discuss cooperation on coal to liquid and Mine Health and Safety projects	DG and DME officials
17 -20 September 2008	Vienna, Austria	IAEA International annual Conference	
15 – 17 October 2008	New Delhi, India	Presidential India Brasil South Africa (IBSA) Summit	Minister, Institutions and DME officials
31 October 2008	Kinshasa, DRC	SA/DRC Bi-national Commission	Minister and DME officials
2 – 8 November 2008	Langkawi, Malaysia	Technical visit for cooperation in the field of renewable energy	Minister and DME officials

DATE	VENUE	EVENT	PARTICIPATION
8 – 1 November 2008	Beijing, China	China Mining and celebrating Ten Years of Diplomatic Relations	DG and DME officials
18 – 19 November 2008	London, UK	Energy Ministers' Meeting	Minister, Mintek, CGS, State Diamond Trader and DME officials
17 – 21 November 2008	Trinidad and Tobago	Minister's official working visit	Minister and DME officials
26 – 29 November 2008	Vienna, Austria	Official introduction of Ambassador Abdul Minty's candidature as DG to the IAEA	Minister and DME officials
12 – 16 January 2009	Langkawi, Malaysia	Working visit on energy cooperation	Minister and DME officials
25 – 27 January 2009	Bonn, Germany	Founding conference for the establishment of the International Renewable Energy Agency (IRENA)	Minister, DG and DME officials
7 – 8 March 2009	Monrovia, Liberia	International Colloquium on Women Empowerment and Leadership Development	Minister and DME officials
14 – 17 March 2009	Zimbabwe	Participation in the third South Africa/ Zimbabwe Permanent Commission	Minister represented Minister of Foreign Affairs and DME officials
			DG, Eskom and DME officials





2 PROGRAMME PERFORMANCE



Programme Overview

Voted Funds (2008/09)

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/Under Expenditure R'000
	R 3, 595, 423	R 3, 786, 241	R 3, 749, 006	R37 235
Responsible Minister	Minister of Minerals and Energy			
Administering Department	Department of Minerals and Energy			
Accounting Officer	Director-General of Minerals and Energy			

Aim of the Vote

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

KEY MEASURABLE OBJECTIVES

Strategic objectives

At the 2008/09 annual strategic planning session, the Department re-affirmed the following strategic objectives in support of the revised mission and vision. The session was also used to anchor our mission, vision and strategies to broad government imperatives of poverty eradication, transformation of our economy and society, social justice reconstruction and development, viz.:

1. Actively contribute to sustainable development and growth – Contributing to infrastructure development and economic growth, increased investment in the minerals and energy sectors in South Africa, increasing beneficiation of minerals, increasing access to modern energy carriers and reducing the impact of mining and energy activities on the environment and public health.
2. Redress past imbalances - Through promoting broader participation in the minerals and energy sectors, direct intervention in communities, increased BEE and SMME participation inclusive of women, the youth and the disabled within the minerals and energy sectors.
3. Regulate the minerals and energy sectors to be healthier, cleaner and safer – Implementing, monitoring and maintaining effective policies and relevant legislation for the mining and energy sectors by embarking on promotional and regulatory activities and programmes that will sustain and improve the industries' health and safety standards.
4. Create an enabling environment for effective and efficient service delivery - Alignment of structures, appropriate skills, processes and systems to enable effective and efficient service delivery.



STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2008/09 FINANCIAL YEAR:

Mining

During the reporting period the Mine Health and Safety Act (MHSA), no. 29 of 1996, was reviewed to improve sanctions for non-compliance and extend the application to cover corporate bodies. The new Bill will also establish a Mine Inspectorate as an entity of government to help the Department to deal with acute skills shortages in this area. This review will effectively regulate occupational health and safety at mines.

Furthermore, this Bill will empower the Mine Health and Safety Council to appoint its committees to deal with current and emerging sector challenges. It will enhance the effectiveness of the Council as an advisory body on mine health and safety.

The Mineral and Petroleum Resources Development Amendment Act (MPRDA) will be signed into law by the President during 2009/10. During the Parliamentary Portfolio Committee proceedings, the Department was ordered to amend the MPRDA regulations to be consistent with the amendment of the Act. Therefore the amendments to the Regulations will be undertaken during the 2009/10 financial year.

The Department is continuing with the assessment of the Mining Charter that began in the last financial year. Significant progress has been made towards quantification of the impact, which will form a basis for the review of the Charter. The Charter was implemented to give effect to the transformation objectives in the mining industry, as a result of the proclamation of the MPRDA. The provisions for reviewing the Charter during this financial year are embedded in the Charter as an agreement among all stakeholders.

Energy

Implementation of Energy Security Master Plan for Liquid Fuels

The Department is in the process of implementing the recommendations emanating from the Energy Security Master Plan (ESMP) for Liquid Fuels. In this regard meetings, on a bilateral basis, have taken place with State Owned Entities and oil companies to address the infrastructure issues that impact on the supply of liquid fuels in South Africa. A consolidated project report on the ESMP implementation was completed and critical issues affecting implementation are being addressed.

National Energy Act, no. 34 of 2008

The National Energy Act was assented to by the President in November 2008. The Act seeks to address issues related to energy security in South Africa and provides for universal access to energy by poor households. It provides for Integrated Energy Planning and the furnishing of energy data and information which may be required for energy planning purposes. It also puts in place measures to promote energy efficiency as well as production of energy from renewable sources. Furthermore, it provides for the holding of strategic energy feedstocks and carriers which may be required to ensure security of supply nationally. It also establishes an entity, the South African National Energy Development Institute (SANEDI), which will be responsible for energy research and development as well as the execution and promotion of energy efficiency initiatives. SANEDI will undertake the functions of the existing South African National Energy Research Institute (SANERI), as well as those of the National Energy Efficiency Agency (NEEA), both of which are subsidiaries of the Central Energy Fund (CEF). SANEDI will be established as a public entity which reports directly to the Minister of Minerals and Energy. All assets and staff from the SANERI and NEEA will be transferred to SANEDI upon its establishment, which is envisaged to be effective from 1 April 2010.



Petroleum Pipeline Regulations

Petroleum Pipeline Regulations were promulgated in 2008

Electricity Pricing Policy (EPP)

The EPP was gazetted in December 2008 to provide a broad policy framework for the setting of electricity tariffs from a generation, transmission and distribution value chain perspective. The EPP assists the National Energy Regulator of South Africa (NERSA) in making its wholesale tariff determination for Eskom and in articulating government's policy stances in relation to the various choices that the regulator faces. Significantly, the EPP pronounces on the price path that the electricity tariffs must follow over the next 10 years, so as to reach the marginal cost in the long run, allowing for a sustainable electricity sector.

Renewable Energy Framework

A Renewable Energy Framework was developed and approved by the Forum of Executives (FEE) in Energy in 2008. The Framework split the target 60:40 between electric and non-electric technologies. It further allocated 60% of the 6 000 GWh that will flow from electric technologies to Renewable Energy Independent Power Producers.

The National Energy Efficiency Strategy

The National Energy Efficiency Strategy, which was approved in 2005 by the Minister of Minerals and Energy, was reviewed by having four stakeholder consultation workshops, one for each sector, in October 2008. The revised document was submitted to Cabinet for approval to publish for public comment during March 2009.

Legislation

Sections 17, 18 and 19 of the National Energy Act, no. 34 of 2008, were promulgated in December 2008.

Standards

In cooperation with the SABS, the following standards were completed in the reporting period:

- Standard for Energy Efficiency in Buildings.
- Standard on the Labelling of Light Motor Vehicles
- Draft Standard for Electric Motors
- Standard for Compact Fluorescent Lamps
- Standard for Labelling of Refrigerators
- Standard for Standby Power Losses of Set Top Boxes

Nuclear Energy Policy

The Nuclear Energy Policy was approved by Cabinet in June 2008. The policy provides a framework for the prospecting, mining, milling and use of nuclear materials, as well as the development and utilisation of nuclear energy for peaceful purposes. The long-term vision of the policy is for South Africa to become globally competitive in the use of innovative technology for the design, manufacture and deployment of state-of-the-art nuclear energy systems, power reactors and nuclear fuel cycle systems.



OVERVIEW OF THE SERVICE DELIVERY AND ORGANISATIONAL ENVIRONMENT FOR 2008/09

Energy

The integrated national electrification programme:

The Department of Minerals and Energy continues to spearhead the process of **electrification** in South Africa with specific emphasis on rural electrification. Access to basic services by historically disadvantaged communities will continue to be high on the Department's agenda. During the 2008/09 financial year, through the electrification programme the Department electrified 123 364 households and 712 schools. Six substations and eight bulk feeder lines were completed as part of bulk infrastructure projects

Our electrification plans going forward include the construction of 10 additional bulk substations per year for the next three years, connection of 150 000 houses per year, and plans to electrify all schools by the end of the 2009/10 financial year.

The Department embarked on a process to assist municipalities with the deployment of 100 technicians to render support services to municipalities while gaining training in their respective fields.

The Electricity Pricing Policy was gazetted in December 2008 to provide a broad policy framework for the setting of electricity tariffs from a generation, transmission and distribution value chain perspective. As new generation capacity is introduced, it is expected that there will be upward pressure on tariffs. It has therefore become critical to ensure that, whilst industry pays cost-reflective tariffs, the indigent are not left unprotected from unaffordable electricity tariff increases.

Private Sector Participation in the Electricity Sector:

A new regulatory environment is envisaged which facilitates and accommodates the introduction of Independent Power Producers (IPPs) as a supply-side option, side by side with Eskom. It has become clear that Eskom alone is not in a position to meet the country's power needs into the future.

Nuclear Energy

A bilateral cooperation agreement was signed with Argentina in the 2008/09 financial year. In order to further strengthen our participation in multilateral nuclear organisations and establish strategic relationships for the benefit of our nuclear programme, bilateral cooperation agreements with Canada, South Korea, Namibia and the USA will be concluded during the 2009/10 financial year.

To strengthen the nuclear policy and legislative framework, the Nuclear Energy Policy was approved by Cabinet in June 2008 and the National Radioactive Waste Disposal Institute Act was approved by Parliament (no. 53 of 2008).

Energy Efficiency

In cooperation with key stakeholders we have embarked on a high-level national communication and information dissemination campaign through the GCIS on **energy efficiency**. Adverts have been placed on national radio, television and in print media. The roll out of 22 million CFLs has been achieved with a saving of approximately 600MW. In collaboration with the SABS and industries, a number of standards were completed in the year under review. The National Energy Efficiency Strategy, which seeks to set targets for various sectors, was published for public comment.



Renewable Energy

In an effort further to contribute towards sustainable development, the Department has committed itself to increasing the deployment of renewable energy technologies in line with the policy of diversification of energy supply. To this end, the Department together with all the key stakeholders undertook a review of the Renewable Energy Policy White Paper at a Summit held towards the end of the financial year. The main objective of the Summit was to review progress made towards the achievement of the 2013 target and also to agree on a process to accelerate implementation.

The Renewable Energy Finance and Subsidy Office (REFSO office) achieved the target of subsidising three projects to the value of R5.4 million in 2008/09. With the interventions that the Department has introduced and the increased funding, we expect that more projects will be subsidised during the 2009/10 financial year.

A number of renewable energy projects supported by the Department were launched during this financial year, including the National Demonstration Wind Farm in Darling. This wind farm has a power generation capacity of 5.2 MW and is the first commercial wind project in the country. Realising the massive opportunity presented by wind energy deployment in South Africa, the Department established a dedicated programme for wind energy development. Through this programme, the Department has supported the revival of the South African Wind Energy Association and put together a strong team involving leading academic and research institutions in South Africa, Riso in Denmark and the South African Weather Services to update the wind resource atlas of South Africa. This collaboration will enable participating South African institutions to build their capacity through skills and technology transfer among themselves and from effective North/South cooperation.

The Department has also worked with the National Energy Regulator of South Africa to develop a category of renewable energy feed-in-tariffs (REFIT) in order to address the barriers relating to the competitiveness of renewable energy technologies when compared with conventional technologies. The implementation of REFIT is expected to begin in earnest during 2009/10. With all the measures that have been put in place, the Department expects to accelerate the pace of implementation of renewable energy projects to increase during the 2009 MTEF period onwards.

Clean Development Mechanism (CDM)

There is growing interest in investing in **clean energy** projects through the Clean Development Mechanism (CDM), and as a department we have embarked on a mass awareness campaign through provincial and sectoral workshops to increase the number of CDM projects. During the 2008/09 financial year, eight workshops were conducted as part of these awareness campaigns. We actively participated in international multilateral forums on sustainable development and climate change where these had relevance to energy.

During the year, the Department reviewed 45 CDM projects. To date 15 projects have been registered by the CDM Executive Board as CDM projects and four of these (Lawley Fuel Switch, Omnia Fertiliser Ltd Nitrous Oxide Reduction, Sasol Nitrous Oxide Abatement and Transalloys Manganese Alloy Smelter Energy Efficiency) have started claiming carbon credits.

Licensing of petroleum activities

The implementation of the Petroleum Products Amendment Act (PPAA), no. 58 of 2003, provides for the licensing of manufacturers (refiners), wholesalers and retailers of petroleum products. It also promotes the transformation of the South African petroleum and liquid fuels industry, thus giving effect to the Liquid Fuels Charter. As at 31 March 2009, approximately **14 050** licences had been received since the implementation of the Act, with the total number of all licence types processed standing at **9 390**, and approximately **4 660** waiting to be processed.

In February each year, as required by regulations to the PPAA, the Office of the Petroleum Controller receives annual information submissions from all licensed activities. This information is used to monitor the impact of the PPAA in the liquid fuels sector.



An interim intervention has been undertaken to mitigate the deficiencies of the current Petroleum Products Amendment Licensing System (PPALS) and the project plan for a refined system is in place. It is envisaged that this system will be implemented once the Department's information technology platform has been upgraded. In the mean time, the Office of the Petroleum Controller is also preparing to open offices in each province to expedite the licensing process. These offices, which will consist of a Regional Director and approximately four staff members, will obviate the need for applicants to come from all corners of South Africa just to lodge applications at head office in Pretoria. It is envisaged that the regional offices will be up and running by the end of July 2009. A national announcement will be made when these offices are ready to accept applications.

Petroleum Compliance Monitoring and Enforcement

The Compliance Monitoring and Enforcement Directorate is part of the Chief Directorate: Petroleum Controller. Its role is to see that all petroleum operators comply with the PPAA. This includes compliance with fuel specifications, pricing of regulated petroleum products, correct labelling of the pumps at the forecourt, and general adherence to the licensing conditions.

To enforce compliance, the Office of the Controller employs inspectors in all provinces whose main task is to do random site inspections. The inspectors do a combined number of 110 site inspections every month and their work is coordinated by the Director of this unit at head office. The unit had a number of challenges during the year under review, including budgetary constraints to carry on some aspects of the mandate especially on fuel specifications. The other challenge is the slow progress in expediting cases or prosecuting transgressors through the justice system. The unit is engaging other government agencies with the aim of collaborating with them in enforcing fuel specifications. It is also engaging the justice system to sensitise its officials about fuel specifications and the importance of expediting the cases that have been lodged.

Import and Export of Fuel Products

The importation of refined products is restricted to special cases where local producers cannot meet demand. It is subject to state control to promote local refinery usage. When overproduction occurs, export permits are required and generally granted, provided that the needs of both South Africa and other Southern African Customs Union members are met. More diesel than petrol is exported, owing to the balance of supply and demand of petrol and diesel relative to refinery configurations. Although petrol and diesel make up 55% of total liquid-fuel exports, South Africa is also the main supplier of all other liquid fuels to Botswana, Namibia, Lesotho and Swaziland.

Mining

The global financial crisis that commenced during 2008/09 pushed the economies of the world into significant economic slowdown, and in some instances, recession. Mining companies are experiencing varying levels of difficulty. Some have retrenched employees while others have either closed down completely or are under care and maintenance.

The Mining Industry Growth, Development and Employment Task Team (MIGDETT) was set up as an intervention to mitigate the severity of the crisis in the mining industry, and continues its efforts on interventions that can be applied over the medium to long term. The work of the task team has already yielded some positive results, including containing the levels of cumulative retrenchments to below 25 000, contrary to early forecasts that retrenchments in the sector would exceed 100 000 during the first year of the crisis. MIGDETT was also able to influence the deferment of the Royalty Bill, obtain stakeholder support for the beneficiation strategy, initiate the development of a Mining Development Agency and seek commitment from companies to the mining regulatory compliance in its entirety. This intervention has also served to encourage all stakeholders to work together and face the challenge as a collective.



Beneficiation Strategy

The Beneficiation strategy was launched on 31 March 2009 after approval was granted by Cabinet for the strategy to be circulated for broader consultation. The launch was used to inform stakeholders about the strategy and seek their inputs. Once all comments have been received, they will be incorporated into the strategy. The Beneficiation Strategy Task Team will then re-convene to prepare a Cabinet Memorandum seeking final Cabinet approval for the strategy to be adopted as a policy position for the country.

The role of small-scale mining in the community is critical as it has the potential to support community upliftment, job creation and poverty alleviation. To date, varying levels of success have been attained and for this reason, the Department is developing a new approach to maximise the impact of small-scale mining, with a particular focus on community development.

Strategy on the Rehabilitation of Ownerless and Derelict Mines

The Department has published a dynamic strategy for dealing with derelict and ownerless mines in South Africa, recognising the long heritage of mining and its inherent environmental liability. The strategy comprises three main components: the compilation and verification of a database of abandoned mines, the ranking of these mines in terms of their priority for rehabilitation and the proposal for the management of these sites.

Mine Safety

The Mine Health and Safety Amendment Act was approved and establishes the Mine Health and Safety Inspectorate (MHSI) as an entity of government. To this effect, Deloitte was commissioned to prepare a business case for the amalgamation of the Mine Health and Safety Council and MHSI. The business case has been finalised and the preparation for implementation is under way. Implementation of the amendments will also require the development of regulations, guidelines and codes of practices for mines, and health and safety representatives will be trained to further strengthen oversight of health and safety conditions.

Given its capacity constraints, the Inspectorate will use information at its disposal to profile mines and working places in terms of health and safety. The Department has signed a service level agreement with the University of the Witwatersrand to develop a customised training package for inspectors and other units to enhance capacity and broader appreciation of occupational health and safety in the sector.

To enhance decision making and improve management of health and safety at mines, a project was initiated to develop a mine health and safety management system. This will be finalised within the next 12 months.

Presidential Audits

The Mine Health and Safety Inspectorate completed the Presidential Audit during the year under review and will work hard to realise the implementation of the outcomes of the Tripartite Leadership Summit on health and safety at mines and the recommendations from the Presidential Audit Report. All stakeholders in the sector will be encouraged to continue to work together to improve the health and safety performance of mines.



Monitoring of our State Owned Entities (SOEs)

The variety and uniqueness of State Owned Entities (SOEs) reporting to the Minister of Minerals and Energy poses a great challenge with regard to the Department's oversight role. During the year under review, the Minister met with most of the entities' boards of directors to ensure that there is still alignment between boards' responsibilities and the Department's expectations of them. Although there has been a gradual improvement in the Department's oversight of its SOEs, a substantial amount of work remains to be done.

Budget Performance

The Department received a budget allocation of R3 786 billion (2007/08 - R2 974 billion) for the year under review. The total amount spent was R3 749 billion (2007/08 – R2 947 billion) leaving an under-spending of R37 million, or 0,98%. The under-spending is attributable mainly to transfers that could not be effected in respect of the **Demand Side Management Project**, delays in transfers to municipalities in respect of the Integrated National Electrification Programme, as well as vacancies in the Department that could not be filled during the year under review.

Service Delivery Improvement Plan (SDIP)

As part of intensifying the implementation of the Batho Pele programmes, the Department has developed the Service Delivery Improvement Plan (SDIP) in accordance with the Public Service Regulations of 2001. The implementation of this plan is being done as part of our continuous consultations with all institutions that are tasked with compliance monitoring, monitoring and evaluation such as the Public Service Commission and Treasury. The approved SDIP and service standards as submitted to the Department of Public Service and Administration will, among other things, be used as a basis for assessing the performance of the Department of Minerals and Energy.

Rollovers and virements between the main appropriation allocations for 2008/09 – details are listed as part of the Annual Financial Statements for 2008/09.



DEPARTMENTAL RECEIPTS AND PAYMENTS

The main sources of receipts for the Department are royalties, surface rental and prospecting fees collected from mining companies. On average, these receipts represented 92% of total annual departmental revenue for the period from 2004/05 to 2007/08, the exception being the 2006/07 financial year when transfers received contributed 72% of the revenue. The change in the normal trend was attributed to the receipt of non-departmental revenue of R466,5 million from the sale of assets from the Lebowa Minerals Trust. This once-off receipt was surrendered to the National Revenue Fund via the normal South African Revenue Services process of surrendering monthly revenue.

Actual revenue recoveries for the reporting period were higher than anticipated, mainly due to an increase in the receipt of royalties payments from individual mines. Receipts in respect of royalties and prospecting fees accounted for 90.6% of the Department's total revenue for the 2008/09 financial year.

Departmental receipts

DEPARTMENTAL RECEIPTS	2004/05 Actual R'000	2005/06 Actual R'000	2006/07 Actual R'000	2007/08 Actual R'000	2008/09 Target R'000	2008/09 Actual R'000	Deviation from target R'000
Sales of goods and services	8,822	2,512	1,812	3,362	2,622	5,638	(3,016)
Transfers received	-	-	466,511	-	-	-	-
Fines, penalties, forfeits	229	276	458	218	64	112	(48)
Interest, dividends, rent	102,262	129,803	188,515	244,126	197,002	256,089	(59,087)
Financial transactions	2,459	1,020	242	20,599	187	2,808	(2,621)
TOTAL	113,772	133,611	657,538	268,305	199,875	264,647	(64,772)

Summary of Expenditure per Programme

MINERALS AND ENERGY Programmes (Branches)		Original Budget (ENE) R'000	Roll-over of funds R'000	Shifting of funds (Adjust Estimates) R'000	Virement after AENE R'000	Unforeseen Unavoidable Surrender R'000	TOTAL Budget R'000	Actual Expenditure R'000	Variance R'000	Variance %
1	Administration	209,498	-	10,993	9,954	-	230,445	222,045	8,400	3.65%
2	Promotion of Mine Health and Safety	129,753	-	(2,800)	(7,143)	-	119,810	118,822	988	0.82%
3	Mineral Regulation	167,161	-	(5,020)	(12,869)	-	149,272	148,158	1,114	0.75%
4	Mineral Policy and Promotion	57,535	-	10,310	(3,180)	(2,900)	61,765	58,318	3,447	5.58%
5	Hydrocarbons and Energy Planning	65,097	-	(19,186)	(570)	-	45,341	44,199	1,142	2.52%
6	Electricity and Nuclear	61,991	1,950	17,471	13,808	180,000	275,220	262,575	12,645	4.59%
7	Associated Services	2,904,388	-	-	-	-	2,904,388	2,894,889	9,499	0.33%
	Mintek	135,834	-	-	-	-	135,834	135,834	-	0.00%
	Necsa	554,726	-	-	-	-	554,726	554,726	-	0.00%
	National Nuclear Regulator	20,333	-	-	-	-	20,333	20,333	-	0.00%
	South African Diamond & Precious Metal	40,000	-	-	-	-	40,000	40,000	-	0.00%
	Geoscience	122,672	-	-	-	-	122,672	122,672	-	0.00%
	Assistance to Mines	41,178	-	-	-	-	41,178	38,178	3,000	7.29%
	EDI Holdings Company	69,250	-	-	-	-	69,250	69,250	-	0.00%
	National Electrification Programme	1,920,395	-	-	-	-	1,920,395	1,913,896	6,499	0.34%
TOTAL EXPENDITURE		3,595,423	1,950	11,768	-	177,100	3,786,241	3,749,006	37,235	0.98%



MTEF TRANSFERS TO THE STATE OWNED ENTITIES REPORTING TO THE MINISTER OF MINERALS AND ENERGY

Name of the Institution	Amount transferred R'000
The South African Nuclear Energy Corporation Ltd (NECSA)	554,726
Council for Mineral Technology Research (Mintek)	135,834
The National Nuclear Regulator (NNR)	20,333
Council for Geoscience (CGS)	122,672
Mine Health and Safety Council (MHSC)	4,909
Electricity Distribution Industry Holdings (EDIH) Pty Ltd	69,250
SA Diamond and Precious Metals Regulator (SADPMR)	40,000
TOTAL	947,724

OTHER TRANSFERS TO SOEs REPORTING TO THE MINISTER OF MINERALS AND ENERGY

Name of the Institution	Reason for transfer	Amount Transferred R'000
Industrial Development Corporation of South Africa	Small-Scale Mining Projects	24,033
Council for Geoscience (CGS)	Implementation of Prevention of Water Inflow Solution	17,178
Electricity Distribution Industry Holdings (EDIH) Pty Ltd	National Electricity Response Team (NERT) – Project Management Office	10,000
TOTAL		51,211

TRANSFERS TO OTHER ORGANIZATIONS:

Name of the Institution	Project	Amount transferred R'000
Eskom	Integrated National Electrification Programme	1,240,758
Various Municipalities	Integrated National Electrification Programme	589,138
Eskom	Demand Side Management Project	170,000
Bethlehem Hydro (Pty) Ltd	Renewable Energy Subsidy Scheme	1,727
(Eskom) Roshcon (Pty) Ltd	Non-grid electrification projects	78,023
Grootvlei Proprietary Mines (Pty) Ltd	State assistance to mines – pumping of water from underground holdings	12,000
East Rand Proprietary Mines (Pty) Ltd	State assistance to mines – pumping of water from underground holdings	9,000
Renewable Hydro Technologies	Renewable Energy Subsidy Scheme	225
Solar Vision (Pty) Ltd	Non-grid electrification projects	2,354
Nuon Raps Utility (Pty) Ltd	Non-grid electrification projects	1,508
Darling Wind Power (Pty) Ltd	Renewable Energy Subsidy Scheme	2,600
Ethekwini Municipality	Renewable Energy Subsidy Scheme	753
TOTAL		2,108,086

The Integrated National Electrification Programme is aimed at providing financial support in the form of transfer payments and conditional grants to achieve universal access to electricity. This programme consists of transfer payments to Eskom, Municipalities and non-grid service providers for grid and non-grid electricity connections at schools, clinics and households.

The mines sub-programme provides assistance to marginal mines for the pumping of extraneous water from underground holdings and also provides research and strategic solutions to address the ingress of water into underground holdings in the Witwatersrand area.



CONDITIONAL GRANTS

Overview of conditional grants

The table below provides a summary of the type of grant(s), total allocations, and the transfer trends for 2008/09:

Schedule 6A: National Electrification Programme

Province	Total allocation R'000	Total transfers R'000
Western Cape	57,272	55,771
Northern Cape	3,413	3,413
Eastern Cape	137,266	137,266
Mpumalanga	49,348	47,248
Limpopo	59,036	56,636
North West	43,772	43,772
KwaZulu Natal	94,394	94,394
Free State	22,289	21,791
Gauteng	128,847	128,847
Total	595,637	589,138

Schedule 7: National Electrification Programme

Province	Total allocation R'000	Total transfers R'000
Eastern Cape	374,727	374,727
Free State	17,187	17,187
Gauteng	53,695	53,695
KwaZulu-Natal	234,887	234,887
Limpopo	169,493	169,493
Mpumalanga	82,695	82,695
Northern Cape	137,718	137,718
North West	24,840	24,840
Western Cape	55,511	55,511
Total	1,150,758	1,150,758



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

- Programme 1: Administration**
- Programme 2: Promotion of Mine Health and Safety**
- Programme 3: Mineral Regulation**
- Programme 4: Mineral Policy and Promotion**
- Programme 5: Hydrocarbons and Energy Planning**
- Programme 6: Electricity, Nuclear and Clean Energy**
- Programme 7: Associated Services**



PROGRAMME 1

PROGRAMME 1: ADMINISTRATION

Purpose: To enable the Department to deliver on its mandate by providing strategic management and administrative support to the Ministry and the Department of Minerals and Energy.

CORPORATE SERVICES BRANCH

The Branch provides strategic management and administrative support services to the Department and the Ministry.

Headed by the Deputy Director-General: Corporate Services, the Branch consists of five Chief Directorates, namely: (i) *Management Services* (Human Resources Management, Human Resource Development; Legal Services and Security Risk Management); (ii) *Communication* (Communication and International Co-ordination); (iii) *Special Projects and Programmes*; (iv) *Strategy, Risk and Monitoring* and (v) *the Ministry* (administratively).

SERVICE DELIVERY ACHIEVEMENTS, OBJECTIVES AND INDICATORS

Chief Directorate: Management Services

The Chief Directorate provides management support services to the Department regarding human resource and efficiency management, human resource development and capacity building, legal support services and security risk management. During the year under review, the Chief Directorate provided support services to line function components with a focus on restructuring and capacity building, thus aligning service delivery to new mandates and revised strategic priorities. A Service Delivery Improvement Plan was also developed as required in terms of the Public Service Regulations and in line with the Cabinet decision on revitalising Batho Pele. The plan was submitted timeously to the Department of Public Service and Administration and implemented.

Human Resource and Efficiency Management

This Directorate focuses on the provision of an integrated human resource management support service, which entails recruitment and selection, facilitating competency based assessments, facilitating performance evaluation of employees through the Performance Management and Development System (PMDS), managing service conditions, employment relations management and implementing PILAR, Employee Assistance Programmes. A considerable effort was made to recruit and retain employees to implement the new legislative frameworks for mining and petroleum, among others. For the 2008/09 financial year, the staff turnover rate was 16%, which was a slight improvement on the previous years.

Employment Equity is one of the key focus areas for the Department as required in terms of the Employment Equity legislation. At the end of the reporting period, employment equity in terms of race stood at 79% Black against 21% White. In terms of gender, females accounted for 32% of incumbents at both Senior and Middle Management levels. The biggest challenge for the Department remains the recruitment and retention of employees with scarce skills, as they are continually being offered better salaries and conditions of service by private sector companies wanting to meet their employment equity targets. The recruitment of disabled persons was also a challenge for the Department during 2008/09.



Human Resource Development and Capacity Building

The main purpose of the Directorate is to build human resource capacity through training and development interventions. The Department has intensified its planning around the use of accredited service providers and ensuring targeted training for technical, line function and administrative components. Achievements include but are not limited to:

- Departmental bursaries for internal staff members.
- Executive Development Programme for Senior Managers with Wits Business School
- SASOL Oil Company sponsorship for officials to study for MBA degrees.
- *Internships (Administration and Electricity- INEP)*
- *Malaysian Scholarship Programme*
- *Bursaries for external candidates (Mine Health and Safety and Nuclear Energy Branches)*
- *Learnership (Internal Audit and Public Administration)*

Legal Services

The Legal Services Directorate provides a comprehensive legal support service to the Department through the provision of legal opinions and advice. It assists with legal drafting, litigation, and ensuring the implementation of the Promotion of Access to Information Act (PAIA) and the Promotion of Administrative Justice Act. The Directorate also provides assistance in the determination of culpability of officials where official property has been lost or damaged by officials and renders assistance to the Minister in respect of appeals lodged against the Department for decisions made in terms of departmental legislation. The outcome of an assessment of the implementation of the PAIA process has compelled the Department to review its implementation strategy, and to conduct workshops in regional offices. The new strategy has improved the speed at which mining licences are finalised and enabled the Department to stay within the legislated time-frames. By the end of the year under review, the Department had completed the revised structure of this directorate, to enable it to meet the demand for its services.

Chief Directorate: Communications and International Co-ordination

The Chief Directorate comprises two Directorates: Communication and International Co-ordination. The Chief Directorate is responsible for developing policies and implementing communication strategies. This involves the provision of an effective (Ministerial) spokesperson service and for the Department, ensuring that there is a continuous and logical communication link between the Ministry, the Department and external stakeholders such as the Parliamentary Portfolio Committee on Minerals and Energy and others.

Communications Directorate

The Communications Directorate is responsible for providing and implementing internal and external communication strategies for the Ministry and the Department. This includes media liaison, stakeholder relations, event management, co-ordinating, marketing, advertising and media campaigns. The section is also responsible for organising outreach programmes, public education, publications services, library services and other initiatives that contribute to the enhancement of the Department's reputation and image. Some of its functions include maintaining and strengthening relations between the Department and its internal and external stakeholders, assisting in upholding a positive culture within the Department through visible and transparent communication, and positioning the Department as a caring and responsible corporate citizen with sound corporate culture and values.

Media liaison

This unit develops and implements the policy and strategies for an effective external liaison service. Through its media liaison service, the Directorate uses print and electronic media to communicate the Department's programmes to its external stakeholders in South Africa and internationally. The unit also fulfils a media liaison function between the Ministry, the Director-General's office, the Department, external



bodies and the public, and is involved in inter-governmental liaison, media relations, exhibitions and external branding, workshops, outreach programmes and public education, among others.

The Directorate is tasked with the responsibility of providing efficient media monitoring and conducting media analysis on the newsworthy issues about the minerals and energy sector globally. It is the Communication Directorate's task to develop and implement innovative media plans for strategic intervention purposes.

Publications

During the year, the Directorate published and co-ordinated the production and distribution of a number of news bulletins and published material, such as the internal staff newsletter, Ntome Tsebe, the Department's quarterly news bulletin, the Mine Health and Safety news bulletin and Molato, an external stakeholder publication targeted at Cabinet Ministers, Members of Parliament, decision-makers in the mining and energy sectors, potential foreign investors and black economic empowerment forums and other interested parties. The Directorate also co-ordinated the production of departmental documents such as the annual report and strategic plans.

Molato is an external stakeholder publication that the Directorate co-ordinates. Its aim is to create and maintain awareness of the department's value-added capabilities, positively influence awareness of the department's policies and objectives, stimulate progressive discussion and debate within the mining and energy sectors, and accord industry and labour a forum to engage with its stakeholders. This publication is targeted at Cabinet Ministers, Members of Parliament, decision-makers in the mining and energy sectors, potential foreign investors and black economic empowerment forums and other interested parties.

Internal liaison

This sub-directorate facilitated the dissemination of information to employees at both head office and regional offices through noticeboards, news bulletins, educational information sessions, website services (internet/intranet) and internal library services. The unit was also responsible for the development and implementation of policy and strategy for effective internal liaison. Its other internal responsibilities include the provision of library information services, maintenance of the departmental website and intranet with assistance from Information Management Systems; co-ordination of media monitoring and communication support services e.g. internal promotions, regional liaison, compilation of calendar of events, promotions of internal functions and special events in conjunction with Special Programmes and projects; and rendering an effective reception and switchboard service for the department.

International Co-ordination

The IC Directorate continued to participate in a number of forums and meetings to advance our agenda in the minerals and energy sectors internationally. Notable achievements this year included the following:

- Co-ordinating the Electricity Chief Directorate's international effort to source best practice in the area of energy efficiency. This is part of the Department's mandate to assist Eskom to reduce electricity demand and change the mindset of our people. Cuba sets a good example and its solutions are easily adaptable due its history and similar outlook. Iceland shares our similar experience in the area of inculcating an energy-saving ethic among its population. For the purposes of exchanging expertise and identifying opportunities in research and development, representatives of the Department visited strategic countries such as Austria, USA, China, Tunisia, Senegal, Algeria, Mozambique, DRC, Ukraine, Russia, Germany and Australia.
- A Memorandum of Understanding on energy co-operation was signed with Venezuela with the specific aim of securing crude supplies for PetroSA and other technical assistance. This initiative will further enhance our energy security in terms of our master plan.
- We continued to create linkages at bilateral, multilateral and trilateral mining and energy forums. These included the International Atomic Energy Agency, Africa Mining Partnership (AMP), India, Brazil, South Africa (IBSA) and Southern African Power Pool (SAPP). The



Department also participated in structured Bilateral Commissions and Joint Permanent Commissions with Gabon, Congo Brazzaville, Equatorial Guinea, Botswana, Mozambique, Zambia and Zimbabwe respectively with the aim of advancing economic development.

- There is increased focus on renewables in the light of global warming. With this in mind, the Minister signed a Memorandum of Understanding with the Danish and Norwegian counterparts seeking to promote energy efficiency information exchanges between the three countries. International Relations also contributed by advising international companies about investment opportunities in the South African minerals and energy sectors.

The International Co-ordination Directorate will continue focusing on the above areas and has developed an International Engagement Strategy which was approved by the DME Executive Committee. The plan addresses priority areas and countries in line with our national interest.

Chief Directorate: Special Projects and Programmes

The Chief Directorate continues to play a significant role in ensuring that the Department addresses the issue of transformation by facilitating the mainstreaming of gender and youth programmes within the mining and energy industries.

During the year under review the Chief Directorate, in a bid to develop skills in the mining and energy sectors, supported the Minister of Minerals and Energy's endeavours to ensure that some of the schools in the Eastern Cape are adequately provided with the necessary science equipment. With the assistance and support of the Department's State Owned Enterprises (SOEs), Eskom and PetroSA provided computers and printers for learners in some of the Eastern Cape schools. The SOEs also assisted some of the schools as well as Further Education and Training Colleges (FET) with the building and supply of equipment for the school science laboratories.

The Chief Directorate continues to support and encourage youth development. In partnership with PetroSA, the Department facilitated the launch of the building of a Nkungumathe Community Centre in KwaZulu-Natal, which has a dearth of facilities and services.

Strategy, Risk and Monitoring Chief Directorate (the Compliance Office)

The Chief Directorate co-ordinates the Department's strategic planning, risk management, fraud prevention, annual reporting and monitoring of compliance (by the Department and its public entities), and is the Department's focal point for corporate governance. In conjunction with line function branches, the Chief Directorate exercises oversight of the activities of public entities reporting to the Minister of Minerals and Energy.

During the year, the 2007/08 annual reports of the Department and its public entities were tabled in Parliament on time, as was the Department's 2008/9 - 2010/11 Strategic Plan Together with the public entities, this office ensured compliance with the administrative, financial and legal requirements as stated in the Public Finance Management Act (PFMA) and Treasury Regulations, the founding Acts of the entities, and the Companies' Act (where applicable).

Corporate Governance

Public entities/state-owned entities reporting to the Minister of Minerals and Energy are governed by the PFMA, which is government's broader strategy to improve financial management in the public sector; the Protocol on Corporate Governance in the Public Sector (a government guideline on how State Owned Entities need to implement corporate governance); as well as the King Report II on Corporate Governance for South Africa. Corporate governance is crucial for the Department's efforts to create an environment of good conduct, improved internal controls, risk management and better corporate culture for itself and its public entities.



During 2008/09, the public entities' annual strategic plans, business plans, shareholder compacts and their budget proposals were reviewed and approved by the Minister. Delays in the approval of some of the documentation were due to ongoing discussions between the Department and the entities concerned to ensure alignment of their strategies to government priorities.

The Ministry

This Chief Directorate provides Parliamentary and Ministerial support services to the Office of the Minister of Minerals and Energy.

BRANCH: CHIEF FINANCIAL OFFICE

The purpose of the Branch: Chief Financial Office is to provide support for the promotion and regulation of minerals and energy sectors, focusing mainly on financial, supply chain, facilities and information management services.

This office consists of the following directorates: Supply Chain Management which is primarily responsible for providing an acquisitions, logistics and asset management service to the DME, Information Technology, Systems Development and Maintenance, Financial Planning and Management Accounting (ensuring implementation of minimum financial controls and compliance with regulations and legislation), Expenditure Management and Transport, Facilities and Records Management.

ICT Infrastructure and Systems

Over the past three years, the Department has invested a substantial amount of money in upgrading its ICT infrastructure through various projects, including the Storage Area Network (SAN), Voice over Internet Protocol (VoIP), Virtual Private Network (VPN) and Desktop upgrades. Although the benefits of this investment are still being realised, proper management and capacity have been created to ensure optimal results.

The Department's first Master Systems Plan (MSP) was approved, with the following high-level objectives:

- a) foster a closer relationship between the DME business and the DME IMST organisation, in which the objectives of the DME IMST organisation are aligned to that of the DME's business;
- b) fulfil the "information plan" requirements of the Public Service Regulations of 2001 as amended in July of 2002;
- c) translate the DME business objectives into IMST initiatives; and
- d) Detail a list of IMST initiatives in support of the business strategy.

Expenditure Management

During the year under review, the forensic auditors contracted by the Department to investigate fraudulent activities, which had been reported in the preceding year, continued to work with the South African Police Service (SAPS) to finalise this matter. Of the R8 630 621.88 that was successfully frozen in the respective recipient accounts, R1 900 652.32 was reimbursed to the Department and accounted for in the previous financial year. The balance of R6 729 969.56 is currently held in the remaining accounts and is the subject of a recovery process by the Asset Forfeiture Unit (AFU). An advocate preparing the application is waiting for the finalisation of an asset tracking exercise on each of the entities concerned as well as the principals of the respective entities. The Asset Forfeiture Unit commenced with the asset tracking exercise which, it is anticipated, will be finalised soon. Once finalised, the application will be lodged.

Expenditure Management has since reviewed its internal control measures in the payment process which will enable early detection of external transactions made. Effective mitigating controls to prevent a recurrence of this matter were defined and implemented during the



year. The payment reconciliation that was introduced as a control measure does not only detect transactions that are generated externally and therefore invalid, but it also enables the Department to stop payment before it gets into the beneficiary's account. Accessibility to the transversal system (BAS) was also enhanced. This was done by reviewing users and modifying their profile accordingly; with the request form having to be signed off by Senior Managers of both the requesting official and the system controller. In addition to the internal control measures that the Department put in place, National Treasury has revised the threshold for amounts that should be approved on Safety web from R5 million to R1 million. The implication is that any payment to the value of R1 million and over is automatically re-routed to a credit transfer which requires additional approval by the pre- authorised officials, and this offers an element of comfort in that it is independently administered at a safer and external environment.

MAJOR ACHIEVEMENTS OF 2008/09

Budget performance

The Department's performance on budget was within the acceptable standards. This was achieved through the introduction of stringent budgetary control measures including the formation of the budget committee and monthly cash flow reviews.

Improvement in procurement and payments

Implementation of the Supply Chain Management framework in the previous year has resulted in improvements in procurement turnaround times, increased accountability and effective asset management. The centralisation of receipt of invoices also led to improved turnaround times for payments and the ability to respond to queries.

Closure of Lebowa Mineral Trust (LMT)

When the former homelands were incorporated into the new democratic government, the LMT was abolished through an Act of Parliament. All assets and liabilities belonging to the LMT had to be transferred to the state through the Department of Minerals and Energy. The process of winding up the LMT was finalised in February 2009 with the Minister approving the transfer of immovable assets to the Bathlabine Trust for brick-making purposes

Approval of policies within Finance and Supply Chain:

All policies within the Chief Directorate: Finance and Supply Chain Management were approved in January 2009. This followed the approval and implementation of the Procurement and Subsistence and Travel policies during 2008. The implementation of the approved policies are due to come into effect from 1 May 2009.

CHIEF DIRECTORATE: AUDIT SERVICES

The Department has an Internal Audit function that is under the guidance, direction and supervision of a Chief Audit Executive. The function is responsible for providing independent assurance and consulting services, and is positioned to add value and improve the Department's operations. To maintain its independence, Internal Audit reports administratively to the Director-General and functionally to the Audit Committee. The unit's authority includes no limitation on its access to both the staff and the information. The function has been operational since 1999 and it obtains its mandate from the Internal Audit Charter, which was reviewed and approved by the Audit Committee in the reporting period. The unit developed and obtained the approval of both the annual and rolling three-year strategic plan, which were based on key risks facing the Department. The status of the progress on the performance of the audits on the annual plan was presented to the Audit Committee on a quarterly basis. In order to achieve its main objective of assisting the Department to achieve its objectives, the function reviewed the adequacy, effectiveness, and efficiency of operations of all branches of the Department.



The audits conducted during the year were mainly compliance, information technology, performance and financial. The function co-ordinated its efforts with other internal (e.g. the Compliance Office) and external (e.g. the Auditor-General) assurance providers, to ensure proper coverage and to minimise possible duplication of effort. The unit's operations are guided by the requirements set out in the legislative prescripts, notably the PFMA and the Treasury Regulations, and the standards set by the relevant professional bodies, such as the Institute of Internal Auditors.

PROGRAMME 1: CORPORATE SERVICES

PURPOSE: To enable the department to deliver on its mandate by providing strategic management and administrative support to the Ministry and the Department of Minerals & Energy.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Create an enabling environment for effective and efficient service delivery.	DME planning cycle aligned to the Government's.	Structured planning cycle.	Develop and implement the Integrated Strategic Planning Framework for the Department.	Adopted Departmental Plan.	2008/09 End May 2008	The Departmental Strategic plan document was tabled in Parliament on 22 May 2008.		The Department is in the process of implementing the Balance Scorecard methodology to ensure structured planning.
		Improved performance review and reporting.		Plan implemented (start date).	Quarterly reviews starting end June 2008.	The Department's quarterly performance reports are reviewed by the Compliance Office and submitted to the Director-General and Minister.	Reported information does not always correspond with actual progress.	Internal Audit started verifying reported progress against actual source documents.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Create an enabling environment for effective and efficient service delivery.	Improved service delivery levels.	Departmental structures aligned to strategy.	Implementation of the Human Resources Plan.	A revised organisational structure for the Department implemented.	2008/09 Start October 2008.	PriceWaterhouseCoopers was appointed from 1 October 2008 to align the structure to the departmental strategy. An "as-is" analysis was finalised and a scope change was required to include the development of business processes. This work commenced on 1 February 2009.	The fact that the scope of the project change derailed the timeframes for the project.	
		HR requirements aligned to the Departmental strategy.		Approved integrated HR Plan implemented.	Start July 2008.	50% of the Workplace Skills Plan was implemented.	Funding.	
		HRD Plan aligned to the strategy.	Implementation of the HRD Strategy.	Workplace skills plan implemented.	Annual review to start March 2009.	<u>HRD Strategy</u> Inputs from different Branches received and the document will be received for the Director-General's approval.	Budgetary constraints.	
						The first group of the Advanced Management Programme is scheduled to attend in May 2009.		

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/Targets	Results / Progress and Verification Source	Constraints	Corrective Action
					2008/09	Project Management course approved by the Bid Adjudication Committee; to be attended in May 2009. <u>Learnership Programme</u> Two learnerships were implemented, namely the Internal Audit learnership and Public Administration learnership. 14 learners are participating in these two learnerships. <u>Internship Programme</u> 167 interns have been placed in various components of the Department for the 2009/10 internship programme. BURSARIES Pass rate increased by 16%. 18 breach of contract cases recorded. <u>France Scholarship</u> Two more officials have been offered Areva France Scholarships. <u>Malaysian Scholarship</u> Short listing has been conducted for the intake of the 2009/10 programme.		

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/Targets	Results / Progress and Verification Source	Constraints	Corrective Action
					2008/09	<u>Orientation Programme</u> 271 officials attended the Departmental orientation course for 2008/09. 78 officials attended the Massified Induction Programme		
Create an enabling environment for effective and efficient service delivery.	Individual performance linked to organisational performance.	Standardised and objective monitoring and evaluation of the Department's activities.	Facilitate the implementation of the computerised Performance Management and Development System (PDMS).	Computerised PMDS system implemented.	Start April 2008.	The computerised PDMS programme was developed but due to IT problems this could not be implemented.	Challenges were encountered with the IT systems, which affected implementation.	The CFO's office has engaged consultants to stabilize and refurbish the ICT infrastructure.
Create an enabling environment for effective and efficient service delivery.	Individual performance linked to organisational performance.	Improved attraction and retention of skilled employees	Develop and implement a Talent Management Strategy.	Reduction in staff turnover.	Annual review of the strategy – beginning March 2009.	A draft Talent Management Strategy was developed and presented to Exco. As soon as funding is available some of these projects can commence.	No funding approved for retention plan.	In the MTEF budget review, funding was requested for the retention plan.
Create an enabling environment for effective and efficient service delivery.	Accessibility of critical information and improved decision making.	Centralised, structured and well documented institutional knowledge	Facilitate the co-ordination and development of the Department's Knowledge Management Strategy.	Approved strategy. Implementation of strategy.	End June 2008. Start July 2008.	Not achieved.	Capacity constraints and the fact that no needs analysis was done prior to the drafting of the Strategy.	Appointment of a service provider to undertake the needs analysis expected to be done during the first quarter of the new financial year.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Create an enabling environment for effective and efficient service delivery.	Improved governance and performance of the Department's Corporate Services.	A well-managed and effectively co-ordinated branch	Develop and implement the Corporate Services' Operational Framework.	An integrated Corporate Services unit. Approved framework Implementation.	2008/09 April 2008. Start May 2008.	Not achieved.		The implementation will be done in the next financial year as part of the implementation of the Balance Scorecard
Create an enabling environment for effective and efficient service delivery.	Improved monitoring and oversight of SOEs activities. Improved level of compliance by the Department.	Improved monitoring and oversight of SOEs activities.	Develop and implement the Integrated Compliance and Monitoring Framework.	Unqualified audit reports. Improved shareholder activism.	March 2009. June 2008.	Draft Monitoring Framework is in the process of being finalised. The implementation of the Monitoring Framework will commence in the next financial year.	Human resources	Revised structure has been discussed with HR but will only be implemented once PWC has completed the organisational review.
Create an enabling environment for effective and efficient service delivery.	Improved corporate governance.	Structured management of departmental risks.	Facilitate the implementation of the Department's risk strategy.	Improved mitigation and reporting on departmental risks.	Quarterly reporting to Risk Management Committee and Audit Committee	The Department's risk profile has been developed. The risk mitigation action plans have been formulated and assigned to the responsible risk owners and with the associated timelines. There is quarterly reporting to the Audit Committee and the Risk Management Committee.	Human resources	Revised Structure has been discussed with HR but will only be implemented once PWC has completed the organisational review.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Redress past imbalances.	The Department transformed in line with the demographics of the country.	Representative workforce.	Implementation and maintenance of the Department's Employment Equity Policy and Plan	Departmental Employment Equity targets met.	Annual review November (starting November 2009)	Implementation and maintenance of the Employment Equity Policy and plan are on target with the exception of people with disabilities and women in middle management.	The latter is due to the scarcity of women in the Mine Health and Safety Branch on these levels.	None required
Effective financial management.	Funding in line with identified priorities.	Funds used for identified priorities.	Appropriate budgeting processes. Align resource requirements with budget.	% deviation from budget.	Less than 5%.			
Redress past imbalances.	Transformed minerals and energy sectors for the benefit of the vulnerable groups.	Mainstreamed gender and youth within the Department's policies and programmes.	Co-ordinate and implement youth and gender programmes within the Department.	Approved departmental framework on gender and youth empowerment.	Approved departmental gender and youth strategies by 31 March 2009.	Not achieved	Human resource constraints and the fact that the consultation processes with the relevant stakeholders took longer than anticipated.	The Draft Gender Strategy is currently being discussed with the Departmental employee organisations and other stakeholders.
	Creation of a platform for information sharing.			Implementation of framework.				The Youth Strategy is still in draft form. Draft with inputs from Umsobomvu will be available end of May 2009. Finalised Youth Strategy due end of June 2009.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Actively contribute to sustainable development and growth.	Improved relations with strategic countries and partners.	Improved knowledge of economic strategic partners and platforms.	Implementation of the strategy to market and communicate the Department. Implement the International Co-ordination Engagement Plan.	Implementation of the Media and Stakeholder Engagement Plan and Marketing Plan.	Development of at least one new Programme related promotional material and publication by end March 2009	Developed Energy Efficiency Booklet but the printing of the Booklet has not been completed due a dispute with service provider.	Due to service provider challenges the booklet has not been printed. The matter has been handed over to the DME Legal Services	The Department is collaborating with the GCIS on an Energy Efficiency awareness campaign.
						Not completed	The Department is still in the process of stabilising the ICT infrastructure.	Press briefings held regularly, media statements issued on all new policy developments and queries dealt with timeously.
						Press briefings held regularly, media statements issued timeously. Pro-active media responses given. Media Clippings of all media engagements available.	Budget constraints.	Draft policy on Public Liaison has been developed pending approval; this will ensure proper budgeting and allocation of funds for public liaison
			Implement the International Co-ordination Engagement Plan.	Approved and costed International Co-ordination Relations strategy and Engagement Plan.	Host 1 stakeholder briefings on priority policy developments by March 2009 International Relations strategy and Engagement Plan to be approved by end September 2008 and aligned to proposed structure.	Document approved – currently in implementation stage (Engagement Plan).	Resources (financial and human) constraints.	Partial implementation of proposed structure and budget
						The Directorate was restructured (proposed structure aligned to draft strategy).		

PROGRAMME 1.1: CHIEF FINANCIAL OFFICE

PURPOSE: Provide administrative support to the Ministry and the Department with regard to Financial, System Development and Maintenance, Information and Supply Chain Management

Chief Financial Office Strategic Objectives:

- To create conditions for sustainable growth and development for the benefit of all South Africans.
- To create an enabling environment aimed at supporting the development and implementation of policies and legislation.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/ Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Create conditions for sustainable growth and development for the benefit of all South Africans.	Sustainable BEE.	Sustainable SMMEs.	Develop and Implement Preferential Procurement Policy.	Increased participation by target groups in procurement.	Approved Policy. 60% of procurement spend.	Not achieved.	The absence of suitably qualified companies from target groups to conduct certain technical jobs. The rating criteria are also limited to equity.	Implementation of the new scorecard once the alignment of PPPFA and BBBEE is done.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/ Targets	Results / Progress and Verification Source	Constraints	Corrective Action
To create an enabling environment aimed at supporting the development and implementation of policies and legislation.	Healthier, safer and accessible working environment.	Integrated facilities management plan and provision of office accommodation in line with Departmental requirements. Provision of adequate office accommodation in line with Departmental needs.	Develop and Implement Office Accommodation Plan.	Integrated facilities management plan and provision of office accommodation in line with Departmental requirements.	31 May 2008.	Achieved = DME Office Accommodation Plan.		
To create an enabling environment aimed at supporting the development and implementation of policies and legislation.	Resources allocated and utilised on key priorities.	Reduced under / overspending and/or reduced virements. Departmental resource allocation and utilisation plan. Clean audit report. Compliance with the PFMA and Treasury Regulations.	Align budget to departmental priorities. Monitor compliance with relevant legislation and internal policies. Proper revenue management and expenditure through the development and implementation of processes.	Approved Departmental resource allocation and utilisation plan. Reduced under / overspending and/or reduced virements.	31 March 2009. 3% of budget	Achieved, 60% responsible DME managers developed own spending plans and the balance assisted by Financial Planning and Management Accounting. Achieved, 0.88% under spending recorded at 31 March 2009.	Limited budget/ costing knowledge.	Adequately capacitating of the budget office to conduct proper budgeting techniques intervention

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/ Targets	Results / Progress and Verification Source	Constraints	Corrective Action
To create an enabling environment aimed at supporting the development and implementation of policies and legislation.	Resources allocated and utilised on key priorities.	Resources utilised within the legislative framework.	Monitor compliance with relevant legislation and internal policies.	Clean audit reports maintained.	Annually. 2008/09	Unqualified audit report achieved for 2007/08.	- Limited budget/ costing knowledge.	
		Approved revised policy on administration of provisions for rehabilitation.	Streamlining the management of provisions for rehabilitation.	Policy approved and implemented.	30 June 2008.	Not achieved, policies in draft but some have been recommended for Director-General approval while some will undergo the next process (Departmental Bargaining Chamber (DBC))	Bottlenecks in approval process (Management Committee/DBC Chamber (DBC)).	Special Management Committee meetings
		Resources managed in line with the newly revised trust deeds.		Audit report for the trust.	Unqualified audit.			
To create an enabling environment aimed at supporting the development and implementation of policies and legislation.	Resources allocated and utilised on key priorities.	Improved Financial Management	Develop and implement policies and procedures.	Approved policies and clearly documented guidelines.	May 2008	Partially achieved. Some policies were approved in January 2009.	The remaining policies subject to the Departmental Bargaining Council process.	Will finalise the approval process by 2009/10 financial year.
		No SCOPA hearing on audit queries.		Approved communication strategy on policies and procedures.	June 2008	Not achieved.		This will be finalised once all policies are approved.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measure	Timeframes/ Targets	Results / Progress and Verification Source	Constraints	Corrective Action
To create an enabling environment aimed at supporting the development and implementation of policies and legislation.	Enabling Information Communication and Technology environment for DME Service Support	Enabling Information Communication and Technology environment.	Plan and Provide ICT Infrastructure that will enable DME to achieve its legislative mandate	Approved IT infrastructure plan Upgraded network and ICT infrastructure	June 2008 Implemented in line with the plan.	Achieved = IT infrastructure Plan. Achieved = Wide Area Network report.		
To create an enabling environment aimed at supporting the development and implementation of policies and legislation.	Enabling Information Communication Technology environment for DME Service Support.	Developed Master Systems Plan (MSP).	Develop and maintain information systems.	MSP Recommendations Implemented.	Improved Decision Making.	Partially achieved = As per MSP implementation plan.	Re-prioritisation of funds to address the infrastructure requirements.	Review MSP implementation plan and align it to the budget.
To create an enabling environment aimed at supporting the development and implementation of policies and legislation.	Resources allocated and utilised on key priorities.	Increased productivity and efficiency.	Review and develop capacity.	Structures aligned to the identified needs. Training needs identified and addressed.	Increased productivity and efficiency.	Partially achieved.	Awaiting restructuring processes to be finalised.	Implementation of new structure once the restructuring process is finalised, in line with availability of funds.

SERVICE DELIVERY IMPROVEMENT PLAN 2008/09

BRANCH: CHIEF FINANCIAL OFFICE

1. Directorate: Expenditure Management							
PROCESS	CLIENTS	KPI / OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Invoice Management	Suppliers / Creditors	Well-informed clients.	Re-define Expenditure Management (EM) and SCM roles in payment processes.	Established environment/home for invoices that will provide seamless channel of communication to all clients.	To reduce the number of invoices sent back to suppliers.	By 30 June 2008	Invoice management together with communication with service providers migrated to SCM from 1 May 2008.
	Supply Chain Management (SCM)	Improved turnaround time.			To reduce miscommunication as a result of communicating from different areas.		
	Other branches	Centralised point of invoice management.					
List of accruals / commitments	Financial Planning and Management Accounting (FPMA) National Treasury	A single source of accruals / commitments.	Re-define SCM and EM roles on outstanding invoices and commitments.	A single list of accruals / commitments at year end.	To eliminate duplication of duties and enhance reporting and integrity of information provided to Financial Planning and Management Accounting (FPMA) at year-end.	March 2009	Invoices are used as the source for accruals and SCM will provide an accrual list for 2009 since maintenance of the invoice register has migrated.
Utilisation of SMS facility	DME travellers	Satisfied clients.	Reconcile the messages sent with the Mira reports.	Reduced number of follow-up queries. Increased performance as a result of having satisfied clients.	To improve communication by ensuring that every client is updated on their S&T status.	September 2008	Reconciliation of Mira reports only started in November 2008 due to the vacant post of state accountant and is an ongoing exercise which needs improvement.

1. Directorate: Expenditure Management							
PROCESS	CLIENTS	KPI / OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Processing of claims	DME travellers	Informed clients.	Communicate reasons for non-processing of claims.	Reduced number of enquiries following up on unprocessed claims. This will eventually improve performance as more time will be spent on processing.	To bridge the communication gap that currently exists and proactively communicate with clients thereby improving customer relations.	May 2008	Reason for non- processing of claims is an ongoing process since May 2008. Effectiveness of this process needs to be assessed as enquiries have increased.
Customer service management	DME travellers Travel Co-ordinators Administrators	S&T Information Centre	Establish an environment where clients' enquiries can be directed and attended to effectively.	To provide consistent information on S&T to all clients and reduce the number of incorrectly completed forms.	To enable clients to gain a better understanding of the revised S&T Policy.	September 2008	Revised policy approved on the last week of October and implemented from 1 November 2008. Workshops at regional offices scheduled to take place from February 2009.
Resignation / termination of service or transfers	DME employees Former employees Pension Administration SARS	Improved turnaround time. No finance charges levied as a result of late payment of proceeds.	Fill vacant positions. Train new staff. Aggressive monitoring of the book out register.	Established staff complement. Well-trained and competent staff. Smart supervising/ managing.	To reduce the current average turnaround time of 49 to 78 days to an acceptable 30 days. To reduce the number of complaints received from dissatisfied clients.	July 2008	Slow improvement due to systems problems and study leave taken during October-November, resulting in inadequate human resources to deal with the increased number of resignations and shorter working days in December.
Clearing of suspense accounts	Financial institutions Other departments FPMA National Treasury	Amounts not more than two months old in suspense accounts.	Changed approach in communicating / following up on amounts in suspense accounts (1- notification; 2-reminder and 3- final demand).	Improved turnaround time. Continuous Compliance with PFMA. Reduced number of queries.	To maintain the suspense (Clearing) accounts in the required manner.	By 30 June 2008	Significant improvement on the clearance of suspense account. Follow-up letters have been sent on a monthly basis since May 2008.

1. Directorate: Expenditure Management						
PROCESS	CLIENTS	KPI / OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME
						ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Creation / Changes of Structures	Human Resources FPMA Other branches	Structure that is aligned to budget.	Formalise process of creating or amending the structure. Effect the changes timeously.	Improved cash flow management. Sound management decisions that are based on correct information. Improved spending pattern.	To prevent misinformation and over spending or under spending resulting from distorted information that stems from misallocation.	September 2008 Creation of structure on BAS and PERSAL was completed in April and interfaced in June 2008. Information pertaining to changes in pay points is forwarded to HR for amendment immediately upon receipt of notification from pay point managers.
Maintenance of Irregular and Fruitless and Wasteful expenditure	FPMA National Treasury Auditors (internal and external)	Updated registers. Good cash management.	Enhance the follow-up approach on irregular expenditure. Enforce compliance to departmental policy and ensure participation of branches. Recover fruitless and wasteful expenditure in the year that they were raised / incurred	Compliance to PFMA.	To instil a culture of financial discipline within the Department.	June 2008 Both the Irregular and Fruitless and Wasteful registers were up to date in December 2008. Communication is sent to the relevant branch upon identification of irregular expenditure, and outcomes are updated where disciplinary action is taken by the branch. Identified fruitless and wasteful expenditure is continuously being recovered.

2. Directorate: Financial Planning and Management Accounting (FPMA)							
PROCESS	CLIENTS	KPI / OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Medium Term Expenditure Framework (METF), Estimated National Expenditure (ENE) and Adjusted ENE.	Accounting Officer and responsible DME managers.	Budgets aligned to DME priorities.	Detailed spending plans with precise costing.	Reduction in over / under spending and budget adjustments	Production of "winning" Budget proposals and Bids.	September 2008	Partially achieved. New funding was received in respect of Renewable Energy Finance Subsidy Office (REFSO) and Demand Side Management – Eskom and Working for Energy project R55 million, R305 million and R45 million over MTEF respectively. R180 million received in 2008/09 adjusted ENE and inflationary adjustments. The DME 2009 ENE chapter as signed by the DG formed part of 2009 National ENE.
Detail budgets preparation and on-line budget and expenditure reporting.	Accounting Officer and responsible DME managers.	Automated budgeting and reporting.	Acquisition of proper budgeting and reporting tool.	Systematic and standardised detail budgets and management reports.	Reliable dash board reporting.	September 2008	External acquisition of budgeting and reporting tool decommissioned due to escalating costs that relate to training and support. Internal development is underway.
Co-ordination of Head Office and Regional activities and working relations Management.	Permit holders, Regional Managers and Heads of Administration: Regions (SP).	Improved work flow and better working relations.	Information and review sessions (HO and Regional personnel).	Better understanding and flow of activities. Open lines of communication.	Bridging the relations gap between HO and Regional offices.	Ongoing since commencement in June 2008.	Regional visits done as part of the project to re-compile rehabilitation trust registers. Issues relating to interdependencies between FPMA and regional office processes are being addressed.
Creation of complete rehabilitation provision registers.	Accounting Officer, Trustees, Regional Managers Head of Administration: Regions (SP).	Registers reconciling with cash provisions.	Appointment of service provider.	Clearance of unidentified credits.	Precise financial information for correct and improved reporting.	Appointment by May 2008.	The project was awarded to a BEE company, Maxima and is in phase three of the project plan.

2. Directorate: Financial Planning and Management Accounting (FPMA)						
PROCESS	CLIENTS	KPI / OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME
						ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Development of investment guidelines for cash rehabilitation provisions.	Accounting Officer and Trustees	Increased Return on Investment (ROI).	Pre-determined time lines and/or values for transfer of investment capital.	Increased Return on Investment (ROI).	Reduce cash accumulating at non-performing instruments (deposits).	Guideline approved by May 2008. Still in draft form.
Expansion of FPMA establishment.	Human Resources Management and Expenditure Management (SP).	Fully capacitated directorate.	Initiate the job evaluation and approval process.	Appointment of additional officials in new posts.	Increase the structure to match the required support by DME.	March 2009 Two systems analysts –in March 2009. The remainder is subject to availability of funds.
DME annual/ mid term financial - statements preparations	Accounting Officer CFO DME	Clean audit report.	Design user-friendly data collection schedules for monthly collection of input.	Clean audit report.	Input collection schedules and monthly collections. Certify the completeness and accuracy of collection of information.	Immediately Data collection schedules developed and utilised to gather the information for the 2008/09 financial year.
Rehabilitation Trust AFS preparation	Accounting Officer, DME staff and Audit Committee. General public and National Treasury (SP) Auditor-General (SP) Trustees and permit holders	Clean audit report.	Pre-auditing of payment batches.	Clean audit report.	Detection and correction of non-compliance issues.	Audits are conducted by the Internal Control section on a sample basis after the payment process, due to capacity constraints.

3. Directorate: Information Technology						
PROCESS	CLIENTS	KPI OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME
						ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Define roles and responsibilities of Information Technology (IT).	Information Technology Directorate	IT roles clearly defined.	Define the entire spectrum of functions in IT. Assign functions to jobs.	Existing gaps in functions need to be addressed to provide an improved service to users.	Important functions are not being performed.	30 May 2008
Resource acquisition	All DME users.	IT establishment populated.	Finalise with Human Resources. Job evaluations performed. Recruitment advertisements placed. Candidates short listed and interviewed. Resources appointed.	Enough resources to handle the workload and to ensure backup and effective Regional support.	IT Directorate is understaffed.	30 September 2008
Change control	IT Directorate and all DME users.	Effective change control process implemented across IT and System Development and Maintenance (SDM).	Change control process redefined and documented across the network, servers, applications and ssers. Prescripts implemented.	All changes are correctly documented as to the infrastructure impact. Discipline is established and understood.	Lack of discipline. The impact of change is not always assessed correctly. Infrastructure change is not documented.	30 May 2008
Network optimisation	All DME users.	Upgraded network.	Review and implement bandwidth recommendations. Review and implement Virtual Private Network (VPN) recommendations. Review and implement architecture. recommendations	Satisfactory end-user experience.	Slow network response time. Applications are failing across the network. The implementation of additional systems will fail if the network is not responsive.	September 2008
						Bandwidth was upgraded in all DME offices and the Department migrated to the VPN. The architectural plan in place and implementation in progress.

3. Directorate: Information Technology						
PROCESS	CLIENTS	KPI OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME
						ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Systems Performance Management	IT Directorate and all DME users.	Daily infrastructure monitoring.	Set up daily checklist. Implement corrective action immediately.	Pro-active system monitoring. Identify problems immediately in reactive mode.	Systems are failing due to fundamental monitoring steps not being performed.	30 May 2008 Achieved. The checklist was formulated and is being used.
"Fire Brigade" initiative	DME users.	Core systems monitored.	Skilled resources acquired or contracted. Core systems and configurations checked to operational expectation.	AD, Exchange, DNS, backup and server monitoring checked.	Skilled resources are not available within DME. The work schedule does not necessarily require a highly paid resource permanently on site. Critical strategic and operational issues will be timeously resolved.	30 June 2008 Fire brigade initiative suspended in favour of ICT managed services. This process is currently running as an ICT stabilisation project.
Service Desk Service Level Agreement (SLA).	All DME users.	Service Desk policies and procedures implemented.	Implement new policies and procedures. Monitor performance. Categorise fault reporting. Train or re-train Service Desk operators.	All categories of problems are effectively tracked and resolved.	Uses have complained that the Service Desk has slow / no response to certain categories of support needed.	30 May 2008 Achieved. Training was provided to Service Desk operators by the service provider.

3. Directorate: Information Technology						
PROCESS	CLIENTS	KPI OUTPUT	INITIATIVE	DESIRED OUTCOME	REASON FOR CHANGE	TIMEFRAME
						ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Regional Support Model.	All DME users.	Regions serviced regularly by IT.	Rotate regular regional visits. Review and implement on-site technical assistance by DME resource or contractor.	Regional users have problems resolved immediately.	Many categories of problems take too long to resolve. Users are unable to offer DME clients an effective service.	June 2008 Not Achieved. The decision was made to embark on IT managed services and, once that is finalised, IT technicians will be deployed accordingly. Currently, regions are visited as and when calls are logged, with remote assistance available for day-to-day requirements.
Regional Backup Model.	IT Directorate and Regional DME users.	Regional servers backed up as per Backup Plan.	Define and build a backup software solution. Acquire backup devices. Test and implement the proposed solution in all regions.	Regional user data is backed up.	Server failures result in users having to wait for resources to be restored. There is a danger of user data being lost if a total disk failure occurs.	30 May 2008 Achieved. External hard drives were recommended for use as data backup due to the lifespan of regional servers. IT is able to recover data on these devices.

4. Directorate: Systems Development and Maintenance							ACTUAL PERFORMANCE AS AT 31 MARCH 2009	
Process	Clients	KPI / Output	Initiative	Desired outcome	Reason for change	Timeframes		
Pre investigation of system requests	Human Resources	Business case	Appoint three more business analysts.	To obtain a business case within five days of forwarding a request to Systems Development and Maintenance (SDM).	Complaints about the delivery timeframes.	August 2008	Awaiting completion of the restructuring process. However one Junior Business Analyst has been appointed on a contract basis for one year. The User Requirement Specification (URS) has been developed.	
	All DME branches				To halt the implementation of systems with no business cases.		Awaiting completion of the restructuring process. However one Junior Business Analyst has been appointed on a contract basis for one year. The URS has been developed.	
Develop user system requirements	All DME branches.	User Requirements Specification (URS) developed.	Appoint three more business analysts.	To obtain a URS within a maximum of two to three months after a request has been forwarded to SDM.	High work volumes and limited staffing resources are constraining effectiveness.	August 2008	Awaiting completion of the restructuring process. However, one Junior Business Analyst has been appointed on a contract basis for one year. The URS has been developed.	
Develop functional specification	Business Analysis Sub-directorate	Functional specification.	Appoint more system analysts to assist with the work load, which impacts on delivery time.	To deliver with one month (at most).	To improve turnaround times.	August 2008	Awaiting completion of the restructuring process. However, the development of functional specifications has been outsourced.	
Develop technical specification	SDM and /IT	Technical specification.	Revisit change control committee for evaluation of technical road maps for all systems.	To be on board about any technical recommendations.	Lack of communication between IT and SDM.	June 2008	Change control committee terms of reference are in place and committee effectively functioning effectively.	
Development of systems	SDM	Functioning system.	Appoint more system analysts to assist with the work load, which impacts on delivery time.	To deliver in a reasonable time.	To improve turnaround times.	August 2008	Achieved. Interviews held and the process of appointing two permanent system analysts in progress.	

4. Directorate: Systems Development and Maintenance							ACTUAL PERFORMANCE AS AT 31 MARCH 2009	
Process	Clients	KPI / Output	Initiative	Desired outcome	Reason for change	Timeframes		
Development of test packs	Business Analysis Sub-directorate.	Test packs.	Start to develop test packs as soon as URS is approved. Use URS to develop test packs.	To develop test packs using URS rather than the new system screens.	To improve turnaround times and quality of systems.	May 2008	Service providers have been appointed to assist with the testing of the systems while the restructuring process is finalised.	
System testing	Human Resources	Test reports.	Systems must be tested by officials who did not develop the system.	Properly tested systems with no bugs.	To implement quality systems that are in line with the URS.	August 2008	Service providers have been appointed to assist with the testing of the systems while the restructuring process is finalised.	
	Communication	User-friendly websites (Internet/ Intranet).	Accelerate internet/ intranet updates. Redevelop websites.	Websites that project a favourable image of the Department.	Complaints from the users.		Service providers have been appointed to assist with the testing of the systems while the restructuring process is finalised.	
	All DME branches	Help Desk call per systems.	Appoint system analysts for system administration of all existing packages.	Appropriate time frames for resolving all logged calls.	Complaints from the users about turnaround times for logged calls.	August 2008	Service providers have been appointed to assist with the testing of the systems while the restructuring process is finalised.	
Training on systems	Human Resources	Trained users.	Develop training manuals for the systems.	Trained users with the skills and knowledge to utilise the system.	Some users do not use the systems because they do not know how to operate them.	May 2008	Manuals for all systems are being developed by the systems developers (mostly by service providers).	
	All DME branches	System manuals					Manuals for all systems are being developed by the systems developers (mostly by service providers).	
Database Administration	Human Resources	Data management documentation.	Appoint database administrator (DBA).	Databases that function efficiently.	Continual problems with databases.	August 2008	Bid Adjudication Committee (BAC) approved the appointment of a DBA consultant for one year.	
	Communication	Data with integrity.	Proper management of transaction and log files.				BAC approved the appointment of a DBA consultant for one year.	
	All DME branches		Management of database space.				BAC approved the appointment of a DBA consultant for one year.	

5. Directorate: Supply Chain Management								
PROCESS	CLIENTS	DESIRED STATE	CURRENT STATE	REASON FOR CHANGE / GAP	INITIATIVE	KPI	TARGET / TIME FRAME	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
DEMAND AND ACQUISITION MANAGEMENT								
Demand Management	All Managers in DME	Procurement plan developed and implemented	Sporadic procurement requests	Procurement seen as a bottle neck	Develop a procurement plan for DME	Plan approved	30 May 08	Not achieved. Presently working on preparing procurement plan for the new financial year.
				Needs analysis for goods not performed on time	Co-ordinate the needs analysis process with other directorates, e.g. IT, TFRM	Needs assessment report for goods completed	15 May 08	Achieved.
				Inability to plan and interrogate all procurement request	Appoint Bid Specification Committees for each branch	Nomination request sent to Branches	25 April 08	The charter has been approved. Nomination requests will be sent to branches beginning of the new financial year.
						Approval granted for the Committees to operate	15 May 08	The committee will be operational once the nominees have been approved and members appointed.
		Strategic Commodities identified for better sourcing	Register of procurement requests in place	The need to identify strategic commodities	Analyze the list of procurement requests to identify commodities that are of a strategic nature	List of strategic commodities	30 April 08	Achieved. Strategic commodities for DME were identified and the list is available.
						Sourcing strategy developed and implemented	30 May 08	Achieved. This is done through TOR / specifications for each project. There is a transversal contract exempted according to new policy and a contract is in place as well as the process of three quotes

5. Directorate: Supply Chain Management							
PROCESS	CLIENTS	DESIRED STATE	CURRENT STATE	REASON FOR CHANGE / GAP	INITIATIVE	KPI	TARGET / TIME FRAME
Supplier Management	All end users	Availability of reliable suppliers for each commodity and geographic areas	Suppliers not available for some commodities	Delays in issuing orders to non-registered suppliers	Update the Commodity list with linkage to geographic location	Updated commodity list	25 April 08
							Achieved. The commodity list was updated and the list was subsequently used for supplier registration last year. The availability of suppliers in regions is still a huge challenge even though registration was advertised in the Regional local newspapers
		Reduction in the number of quotations that are not approved due to non-compliance to procurement policy	A high volume of requests are rejected by BAC due to incorrect quotations	Delays in obtaining approval for procurement which impacts negatively on projects and other activities	Centralize the sourcing of quotations within SCM	All quotations for head office sourced centrally at SCM	Achieved. Quotations are sourced centrally at head office as of 01 August 08
	Suppliers	Suppliers are given an opportunity to register on the database more frequently	Registration done once a year and on going for bids	Changes in Supplier details not captured timely New suppliers not allowed to register	Finalise the supplier registration plan to allow for 2 registration processes annually	Approved plan	30 April 08 Implementation as per approved plan
	National Treasury	Service providers' banking details are verified prior to making payments	Approximately 60% of suppliers on database have verified banking details	Delays in issuing orders/processing payments while waiting for banking details to be verified	Improve turnaround time for conducting verifications	Banking details captured for verification within 2 days of receiving application to register	01 May 08 and ongoing
							Partially achieved, only suppliers with verified banking details have been captured. The two day timeframe was not achieved due to the number of applications received



5. Directorate: Supply Chain Management								
PROCESS	CLIENTS	DESIRED STATE	CURRENT STATE	REASON FOR CHANGE / GAP	INITIATIVE	KPI	TARGET / TIME FRAME	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
				Responsibility for verifications not correctly placed Rejections with no explanations	Engage National Treasury and SARS for a better solution	Meetings held with clear resolutions on way forward	30 July 08	Not achieved.
Bid Administration	All end Users	Procurement requests are approved within a short period	Difficult to measure due to lack of a proper monitoring and reporting tool	To bridge expectation gap and create awareness about the turnaround times for each process	Implement a monitoring and reporting tool for all procurement requests	Approved monitoring tool	31 May 08	Achieved. A monitoring tool in a form of a procurement request spreadsheet was designed and implemented.
					Develop and publish brochures to communicate turnaround times	Published brochures	30 June 08	Not achieved.
				To maintain consistent turnaround times for processing requests	Process procurement requests within the set timeframe	Turnaround time for processing procurement requests (measured up to final approval level) Requests below R30 000	5 days of receipt of an RFQ	Achieved.
						R30 000 to R200 000	14 days of receipt of an RFQ	Achieved.
						Bids (above R200 000	2 months from receipt of BSC recommended TOR	Only re-evaluated bids are taking longer than the planned timeframe. With the implementation of the recommendation form the process has been achieved in the prescribed timeframe

5. Directorate: Supply Chain Management								
PROCESS	CLIENTS	DESIRED STATE	CURRENT STATE	REASON FOR CHANGE / GAP	INITIATIVE	KPI	TARGET / TIME FRAME	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
	National Treasury/ BEE suppliers	70% of procurement spent allocated to BEE	Approximately 45% of total spent went to BEE	Non-compliance with national BEE targets	Finalise the departmental preferential procurement policy	Approved policy	31 July 08	Not achieved. Awaiting the alignment of the BBBEE charter and the PPPFA by National Treasury and the DTI
					Promote participation by target groups in procurement	% of procurement spend allocated to BEE as defined in the departmental policy	60% at year end	The BEE spend is sitting at 38.85% from 01 April 2008 until now
	BAC /Director General	Adequate information for decision making	Voluminous files submitted to BAC	Members spending too much time preparing for meetings and at times focusing on non-procurement issues	Develop a checklist of minimum documents required by BAC for each request	Checklist approved by BAC	24 April 08	Achieved. The checklist was approved and is currently being utilised
				The need to improve on the secretarial support given to the Committee	Training of BAC members	All BAC members trained on the procurement policy	15 May 08	Achieved. BAC members were not only trained on the procurement policy but they attended a course on SCM as well
					Ensure that BAC meetings are scheduled in advance and documents are distributed on time	Meeting request forwarded to all members	01 April 08	Achieved.
						Notification of BAC meetings and closing dates published in notice boards and through e-mail	01 April 08	Achieved. BAC meeting dates are published and deviations are communicated via email to DME.
						Files distributed 2 days before the meeting	01 April 08 and ongoing	Achieved.

5. Directorate: Supply Chain Management							
PROCESS	CLIENTS	DESIRED STATE	CURRENT STATE	REASON FOR CHANGE / GAP	INITIATIVE	KPI	TARGET / TIME FRAME
Contract Management	Suppliers	Contracts prepared and signed within days after approval procurement	Contracts are not always finalized on time	Time frames are often influenced by other factors such as delays in holding inception meetings			
	Accounting Officer/ CFO	Updated contract register	Contract register is not always updated with payment	Invoices that are not in line with the conditions of the contract could be processed	Finalise and implement the contract management strategy	Strategy approved Implementation in line with plan	31 May 2008
LOGISTICS MANAGEMENT							
Orders and expediting	End users	Requests for orders processed within 2 days	More than 2 days in some cases	Delays in the delivery of goods/ services impacting negatively on service delivery	Ensure that orders are processed and delivered upon within the agreed time frame	Number of days taken to capture and send an order to SP	2 days
						Number of days taken by the suppliers to deliver ordered goods	As per agreed delivery date
Inventory and Distribution	All end users	Stationery requests finalized within 2 days for store items and 14 days for non store items	3 days for store items and up to 30 days for non-store items	Delays in issuing stationery negatively impacts on service delivery	Improve the turnaround time for processing requests for stationery	- Number of days taken to issue store items - Number of days taken to issue non-store items	2 days 14 days
Transactions	Suppliers Accounting Officer/CFO	Invoices processed within 30 days of receipt	Slightly over 30 days on average. Concern is more on individual transactions which take long	Delays lead to non-compliance with PFMA and dents the name of the Department	Centralise the receiving of invoice to SCM	One register of invoice from start to end of the process	01 June 08
							Achieved.
							Not achieved due to human resource challenges.
							Not achieved. This is mainly caused by the late delivery by Government Printing works
							Achieved.

5. Directorate: Supply Chain Management							
PROCESS	CLIENTS	DESIRED STATE	CURRENT STATE	REASON FOR CHANGE / GAP	INITIATIVE	KPI	TARGET / TIME FRAME
					Improve the turnaround time for processing invoices	Number of days taken to process invoice up to pre-authorisation	15 days
							Partially achieved. The invoices for IT Assets have been a challenge as well as invoices received by users which are not submitted to SCM on time for processing. New IT process has been agreed upon and monitoring will be done in the 2009/10 financial year
ASSET MANAGEMENT							
Planning, Acquisition & Disposal	All end users	All new employees are provided with office furniture and equipment on arrival at the DME	The process is re-active and depends on the manager submitting a requests	Too many movement of office furniture	Develop and implement an asset replacement, acquisition and disposal strategy	Approved strategy	31 May 08
Recording and Loss Control	Accounting Officer	New assets are captured in the asset register within 2 days of receipt	More than 30 days	- Reconciliation gap555444s - Delays in making payments	Ensure that all requests for payment of assets are accompanied by a printout from AR	All new assets captured on the asset register timely	2 days of receipt as from 01 April 2008
		Movement requests captured on the asset register within 1 day of approval	Captured after the movement	Unrecorded movements	Implement a process of capturing requests for movements prior physical movement	Number of days taken to capture a movement form	1 day
		Reduction in the amount and number of asset losses	Noticeably increasing	Asset losses lead to financial losses for the Department	Develop and implement a loss management strategy	Approved strategy	31 July 2008
							Not achieved due to relocation issues
							Not achieved due to relocation issues

6. Directorate: Transport Facilities and Records Management							ACTUAL PERFORMANCE AS AT 31 MARCH 2009
PROCESS	CLIENT	KPI/OUTPUT	DESIRED OUTCOME	INITIATIVE	REASONS FOR CHANGE	TIMEFRAME / TARGET	
Upgrading the fleet	Government Garage (GG) vehicles users.	Fewer complaints about the condition of the cars.	Safe and reliable vehicles.	Source the Service Provider.	The current fleet is not user friendly.	September 2008	Not achieved. Transport Strategy developed and will be implemented in 2009/10 financial year.
Subsidised vehicles	DME users.	Fully utilised vehicles.	Suitable cars.	Compiling a spreadsheet for shortfalls.	The need to identify the shortfalls on time.	June 2008	Achieved. Spread sheet has been compiled and is being monitored.
Renewal of petrol cards and licences	GG vehicles users Government Garage Traffic Department	Roadworthy vehicles.	Roadworthy vehicles (fewer vehicles grounded awaiting renewed licences and petrol cards).	Develop petrol cards and licence register.	The current system is reactive.	March and September each year.	Achieved. Petrol cards and licence register developed.
Reporting irregularities	GG vehicles users	Minimise the misuse of GG vehicles and petrol cards.	Higher rate of successful prosecution.	Compile a complaints register.	To improve transport service to DME officials.	Two months turnaround time.	Not achieved.
Management of leases	DME officials Landlords	World-class office accommodation.	Safe and user-friendly office accommodation.	Compile a reliable register of leased buildings.	Avoid expiry of lease agreements.	October 2008	Achieved. Lease register is in place.
Ensuring adherence to maintenance plan for cleaning services	DME Cleaning contractor	Clean working environment.	Offices in compliance to Occupational Health and Safety Act.	Develop A Service Level Agreement (SLA).	To minimise complaints related to a hygienic environment.	June 2008	Achieved. SLA developed.
Conduct a file review	DME officials Members of the public National Archive.	Provide a flexible and user-friendly filing system.	Easy retrieval of documents.	Conduct a file audit.	To accommodate all business transactions of DME.	December 2008	File audit in progress. Engaged service provider to assist with the renewal of a file plan.
Mail management	DME users Post Office	Minimise the loss of mail.	Reach the destinations on time.	Monitor the register for incoming and outgoing mail.	To avoid delays in delivery and collection of mail.	Ongoing	Achieved. Register for incoming and outgoing mail in place.

PROGRAMME 2

PROGRAMME 2: PROMOTION OF MINE HEALTH AND SAFETY

PURPOSE: Execute the Department's statutory mandate to safeguard the health and safety of the mine employees and people affected by mining activities.

MEASURABLE OBJECTIVE: Reduce mining-related deaths, injuries and ill health through the formulation of national policy and legislation, the provision of advice, and application of systems that monitor, audit and enforce compliance in the mining sector.

SERVICE DELIVERY

Staffing

The establishment of the Mine Health and Safety Inspectorate provides for 319 positions of which 220 were filled as at 31 March 2009. The vacancy rate was 31% (99 vacancies). During 2008/09, the Inspectorate lost 52 staff members due to resignations, transfers and retirements.

The job reservation legacy of the past resulted in a serious challenge to meet employment equity targets. Women accounted for 38.6% of the total staff complement, an improvement of 2.7% from the 2007/08 financial year.

The demographics of the Mine Health and Safety Inspectorate as on 31 March 2009 was as follows:

Gender	African	White	Asian	Coloured	Total
Male	78	54	1	2	135
Female	62	19	0	4	85

Human Resource Development

During the reporting period, the Mine Health and Safety Inspectorate continued to develop the skills and knowledge of its staff members in order to meet the new challenges that arose from the restructuring process. A total of 14 staff members within the Inspectorate underwent training, comprising nine managerial and administrative courses and five technical courses.

The Inspectorate also began addressing the skills shortages and past imbalances within the mining sector by embarking on the following interventions:

- Of the 22 Learner Inspectors in training; 19 Engineering Learner Inspectors (4 female and 15 male) were placed for practical training at the Gold Fields Business and Leadership Academy. They have been placed in the following Engineering disciplines:
 - 12 in Mechanical Engineering; and
 - Seven in Electrical Engineering.
- Four Occupational Hygiene Learner Inspectors were appointed, one of whom resigned due to permanent employment in the industry.
- The Inspectorate awarded 11 bursaries to students in the 12-month period.



Disaster-type accidents

There was a 47% and 22% year-on-year improvement in rock-related fatalities in the platinum and gold sectors respectively. The platinum sector experienced a reduction of about 25% in transportation and mining fatalities. However, there was a 42% increase in transportation and mining fatalities in the gold sector.

During the year, the rope of a service winder at a mine in the Gauteng Region broke, and the conveyance transporting nine people fell 50 metres to the shaft bottom. All nine were fatally injured. A seismic event at another mine in this region resulted in the death of four workers.

Illegal and criminal mining remain one of the biggest threats to the health and safety of mining employees. Effective access control at the mines is continuously encouraged.

Although positive and encouraging milestones have been achieved on the way to zero harm for employees, fatalities and injuries remain very high. It appears that a significant effort is still needed to achieve the Mine Health and Safety Summit milestones. The recurring fatal accidents at some of the mines are of particular concern.

Small-scale Mining

Since the promulgation of the Minerals and Petroleum Resources Development Act, no. 28 of 2004, the issuing of mining permits to SMMEs has increased dramatically, stretching the regulatory capacity of the Inspectorate.

In view of this, the Inspectorate had to accommodate this increasing activity by conducting more inspections on these types of operations and continuing to offer training and assistance to small-scale miners. Most of these operations are concentrated in the diamond sector, and are thus located in the Northern Cape and North West.

HIV/Aids and Occupational Health

The partnership between the Department, labour and employers continued to combat HIV and AIDS epidemic in the mining industry.

During the year under review a substantial number of employees opted for voluntary HIV testing and the programmes for providing anti retrovirals to the affected employees gained momentum.

TB, the effects of HIV and AIDS and noise-induced hearing loss (NIHL) are the main occupational health challenges faced by the mining industry. The large mines have mainly been implementing awareness and wellness programmes to improve on the current status. Most of the mines are administering anti-retroviral medication to boost the health status of infected workers. The effort and level of success by these mines is commendable and all the mines are encouraged to develop and implement similar programmes.

Although there is still a challenge in achieving the health milestones, various initiatives and strategies have been implemented in a number of mines in most of the regions. The initiatives aim at ensuring compliance to limits of both noise and silica hazards encountered at mines.

Regional working groups have been formed and maintained by the Inspectorate to support and monitor progress made by the mines on the health milestones.

Service Delivery Achievements

The Mine Health and Safety Inspectorate's strategic plan and achievements during the reporting period are outlined in the table below. This is an account of progress achieved by the end of the reporting period against the annual targets set for achieving the Department's strategic objectives.

DME Strategic Objective	DME Strategic Outcome	Branch Initiatives	Measures	Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Create an enabling environment for effective and efficient service delivery	Resources allocated and utilised on key priorities	Compliance to PFMA Guidelines	Follow Prescripts.	2008/09 Monthly	Achieved	Challenges are being experienced with the accuracy of cash flow statements	Discussions with Financial Management but no specific date has been set.
		Proper budgeting for the Programme activities	Activities optimally resourced and expenditure managed	Annually	Achieved	N/A	N/A
		Develop and review operational policies and procedures.	Number of policies developed.	24	Achieved as per MHSI Strategic Plan; copies are filed in the office of the CIOM.	N/a	Being implemented and will be evaluated in 6 months
Create an enabling environment for effective and efficient service delivery	Improved service delivery internally and externally	URS developed and tender advertised	Integrated OHS databases and better Knowledge Management	Mar-09	Project for the user requirements of the management system was completed and the development and implementation must now be performed. Alternative options were investigated due to the high quote received and an alternative system was identified and bought	N/A	The Management Information system has been purchased and development and implementation has commenced and is scheduled over a twelve month period starting from February 2009.
		Regular meetings. MOU and SLA's	Meetings held	Quarterly	95% The target set for meeting with other stakeholders is being achieved.	N/A	N/A

DME Strategic Objective	DME Strategic Outcome	Branch Initiatives	Measures	Targets	Results / Progress and Verification Source	Constraints	Corrective Action
		Provide valid, reliable data. Establish reliable database.	Reliable statistics published.	2008/09 Monthly	Achieved SAMRASS reports	Challenges are being experienced with the Information Management systems	Concerns and challenges are continuously discussed with IM and SDM. The challenges will be addressed through the implementation of the Management Information system
Create an enabling environment for effective and efficient service delivery	DME Capacitated to deliver on its mandate	HRD Plan Developed and Implemented	Number of bursaries	16	Achieved 11 as per HRD Plan	N/A	N/A
			Number of learnerships	24 Changed due to budgetary constraints (original target 50)	Achieved 23 As per HRD Plan	N/A	Discussions are underway with the MQA to expand the learnership programme
			Number of internships	34	37 Achieved		N/A
		HRD Plan Developed and Implemented	Number of training courses attended	Development of HRD plan	Achieved		N/A
				90% of PDP budget	Achieved		MoU with Wits has been signed by the DG on 6 June 2008 and the required syllabus is being developed for the MHSI. The first group of inspectors to attend the training courses is set for February 2009.
		Collate and disseminate research information. technical assistance. Medical advice.	Information Portal available to MHSI	Six-monthly	Analysis of accident and inquiry report findings are fed into the regional offices	Capacity challenges and lack of technical support	IRCA is in process of developing a MIS system to address challenges
		Participation in international forum.	Internationally benchmarked OHS approaches and practices	Four reports per year	Not achieved	Capacity challenges and lack of technical support	Met with the Unit and developed an improvement plan.

DME Strategic Objective	DME Strategic Outcome	Branch Initiatives	Measures	Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Regulate the minerals and energy sectors to be healthier, safer and cleaner.	5. Healthier, safer and cleaner minerals and energy sectors	Review legislation Consultation process Parliamentary process	Reviewed MHSA	2008/09 June 2008	Achieved Amendment Bill was Published on 20 June 2008		Amendment Bill has been approved by the National Assembly and final approval from the President is now awaited.
		Develop guidelines	Enforcement of guidelines	Jun 2008	Not achieved	Capacity challenges within the Policy Unit	Met with the Unit and developed an improvement plan. Arranged with Wits to provide mentorship and training. Requested review of job descriptions and structure of the Unit to improve delivery.
		Conduct studies Regulatory impact Assessments. Prepare consultative papers	Number of OHS policies	24	Not achieved.	Capacity challenges	Met with the Unit and developed an improvement plan. Arranged with Wits to provide mentorship and training. Requested review of job descriptions and structure of the Unit to improve delivery.
		System audits at mines	Number of audits	700	146%(1021) As per monthly business plan report	Challenges are being experienced with the distinction between audits and inspections	Management coaching and support as well as translation of strategy to regional offices
		Follow-up inspections	Number of OHS Inspections	100% based on capacity	62%(5988) of planned to date As per monthly business plan report	Capacity challenges	Intense recruitment as well as initiatives such as bursaries and learnership programmes
		Investigation	Number of accident investigations	100% based on capacity	84% of planned to date As per monthly business plan report	Capacity challenges	Intense recruitment as well as initiatives such as bursaries and learnership programmes
		In loco investigation Inquiries	Number of Accident inquiries	100% based on capacity	45% of planned to date As per monthly business plan report	Capacity challenges	Intense recruitment as well as initiatives such as bursaries and learnership programmes

DME Strategic Objective	DME Strategic Outcome	Branch Initiatives	Measures	Targets	Results / Progress and Verification Source	Constraints	Corrective Action
		Survey inspection	Number of survey inspections	2008/09 100% based on capacity	58% of planned to date As per monthly business plan report	Capacity challenges	Intense recruitment as well as initiatives such as bursaries and learnership programmes
		Survey conducted	Conduct volumetric survey	100% based on capacity	No rehabilitation work was done this year requiring volumetric surveying		
		Investigations conducted	Investigated and settled complaints	95%	89% of planned to date As per monthly business plan Report	Capacity challenges	Intensive recruitment as well as initiatives such as bursaries and learnership programmes
		Process applications	Number processed mining applications	95%	Achieved 99% of planned to date As per monthly business plan report	Capacity challenges	Intensive recruitment as well as initiatives such as bursaries and learnership programmes
		Process applications	Number of EMPs and land use applications evaluated	95%	Achieved 100% of EMPs	Capacity challenges	Intensive recruitment as well as initiatives such as bursaries and learnership programmes
					Achieved 80% of land use applications		



TABLE 1: Actual fatalities and rates (per million hours worked) per region

	2007		2008*		Rates
	Fatalities	Fatality rates	Fatalities	Fatality rates	% change
All mines	220	0.21	171	0.15	-28.57
Western Cape	4	0.22	2	0.12	-45.45
Northern Cape	10	0.14	6	0.09	-35.71
Free State	20	0.21	18	0.18	-14.29
Eastern Cape	1	0.20	0	0	-100.00
KwaZulu-Natal	6	0.27	2	0.08	-70.37
Mpumalanga	23	0.15	27	0.16	6.67
Limpopo	9	0.11	8	0.09	-18.18
Gauteng	80	0.37	58	0.25	-32.43
North West	68	0.17	50	0.12	-27.67

- Provisional figures (*) because statistics may change due to the late reporting of accidents and subsequent deaths.
- A negative (-) figure denotes a decrease in frequency rate

TABLE 2: Actual reportable injuries and rates (per million hours worked) per region

	2007		2008*		Rates
	Injuries	Injury rates	Injuries	Injury rates	% change
All mines	3879	3.62	3605	3.20	-11.60
Western Cape	17	0.95	20	1.21	27.37
Northern Cape	69	0.98	40	0.61	-37.76
Free State	697	7.43	472	4.80	-35.40
Eastern Cape	3	0.61	12	2.65	334.43
KwaZulu-Natal	18	0.81	24	1.01	24.69
Mpumalanga	315	2.07	427	2.50	20.77
Limpopo	159	1.77	186	2.17	22.60
Gauteng	912	4.27	858	3.76	-11.94
North West	1689	4.11	1566	3.62	-11.92

- Provisional figures (*) because statistics may change due to the late reporting of accidents and subsequent deaths.
- A negative (-) figure denotes a decrease in frequency rate



TABLE 3: Actual fatalities and rates (per million hours worked) per commodity

	2007		2008*		Rates
	Fatalities	Fatality rate	Fatalities	Fatality rate	% change
All mines	220	0.21	171	0.15	-28.57
Gold	114	0.34	85	0.25	-26.47
Platinum	53	0.14	36	0.09	-37.14
Coal	15	0.12	20	0.15	25.00
Diamonds	12	0.28	6	0.15	-46.43
Copper	1	0.12	1	0.12	0.00
Chrome	4	0.19	4	0.15	-21.05
Iron ore	4	0.13	2	0.07	-46.15
Manganese	0	0.00	0	0.00	0.00
Other	17	0.15	17	0.14	-6.67

- Provisional figures (*) because statistics may change due to the late reporting of accidents and subsequent deaths.
- A negative (-) figure denotes a decrease in frequency rate

TABLE 4: Actual reportable injuries and rates (per million hours worked) per commodity

	2007		2008*		Rates
	Injuries	Injury rates	Injuries	Injury rates	% change
All mines	3878	3.62	3605	3.20	-11.60
Gold	2239	6.67	1944	5.67	-14.99
Platinum	1204	3.05	1129	2.75	-9.84
Coal	183	1.44	302	2.21	53.47
Diamonds	54	1.24	26	0.63	-49.19
Copper	19	2.21	19	2.27	2.71
Chrome	54	2.48	53	1.97	-20.56
Iron ore	18	0.55	11	0.37	-32.73
Manganese	7	0.72	13	1.55	115.28
Other	100	1.09	108	0.89	-18.35

- Provisional figures (*) because statistics may change due to the late reporting of accidents and subsequent deaths.
- A negative (-) figure denotes a decrease in frequency rate

TABLE 5: Fatality and injury rates per casualty classification (rates per million hours worked)

	Fatalities					Injuries				
	Actual		Rates		Rates % change	Actual		Rates		Rates % change
	2007	2008*	2007	2008*		2007	2008*	2007	2008*	
All mines	220	171	0.21	0.15	-28.57	3867	3605	3.62	3.20	-11.60
Fall of ground	76	57	0.08	0.05	-32.09	950	748	0.94	0.70	-25.89
Machinery	19	5	0.02	0.00	-75.23	286	180	0.29	0.17	-40.97
Transportation and mining	47	50	0.05	0.05	-1.96	787	701	0.79	0.66	-16.48
General	50	43	0.05	0.04	-19.06	1671	1805	1.67	1.69	1.31
Conveyance accidents	5	4	0.00	0.00	-24.70	28	22	0.03	0.02	-28.60
Electricity	4	5	0.00	0.00	17.65	36	27	0.04	0.03	-29.41
Fires	0	2	0.00	0.00	0.00	6	3	0.01	0.00	-52.94
Explosives	8	2	0.01	0.00	-76.47	37	37	0.04	0.03	-5.88
Subsidence/caving	1	0	0.00	0.00	0.00	0	1	0.00	0.00	0.00
Heat sickness	1	1	0.00	0.00	-5.88	12	1	0.01	0.03	0.00
Diving sickness	1	0	0.00	0.00	-100.00	0	27	0.00	0.00	95.48
Miscellaneous	8	2	0.01	0.00	-76.47	54	0	0.05	0.05	-7.62

- Provisional figures (*) because statistics may change due to the late reporting of accidents and subsequent deaths.
- A negative (-) figure denotes a decrease in frequency rate

MINE HEALTH AND SAFETY INSPECTORATE SERVICE DELIVERY IMPROVEMENT PLANS

KEY SERVICE	SERVICE BENEFITS	TARGET	CURRENT STANDARD		DESIRED STANDARD		ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Cleaner, healthier and safe sector.	Mining industry	Reduce occupational health incidents.	Planned	Actual.	Planned.	Comments	The Bid Adjudication Committee approved the purchasing of a Management Information system from IRCA and development and implementation is planned over a 12-month period starting from February 2009.
Monitor compliance and intervene to reduce accidents and injuries.	Mining industry	Inspection: Monitoring of compliance to requirements.	100% of planned as per capacity.	67 %	100% of planned as per capacity.	Compliance with enforcement policies and procedures.	Serious shortage of inspectors impacted negatively on the performance of regional offices.
	Mining industry	Audits: Assess effectiveness of systems.	100% of planned as per capacity.	68%	100% of planned as per capacity.	Compliance with enforcement policies and procedures.	Management coaching and support as well as translation of strategy to regional offices.
	Mining industry	Investigations finalised within one month of occurrence.	100%	79%	100% of planned as per capacity.	Compliance with enforcement policies and procedures.	Investigation lagging due to the shortage of staff, especially of Senior Inspectors.



PROGRAMME 3

PROGRAMME 3: MINERAL REGULATION

PURPOSE: To regulate the minerals and mining sectors to achieve transformation and sustainable development.

PROGRAMME OBJECTIVE: To transform the minerals and mining sectors into one that competitively contributes to sustainable development in the country.

SERVICE DELIVERY OVERVIEW

The Mineral Regulation Branch completed its third year as a Branch during the 2008/09 financial year. Its main function is the processing and finalisation of applications and monitoring and evaluation of rights under the Mineral Petroleum Resource Development Act (MPRDA). By the end of March 2009, the Department had received 20 163 applications, of which 16 190 were accepted, 3 653 rejected and 5 805 issued.

The backlog in respect of processing applications for prospecting rights had been eradicated. Significant progress was made during the reporting period in streamlining and aligning application processes by implementing relevant legislation and using approved guidelines.

In granting rights to Historically Disadvantaged South Africans (HSDAs), the Branch's objective for the 2008/09 financial year was to grant 27 such rights. The actual number of rights granted was 152. In the case of rights granted to women-led entities, the Branch granted 34 rights to such entities against the target of 18.

Nine workshops for HSDAs and women-led entities were planned as a measure for the Branch to engage with these stakeholders with the objective of promoting interaction and awareness with such parties. A total of 29 workshops were held and this has assisted in promoting the regulatory framework of the MPRDA.

Although the Branch had a target of 140 Mining Charter compliance inspections to conduct, it achieved 119 compliance inspections. This was due to the Branch's strategy of focusing on the processing and finalisation of mining right conversions. A paradigm shift will be made during the next year in terms of monitoring compliance through the involvement of management at all levels.

The Branch cooperated with mining companies to resuscitate the science laboratories, libraries, laboratory equipment and the geology department at the University of Fort Hare. This is an initiative used by the Branch to plough back into the labour- sending areas.

In the area of environmental management, the Branch had planned to conduct 1 380 inspections but exceeded this by conducting 1 742 such inspections.

Five rehabilitation projects in respect of derelict and ownerless mines were implemented during the reporting period and it is envisaged that eight such projects are to be implemented in the next financial year. The proposed rehabilitation of Osizweni Mine in KwaZuluNatal is one of the eight projects planned.

The issue of extraneous water management in the Witwatersrand basins is a serious challenge that is receiving attention at a high level as not all environmental management programmes of mining rights holders address this issue satisfactorily. The appropriate and speedy amendment of the environmental management programmes involved is a priority.



SKILLS TRANSFER

The Branch identified the risk of illegal mining in the KwaZulu-Natal Province and entered into a partnership with the Mining Qualification Authority and Mintek to train former mine workers. In all, 200 former mine workers were identified, of whom the first 50 were trained and certificated in one discipline during 2008/09. The remaining 150 former miners will be trained in the next financial year.

NATIONAL MINING PROMOTION SYSTEM

The National Mining Promotion System (NMPS) is a vital tool in the processing of applications. The reason is that new applications are entered into the NMPS at the Regional Offices and spatial information is loaded onto the system before a decision to accept or reject an application can be taken. This ensures that rights are not granted on top of existing rights. The Mining Titles office also uses the NMPS as a reference point before rights can be registered, in order to ensure security of tenure.

MEASURABLE OBJECTIVES, KEY ACTIVITIES AND MEDIUM – TERM OUTPUT TARGETS

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
REDRESS PAST IMBALANCES	Increased number of Historically Disadvantaged South Africans (HDSAs) and women participants.	Increased number of HDSAs and women participants.. Improved level of compliance with all seven pillars of the Mining Charter. Increased number of jobs through enterprise development.	Process application.	Number of rights granted to HDSAs	27	152		
			Evaluate empowerment transactions.	Number of women-led companies licensed.	18	34		
			Conduct industry workshops.	Number of workshops conducted.	One industry workshop.	Nine		
			Conduct compliance workshops for HDSAs and women-led companies.	Number of workshops conducted.	Nine workshops for HDSA and women.	29		
Actively contribute towards sustainable development and growth.	Increased number of jobs through enterprise development.		Conduct compliance inspections.	Number of Charter inspections.	140	119	In the last three months, the Branch decided to focus on finalising Mining Rights Conversions.	After finalising Conversions, the Branch will place more emphasis on Charter inspections.
			Identify enterprise development projects. Ensure identified projects are incorporated into the SLPs.	Number of jobs created.	Ongoing	864 jobs created through new mining projects. 881 jobs created through enterprise development.	No jobs created from October to March because of the credit crunch. No new mines have been established.	

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
	Reduced level of poverty around mining and labour-sending areas.	Reduced level of poverty around mining and labour-sending areas.	Promote creation of sustainable human settlements.	Extent of change in quality of life.	Ongoing	Ongoing		There are future plans in those areas where there are informal settlements to formalise them into sustainable human settlements. Impact of implementation of SLPs will be assessed in the next financial year.
			Social infrastructure development and projects.		Ongoing	31 infrastructure projects, which include-multipurpose centres, clinics, libraries, local schools, training centres, water supply, sewerage pipeline, waste water treatment, bakeries and road infrastructure.	Most projects are still at conceptual stages and some are on hold due to the economic meltdown.	

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
			Income-generating projects.			- 31 agricultural (farming and livestock) projects. - Waste management facility. - Building material manufacturing. - Protective clothing manufacturing. - Pottery	Most projects are still at conceptual stages and some are on hold due to the economic meltdown.	
			Monitor implementation and compliance with approved social and labour plans.			Addressed by Charter inspections.		
	Integrated local economic development through social and labour plans.	Integrated local economic development through social and labour plans.	Align SLP and IDPs.			SLPs are aligned with IDPs and new projects are incorporated into IDPs.		
	Sound environmental management.	Sound environmental management.	Evaluate EMPs, monitor and ensure compliance.	Number of inspections.	1 380	1 742		
	Sustainable development through mineral resources.	Sustainable development through mineral resources.	Evaluate PWP's and MWP's, monitor and ensure compliance.	Number of inspections.	302	304		
	Reduced government environmental risk and liability.	Reduced government environmental risk and liability.	Implement rehabilitation of ownerless and derelict mines projects.	Number of rehabilitation projects.	13	Five are currently in the process of implementation. Eight and Osizweni to be implemented in the next financial year.	A process of appointing a new project leader had to be followed and funds had to be transferred; these were time-consuming processes.	The DME is currently monitoring the implementation and expenditures.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Create an environment for effective and efficient service delivery.	Improved service delivery.	More effective and efficient administration. A structure that is compatible with the mandate of the branch.	Implement approved administrative systems and controls.	Effective and efficient systems and controls.	Clean internal audit report.	Systems and controls are in place. Monthly report on maintenance of systems and controls submitted internally.		
			Conduct monthly self audits.		Unqualified Auditor-General's report.	All findings raised in Auditor-General's management letter were addressed and maintained on a regular basis.		
			Review structure and make recommendations to CS.	Number of new posts created.		Entire branch is under review by PriceWaterhouseCoopers.		
				Number of vacancies filled.	80% of vacancies filled.	80% is maintained.	High turnover rate is a challenge	Posts are filled on a regular basis as they become vacant.
Improved service delivery.	Improved service delivery.	Increased staff complement of the Branch.	Recruit skilled staff.	Decrease the extent of mismatched personnel and posts.		No mismatch		
			Conduct internal workshops and training.	Number of training workshops conducted.	11	16		

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Govern the minerals and energy sectors to be healthier, cleaner and safer.	Improved service.	Consistent turnaround time for processing applications.	Processing of applications.	Number of applications processed within prescribed time frames.	No backlog	Backlog with regards to: - Mining Rights conversions - 14 days acceptance	Non-compliance by applicants in terms of BEE and SLP. - Frequent NMPS failure/collapse. - Sudden increased influx of applications e.g. Limpopo average was 120 per month. - High turnover of Mine Economists.	Plan in place for finalising applications already in the system by 31 March 2009. When the system is up and running, officials work overtime to address backlogs. Letters and final letters are sent to applicants with deadlines to address constraints, failing which the reversal process will be applied.
	Effective regulation.	Effective regulation.	Develop enforcement guidelines.	Number of guidelines developed.	Three guidelines.	Prospecting Work Programme and Mining Work Programme guidelines developed and approved.	Delays in financial provision and proof of BEE status. - Evaluation of Mining and prospecting work programmes - Execution of rights.	SLP and Mining Titles will be approved in the next financial year.

DME Strategic Objective	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
		Improved security of tenure.	Registration of rights.	Number of days to effect registration.	2008/09 30 days	Not all rights are registered within 30 days.	- Downtime on the NMPS. - Lack of alignment of the NMPS, GIS and Land Affairs data.	Upgrading of NMPS.
			Recording of permits.	Number of days to record permits.	14 days	Not all permits are recorded within 14 days.	- Downtime on the NMPS. - Lack of alignment of the NMPS, GIS and Land Affairs data.	Upgrading of NMPS.



PROGRAMME 4

PROGRAMME 4: THE MINERAL POLICY AND PROMOTION BRANCH

PURPOSE: To formulate mineral-related policies and promote the mining and minerals industry of South Africa, thus making it attractive to investors

PROGRAMME OBJECTIVE: Through research, provide relevant information that will enhance global competitiveness, review policies and formulate legislation in order to achieve transformation and attract new investment in South Africa's minerals industry.

Service Delivery:

The year 2008/09 saw the implosion caused by the global financial crisis, when the Branch was requested to lead a Task Team to look at ways of intervening to mitigate the severity of the crisis in the mining industry. The Department invited all mining stakeholders to initiate the Task Team, which was intended to recommend short, medium-term and long-term interventions. Accordingly, the Task Team was asked to develop recommendations that would ensure optimal development of the mining industry after this crisis. An interim report was released on 18 December 2008, highlighting a number of short-term recommendations intended to minimise job losses in the sector. The Task Team continues its work on medium to long-term interventions.

The sixth African Mining Partnership (AMP) meeting was held in February 2009 where the objective of becoming an official institutionalised affiliate of the African Union (AU) was finally achieved. The AMP will be merged with the AU Conference of Ministers Responsible for Mineral Resources Development and will be the only AU Ministerial organ responsible for mineral resources development and management in Africa. As the Secretariat of the AMP, the Department was mandated to lead the merger process which should take a maximum of two years. The recognition of the AMP by the AU is a major milestone as the Partnership has been seeking this ever since it was formed.

The Branch, in conjunction with other key departments as well as relevant state owned enterprises, launched the beneficiation strategy on 31 March 2009 after approval was granted by the Cabinet Committee for the strategy to be circulated for broader consultation. The launch was used as a platform to inform stakeholders about the strategy and request their inputs. All comments are expected to be in by the deadline as set for 15 May 2009. Once these comments are incorporated into the strategy, it will be sent back to Cabinet for approval as a policy position for the country.

The beneficiation strategy has a framework within which South Africa can implement an orderly development of the country's mineral value chains in order to leverage benefit from inherent comparative and competitive advantages. Essentially, the strategy is intended to support national programmes such as the National Industrial Policy Framework (NIPF), consistent with the provisions for a sector-specific strategy and key action plans for downstream mineral beneficiation. The strategy also provides for the development of nuclear power capacity which, for instance, is intended to diversify the country's energy basket and ensure security of energy supply.

During 2008/09, the Branch continued to support the SMME sector through small-scale mining and beneficiation projects; 33 existing projects were given financial and technical support and 15 new SMMEs were established by the Department.

The Mineral Petroleum Resources Development Amendment (MPRDA) Bill was debated and approved by the National Assembly in June 2008 and approved by the National Council of Provinces (NCOP) later in the same year. This Bill had been referred back during the previous financial year by the Parliamentary Portfolio Committee on Minerals and Energy on recommendations that the environmental management requirements in the Bill be aligned with the National Environmental Management Act (NEMA) of 1998.

The Sepedi version of the Bill was corrected and sent to the President for sign off.



The Branch has, through the Minerals and Mining Development Advisory Board, developed and published the Codes of Good Practice and the Housing and Living Standards, both of which will be gazetted at the end of April 2009.

The Branch has embarked on a process of reviewing the Mining Charter, which was agreed to by all stakeholders - government, industry and labour - in 2002. The Charter was implemented to give effect to the transformation objectives of the mining industry, as a result of the proclamation of the Mineral and Petroleum Resources Development Act. The stakeholders agreed when signing the Charter to review progress and determine further steps after five years - hence the initiation of the review process. A consulting company has been appointed to assist with the assessment and this process is envisaged to be concluded by the end of the next financial year.

The implementation plan for the national strategy for the rehabilitation of derelict and ownerless mines was finalised. This plan is a dynamic document where new information can be added as and when necessary. The plan comprises three main components, which include the compilation and verification of a database of abandoned mines, the ranking of these mines in terms of their priority for rehabilitation and the proposal for the management of these sites.

Through comprehensive research on broader environmental issues in the mining industry as well as mine water problems, a strategy was developed for Regional Mine Closure in the Witwatersrand and KOSH gold mining areas. This strategy was published in the Government Gazette during 2008/09. The long-term approach will be to replicate this concept of regional mine closure strategies in other areas of cumulative and integrated environmental impacts such as the coal fields in KwaZulu-Natal and Witbank, as well as other mining areas of concern, in the next MTEF.

MEASURABLE OBJECTIVES, KEY ACTIVITIES AND MEDIUM - TERM OUTPUT TARGETS

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Actively contribute towards sustainable development and growth.	Increased investment in the minerals and energy sectors in South Africa.	Improved investment in mining and mineral beneficiation climate.	Market South Africa as the preferred investment destination for mining and mineral beneficiation through: conferencing, exhibitions and publications.	Exhibitions and conferences	13 by March 2009	12 done (submissions).	One exhibition unattended due to conflicting dates availed by organisers, thus impeding internal procurement processes.	
				Publications	22 by March 2009	18 reports done.	The other three publications are being amended and will be published in 2009/10.	
				Directories	11 by March 2009	10 directories plus one Statistical Bulletin (B1)= 11 in total.		
			Engage in global dialogue, international and regional co-operation (AMP, PDAC, Partnership for Growth and Development, KPCS)	Prepare for the African Mining Partnership (AMP) mid-term review meeting,	September 2008	Achieved (submission).		
				Organise the AMP annual meeting.	February 2009	Achieved (submission).		
				Participate in Kimberley Process Certification Scheme, Inter-sessional, India.	30 June 2008	Achieved (submission).		

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
				Participate in Kimberley Process Certification Scheme Plenary meeting, India.	30 November 2008	Achieved (submission).		
				Participate and provide inputs for the Partnership for Growth and Development.	Pilot with China 31 March 2009	Achieved (minutes of the meetings held and Record of Understanding signed).		
				Publication of implementation plan for beneficiation.	June 2008	Not achieved.	This plan is dependent on the approval of the beneficiation strategy by Cabinet.	The strategy was only approved by Cabinet in March and has been circulated to stakeholders for comments.
		Increased mineral beneficiation levels.	Develop beneficiation implementation plan.	Stakeholder workshop to obtain inputs and consensus on strategy plan.	August 2008	A beneficiation strategy launch was held on 31 March 2009 (Beneficiation Strategy document).		
		Improved foreign investments.	Profile countries of strategic significance to South Africa's minerals industries.	Russia, China, Japan, India, Canada, Australia, Brazil, DRC, Angola, Korea, Germany, France, Belgium and USA	March 2009	Not achieved.	Work has been done on some of the countries, such as China, Russia and Australia, linked to the conferences and exhibitions in the different countries. Not achieved due to a shortage of staff and the impact of more topical issues such as the global financial turmoil on developing countries.	A meeting has been planned to strategise and project plan on this for the next financial year within the branch.

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
		Improved planning capability for security of energy supply.	Provide input commodity information/intelligence to the electricity, nuclear and hydro-carbons units.	Development in the economic contribution of hydrocarbons (coal and methane).	31 January 2009	A coal and a uranium strategy have been developed (copies of strategies).		
				Economic impact of uranium in nuclear power energy.	28 February 2009	Not achieved	Due to staff shortages, the branch was unable to complete this on time.	Currently busy with editing of report.
				The future role of the Waterberg coalfield in the SA coal industry.	30 April 2008	Done (publication).		
		Updated investment information for our stakeholders.	Constantly analyse investment climate in the mining and minerals industry.	The prospects of SA coal exports growth and its effect on BEE [and power generation for SA].	31 August 2008	Done (publication).		
				Updated investment information for investors.	Quarterly reports.	Partly achieved.	Report done for first ^t quarter. PowerPoint presentation done in November on the global financial turmoil and how it affects SA.	
				Up to date information for policy making.	Semi-annual reports.	Not achieved.	Shortage of staff to carry out the work.	
			Analyse prospecting and mining rights information to establish levels of proposed investment.					

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
	Stabilised and safe land for alternative use.	Reduced cumulative impact in mined areas.	Facilitate the implementation of water ingress and regional mine closure strategies (Wits basin).	Through the GTT, facilitate the implementation of water management solutions for medium to long term within the Witwatersrand, KOSH mining areas.	Finalise medium to long term solutions 31 March 2009	Achieved.		Ongoing management of the GTT and also participation at the GTT and its technical working groups.
				Publish Mine Closure Strategies (Witwatersrand and KOSH) in Government Gazette.	Publish 30 July 2008.	Achieved (finalised documents).		
			Facilitate the implementation of strategies for derelict and ownerless mines.	Implementation plan for the national strategy for the rehabilitation of derelict and ownerless mines developed.	Finalise implementation plan 30 May 2008.	Achieved.	The strategy could not be finalised on the target date due to the ongoing verification work that had to take place.	The document has been finalised as a dynamic document so that new information can be added as and when necessary.
	Optimised contribution to sustainable development.	Approved policy.	Coordinate the implementation of the strategy for sustainable development and develop performance report to UNCSD.	Develop guidelines on Women in Mining.	30 November 2008	Achieved (policy statement).		Policy statement on Women in Mining has been incorporated into the draft Mineral and Mining Policy Review document.

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
				Develop Sustainable Development in Mining (SDM) Policy.	31 March 2009	Achieved (Chapter in draft Mineral and Mining Policy review document).		The chapter on sustainable development in mining has been incorporated into the draft Mineral and Mining Policy.
				Develop SDM Reporting document with all stakeholders and report on SDM performance to DEAT and UNCSD.	Draft report 31 March 2009.	Achieved (draft report).		
				Participate in IGFMMSD and serve on sustainable development committee reporting to UNCSD.	September 2008	Achieved (report submitted to UNCSD).	Directorate was unable to attend and participate, but sent its report.	
				Provide inputs within the National Strategy for Sustainable Development (NSSD) managed by DEAT.	31 March 2009	Achieved (published strategy).		NSSD has now been published

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
				Finalise Sustainable Development AMP Charter after AMP consultation and establish a Women in Mining Desk for AMP.	By 31 May 2008, complete document for adoption by Ministers and develop policy statement on SDM for AMP via Global Mining Dialogue to UNCSD. By 31 May 2008, establish WiM desk for AMP and adopt terms of reference for the Desk by Ministers].	Achieved (document adopted at AMP).		
Actively contribute towards sustainable development and growth.	Broader participation in the minerals and energy sectors (including women and youth).	New jobs created in these sectors.	Establish sustainable SMME sectors in mining and mineral beneficiation.	Establishment of two sustainable beneficiation SMMEs.	March 2009	Not achieved.	Project implementation pending finalisation of funding.	Management is working on solving the challenges of the challenges of funding.
				Implement 15 new small-scale sustainable mining projects.	March 2009	Achieved.		

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
			Support and monitor small-scale mining and beneficiation projects.	One small-scale mining information session per region, per annum.	March 2009	Not achieved. Six regions held workshops.	Regional posts vacant for extended period.	Ensuring that regions have officials .
				Support 33 existing projects	March 2009	Achieved (SSM records).		
			Draft strategy for small-scale mining.	Strategy document in place.	March 2009	Not achieved.	Draft has to be redone as the focus of the strategy has been enhanced with new inputs.	Another document incorporating the new thinking will be drawn up.
			Identify, develop and maintain high-impact small-scale mining and beneficiation partnerships to foster SMME development.	Sustainable pilot project in place.	One project in Free State.	Not achieved.	Lack of a proper implementation plan.	Integrating the functioning of all responsible directorates.
				Implementation of partnerships for training and business development.	One partnership project March 2009	Not achieved.	Funding of project depended on having proper implementation plan in place.	
			Conduct research on opportunities and constraints within the context of the current legislation.	A report on critical skills required to grow the beneficiation industry.	June 2008	Achieved (report).		
				A report on business development initiatives in the beneficiation industry.	September 2008	Achieved (report).		

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Regulate the minerals and energy sectors to be healthier, safer and cleaner.	Effective regulatory framework.	Effective regulatory framework.		Baseline study on BEE issues with regards to Mining Charter.	December 2008	Achieved (report).		
				Study on ESOPS relating to the Mining Charter.	March 2009	Not achieved	Effort and time was given to the urgent Code of Good Practice workshops and document.	
			Facilitate the development of required skills in the beneficiation sector.	Facilitate the transfer of skills through international agreements, China and India.	30 students March 2009	Not achieved.	Impact assessment recommended cancellation of the project.	
			Review the White Paper on Minerals and Mining, 1998.	Release the draft review of the Minerals and Mining Policy for comments from stakeholders.	30 June 2008 Chapter 5 (Environment).	Not achieved.	Release has been delayed pending the finalisation of the assessment of the Mining Charter.	
			Finalise amendments to the MPRDA.	Finalise the draft review of the Minerals and Mining Policy.	September 2008	Not achieved.	Dependent on comments from stakeholders.	
				Preparation for the NCOP debate	April 2008	Achieved.	The NCOP approved the amendments to the MPRD Bill.	
				Finalise the draft MPRD Amendment Regulations.	May 2008	Not achieved.	The Regulations can only be started once the MPRDA Bill is signed by the President.	The Bill was referred to the Department of Arts and Culture for proper Sepedi translation. The Bill was sent to the President for signing into law.

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
				Release the MPRD Amendment Regulation for public comments.	June 2008	Not achieved.	Pending finalisation of the Regulations.	
				Consultation with the members of the PPC on amended Regulations.	August 2008	Not achieved.	Pending finalisation of the Regulations	
				Preparation for the promulgation of the MPRD Amendment Bill and Regulations.	October 2008	Not achieved.	Pending finalisation of the Regulations.	
				Finalised guidelines to support MPRD Amendment Act and Regulations.	November 2008	Not achieved.	Pending finalisation of the Regulations.	
				Facilitate the implementation plan of the MPRD Amendment Act.	February 2009	Not achieved	Pending finalisation of the Regulations.	

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
			Finalise amendments to the Geoscience Act	Consultation with State Law Advisors.	April 2008	Not achieved.		Consultations with state law advisors will take place next financial year.
				Preparation for the introduction of Geoscience Amendment Bill into Parliament.	July 2008	Not achieved.	Bill could not be introduced to Parliament as it was not ready.	The Bill will be introduced to Parliament in the next financial year.
				Preparation of the translation of Geoscience Amendment Bill.	September 2008	Not achieved.	Pending finalisation of the Bill.	
				Preparation for the promulgation of Geoscience Amendment Bill and Regulations.	February 2009	Not achieved.	Pending finalisation of the Bill.	
				Facilitate the implementation plan of the Geoscience Amendment Act.	March 2009	Not achieved	Pending finalisation of the Bill.	

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
			Review of the impact of Mining Charter	Consultation with relevant stakeholders on the compliance indicators finalised.	September 2008	Not achieved	Consultation with stakeholders is still continuing through the Mining and Minerals Development Board.	A service provider has been appointed to assess the impact of the Mining Charter on the industry.
				Compile discussion document for public comments.	March 2009	Not achieved.	Pending finalisation of the assessment of the impact of Mining Charter on the industry.	Committees consisting of various stakeholders in the mining industry under MMDB are currently drafting and discussing documents relating to the Charter review.
				Finalise review of the draft.	March 2009	Not achieved.	Pending finalisation of the assessment of the impact of Mining Charter on the industry.	
				Facilitate the implementation.	March 2009	Not achieved.	Pending finalisation of the assessment of the impact of Mining Charter on the industry.	
			Develop policy on sugilite mineral.	Identify key elements towards the development of policy.	May 2008	Achieved.		
				Consultations with relevant stakeholders on the formulation of policy.	July 2008	Achieved, but there was poor attendance by stakeholders.		Further consultations still need to take place.

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
				Compile a draft policy document for discussion with relevant stakeholders.	October 2008	Achieved.		
				Finalise the draft policy for comments.	March 2009	Achieved (draft policy document).		
Create an enabling environment for effective and efficient service delivery	Aligned structures, appropriate skills, processes, policies and systems	Attainment of business plan milestones.	Streamline processes in order to ensure proper management.	Document internal business processes e.g. research methodologies.	Documents ready by October 2008.	Achieved (documents).		
			Compliance to established prescripts.	Adherence to departmental processes and procedures.	100% compliance to prescripts.	Achieved.		
			Provide user requirements for applicable systems development to SDM.	Phase 1: Normalisation of the table structures and relationships.	30 June 2008	Achieved.	All required inputs completed, but lack of capacity at SDM who could not proceed with development until January 2009.	Resource (Contractor) appointed by SDM in November 2008. Started on project in January 2009. Still on schedule according to new SDM Project Plan.
		Establish systems and internal business processes.		Phase 2: Re-design of all input functions.	30 September 2008	Not achieved.	Depends on completion of Phase 1.	
				Phase 3: Incorporate automated error detection algorithms.	30 December 2008	Not achieved.	Depends on completion of Phase 2.	

DME Strategic Objectives	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
		Improved skills and competency base.	Develop and implement HRD plan.	Financing of Professional band (x2) already approved.	June 2008	Achieved.		Posts have been frozen due to budget cuts by National Treasury.
		Improved utilisation of equipment to achieve goals.	Investment in printing and IT equipment.	Identifying and upgrading of scarce skills levels.	March 2009	Not achieved (Awaiting HR directive).		
				Procuring of new printing machines and a CD Writer.	March 2009	Achieved.		Equipment will be in use by June 2009.
	Effective Financial Management	Funds used for identified priorities.	Appropriate budgeting processes.	% deviation from budget.	Less than 5%.	Achieved	The Branch's balance as at the end of the financial year was less than 5%.	
			Align resource requirements with budget.					

MINERAL POLICY AND PROMOTION BRANCH SERVICE DELIVERY PLANS 2008/09

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Promote Investment in the minerals and mining industry of South Africa.	Prospective investors, public, government departments, DME, DME-associated institutions, mining industry, opinion formers.	Quantity: 28 publications Five exhibitions/conferences One beneficiation strategy SMME establishment Quality: Relevant content in publications and optimal business development strategies. Meetings/workshops, road-shows . Consultation Access Courtesy Openness and Transparency Information Redress Value for Money Time: Cost: Human Resources:	Quantity: 33 publications 13 exhibitions/conferences Develop beneficiation implementation plan 20 new SMMEs established Quality: Relevant content and commodity value chain integration in publications and optimal business development strategies. Meetings/workshops, road-shows. Consultation Access Courtesy Openness and Transparency Information Redress Value for money Time: Cost: Human Resources:	30 publications 12 exhibitions/ conferences Beneficiation implementation plan will be developed once the beneficiation strategy is complete. 15 new SMMEs established. Done as per desired standard. Consultations done through meetings, workshops and road shows. Access through all means of communication. Batho Pele principles. Open and transparent. Information available on internet and as hard copies. Involvement and coordination increased. Within budget Annually Within budget Current staff



PROGRAMME 5

PROGRAMME 5: HYDROCARBONS, ENERGY PLANNING AND CLEAN ENERGY

PURPOSE: To promote the sustainable use of energy resources through integrated energy planning and the appropriate promotion, including policy and regulation development, of petroleum products, coal gas, renewable energy and energy efficiency.

PROGRAMME OBJECTIVE: Integrated energy planning leading to the sustainable use of South Africa's energy resources, internationally competitive energy prices and increase in energy efficiency through the development and implementation of appropriate energy policy and regulation.

SERVICE DELIVERY

Development of a National Integrated Energy Modelling System (NIEMS)

NIEMS is intended to provide an objective, numbers-driven analysis of the South African energy sector which will be part of the input to the integrated energy planning process. NIEMS seeks to provide for an analytical capability which will enable the evaluation of existing and proposed energy policies, strategies and plans so that their impacts within the sector and on other economic sectors can be tested. Energy data required for energy modelling, as well as that required for energy statistics and other publications, will be stored centrally on the NIEMS. This will allow for a centralised and better-managed source of national energy data and statistics.

Energy Information and Publication

The Department has actively participated in the International Energy Statistics Workshops which are hosted by the United Nations Statistical Division (UNSD), as well as the Oslo Working Group on Energy Statistics. It has made inputs towards the revisions of the methodology manual on energy statistics which is being developed by the UNSD.

Energy data on all energy carriers was collected and the 2006 Energy Balances were released to the International Energy Agency and the UNSD. All energy data is also published on the Department's Website.

The Department collected South African oil and refinery data as part of its international commitments to the Joint Oil Data Initiative, and supplied this data on a monthly basis to the United Nations.

The DME has also been involved in updating the South African Oil and Gas Data on the African Petroleum Producers Association (APPA) Database.

LPGas Pilot Project

The LPGas Pilot project has been rolled out and approximately 30 000 households have been connected to LPGas. The Department is currently working on a regulation to control LPGas prices which are among the highest in the world. The regulation will be promulgated by the end of 2009.

Carbon Sequestration

A Carbon Sequestration Leadership Forum Conference was held in South Africa with all member countries from the rest of the world participating. The CSLF is a global organisation that aims to contribute towards the reduction of carbon dioxide (CO₂) emissions in the atmosphere and provides a global platform for member countries to exchange information on policy, technological innovation and inventions in the CCS discipline. South Africa is currently the deputy chair of the Carbon Sequestration Leadership Forum.

South Africa, through SANERI, has established a Carbon Capture and Storage Centre to facilitate acquisition of expertise and advance CCS-related issues in the country. The CCS Centre Charter signing ceremony was held in March 2009 and the Centre came into operation on



30 March 2009. This Centre will be a conduit for capacity building and human resource development in the area of CCS, which will enhance the state of readiness in the country when the implementation of CCS projects is initiated. Among other things, the Centre will focus on CCS training for policy makers and technical experts, as well as increased public awareness on CCS issues in South Africa.

A Carbon Capture and Storage Atlas, the first of its kind in Africa, is currently being developed and studies are at an advanced stage. A draft final report, which will mainly indicate effective capacity and areas where CO₂ can be sequestered, is scheduled to be issued by March 2010. It is envisaged that a test injection will be done around 2016 and a commercial scale demonstration site will be established around 2020.

The Oil Summit

The Department hosted an Oil Summit to debate the challenges of increasing and volatile oil prices with regard to their negative economic impacts on energy access, continuity and security at the global and the South African economic level. The Summit provided an opportunity for the Department to consult with all stakeholders on issues related to the liquid fuels sector. Topical issues, including future fuel specifications, fuel pricing mechanisms, (de)regulation and the role of the state in the sector, were identified for further consultation. The Oil Summit managed to raise awareness among stakeholders on the impact of high crude oil prices and initiated a dialogue at national level on how South African can tackle problems related to the sector. As a result of the Oil Summit, the African Minerals and Energy Foundation was set up to discuss in more detail the issues raised at the Summit. The Foundation has to date conducted three seminars.

Petroleum Licensing

By the end of the reporting period, approximately 14 050 petroleum licence applications were received and 9 390 licence applications were subsequently processed.

The unit had for the past three financial years not achieved the set target on the number of applications to be issued on time, mainly due to capacity constraints. Constraints to meeting these targets were identified and some interventions implemented. An action plan was formulated and operationalised, placing emphasis on addressing constraints and regular reporting on the progress made. The plan led to a significant improvement in the number of licences processed to date.

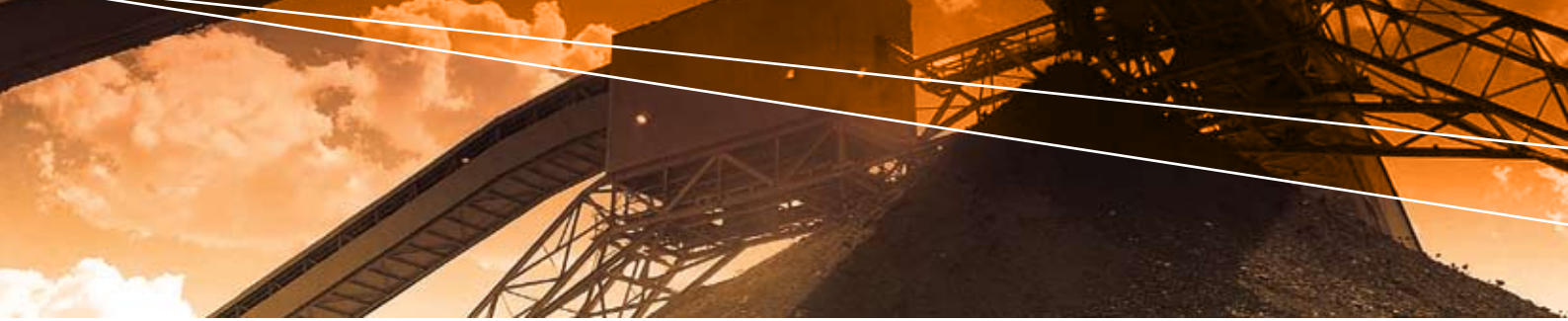
Integrated Energy Centres (IECs) Programme

An Integrated Energy Centre (IEC) is a one-stop energy shop owned and operated by a community co-operative and organised as a community project aimed at alleviating rural energy poverty. Each local IEC is linked with the Integrated Development Plans (IDP) of the particular area, which is implemented through the ISRDS, thus integrating the provision of wider energy choices with other projects such as water supply, schools and clinics. There are six operational IECs, namely; Ratlou in North West, which was launched in August 2008; Eshane in Greytown, KwaZulu-Natal; Matatiele, Eastern Cape; Kgalagadi and Moshaweng, both in Kuruman, Northern Cape; and Mutale in Limpopo. New IECs planned for Qunu and Mbizana in the Eastern Cape; Ulundi in KwaZulu-Natal; and Qwaqwa in Free State are at the Environmental Impact Assessment stage of development. Approximately four other new IECs are at the conceptual stage of development.

Capacity Building

The South African Government entered into a cooperative agreement with the Norwegian government (RSA 3001) in 2006. In pursuit of this, a capacity-building workshop focusing on energy planning, energy modelling and data management was hosted by the Norwegian Water Resources and Energy Directorate (NVE) in Norway in November 2008. The workshop was attended by officials from Energy Planning, Electricity Supply and Petroleum Policy. A follow-up workshop to ensure that the lessons learnt are practically applied is scheduled to take place during the financial year 2009/10 in South Africa.

As part of developing the National Integrated Energy Modelling System (NIEMS), a number of stakeholder workshops were held to facilitate discussions on the key requirements to be met by the modelling system. The workshops were attended by officials from various government as well as state owned entities and agencies.



With technical support from NVE, the Department undertook an assessment of the electricity reticulation networks expected to be used to supply power to the key facilities that will be used in hosting the FIFA 2010 World Cup. The assessment involved the modelling of the networks of all the host cities, as well as Ekurhuleni due to the location of the OR Tambo International Airport.

Officials from the Department attended courses aimed at enhancing capacity in licence-processing and compliance monitoring. The training has adequately equipped the licensing directorate with the financial skills that are critical for assessing the economic viability of service stations. It has also broadened the energy officers' scope towards enhancing standardised assessment of the retail fuel industry and financial modelling. The number of appeals has been significantly reduced on the retail licence application due to the quality of analysis that informs the recommendation to the Petroleum Controller in either approving or rejecting licence applications. There has been a great improvement in the turnaround time of application analysis, thus enabling efficient service delivery. Improved efficiency on application process enquiries has also been achieved through training.

PASA and EDC implemented a number of approved activities, including an organisational review and the training of staff members (PASA), as well as attending workshops in Norway and South Africa (EDC). One of the latter workshops, which was facilitated by NVE in South Africa, was also attended by participants from the SADC region, such as Mozambique.

MEASURABLE OBJECTIVES, KEY ACTIVITIES AND MEDIUM-TERM OUTPUT TARGETS

DME STRATEGIC OBJECTIVES	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Actively contribute towards sustainable development and growth	Improved security of energy supply.	Continued availability of liquid fuels, coal and gas.	Develop and implement energy security strategy.	% of supply secured	Strategy approved by Cabinet.	Not achieved SoSS document.	There was a change of approach.	Strategic Stocks Policy (inclusive of SoSS) will be submitted to Cabinet in June 2009.
		Well-understood and shared policy framework.	Implement the Energy Master Plans.	No of oil and gas shortages	Rail, ports and back of port operations fully optimised.	Implementation of various ESMP short-term strategic objectives is in progress. Project report outlining key projects compiled and presented to steering committee.	Pending designation and exemption of the ESMP project by the Competition Commission inhibits ability to address certain issues that require coordination with industry participants.	Engage with industry participants on a bilateral basis.
			Host Regional Energy Summit.	Appropriate energy policies.	Energy Summit booklet. Consolidated stakeholder policy inputs.	Achieved. Energy Summit Booklet signed off by the Minister.	Time lag between Summit and compilation of Energy Summit proceedings.	Documented material was used as far as possible.

DME STRATEGIC OBJECTIVES	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
	Secured and sustainable access to diversified and affordable energy resources (energy security).	Continued availability of affordable energy. Economically sound energy policies, strategies and plans.	Programme Management (Project Delta).	Approved Energy Master Plans (EMSP).	Promulgated Energy Bill.	National Energy Act assented to by President and gazetted.		
			Develop appropriate legal framework for energy security. Development of the National Integrated Energy Modelling System (NIEMS).		Develop business cases for activities.	Development of business case for the establishment of SANEDI in progress.	Functions of SANEDI to be reviewed in line with implementation of the strategic framework model by Department of Science and Technology (DST).	Engagement between DME and DST to define transitional arrangements.
				Operational NIEMS.	Consultants appointed. Parameters for modelling in place.	User Requirements Definition phase completed. Funding for development and implementation of NIEMS not yet secured.	Lack of funding for development and implementation of NIEMS, hence further work cannot advance.	Alternative sources of funding being explored. Alternative implementation approaches being explored.
			Develop an Integrated Household Energy Strategy. Conduct energy needs assessments in targeted areas.	An approved Integrated Household Energy Strategy. Energy profile of the area and number of interventions to meet identified energy needs.	Policy approved by Cabinet. Assessment reports.	Not achieved. Approved integrated Energy Strategy document. Achieved (in progress).	Lack of resources (in process of transformation). Some Municipalities do not have resources to assist with the survey.	Strategy will be tabled for approval in 2009/10. Mutale report has been finalised.

DME STRATEGIC OBJECTIVES	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
			Develop and implement a regulatory accounting system to eliminate cross-subsidies.	Predictable and stable regulatory framework.	Reviewed petrol and diesel pricing framework. Reviewed paraffin price framework.	Not achieved (implement regulatory accounts). Not achieved (fixed IP retail margin).	Protracted process to source funding and consultants. Lack of interest by consultants.	Project now underway for earliest completion in July 2009. Targeted bid to 15 consultants but one bidder responded – recommended for approval.
			Set monthly petroleum regulations.	Monthly regulation submission.	One per month.	Achieved (monthly price changes) by way of a submission.	None	
		Secured liquid fuels supply.	Increase local liquid fuels production.	% of locally produced liquid fuels.	Two manufacturing licences granted.	Achieved.	N/A	N/A

DME STRATEGIC OBJECTIVES	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
Regulate the minerals and energy sectors to be healthier, safer and cleaner	Reduced minerals and energy environmental risk and liability.	Reduction of negative impacts related to energy use.	Facilitate the introduction of energy efficient technologies and phasing out of inefficient technologies.	% reduction in number of energy-related fatal incidents.	Safe paraffin stove developed and tested, and a review of SANS 1243 conducted.	Not achieved (in progress).	Delays due to the processes of identifying beneficiaries and securing storage facilities for the stoves on site.	Mbizana and Ezingolweni have provided storage facilities and the stoves will be transported during the first week of May 2009. Alexandra and Emizamoyethu will finalise the beneficiary list and stove delivery during May 2009.
			Promote the production, handling and use of energy carriers that meet safety health and quality standards.	Appropriate fuels and appliance specifications and standards.	Stakeholder engagement.	This project is pending DEAT's approval of cars as emitters.		
			Facilitate the development of clean coal technologies.	Host the Carbon Capture and Sequestration Leadership Forum (CSLF).	Carbon Capture and Storage (CCS) Geographical Atlas.	Achieved.		
			Monitor compliance of fuel specifications and standards.	Certificate of compliance quarterly audits.	One audit per quarter.	Project was put on hold due to budget constraints.	Financial.	Negotiating with other government institutions for cooperation.
		Elimination of fuel SHEQ related negative impacts	Monitor compliance in terms of pricing, labelling and licensing conditions.	Site Inspections.	Monthly.	To date all site inspections scheduled were carried out.	No constraints.	

DME STRATEGIC OBJECTIVES	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets 2008/09	Results / Progress and Verification Source	Constraints	Corrective Action
Create an enabling environment for effective and efficient service delivery	Improved service delivery internally and externally.	Improved energy service delivery.	Administer the Petroleum Products Act through the licensing of operators in the Petroleum Sector, by increasing the staff complement (Recruitment).	% new licences issued on time	80%	As at 31 March 2009 PPALS statistics were as follows: Refused-347 Granted-5463 Issued-3580 Recommended for approval- 2 93 Recommended for refusal- 27 Total number of all license types processed : 9 390 4 428 – Outstanding accepted applications to be processed	Inadequate information from applicants and shortage of staff.	Improve client interface through regular meetings, letters etc. Appointment of more staff members.

DME STRATEGIC OBJECTIVES	DME Strategic Outcome	Branch Outcome	Branch Initiatives	Measures	Timeframes / Targets	Results / Progress and Verification Source	Constraints	Corrective Action
		- Improved institutional memory. - Reduced reliance on consultants. - High performance team.	Conduct a skills audit - Address identified skills gaps - Retain regional staff - Establish mentorship programmes - Implement outcome based performance management	Staff productivity	Skills audit conducted: identified skills gaps addressed; Regional staff trained; Mentorship programmes established; outcome-based performance management implemented.	Skills audit completed.		
		Appropriate structure	Restructuring of the Energy Planning directorate and skills acquisition.	Vacancy rate.	50%	Matching and placing of staff in Energy Planning Chief Directorate finalised.	Lack of funding for the entire structure of the Chief Directorate still needs to be addressed.	To be addressed as part of the restructuring of the DME.
		Improved service delivery	Populate regional and head office structures.	Vacancy rate	50%	All vacant posts in the Energy Planning Chief Directorate have been advertised.		

HYDROCARBONS AND ENERGY PLANNING BRANCH
SERVICE DELIVERY IMPROVEMENT PLANS

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Issue licences for petroleum products	Petroleum manufacturing, wholesale and retail industry.	Quantity	Quantity	As at 31 March 2009 PPALS statistics were as follows: Refused-347 Granted-5 463 Issued-3 580
		13 518 licence applications captured and accepted on PPALS.	12 000 must be issued by the end of the financial year.	
		200 - licences refused 2 450 - licenses granted 900 - licenses issued 3 550 - licenses processed		Recommended for approval-293 Recommended for refusal-27 Total number of all licence types processed : 9 390
		Consultation	Consultation	Partly achieved. Intensified interaction with oil companies and retailers associations, conducting meetings, workshops and consultations with applicants.
		Communication with associations and oil companies. Local radio broadcasting.	Road shows, advertisements and visual media.	Media publication not done due to budgets constraints.
		Access	Access	Partly achieved. Staff appointed and operations will resume in June 2009.
		Courtesy	Courtesy	Office space availability is still a challenge in some regions.
		Development of guidelines. Help desk.	Help desk at regional offices.	Partly achieved. Intensified interaction with oil companies and retailers associations, conducting meetings, workshops and consultations with applicants.
		Open and transparent	Open and transparent. Publication of information.	Media publication not done due to budgets constraints

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD		ACTUAL PERFORMANCE AS AT 31 MARCH 2009
		Information	Information available on request, via the help desk and website.	Information	Regional representation.	Regional staff appointed; operations will resume in June 2009.
		Redress	Redress past imbalances. Improve BEE participation.	Redress	Improved technology used to speed up the issuing process, more electronic services to government.	Not achieved.
		Time	Planning to issue 12 000 licenses by end of March 2008.	Time	0% backlog	4 428 outstanding accepted applications to be processed.
		HR	Advertising of posts pending the restructuring process.	Human Resources	Need to employ more people at Head office and at the regions.	All regional directors appointed except for Eastern Cape. However, a recommendation for appointment has been made for HR to effect the appointment. With regards to the Free State inspector, a recommendation has been made for HR to effect the appointment. Interviews for all energy officer positions have been conducted and recommendations for appointment have been made for HR to effect appointments.

PROGRAMME 6

PROGRAMME 6: ELECTRICITY, NUCLEAR AND CLEAN ENERGY

PURPOSE: To govern the Electricity, Nuclear and Clean Energy sectors with special emphasis on security of supply, universal access to electricity, development of the nuclear sector, diversification of energy sources and promotion of clean energy technologies.

MEASURABLE OBJECTIVE: To ensure a well-managed, efficient, safe and cost-effective electricity and nuclear industry in South Africa, through policy, legislation and regulations. Achieving increased access to electricity and globally competitive electricity prices within a safe, clean and healthy industry.

SERVICE DELIVERY

Electrification has extensively contributed and continues to contribute towards local economic development, job creation, poverty alleviation and addressing the imbalances of the past.

The total allocation for electrification was R1, 7 billion during the year under review. The targets set for grid electrification in the year under review were: households 150 000 connections, schools 2 500 and bulk substations 10. The Department achieved 123 644 household connections and connected 712 schools.

Out of 10 planned bulk substations, six substations were completed (three new and three upgrades). The Department carried out other bulk infrastructure projects to enable access to remote areas and eight bulk feeder lines were completed.

Conditional Grants

Overview of conditional grants

Schedule 6 and 7: Integrated National Electrification Programme – Municipal Programme

Province	Total Allocation –R'000	Total Transfer- R' 000	Total Expenditure–R '000
Eastern Cape	137,266	137,266	66,620
Free State	22,289	21,791	31,943
Gauteng	128,847	128,847	146,424
Kwa-Zulu Natal	94,394	94,394	100,436
Limpopo	59,036	56,636	15,059
Mpumalanga	49,348	47,248	19,397
Northern Cape	3,413	3,413	2,489
North West	43,772	43,772	25,180
Western Cape	57,272	55,772	42,451
TOTAL	595,637	589,139	449,991



Province	Total Allocation –R'000	Total Transfer- R' 000	Total Expenditure–R '000
Eastern Cape	374,727	374,727	311,204
Free State	17,187	17,187	14,274
Gauteng	53,695	53,695	49,910
Kwa-Zulu Natal	234,887	234,887	122,522
Limpopo	169,493	169,493	147,591
Mpumalanga	82,695	82,695	75,812
Northern Cape	137,718	137,718	112,714
North West	24,840	24,840	20,686
Western Cape	55,511	55,511	70,150
TOTAL	1,150,758	1,150,758	924,866

Eskom Backlog Schools and Clinics

Province	Total Allocation –R'000	Total Transfer- R' 000	Total Expenditure–R '000
Eastern Cape	49,600	49,600	0
Free State			
Gauteng			
Kwa-Zulu Natal	40,400	40,400	0
Limpopo			
Mpumalanga			
Northern Cape			
North West			
Western Cape			
TOTAL	90,000	90,000	0

Connections: Households and Schools

Province	Planned Household Connections	Actual Household Connections	Planned Schools Connections	Actual Schools Connections
Eastern Cape	28,771	26,023	379	207
Free State	4,188	8,075	16	16
Gauteng	10,228	17,364	2	2
Kwa-Zulu Natal	25,730	23,569	472	102
Limpopo	19,878	19,253	138	130
Mpumalanga	7,707	8,930	54	50
North West	10,675	7,725	33	24
Northern Cape	2,508	2,090	0	0
Western Cape	10,363	10,564	0	0
TOTAL	120,048	123,364	1094	531

Non-Grid Schools



Province	Planned Connections	Actual Connections
Eastern Cape	160	69
Free State	0	
Gauteng	0	
Kwa-Zulu Natal	410	130
Limpopo	0	
Mpumalanga	0	
North West	0	
Northern Cape	0	
Western Cape	0	
TOTAL	570	199

Socio-economic Indicators

In 2008/09, out of the total expenditure of R1,374,862 billion, an amount of R923, 972 million (67%) went to empowerment initiatives. Of this, R650,310 million was spent on Black Economic Empowerment (BEE) companies while R273, 662 million was spent on Black Women-owned companies (BWO) and Small Medium Enterprises (SMMEs). These figures reflect a positive commitment by the electrification programme towards the socio-economic upliftment of Historically Disadvantaged South Africans.

In the 2008/09 financial year, a total of 5 887 jobs were created through the electrification programme. This figure exceeds the target of 5 000 by 887. The total number of jobs created comprises 1 004 women, 65 disabled and 3 944 youth. The target for learners during the 2008/09 financial year was 800, and 2 368 was achieved. The table below reflects expenditure patterns for BEE, BWO and SMMEs for the 2008/09 financial year

Socio-Economic Indicators for the 2008/9 financial year

PROVINCE	Total Programme Expenditure	TOTAL BEE /BWO /SMME Expenditure	BEE Expenditure	BWO and SMME Expenditure
Eastern Cape	377,824	360,394,012	244,645,328	115,748,684
Free State	46,217	23,961,552	12,932,162	11,029,390
Gauteng	196,334	77,025,256	44,422,124	32,603,132
Kwa-Zulu Natal	222,958	187,660,523	143,350,881	44,309,642
Limpopo	162,650	107,612,242	82,163,040	25,449,202
Mpumalanga	95,209	48,561,886	45,555,298	3,006,588
North West	45,866	14,304,592	11,378,361	2,926,231
Northern Cape	115,203	61,700,453	44,456,666	17,243,787
Western Cape	112,601	42,751,232	21,406,058	21,345,174
Total	1,374,862	923,971,748	650,309,919	273,661,829

To allow CDM projects to come about, host countries need to designate national authorities (DNA) to evaluate and approve CDM project investments in their own countries. South Africa has established the DNA to fulfil this function as well as other functions related to the successful implementation of the CDM. The DNA is currently located within the Department.

During the year under review, 45 projects were reviewed and they consisted of 39 pins and 6 PDD (application /proposals/ submissions for approval).



	TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
	150 000	Total connections: 123 364 connections. (Municipal and Eskom reports).	Overlap of financial years with municipalities causes misalignment of outputs. Eskom and Municipalities are still busy with the 2008/09 programme. An undertaking has been given to achieve all connections by June 2009.	Engage municipalities to approve and take council resolutions for electrification projects earlier. Eskom and Municipalities gave undertakings that connections will be achieved by end June 2009.
	2 500	712 schools connected (both grid and non-grid).	The verification of backlogs is a challenge as a segregation between grid and non-grid technologies is fundamental to the programme. The target was based on the universal access target of 5 000 schools. It is estimated that only 3 700 schools are not electrified, according to the Department of Education.	Verification process for the backlog undertaken and to be completed end of April 2009; budgets will be aligned accordingly. A submission has been sent to the Minister for the review of schools targets from 2 500 to 1 313.



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
				Number of substations built.	
			Electrification Master Plan at regional level.	Master Plan document.	
		Improved electricity security of supply	Investment in new generation capacity. ¹	New power stations built.	
		Increased CDM project portfolio. Support CEF carbon trading system Removal of barriers on CDM investment. Promote carbon trading investment in various sectors (provincial and local government and private sector).	Awareness raising workshops and meetings with potential developers.	Number of workshops.	
			10 capacity building and awareness raising workshops. One national road show. 2 international exhibition	Number of workshops. Number of road shows. Number of exhibitions.	
		CDM projects in line with relevant SA legislation and policies.	Regulate CDM project investment.	Review submitted project proposals and issue letters of approval / non-approval.	
		CDM projects contribution to sustainable development objectives. CDM projects in line with international requirements.	Monitor CDM project investment.	Annual report on extent of contribution of projects to SD objectives.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
10	Six (three new substations, three upgrades); the other our substations are at different stages of construction). Eight bulk feeder lines were completed as part of bulk projects (Bulk progress report).	(Upgrades are also regarded as substations as they achieve the same objective so actually the Department built six). Turnaround times for EIAs must be discussed with the Department of Environmental Affairs in order to speed up progress.	The National Plan will be divided into regions and distributed accordingly.
100% complete.	90% complete (universal access plan).		
March 2009 Tender issued.	Tender not issued.	To mitigate the New Regulatory Framework, Regulations for New Generation Capacity including a Cost Recovery Mechanism were concluded.	Address the PAJA period with affected stakeholders. Explore various primary fuel options.
10 workshops.	Eight workshops have been held (workshop reports and attendance register).	Budget constraints, as a result of which the Directorate could not reach all the provinces and all sectors as originally planned.	
10	Eight workshops.	None.	
One	Not achieved.		
Two	Two exhibitions were held in Germany and Senegal (report / submissions).		
20	2008/09: 45 projects have been reviewed (39 pins and 6 PDD (application /proposals/ submissions for approval).		
One annual report	Not achieved. Service provider appointed (contract).	Delays in procurement process.	Annual report will be finalised at the end of June.



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
		Approved CDM position. SA issues submitted to UNFCCC and CDM Executive Board. Participation at UNFCCC negotiations and DNA forum	Ensure SA position on CDM issues is presented at UNFCCC, CSD and other international forums.	Hold two stakeholder workshops to obtain input on CDM issues for presentation at UNFCCC. Report and recommendations on attendance and participation at international forums	
		Increased uptake of renewable energy technologies.	Implement the renewable energy strategy to encourage the development of renewable energy projects. Implementation of the Biofuels Strategy. Develop and implement renewable energy production / cost reflective tariff.	Sustainable development of renewable energy projects. Production of bio-fuels in SA. Renewable energy cost-effective tariff.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
One CDM position paper. One stakeholder workshop. Attendance and participation at SBSTA, Carbon Expo, DNA forum, UNFCCC negotiations.	CDM position paper is included in the SA position paper approved by cabinet in November 2008. DNA leads negotiations on CDM issues and influence decisions for SA's benefit. (SBSTA, UNFCCC, DNA forums) (Travel reports / submissions).		
Approved strategy. Licensing criteria and financial mechanism approved. Tariff structure set for all renewable energy technologies. 80% of allocated funds.	Achieved. Renewable Energy Implementation Framework was approved, which focuses on grid technologies. Approved licensing criteria are available on the DME website. One licence has been issued. 100% has been disbursed. (Copies of transfer payment/ cash flow statements).	Financing mechanism could not be finalised due to lack of local plant pricing information. Various uncoordinated SWH initiatives and targets. Delays in obtaining approval to appoint a consultant that will develop the business plan.	Renewable energy implementation is three-pronged – grid connected technologies, Solar Water Heating and Biofuels, each with its own implementation strategy. The Task team has resolved to use data from the existing applicants plus the models used initially to finalise the strategy. Establish the central coordinating committee and source adequate funding.



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
			Provide subsidies to qualifying renewable energy projects. Actively support the rollout of the Solar Water Heating programme. Implement South African Wind Energy Programme Implement renewable energy market transformation Programmes. Implement tradable renewable energy certificate system.	Renewable energy subsidy spend. Increased Installation of Solar Water Heaters. Sustainable development of wind farms. Increased implementation of renewable energy projects. Trading of renewable energy certificates.	
		Energy and Climate Change Strategy.	Develop the Energy and Climate Change Strategy for DME.	Energy and Climate Change Strategy.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
Approved rollout plan.	Not achieved; however, there was a consultative process through a workshop held on 13 February 2009 and a report was produced.	There are many activities currently underway so the Department had to consult with all the role players, including municipalities, industry and others.	
5 MW generated from the Darling Wind Project.	Achieved. Darling Wind Farm is operational and generating 5.2 MW (report on power generated by darling wind farm).	Draft awaiting for endorsement by the World Bank.	Obtain approval to procure the services of consultants to develop the business plan and the domain protocol.
Guidelines for matching grants for grid connected technologies and guidelines for performance grants for commercial Solar Water Heaters.	Partially achieved.	There were delays in obtaining approval to appoint a consultant to develop a business plan.	
Issuing Body for Tradable renewable energy certificates established.	Not achieved		
Energy and Climate Change Strategy finalised by July 2009. Consultant must produce draft Strategy by 1 March in preparation for the Climate Change Summit hosted by DEAT.	Not achieved. First draft will be produced on 31 May.	Scope of the project had to be extended and the service providers submit a new plan with new dates for deliverables through a different funding mechanism.	Procurement issues are being addressed.



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
		Position papers, research reports and recommendations.	Encourage energy sector contribution towards fulfilling multilateral obligations under the CCD, CSD, UNFCCC and others.	Report recommendations on attendance and participation in international meetings.	
		Improved governance and alignment of energy sector objectives in other environmentally related projects.	Ensure the alignment of the energy sector objectives to other environmentally related activities and projects in other departments.	Report documents from intergovernmental meetings / workshops attended.	
		Environmental Management Plan (EMP) for DME.	Research and update the compliance report to the EMP of the DME.	Compliance report once a year.	
		Social Sustainability. Environmental sustainability. Economic sustainability.	Implement National Energy Efficiency Strategy.	Reductions in primary energy consumption by economic sector.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
Attendance and participation at in all international meetings pertaining to these agreements.	Negotiating position for SB 30 and CSD 17 finalised (Travel report / position paper).		
Attendance of and participation in relevant intergovernmental engagements to represent the position of the energy sector.	Achieved (finished documents).		
March 2009	Achieved – Draft with Mining and Environment for consolidation.		
13.5 Petajoules (PJ). Cumulative target since 2006 is 24.8 PJ.	Due to projects flowing over a longer period than one year, it is difficult to measure the annual achievements. The cumulative achievement from 2006 to December 2008 is 15.6 PJ or 62% of the target. (Figures not verified and there is a lag in reporting.)	Need proper monitoring of targets. Modelling tool to be implemented.	Terms of reference to be approved by Bid Adjudication Committee.



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
		Electric motors.	Develop Energy Efficiency Standards and efficiency labelling.	Electric motor standards.	
		Non-utility boilers.		Non-utility boiler standards.	
		Insulation for thermal pipe work.	Develop efficient building standard.	Insulation of thermal pipe work standards	
		Buildings		Efficient building standard.	
		CFLs		CFLs standard.	
		White appliances: Washing machines, tumble dryers and dish washers.		White appliance Standards.	
		Light Motor Vehicles Energy Management.		Light Motor Vehicles Energy Standards.	
		Promotion of awareness, capacity building and skills development of ESCOs, Funding of Energy Efficiency projects. Monitoring of Energy Efficiency Strategy	National Energy Efficiency Agency.	Established with staff complement and legal mandate November 2008	
		Ministerial powers to regulate the manufacture and importation of energy efficient products and processes.	Energy Act	Removal of trade barriers to energy efficiency.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
Develop draft Standards by March 2009.	Draft Standards completed.	Liaising with DEAT in respect of incorporating boilers under the Air Quality Management Act. However, the technical experts on boilers are so far not willing to become part of the meetings.	
Draft Standard completed by October 2008	No standards.	Resource constraint for forming a Technical Committee.	Intervention might be required.
Draft Standard.	Outstanding.	Will have to go out on a second round of public comments	Ongoing mediation.
Compulsory Standard published in August 2008.	Draft Standard completed and in the process of becoming a National Building Standard. Standard completed A voluntary standard completed. Regulation drafted, currently with Legal Services to make the standard compulsory. Completed and compulsory since July 2008.	Only includes light motor vehicles and not vehicles bigger than 3 litres.	
Establish the Energy Efficiency Agency (Funding for staff and projects).	Energy Act promulgated in parts.	DME requirements for establishment currently being reviewed. Funding for SANEDI still outstanding. DST only prepared to provide R7 million which does not cover the costs SANEDI has currently.	Point of view document drafted and circulated.
Draft Regulations.	No Regulations	The Energy Act was promulgated in December 2008. The Regulations were drafted directly after that but the legal procedures take some time. The Regulations have now been approved by the Legal Section and the submission is at the office of the DDG for approval.	Consultation with the DTI required.



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
		Energy Efficiency Accord (removing need for timeous and expensive enforcement of regulations).	Engagement of stakeholders in business and other government departments / SOEs.	Voluntary adoption of standards and energy savings targets in Joint government/business compact.	
		Enhanced awareness about the national nuclear policy and strategy.	Implementation of nuclear communication strategy. ¹	Implementation plan.	
		Contribution to the development of SMMEs in the sector.	Increase BEE spending in electrification programme	Participation by SMMEs in electrification.	
		Improved impact of electrification as measured through socio-economic indicators.	Socio-economic indices to track impact of electrification.	Socio-economic indicators.	
Create an enabling environment for effective and efficient service delivery	Improved service delivery internally and externally.	Optimised branch structure. Reduced vacancies. Predictable and standardised processes for doing business. Institutional memory of branch improved Improved workforce skill and productivity	Restructuring of the Branch ³ Filling of vacant posts ³ Document policies and procedures ³ Develop knowledge management (KM) system ¹ Internal training and skills development. ³	New branch structure. Number of vacancies. Documented policies and procedures. Institutionalised system training programmes.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
13.5 Petajoules for year 2008. Cumulative target 24 Petajoules since 2005.	14 out of the 44 companies saved 1441 GWh – some reports are still outstanding (approved NBI report).	The Energy Efficiency Accord must be renewed with the new Minister.	Submission to be drafted when new Minister is appointed.
Conduct a public survey on the understanding of nuclear issues by 31 March 2009 and evaluate outcome.	Not achieved. Draft communication strategy submitted to Communication Directorate for comments.	Communication strategy had to be drafted before the survey.	The strategy will be finalised in 2009.
50% of INEP funds.	53% spent to date (Municipal and Eskom Monthly Report/ site visit report).		
5 000 jobs	5 887	Implementing entities are still busy with the 2008/09 programme.	
800 learners	2 368		
5% coverage increase	4% achieved (Municipal and Eskom Monthly Report/ site visit report) .		
Household impact study report.	Achieved (Household impact study report).		
100% funded structure.	Job Evaluation completed for Nuclear Technology and Nuclear Non-Proliferation. Nuclear Safety and some Posts in the Chief Director's Office are still outstanding.	High staff turnover.	Committee to be established to deal with the development of the system.
0%	17 posts vacant.		
100% documented processes and procedures.	Process and Procedure submitted to Audit Services.		
Develop system.	Not achieved.		



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
Regulate the Minerals and Energy Sector to be healthier, safer and cleaner.	Healthier, safer and cleaner minerals and energy sector.	Increased DSM interventions by municipalities and Eskom to improve security of supply.	Implementation of DSM Policy. ¹	DSM savings.	
		Predictable and transparent electricity tariffs.	Electricity pricing policy implementation ¹	Tariff structure.	
		Orderly development of the nuclear industry	Implement Nuclear Energy Policy.	Implementation plans.	
		Mitigation of risk relating to radioactive waste.	Implement radio-active waste management policy and strategy.	Legislation	
		Reduction of nuclear liabilities.	Implementation of the Nuclear Liability management plan.	Annual report on nuclear liabilities discharged.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
Publish policy. Policy implementation – 500 MW savings.	Energy Efficiency Strategy was approved by Cabinet.	Approval of the Energy Efficiency Strategy.	Regulations on Norms and Standard completed and address main energy efficiency policy issues.
Publish policy. Policy implementation – All Tariffs aligned with the policy.	Policy completed and being implemented (Electricity Pricing Policy).		
Establish structures as per policy.	Awaiting response from the government departments and State Owned Entities. First meeting to be convened once nominations of representatives are received.	Institutions reminded to respond to the DME request.	
Draft Agency Bill and Fund. Bill Submitted to Cabinet.	Completed: National Radioactive Waste Disposal Institute Act, no. 53 of 2008. Fund Bill to be drafted during 2009/10.	All resources were dedicated to drafting the Disposal Institute Bill.	
Approved financial report on the usage of funds.	Completed: Report on the usage of funds for 2008/09 approved (Ministerial submission).		



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
		Reduce the risk of diversion of nuclear materials.	Implement nuclear non-proliferation obligations.	Number of applications processed.	
		Regulations on annual fees nuclear authorisations.	Implementation of the NNR Act ²	Number of regulations published.	
		Regulations on financial security.			
		Reliable electricity supply.	Regulate quality of electricity supply including for 2010 Host Cities.	Number of blackouts. Number of customer complaints.	
		Reduction of acts involving unauthorised access to nuclear technology equipment, material and facilities.	Regulate security of nuclear material and facilities. ¹	Number of incidents of unauthorised access.	
		Improved governance and alignment of SOE activities with the government programme.	Strengthening oversight capacity on SOEs. ²	Business plans, budgets, quarterly reports.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
Issued denials or authorities.	53 Authorisations had been issued, which included 26 Imports, 14 Exports, 13 Possession, Acquire, Dispose. (approved submissions).		
Regulations published by 1 st April.	Regulations on the annual fees for Nuclear Authorisation published as Regulation No. 1132 of 24 October 2008. Regulations on categorisation of Nuclear Installations have been sent to National Treasury for consultation (copy of the letter sent to National Treasury).		
Regulations on quality of supply approved.	Not achieved.		To be completed after the study. The study is envisaged to be completed at the end of May 2009. Presently the focus is on eliminating the load shedding through the implementation of Regulations relating to power conservation.
Regulations published.	Regulation on physical protection of nuclear material and facilities is being finalised (draft regulations).	There was a delay in the development of the Design Basis Threat Document.	Regulations to be published in 2009/10 financial year.
Quarterly review of SOE programme performance.	Reports are submitted to compliance office. The branch provides input on the review of the reports.		



DME STRATEGIC OBJECTIVES	DME STRATEGIC OUTCOMES	BRANCH OUTCOMES	BRANCH INITIATIVES	MEASURES	
		Consolidated EDI.	EDI restructuring ¹	REDs	
		Improved implementation of FBE / FBAE Policies.	Monitoring FBE / FBAE policies.	Level of access.	
		Increased security of nuclear fuel supply.	Development of the National Nuclear Fuel Strategy.	Strategy document.	
		Improved ability of Municipalities to execute the electrification programme.	Support to Municipalities.	Number of projects implemented.	
		Emergency preparedness.	Implementation of the nuclear disaster management plan in terms of the Disaster Management Act.	Number of oversight meetings and procedures.	



TARGET / TIMEFRAMES 2008/9	Results / Progress & Verification Source	Constraints	Corrective Action
Policy issues resolved. Draft Legislation resubmitted to Cabinet. Legislation approved by the President. Legislation published by 31 July 2008.	Legislation for EDI restructuring was placed on hold. The Department is currently looking at a Constitutional amendment. Presently the Constitutional amendment is in the Cabinet process.	Constitutional challenge.	Need for Constitutional amendment.
Monitoring.	More poor customers are receiving the FBE in line with the policy.		
Strategy approved.	Drafting of nuclear fuel supply strategy in progress.	Lack of resources.	The strategy will be finalised in 2009.
Appoint 50 technicians to Municipalities.	Achieved.	Training not provided at stakeholders or training is inadequate.	
Approved minutes and identified procedures developed.	All four oversight meetings have been held for Koeberg EPSOC (approved minutes). Three oversight meetings were held for NECSA EPSOC.	One meeting was cancelled as there was no quorum. Both DME and the Madibeng local municipality were unable to attend due to other commitments.	

SERVICE DELIVERY IMPROVEMENT PLAN (SDIP) ELECTRICITY, NUCLEAR AND CLEAN ENERGY

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD(2008/09)	DESIRED STANDARD(2008/09)	ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Alleviate poverty through increased access to modern Energy Carriers	Households, schools and clinics.	Quantity:	Quantity:	123 364 households, 712 schools and six substations (three new substations, three upgrades), the other four substations are at different stages of construction); eight bulk feeder lines.
		Audited	Audit	2007/08 financial year projects audit is almost complete; the audit for the 2008/09 financial year is planned to commence in August 2009.
		Consultation	Consultation	IDP sessions attended.
		Access	Access	Adequate
		Courtesy	Courtesy	
		Open and transparent	Open and transparent.	Provincial Energy forums were held and were used as platforms to address the issues.
		Information	Information	
		Redress	Redress	
		Value for money	Value for money.	Over 95% of transferred funds spent.
		Time:	Time:	Extension provided to Municipalities to complete outstanding projects by June 2009.
		Cost:	Cost:	Over 95% of transferred funds spent.

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD(2008/09)		DESIRED STANDARD(2008/09)		ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Facilitate Private Sector participation in the electricity sector	South Africa	Human Resources:	Branch is currently under restructuring in order to respond to the challenges in the energy sector. It is expected that the restructuring will be approved in the 2008 financial year thereby allowing the branch to acquire more human resources and skills to improve service delivery.	Human Resources:	Branch is currently under restructuring in order to respond to the challenges in the energy sector. It is expected that the restructuring will be approved in the 2008 financial year thereby allowing the branch to acquire more human resources and skills to improve service delivery.	Restructuring process in progress.
		Quantity:	1 000MW	Quantity:	1 000MW	0 MW
		Quality:		Quality:		
		Consultation	Eskom	Consultation	Eskom	Eskom, NERSA and National Treasury continuously consulted.
		Access	Email, telephone, meetings	Access	Email, telephone, meetings.	Adequate
		• Courtesy	Ad hoc	• Courtesy	Ad hoc	
		Open and transparent	Meetings	Open and transparent	Meetings	Meetings were held with relevant stakeholders.
		Information	Ad hoc	Information	Ad hoc	
		Redress	Ad hoc	Redress	Ad hoc	
		Value for money		Value for Money		
		Time:	31 March 2009	Time:	31 March 2009	Expected date to commission the power station is July 2011.
		Cost:		Cost:		
		Human Resources:	Eight	Human Resources:	Eight	Human resource issues will be addresses through restructuring. The restructuring process is in progress.

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD(2008/09)		DESIRED STANDARD(2008/09)		ACTUAL PERFORMANCE AS AT 31 MARCH 2009
Providing funding through (Renewable Energy Finance and Subsidy Office) REFSO to Entrepreneurs and BEEs.	Entrepreneurs applying for funding for Renewable Energy Projects.	Quantity	R 292 500.00	Quantity	Budget - R 975 000.00	100% was spent
		Consultation	Press release Website	Consultation	Road shows to make more people aware; nine road shows, one per province. To have a renewable energy month.	Eight road shows in four provinces (two per province).
		Access	Through officials at the head office.	Access	Plan to have at least two regional offices as a start and involve municipalities.	Restructuring process in progress.
		Courtesy	Telephonically Face to face	Courtesy		Adequate
		Open and transparent	Clear application procedure	Open and transparent		Adequate
		Information	Project information dissemination. Help Desk.	Information		Information dissemination through workshops and the website.



PROGRAMME 7

PROGRAMME 7: ASSOCIATED SERVICES

PURPOSE: To provide services in support of the department's mandate through funded and non-funded statutory bodies and organisations.

MEASURABLE OBJECTIVES: Enhance the department's objectives through policies and directives, promoting its legislative mandate and leading to the creation of an environment conducive to sustainable development, investment and the improvement of the quality of life of all South Africans.

(Detailed performance reports are contained in the individual entities' annual reports)

1 THE MINE HEALTH AND SAFETY COUNCIL (MHSC)

The Mine Health and Safety Council (MHSC) is a public entity that is mandated, in terms of the Mine Health and Safety Act (MHSA), to advise the Minister of Minerals and Energy on occupational health and safety (OHS) research programmes, as well as the development of regulations, standards, occupational health and safety policies, procedures and databases focused on minimising the occupational health and safety risk at South African mines.

Strategic Overview

During the 2008/09 financial year, the MHSC conducted a strategic review to focus the entity's priorities on the industry targets for eliminating fatalities, injuries and occupational diseases. The following performance highlights can be reported under each strategic objective:

Objective 1: Promote the development of a preventative OHS culture

MHSC Safety Awards were conferred on more than 50 mines. The Safety Achievement Flag was awarded in all four categories. In September 2008, the MHSC hosted the tripartite leadership summit where the tripartite stakeholders developed an action plan for meeting the 2013 OHS targets.

The MHSC promoted and distributed its publications, including books, booklets, handbooks, guidelines, comics, CDs, DVDs, and silicosis prevention training programmes to stakeholders. MHSC publications were also showcased at the International Commission on Occupational Health (ICOH) during March 2009.

Objective 2: Support the achievement of the 2013 Milestones within the mining industry

MHSC research was approved within occupational safety, occupational health, and human-factor intervention programmes. Projects include work on rockfalls, rockbursts, the elimination of silicosis and noise-induced hearing loss, physical hazards, machinery and engineering, and fires and explosion hazards.

Despite initial delays in approving the research programme for the period, the projects are progressing well. Five projects were concluded, with draft final reports under review.

Objective 3: Advise the Minister on mining health and safety issues

Outcomes from the Tripartite Leadership Summit Action Plan have been incorporated into the MHSC's Strategic Plan for 2009-12. In addition, an action plan was developed to address the Presidential Mine Health and Safety Audit recommendations. The implementation of both plans has commenced.



Objective 4: Promote the development of occupational health and safety capacity

A five-year plan has been developed for the training of 40 000 Health and Safety Representatives. Progress on implementation is monitored regularly.

Objective 5: Ensure the effective operation of the MHSC

The MHSC has appointed executive officers to provide appropriate capacity within the office. All other positions were reviewed, job profiles revised and job evaluations completed. The existing Human Resources policies were revised and new ones developed where gaps existed.

The MHSC has acquired a new IT server to accommodate a Management Information System (MIS) to be used in collaboration with the Mining Inspectorate.

Challenges

Some challenges were experienced over timely delivery and, in some instances, the quality of research proposals and reports. Increased interaction with research agencies has resulted in improved progress monitoring and delivery. The proposed new research process allows for peer reviewing of reports and proposals. The MIS will assist in the close monitoring of projects.

2. MINTEK

Mintek, South Africa's national organisation for research, development and beneficiation of minerals, was established in terms of the Mineral Technology Act, no. 30 of 1989. Mintek strives, through innovative research and development, to be a global leader in the field of mineral and metallurgical research and development and technology transfer.

In 2009 Mintek celebrates the 75th anniversary of its founding. Since 1934, Mintek has grown from a small university-based laboratory with a total staff of six to an internationally renowned institute with a staff complement of around 800 and annual revenue of around R400 million, two-thirds of which is self-funded.

Mintek has made a significant contribution to the establishment and sustainability of the country's minerals industry, and has established a global presence as a result of its innovative technology products and service work capabilities.

Technology development

Braemore Resources, Mintek's industrial partner in the development of the ConRoast process, dual-listed on the JSE in July 2008. The demonstration smelter at Mintek was upgraded to double its capacity, and the expanded facility was officially opened by Adv. Sandile Nogxina, Director-General of the Department, on 2 October 2008. Braemore aims to establish an independent BEE-partnered ConRoast smelter to treat high-chromium platinum-group metal concentrates from emerging producers, with the start-up planned for 2010.

The Minfurn technology for regenerating activated carbon used in gold recovery is being extended to the water-purification and food industries.



Global presence

Mintek pursued its global presence this year by installing a number of their new products in the marketplace. Five new FurnStar Minstral submerged-arc furnace controllers were implemented for a client in Brazil, bringing the total number of installations worldwide to more than 100. Seven Cynoprobe instruments for the on-line monitoring of cyanide levels in process and environmental waters have been shipped to Boddington, Australia's newest and largest gold mine, and will be commissioned when the mine starts up in mid-2009.

A direct-current furnace for recovering ferromanganese from recycled dry-cell batteries, designed and manufactured at Mintek, was commissioned for a company in Switzerland and is now in full production. A gold electro winning cell was supplied to the Kuranach gold mine in Siberia. The first phase of a major test work programme on iron ore upgrading for Tata Steel was completed, and Mintek engineers visited the Tata headquarters in India to plan the second stage of the work.

Mintek, in its quest for increasing intergovernmental interactions, completed a feasibility study for the Cuban San Felipe ferronickel project, and is conducting a second phase of bioleaching test work for Japan Oil, Gas and Metals National Corporation (JOGMEC) on South American copper ore. Negotiations for the full-scale implementation of the high-temperature heap bioleaching technology at Sarcheshmeh in Iran are nearing conclusion.

Process development was conducted for copper-cobalt and nickel projects in Central and East Africa, uranium in Namibia, West Africa and South Africa, and nickel in Tanzania.

Relationships with other state institutions in South Africa

The SA Diamond and Precious Metals Regulator granted Mintek R9 million for the establishment of a diamond provenance laboratory. The facility will provide the means for investigating whether trace element and other data can be used to profile the source of alluvial diamonds, in order to support controls around the trade in illegal diamonds, particularly those from "conflict" zones. The fully equipped laboratory will be officially opened in June 2009.

Mintek is partnered with the Department of Science and Technology, the Water Research Commission, Agricultural Research Council and the Medical Research Council in a programme to develop nanotechnology for the health and water industries. This programme also involves the Universities of Johannesburg, Rhodes and the Western Cape.

In the quest to forge more collaborations with local state Institutions in its sphere of work, the Metals Technology Centre based at Mintek, which provides metallurgical services to industry and SMMEs, has submitted a proposal to act as a "preferred provider" for these services to PetroSA in Mossel Bay.

Skills development

Mintek has continued to enhance its skills development programme by also encouraging interest in mathematics and science among high school learners. In this regard Mintek organises national science events, the "Adopt-a-School" initiative and participates in the Girl Learner programme, and the popular Minquiz™ - a nationwide schools' science competition.

Mintek has 62 undergraduate and 32 postgraduate bursars in its bursary programme (academic year 2009), and five post-graduates (four MSc and one PhD) in the Department of Science and Technology's Research Professional Programme. Twenty-two employees have graduated from the in-house Management Development Programme presented by the University of the Witwatersrand's Business School.



The artisanal and small-scale mining (ASSM) Training School and Kgabane Jewellery have received full MQA accreditation and trained over 600 new learners during the financial year in various aspects of mining and beneficiation. .

Controls and compliance

Mintek's Quality Management System underwent a successful re-assessment audit for ISO 9001. During the past year, the Lost Time Injury Frequency Rate (LTIFR) remained below the target of 1, reflecting a significant improvement in safety management strategy.

In addressing shortcomings expressed by the Auditor-General on Mintek's annual financial statements for the year ended 31 March 2008, several improvements were made to avoid a repeat, by examining the entity's financial system and records, and reviewing its policies, procedures and internal controls.

3. ELECTRICITY DISTRIBUTION INDUSTRY HOLDINGS (EDIH)

1 HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2009

a Strategy and Policy

- In line with the 25 October 2006 Cabinet decision '*That a roadmap will be put in place to move from the current scenario into the future industry structure*', a Strategic Implementation Plan (SIP) focusing on national goals, called The Deal; and Transition Path, has been developed
 - The national goals and associated metrics have been developed.
 - The Deal project, aimed at quantifying various policy options relating to asset valuation, compensation, shareholding and governance, as well as impact analysis, has been finalised.
 - + EDI Holdings is currently designing a structured engagement process with key stakeholders in order to 'negotiate' the terms of business transfer.
 - The Transition Path, detailing, amongst other things, the need for industry consolidation and stabilisation prior to carving out independent REDs, has been developed.
- During the year under review, the Electricity Distribution Industry Restructuring Technical Team (EDIRTT) which is chaired by EDI Holdings, reached an agreement on the proposed Constitution 17th Amendment Bill. This agreement was followed by the introduction of the Bill to the Cabinet process.
- This Bill seeks to amend section 156 of the Constitution by inserting a new subsection in terms of which national legislation may be passed to limit the executive authority of municipalities in respect of local government matters listed in part B of Schedule 4 and part B of Schedule 5.

b Preparations for incorporation into the REDs

- A Rescue Plan for the ailing electricity distribution infrastructure has been developed. Funding options are currently being explored in order to accelerate the implementation of this, in particular, for the 2010 World Cup Host Cities and NERSA Audited cities.
- To date, 143 out of 187 Municipalities have signed the Accession to Cooperative Agreement.
- Funding for ring-fencing and MSA s78 has been approved for 103 municipalities, 56 of which have commenced ring-fencing their electricity-distribution businesses and are at various stages of completion.
- Preliminary future industry design has been finalised in the following respects:
 - **Operational:**
 - + Future Wires and Retail Blueprints developed.
 - + Future Business Processes and Systems Blueprints developed.



- **Finance:**
 - + A draft business case for establishment of REDs as Public Entities has been developed;
 - + Completed a commercially-based guideline for Asset Management Planning for the REDs;
 - + A Current state assessment of tariffs and tariff structures has been completed;
 - + A tariff model has been developed and is ready for population with information from ring-fencing;
 - + Funding strategy for the REDs has also been completed.
 - **Human Resources:**
 - + Transfer, Placement and Migration Agreements have been adopted by the TLRS.
- c Other highlights
- A joint Electricity Maintenance Summit aimed at developing workable resolutions around EDI infrastructure and skills challenges was held.
 - In response to the electricity supply challenges that were prevalent early in 2008, EDI Holdings is an active participant of the National Electricity Response Team (NERT) programme, in particular the Communication Workgroup that is driving the Energy Efficiency Campaign, chairing the Co-Generation Work Group, as well as hosting and Programme Management Unit of NERT.

2 EDI RESTRUCTURING IMPLEMENTATION CHALLENGES

- The **voluntary nature** of the restructuring process continues to pose a challenge to moving the process forward with the desired speed to ensure the realisation of the restructuring objectives;
- The **outstanding RED establishment legislation** continues to create a 'go-slow' mentality among stakeholders;
- The ambivalent stakeholder support.

4. THE COUNCIL FOR GEOSCIENCE (CGS)

Highlights

Unsafe mine openings

The Department of Minerals and Energy requested the CGS to locate and identify all unsafe and abandoned mine openings in the Witwatersrand mining basins with the objective of sealing those that pose the most danger. To date 700 mine openings have been located in the Gauteng Province. An additional 100 holes have been located in the Limpopo and North West Provinces. The CGS has initiated a research programme that aims at developing a cost-effective method of closing holes and 108 of the most dangerous mine shafts were sealed, resulting in a much safer environment for local residents.

Research into developing new knowledge on mineral resources

Research into developing new knowledge on mineral resources to generate new targets for future exploration forms an important part of the activities of the CGS. The following activities in this regard are noted:

- Combined interpretation of magnetic, radiometric and electromagnetic data sets was carried out in an area in the North West Province. Geologically, the area lies at the far-westward extension of the western lobe of the Bushveld Complex. This area can be selected as a prime target for further detailed geochemical and geological studies, which could confirm the presence of platinum-group elements, chromium, nickel, vanadium, copper and cobalt.



- The regional geochemical soil survey of the Tzaneen 1:100 000-scale sheet, which forms part of the ongoing MTEF-funded programme of the CGS, was completed in 2007. The three most prominent anomalies of possible economic importance were selected for follow up as part of a standard verification process; these include anomalous concentrations of copper and gold.
- The regional geochemical gold assay of the Giyani 1:100 000-scale sheet was completed in 2008. The most prominent gold anomalies of possible economic importance will be selected for follow up as part of a standard verification process in the next financial year.

New CGS marine survey vessel

The launch of the new marine survey vessel, *Geo Manzi*, was held on 13 February 2009 in Cape Town. The vessel was commissioned by the Minister of Minerals and Energy, the Honourable Ms Buyelwa Sonjica, who emphasised the importance of the vessel as a scientific platform which will be used for geological research, mineral-resource exploration, fisheries and habitat management programmes and surveys to ensure the safety and security of strategic ports.

IASPEI General Assembly

The CGS as the lead party and in collaboration with other institutions successfully held the international IASPEI (International Association of Seismology and Physics of the Earth's Interior) General Assembly in Cape Town. Delegates from around the world attended this event, the first of its kind in South Africa.

IGC 2016

The CGS, in collaboration with the Geological Society of South Africa and the South African Committee of the International Union of Geological Sciences, with support from the Department of Minerals and Energy, won the bid in Oslo to host the internationally prestigious International Geological Congress (IGC) in 2016 in Cape Town. The IGC is the largest geological congress in the world and is held every four years. Its award to South Africa represents an important vote of confidence by the international geological community in South Africa and the continent as a whole.

Carbon Storage Atlas

The CGS continues to play an important role in addressing global warming issues and is producing a Carbon Storage Atlas for SANERI (South African National Energy Institution). This project reviews the geology of South Africa with the objective of locating suitable aquifers or underground storage regions into which carbon dioxide can be stored as part of South Africa's contribution to reducing the impact of climate change.

Challenges

The downturn in the economy

Like all institutions worldwide, the CGS was adversely affected by the general economic downturn and the world-wide recession, which is forcing mining companies to cut down on their mining activities. As is usual, exploration companies are hardest hit, since the outlook for future mining operations is bleak for the immediate future and exploration for new mineral targets is declining. As a consequence, the World Bank and European Union are also cutting back on their funding projects in Africa, which are essentially grass-roots projects involving geological mapping, geophysical surveys and geochemical sampling. Since a large part of the organisation's commercial income is derived from such projects, this is expected adversely to affect the income from these sources for the next few years.

Reduction of the CGS baseline

As a result of the world-wide economic downturn, the Department of Minerals and Energy informed the CGS that future base-line funding will be seriously affected and announced a cut in the grant for the organisation of about R30 million, starting in the 2010/11 financial year. Management is confident that adequate measures can be put in place to address this problem, but, nevertheless, this is a serious situation facing the organisation, and national geoscience programmes will be adversely affected.



Ageing equipment and infrastructure

One of the major challenges facing the CGS is ageing equipment and infrastructure. The organisation will have to invest a considerable amount of funds in upgrading its equipment and repairing its buildings.

Capacity building and training of new geoscientists

The CGS, as a national geoscience institution, faces an ever-increasing challenge of training new geoscientists, especially from the previously disadvantaged communities. A number of initiatives have already been put in place to address the matter, including the establishment of an in-house geological mapping school.

5 NATIONAL NUCLEAR REGULATOR (NNR)

The NNR is established and governed in terms of the National Nuclear Regulator Act, no. 47 of 1999, which came into effect on 20 February 2000. The NNR is responsible for exercising regulatory control over the safety of nuclear installations, certain types of radioactive waste, irradiated nuclear fuel, and the mining and processing of radioactive ores and minerals.

The primary function of the NNR is to provide for the protection of persons (workers and members of the public), the environment and property from the harmful effects arising from ionising radiation produced by radioactive materials.

The facilities and actions regulated by the NNR cover a diverse range of facilities including the operation of nuclear power reactors, research reactors, nuclear fuel fabrication, nuclear technology applications and the mining and processing of uranium and other radioactive ores.

In terms of Performance Objectives, the NNR fully achieved about 65% of the planned strategic initiatives for 2008/09. This has been primarily due to capacity constraints in both core and support services which are being addressed through the appointment of several staff members.

At the end of June 2008 the NNR Chief Executive Officer (CEO) tendered his resignation and the Chairperson of the Board appointed an Acting CEO from within the organisation.

2. HIGHLIGHTS OF 2008/09

Major milestones in the regulatory programme

Exercising regulatory control over nuclear facilities.

The NNR continued its regulatory oversight activities including safety assessments and compliance inspections of authorised facilities such as the Koeberg Nuclear Power Station, the NECSA nuclear installations and the Mining and Minerals Processing facilities. There were no significant events to report at these facilities and the NNR is satisfied that these facilities complied with the NNR safety standards and regulatory practices and that the protection of the workers, the public and the environment was ensured.

The NNR also made progress with the review of the nuclear installations applications for the Pebble Bed Modular Reactor (PBMR) Demonstration Power Plant (DPP) and the PBMR Fuel Fabrication Plant. The progress has been rather slow and the NNR understands that the PBMR Company is considering a change in the PBMR DPP design strategy.

Certificates of registration

Approximately 30 nuclear authorisations for Mining and Minerals Processing facilities were issued in the form of Certificates of Registration by the NNR in 2008/09. This brings to 146 the total number of authorisations for such facilities.



Application for two nuclear vessel licenses

Nuclear vessel licences were granted for the US nuclear aircraft carrier “Theodore Roosevelt” and the Russian nuclear powered missile cruiser, “Peter the Great” to visit Cape Town over the periods 1-10 October 2008 and 12-15 January 2009 respectively.

Authorisations for NECSA facilities

The NNR and NECSA made good progress with the issue of separate authorisations for NECSA facilities on the Pelindaba site. Nuclear installation licences were issued for the following facilities; two NILs were issued to date as follows:

- NECSA HEU Storage Vault
- Building A-West Drum Store

Enforcing actions to ensure compliance to safety standards.

Declaration of site emergency at NECSA

On Monday, 16 March 2009, the NNR received notification from NECSA that a site emergency had been declared following the release of noble gas from Building P1701. The NNR conducted an independent investigation into the event. The main conclusion of the investigation was that the impact of the event was limited to the NECSA Pelindaba site and that the event presented no danger to the workers on the site or the public off the site. After concluding its investigation, the NNR submitted its report as requested by the Minister.

Gravelotte Gold Mine

The NNR issued a directive that the operations at Gravelotte Gold Mine be ceased until all identified non-compliances were addressed. These included, inter alia, failure by the holder to appoint the radiation protection function and to address a series of non-compliances identified by the NNR. These included implementing good engineering controls, installation of a proper ventilation system, dose register and administrative controls. Mining operation was resumed on 8 December 2008.

Effective local and international stakeholder management

Updated Regulations in terms of the Public Safety Information Forums

A revised updated Regulation No. 968 of 2008 on the establishment of the Public Safety Information Forum was published on 12 September 2008 in GG 31403. These updated Regulations required the Board of the NNR to select and appoint Chairpersons and Deputy Chairpersons for the Public Safety Information Forums. In terms of this updated Regulation, the NNR Board appointed Chairpersons and Deputy Chairpersons to the Public Safety Information Forums.

NNR, South Africa to host International Nuclear Regulatory Conference

A request was sent to the IAEA via the Minister of Minerals and Energy and the Department of Foreign Affairs proposing to the IAEA that South Africa should host the next IAEA International Conference on Effective Nuclear Regulatory Systems, scheduled for 2009. The IAEA agreed that South Africa could host the conference from 14-18 December 2009 in Cape Town. The NNR is coordinating the organisation of the conference on behalf of the South African Government.

Launch of the Forum of Nuclear Regulatory bodies in Africa

On 26 March 2009 a regional organisation known as the FNRBA (Forum of Nuclear Regulatory Bodies in Africa) was officially launched in Pretoria. Represented by 18 member states in Africa, the FNRBA is established to provide for the enhancement, strengthening and harmonisation of the radiation protection, nuclear safety and security regulatory infrastructure and framework among members of FNRBA; and to provide for the FNRBA to be an effective and efficient internationally recognised forum for the exchange of regulatory experiences and practices among the nuclear regulatory bodies in Africa.



Enhancement of internal business processes and systems

As reported in the 2007/08 annual report, the NNR received a qualified audit report from the Auditor-General for that financial year. A project plan was developed to implement corrective actions for improving the overall compliance with legislation. Such corrective actions included the development and implementation of sound financial policies and procedures.

Furthermore, to enhance the efficiency and effectiveness of the NNR regulatory and support processes, an integrated management system was developed and is being deployed.

Effective implementation of best-practice human resources initiatives

To attract and retain skilled personnel, the NNR undertook the following human resources initiatives during 2008/09:

- A pipeline Talent Management strategy was developed and approved by the Board.
- A 360 degree assessment of Management and Executive committee was conducted.
- Transformation policies were reviewed and aligned with the legislative requirements of the nation.

CHALLENGES

Preparation for future nuclear programme

The NNR Strategic Plans for 2008-2011 and 2009-2012 identified the expansion of the nuclear programme, as envisaged in the Nuclear Energy Policy, as a major challenge to the resources of the NNR. It was recognised that the nuclear landscape in South Africa was undergoing significant changes, reflecting the developments in the global nuclear industry, in particular a growing international trend towards a resurgence of nuclear power.

These changes would introduce many challenges which the NNR would need to address. Consequently, the NNR engaged in strengthening its in-house capacity and has launched strategic initiatives to:

- Develop, review and implement appropriate regulatory policies, practices and effective compliance monitoring by strengthening the analytical verification capability and capacity of the NNR Laboratory, enhancing the regulatory enforcement regime, and strengthening the NNR's regulatory research programmes in support of the regulatory process.
- Improve pipeline sourcing and talent management for recruitment, retention and development of technical expertise.
- Establish partnerships with technical support organisations.
- Ensure that adequate infrastructure including office space is in place in line with the increase in the size of NNR.
- Improve international co-operation and liaison, enabling NNR specialists to extend their knowledge through participation in international forums and scientific visits.
- Strengthen corporate governance by developing and maintaining sound policies and adequate control.

To optimise the legislative and regulatory framework, primarily in response to the national energy policy and the envisaged nuclear expansion programme, the NNR developed a framework and implementation plan towards the end of 2008. The main objectives are to identify as far as possible the present and the long-term needs for the legislative and regulatory framework.

In response to an anticipated application for a nuclear authorisation for the construction of new nuclear power generating plants, the NNR has developed a strategy document for the licensing of such nuclear installations.



6 THE SOUTH AFRICAN NUCLEAR ENERGY CORPORATION (NECSA)

During 2008/09, NECSA performed very well in terms of its main functions of nuclear research and development, nuclear fuel development and production and the establishment of collaborative structures. NECSA entered into a number of collaborative agreements with major nuclear institutions abroad to leverage inputs into its programmes.

The Nuclear Energy Policy mandates Necsa to investigate the viability of establishing nuclear production facilities for South Africa to ensure security of energy supply and contribute to minerals beneficiation. NECSA has made good progress in gathering information on nuclear fuel production matters and international market information. Feasibility studies aimed at identifying strategic options for the various components of the nuclear fuel cycle have reached an advanced stage to serve as a base for future programme decisions.

NECSA's nuclear research and development activities again produced a number of innovative new products and services, the patenting of new concepts and the publication of scientific papers.

A significant achievement was the development of the ground-breaking medical imaging **NaF-18** isotope in collaboration with Professor Mike Sathekge, Head of the Nuclear Medicine Department of Pretoria University, which offers major improvements for bone scanning diagnostics.

A feasibility study was initiated on behalf of the Nuclear Technologies in Medicine and the Biosciences Initiative to investigate the viability of coordinating and growing South Africa's involvement in this high-growth technology sector.

An important milestone was reached in developing a Small Angle Neutron Scattering Facility (SANS) at SAFARI-1 with the recording of the first SANS spectrum.

The SAFARI-1 reactor performed remarkably well and achieved operational availability of 98, 9% of the planned operational target. Mo-99 production increased by 25% (year-on-year) which enabled NTP Radioisotopes to seize the opportunities that opened up in the global radio pharmaceutical market in the past financial year. NTP achieved sales of R367m for 2008/09 which was 30% better than target.

All objectives in terms of NECSA's agreement with the IAEA on Nuclear Safeguards Management obligations were achieved.

The NECSA site and facilities will play a vital role as the national research and development facility in future and good progress was made in regenerating the site and facilities during the past year.

Although NECSA was not able to achieve its targets for the recruitment and retention of nuclear technical skilled staff, it made good progress in growing its training and development programmes. The newly established Nuclear Skills Development Centre, which was officially opened by the Minister of Minerals and Energy during November 2008, had increased its students from 29 in April 2008 to 125 in March 2009.

A programme in Engineering Management was launched in cooperation with the University of Pretoria to provide management training to technical professionals. A Graduate Support Programme was also implemented and 10 graduates were enlisted for the graduate-in-training programme.

Necsa is facing the challenge of growing its nuclear skilled staff significantly to handle the planned future expansion of nuclear programmes and to invest in its nuclear development programmes and facilities.



7 SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR (SADPMR)

Pursuant to its objectives, the Regulator managed to increase the participation of Historically Disadvantaged South Africans (HSDAs) in the industry, by issuing them with licences in the industry. The number of HSDAs has also increased dramatically in the industry as a result of partnerships and shareholding.

The transitional arrangements under section 31(9) of the Diamonds Amendment Act, no. 29 of 2005, which catered for all diamond licences issued prior to 1 July 2007, expired on 30 June 2008. Transitional arrangements legislated in terms of the precious metals downstream industry will expire in the first quarter of the next reporting period (30 June 2009).

Although an increase in application rate, especially for jewellers' permits, is expected before the expiry date of old order permits, it must be acknowledged that certain factors may contribute to an actual decline in applications for new order licences when measured against historical statistical data. Such factors would include the deregulation of silver, which no longer requires one to apply for a jewellers' permit, as well as the global economic downturn which continues to affect trading activities negatively in both industry sectors.

DECENTRALISATION OF SERVICES

To project the spirit of the Batho Pele principles, the Regulator identified a need to decentralise its services to cover provinces where most of the diamond and precious metals beneficiation licences have been issued and where significant trading takes place. Such services will not only benefit clients and make the Regulator accessible, but will also enhance compliance with the relevant legislation. Cape Town and Durban have been prioritised and the necessary budget has been allocated.

The Regulator is currently reviewing the business case for decentralising the services of the Diamond Exchange and Export Centre within the earmarked "Free Trade Zone" project to be established at O R Tambo International Airport.

GLOBAL FINANCIAL CRISIS IN THE DIAMOND INDUSTRY

The year 2008 was characterised by two periods: the first nine months, when prices were increasing - underpinned by market speculation - followed by three months of sudden and dramatic slow-down as the credit crunch and the uncertainty in the international banking system began to affect the diamond industry. Demand for luxury goods such as diamond jewellery decreased drastically.

The ripple effect, for which the diamond industry is infamous, led mining companies to cut production severely and even close mines in late 2008 and early 2009. In South Africa, De Beers cut production by about 60%.

Rough imports into and polished exports out of major trading centres such as Antwerp and Israel fell by approximately 20 percent in the wake of the crisis. Cutting centres such as India retrenched at least a quarter of their workforce as rough supply and manufacturing slowed to a trickle.

Experts believe that the downturn in the market is related predominantly to financial liquidity. Most believe that this will be temporary, and that prices will recover as the fundamentals for the diamond industry in the medium to long term are still very favourable.

At the time of writing, there were already signs of recovery: rough diamond prices had begun rising in certain categories, De Beers had reopened the Jwaneng Mine in Botswana, Alrosa of Russia had resumed rough diamond sales, the Diamond Trading Company's May sight (at \$250 million) was better than expected, and the falls in Belgian diamond imports/exports had moderated.



The *caveat* is that polished prices, although higher, are not leading the recovery; in other words the improvement in the market is being driven by inventory rebuilding and this will slow unless there is pull-through at the retail end of the jewellery market. This is not expected until the second half of 2010, at the earliest.

PRECIOUS METALS

GOLD

South Africa's gold production in 2008 totalled 213 tons – a 16% decline relative to 2007 (254 t). South African production has been declining steadily since 1994 chiefly due to falling grades, but in 2008 the electricity crisis was also blamed for the reduction in output. In the first quarter of 2009, South Africa's gold production was down moderately relative to the same period last year, due to production cuts brought on by the economic crisis worldwide. South African gold production will therefore continue its declining trend in 2009.

PGMs

South Africa's platinum-group metals (which include platinum, palladium, rhodium, iridium, ruthenium and osmium) production decreased significantly from 311 t in 2007 to 276 t in 2008, due chiefly to reductions in output forced by the energy crisis in the country.

In the first three months of 2008, PGM production was down moderately relative to the same period in 2008, also due chiefly to the reductions in mine output caused by the slump in demand. This trend suggests a significant decline in PGM production in 2009 relative to last year.

Information Communication Technology (ICT)

The newly designed, internally developed administrative system is nearing completion. It is very useful in the day-to-day management and linking of overall business processes within the Institution. The system has already been used to improve internal controls and the retrieval of exclusive divisional reports that are being used by management for proper planning and evaluation. The Kimberley regional office has been linked with the new in-house system and upgrade of infrastructure is in process.

8. NATIONAL ENERGY REGULATOR OF SOUTH AFRICA (NERSA).

NERSA HIGHLIGHTS FOR 2008/09

NERSA completed a number of programmes and projects during 2008/09 in order to meet its objectives. These programmes and projects are grouped into the following categories: industry-specific regulatory; cross-cutting regulatory; and governance and other. The programmes and projects include:

Electricity Industry Regulation:

- On 18 June 2008, NERSA decided to allow Eskom to recover additional primary energy costs of R2.827 billion through the electricity tariff. This approval amounts to a 13.3% average increase additional to the 14.2% already approved on 20 December 2007 resulting in a 27.5% average increase year on year;
- On 12 May 2008, NERSA approved and adopted the report of the inquiry into the national electricity supply shortage and load shedding for the period November 2007 to January 2008. The report was published on 19 May 2008;
- NERSA co-hosted the Electricity Distribution Maintenance Summit at Gallagher Estate in Midrand;
- A total of 147 municipal tariff applications were approved for implementation from 1 July 2008;
- NERSA participated in the government's National Electricity Emergency Programme which is being implemented by the National Electricity Response Team;
- Completion of the third National Integrated Resource Plan (NIRP3) in accordance with the revised scope of work;



- Approval of the Renewable Energy Feed-In Tariffs (REFIT) and guidelines by the Energy Regulator and the subsequent media briefing;
- Approval of the Multi-Year Price Determination Rule Change by NERSA;
- Amendment of Lephalale Municipality distribution licence to include the Farm Paarl No 522LQ in Lephalale;
- Approval of the Amatola Green Power trading licence; and
- Approval of the Sappi generation licence.

Piped-Gas Industry Regulation:

- 11 distribution construction licence application have been granted;
- 2 transmission pipelines construction licence application have been granted;
- 29 licences for 84 areas were awarded to Sasol Gas to operate existing distribution facilities in Gauteng, Free State and Mpumalanga. In addition, licences to trade in gas in these areas were also granted. Apart from this, a further 89 licences were granted to Sasol Gas. 17 of these were construction licences, four 4 for transmission facilities and 13 for distribution facilities; and 36 for trading in gas. Of these, the Regulator Executive Committee approved the granting of seven gas distribution operation and seven 7 trading licences to Sasol Gas Limited for the following 12 geographic areas: Alton Industrial, Clairwood, Mobeni, Jacobs, Merebank East, Stanvac, Prospecton Industry, Sapref, Canelands Industrial, Riverview Park, Umbogintwini and Mandini;
- Determination and consultation of the ROMPCO tariff;
- Approval of alternatives to discontinued price indices;
- Determination of the Special Regulatory Dispensation Period of between 9.18 to 9.68 years starting from First Gas (26 March 2004), after completion of the 2003 work programme;
- The implementation of the Regulatory Reporting Manuals has started with Sasol Gas submitting their implementation plan;
- Calculation and publication of piped-gas prices (price cap for 2006/07, maximum prices for 2007/08, minimum prices for 2007/08, discounts for customers for 2007/08 and average prices per province as required by the regulations);
- Market Value Pricing investigation has been completed and a notice to comply was sent to the licensee;
- Stakeholder consultation as well as a public hearing took place on the piped-gas tariff methodology, which was subsequently finalised and recommended for approval; and
- First complaints were received from customers and have been assessed.

Petroleum Pipeline Industry Regulation:

- Approved a construction licence for the construction of storage facilities for the King Shaka International Airport in Durban to the Airports Company of South Africa (ACSA);
- The Energy Regulator granted a construction licence to Sasol Oil Ltd for a pipeline to transport petroleum components from Sasol Secunda refinery to the Natref refinery in Sasolburg to improve refining efficiencies to ensure security of supply in the inland area;
- The Energy Regulator granted a construction licence to ACSA for additional storage capacity at the O R Tambo International Airport which is essential to support the expected increased air traffic during the Soccer World Cup in 2010;
- In total 37 operation licences were granted – 12 for storage facilities, 15 for airport storage facilities; one for the Natcos pipeline system in Durban; one pipeline operation licence to BPSA from Sapref refinery to the Durban International Airport; while eight were operation licences to smaller petroleum resellers for existing storage facilities located in five provinces;
- NERSA granted operation licences for marine loading facilities for the first time to BP, Shell and Engen jointly for three facilities in Durban harbour and to BP, Shell, Sasol, Total and Engen jointly for the Single Buoy Mooring facility offshore in Durban;
- Approval of the future Petroline tariffs for 5 years (18 June 2008);
- NERSA approved the Transnet Pipelines tariff for the 2008/09 financial year;
- A consultation meeting/workshop was held with stakeholders on cost of equity on 8 October 2008; a workshop on storage and loading facilities Tariff Methodology with industry stakeholders resulted in the finalisation and approval of the tariff methodology for tariff setting in the petroleum pipelines industry;
- Approval of Transnet draft tariff determination for 2009/10 by the Energy Regulator on 29 January 2009; and



- Transnet Pipelines submitted a revised tariff application for 2009/10 for consideration on 26 February 2009 which was being evaluated at the end of the financial year.

Cross-cutting Regulatory:

- Development of an IT master plan that will give effect to the implementation of a data warehouse and business intelligence (BI) in the organisation;
- Approval of the Benchmarking the Energy Regulator Stage 1 report: Benchmarking NERSA against international best practice, by the Energy Regulator; and
- Regulatory Reporting Manual Progress Report was noted by the Policy Subcommittee of the Energy Regulator.

Governance and Other:

- Approval of rules and procedures of NERSA meetings by the Energy Regulator;
- The terms of reference of the Regulator Executive Committee and the regulatory subcommittees were revised, in particular the appendices on delegations;
- Approval of the outstanding elements of the Operations Model;
- Approval of the revised structure of the NERSA secretariat on 30 October 2008;
- Approval of the following policies:
 - Supply Chain Management Policy including the delegation of authority matrix;
 - Debtors Management Policy;
 - Asset Management Policy;
 - Travel, Accommodation and Related Allowances Policy;
 - Cell phone, Landline telephones and Data Card Policy;
 - Levies Invoicing and Collection Policy / Procedure; and
 - Fraud Policy.
- The Auditor-General issued an unqualified report on the Energy Regulator Financial Statements for the 2007/08 financial year;
- Completion, approval and submission of the Annual Financial Statements as well as the Performance Against Objectives to the Auditor-General, the Minister of Minerals and Energy as well as National Treasury;
- Completion, approval and submission of the Strategic Plan (2009/10 – 2011/12) and Business Plan with Budget (2009/10) to the Minister of Minerals and Energy;
- Completion, approval and submission of the NERSA Annual Report for 2007/08 to the Minister of Minerals and Energy as well as the tabling of the report in Parliament;
- Completion, approval and submission of the quarterly performance reports, including the management accounts to the Minister of Minerals and Energy in the new revised format;
- NERSA was invited to make a presentation to the youth in Parliament; and
- Publication of the first NERSA Quarterly Newsletter.

Delays and Backlogs:

NERSA however also experienced a number of delays and backlogs during 2008/09.

- There have been delays in the publication of the Electricity Supply Statistics publication because of licencees not adhering to the licence conditions on the submission of information to NERSA;
- The update of the third National Integrated Resource Plan (NIRP3) has been delayed due to the resignation of both the project leader and modeller of the consulting firm;
- Sasol Gas licence application to operate transmission pipelines could not be completed; and
- Although good progress was made on processing the outstanding petroleum pipelines operation licence applications, the licensing backlog could not be fully eliminated due to outstanding information relating to clarification of ownership and facility details.



9. CEF (PTY) LTD (CEF)

CEF, incorporated in terms of the Central Energy Fund Act, is mandated by the South African Government to engage in the acquisition, exploration, generation, marketing and distribution of any energy form and to engage in research relating to the energy sector.

CEF's activities are housed within CEF (Proprietary) Limited itself and its six active subsidiaries:

- The Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd (PetroSA)
- South African Agency for Promotion of Petroleum Exploration and Exploitation (Pty) Ltd (Petroleum Agency SA)
- The South African Gas Development Company (Pty) Ltd (iGas)
- Oil Pollution Control South Africa (Association incorporated under Section 21) (OPCSA)
- South African National Energy Research Institute (Pty) Ltd (SANERI)
- SFF Association (Association incorporated under Section 21) (SFF).

The current mandate for the CEF group is in terms of a Ministerial Directive, which was issued to CEF by the Minister of Minerals and Energy in December 2003.



PetroSA

HIGHLIGHTS 2008/9

Financial performance

Net operating profit after tax is forecast to be R2.3 billion and has exceeded a budgeted loss. This is based on net revenues of R12.9 billion arising from high oil prices during the year which peaked at \$147/barrel. While oil prices have since plummeted drastically, Brent Crude prices averaged \$87/barrel over the financial year.

Gross margins of 22% were achieved but were adversely affected by the imported fuels whose margins are lower than those derived from indigenous feedstock. Other operating expenses were not on target due to delayed project feasibility studies and exploration work programmes.

A dividend of R415 million has been declared and represents a four times cover on earnings.

Operational performance

Gas feedstock production totalled 8 million barrels of oil equivalent from the FA-EM fields and SCG fields, while total crude oil production was 2.8 million barrels from Oribi/Oryx, Sable and Abana (Nigeria). The latest economic cut-off for the local fields has been revised to June 2011. A new domestic drilling campaign, Project Jabulani, was launched with potential to extend commercial production beyond 2011.

The Sable field (in which PetroSA holds a 60% stake) finally ceased production in September 2008, having exceeded expectations with a cumulative output of more than 20 million barrels. The Oribi/Oryx fields were temporarily offline to allow for the recertification of facilities but have now resumed production.

Transformational highlights

Skills development and retention

The company has agreements in place with international partner companies for the training and development of technical, scientific, project and engineering expertise. Transfer of skills specific to the upstream and offshore industry to PetroSA employees is an ongoing initiative and in the year a total of 27 candidates were placed. In all, 16 students benefited from an MSc programme in Petroleum Geophysics sponsored by PetroSA. Various scholarships and bursaries were offered to students from previously disadvantaged communities.

Broad-Based Black Economic Empowerment (BBBEE)

PetroSA was recently rated a Level Two BBBEE contributor by the independent verification agency, Empowerdex. Also, the Minister of Trade and Industry awarded PetroSA the coveted BEE Facilitator Status for the acquisition of downstream assets that include a refinery. Other BBBEE initiatives during the year included:

Trading, Supply and Logistics: PetroSA has traditionally sold to major oil industry players in the country. In order to improve BEE participation in the industry, the company began to sell fuels to BEE companies in 2006. In the current year, a total of 80 million litres were sold to BEE companies.

Competitive Supplier Development Programme (CSDP): The company has made formal notifications to the DPE, DME and DTI on our commitments jointly to develop the strategic CSDP in conjunction with SASDA.



Corporate Social Investment (CSI): A variety of projects were delivered that were geared towards capacity building through education and training and which enable the community to participate directly in economic development. These include the establishment of a pre-primary school, the Mossel Bay Maths and Science Academy, the Bizana Integrated Energy Centre and programmes sponsored at tertiary institutions such as the University of Johannesburg. Environmental sustainability and development projects included the clean-up of the Groot Brak River mouth and Deforestation projects which were executed in partnership with local governing authorities.

2. CHALLENGES 2008/9

Operating environment

The year was beset by a global economic downturn that resulted in major world economies sliding into recession. Crude oil prices were at four-year lows amidst declining global demand and rising inventories. The financial markets were in turmoil, thereby adversely affecting access to capital.

Sustainability

The declining feedstock supply, together with the increasing reliance on third party feedstock, depressed oil prices and harsh financial markets, have put the sustainability of the company under the spotlight, especially given its single-asset economic base. Some of the initiatives recently embarked upon to mitigate these risks include:

Jabulani: This is a campaign to appraise and develop discovered indigenous gas resources in Block 9, which are near the extant offshore infrastructure. Significant progress has been made with the drilling of EM-08, E-AR5, FO8 and F-06 wells. The main challenge will be to sustain commercial flow rates to complement the existing indigenous feedstock supply.

Liquefied Natural Gas (LNG) importation: LNG is a supplementary feedstock option designed to ensure continued and optimised refinery operations as the indigenous feedstock gets depleted. LNG will be sourced by means of specialised leased vessels with facilities for on-board regasification. During the year there was ongoing work in firming up LNG supply contracts ahead of a final investment decision in 2009.

Security of supply

In order to increase its hydrocarbon reserves portfolio, the company is active in various African countries (Equatorial Guinea, Nigeria, Egypt, Gabon, Mozambique, Namibia and South Africa). Initiatives in these countries are at varying levels of exploration / production.

Project Mthombo is a 400 000bbl/day complex refinery located in the Coega Industrial Development Zone. The refinery will process heavy, sour, acidic crudes that meet Euro V standards and will focus on diesel maximisation, in line with the country's Energy Security Master Plan. A Manufacturing Licence was issued for the refinery by the DME and evaluation of tenders for the feasibility study, engineering contract and EIA is underway. The contract for Financial Advisors was awarded to HSBC, who are now assessing the current international funding environment suitable for this large project.

Project Castle is geared to ensuring PetroSA's downstream marketing presence is in line with the Energy Master Plan requirements. High-level negotiations are underway with a potential partner and these will be finalised in the coming financial year.

9. STATE DIAMOND TRADER (SDT)

The SDT performed fairly well against the approved budget during this financial year, considering the challenges it faced, which were largely financial, and were in turn exacerbated by the global economic crisis and its particular impact on the diamond market. The Funding Model of the SDT proved inappropriate to the mandate that has to be executed.



Funding Model and Operational/Human Resources Issues

The funding model had a huge negative impact on the Operations of the SDT. The SDT could not employ its own permanent staff even for key positions such as the Chief Executive Officer and Chief Financial Officer. The SDT continued to rely on seconded staff from De Beers and DME as it could not afford to employ due to the inadequacy of the gross margins it realised through the diamond trading activities. Towards the end of the financial year, things worsened as the SDT struggled to pay its overheads or even have insurance for diamonds and its other assets. A bail-out request was submitted to the Minister, who responded positively, thus indicating the significant role that the SDT plays and is set to play in the implementation of the Beneficiation Strategy.

Trading Issues

Trading declined during the second half of the year commensurate with the global economic climate that was in crisis. The inventory held during that period lost a significant portion of its value and thus impacted on the assets of the SDT.

Compliance with Diamonds Act as Amended

While a number of producers traded with the SDT by the second part of the year, some still failed to comply with the legislation. Those that traded presented challenges on key issues like pricing or presenting fair market values to the SDT. In spite of this, trading continued.

HIGHLIGHTS

Increased Number of Producers

Despite a number of challenges experienced with producers, the number of those that traded with the SDT increased. This, therefore, increased the sourcing of diamonds for SDT clients and for local beneficiation.

Increased Number of Clients

The SDT was able to increase its number of clients from 78 to 105, most of them being small clients. From the information sessions held with its clients and the periodical client surveys conducted, it became clear to the SDT that the issue of access to polished markets and to funding sources were key to promoting the local beneficiation of diamonds. Consequently, and in collaboration with the Department of Minerals and Energy and the Department of Trade and Industry, a market research mission was undertaken to Dubai and New York. The 11 clients who participated in this mission received exposure to the two international markets and growth possibilities for their businesses.

Plans for 2009/10

- The sourcing of appropriate funding is crucial for the SDT during the 2009/10 financial year.
- An increase in trading activities has to be achieved in order to ensure profitability and sustainability.
- The Human Resource plan has to be implemented to ensure the survival and sustainability of the SDT.



3 REPORT OF THE AUDIT COMMITTEE

REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2009.

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and meets at least four (4) times per annum as per its approved charter. During the current year six (6) meetings were held. The attendance of the meetings was as follows:

Name of Member	Number of Meetings Held	Number of Meetings Attended
Mr S Sithole (Chairperson)	6	6
Ms EH Heyns	6	5
Mr DP van der Nest	6	4

Audit Committee Responsibility

The Audit Committee reports that it has, during the year under review, adopted the reviewed charter in line with the requirements of Sections 38(1) (a) and 77 of the Public Finance Management Act, Act no. 1 of 1999 and Treasury Regulation 3.1. The Audit Committee further reports that it has satisfied its responsibilities for the year and has conducted its affairs in compliance with the charter.

The effectiveness of internal control

The department has designed the system of internal control to provide cost effective assurance that the department's goals will be economically, effectively, and efficiently achieved.

In line with the PFMA, the International Standards for the Professional Practice of Internal Auditing issued by the Institute and Internal Auditors, and the King II Report on Corporate Governance requirements, Internal Audit provided the Audit Committee and management with assurance that the internal controls are appropriate and effective. This was achieved by means of the Risk Management process review, governance review as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. The Audit Committee has also reviewed the activities of Risk Management within the department. The Audit Committee was also satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer during the year under review.

Accordingly, we can report that the system of internal control over financial reporting for the period under review was adequate, effective, and efficient.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the Audited Annual Financial Statements to be included in the annual report, with the Auditor-General and the Accounting Officer.
- Reviewed the Auditor-General's management report and management's response thereto;
- Reviewed the department's compliance with legal and regulatory provisions; and
- Reviewed significant adjustments resulting from the audit.

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



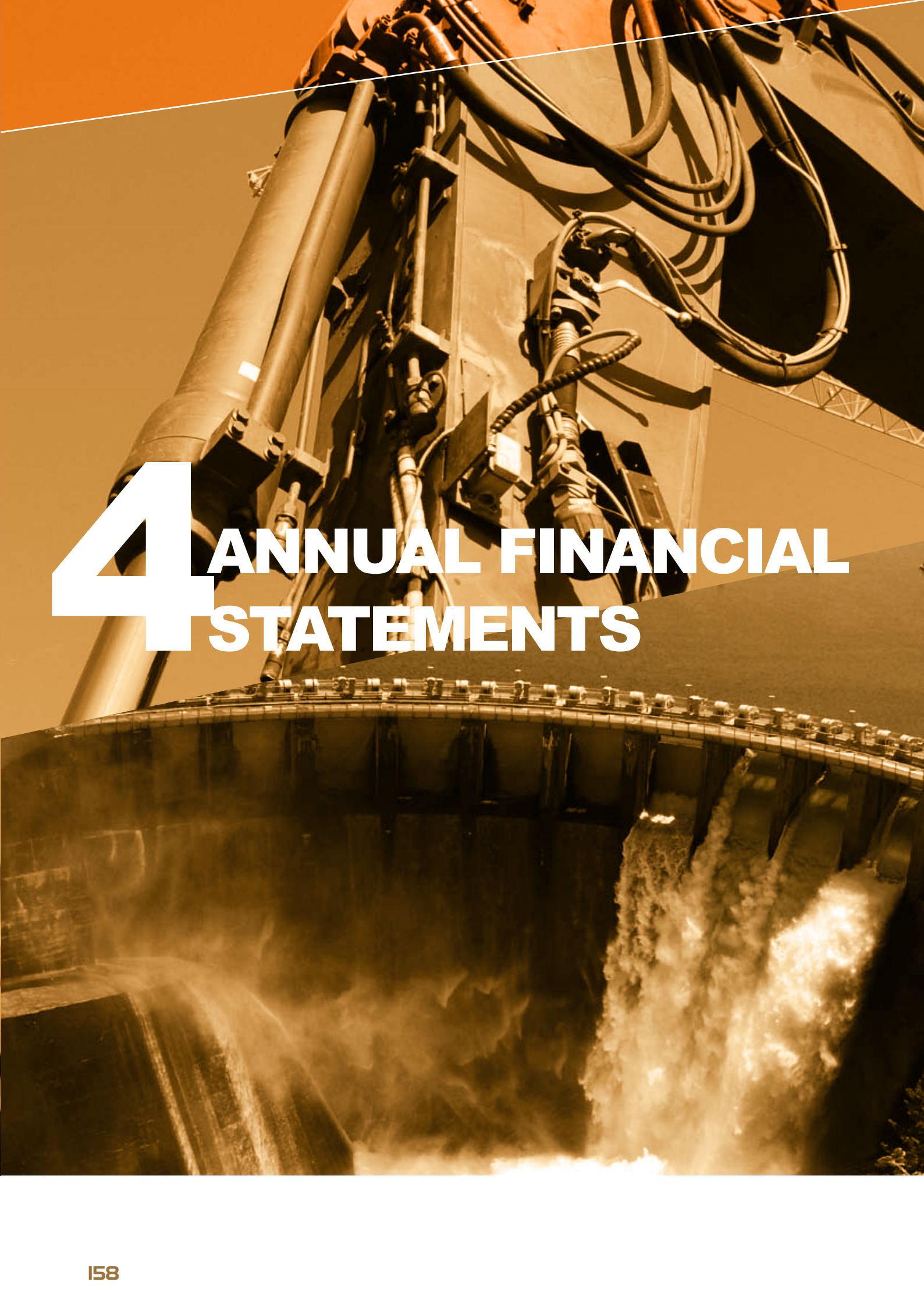
Internal Audit

The Audit Committee reviewed the quarterly reports of internal auditors to ensure the internal audit activity's effectiveness. The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits.

Auditor-General

The Audit Committee has met with the Auditor-General to ensure that there are no unresolved issues. The 'other reporting responsibilities matter' reported by the Auditor-General was accepted by management. The Committee will ensure this matter is satisfactorily attended to.

.....
Chairperson of the Audit Committee
Date: 21 August 2009



4 ANNUAL FINANCIAL STATEMENTS



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Report of the Accounting Officer for the year ended 31 March 2009

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

1. General review of the state of financial affairs

Over the years, mineral and mining sectors took centre stage in development of South African economy. This would not have been realised without the major resource player which comes in different forms of energy. As the country has seen depletion in the major source of energy, coal, it became crucial for my department to develop and strengthen existing legislation for ensuring security of Energy supply. The proclamation of the National Energy Act by the President in November 2008 marked amongst others; strategic interventions by my department for realisation of government objectives of creation of jobs through economic development. Following the enactment, will be development of policies, strategies and regulations and possible listing of the South African National Energy Development Institute (SANEDI); in order to ensure continued energy security in South Africa as well as the development of the national Integrated Energy Plan (IEP).

Subsequent to approval by Cabinet of the Energy Security Master Plan (ESMP) on liquid fuels in August 2007, the departmental focus (in short-term) is on developing supply chain solutions to South Africa's liquid fuels challenges, management of liquid fuels demand and emergency response tactics. The long - term approach is broader and begins to integrate supply, demand, macroeconomics, geopolitics and climate change. The implementation of the ESMP for liquid fuels is currently underway. PetroSA, Transnet, Eskom and players from the Oil industry continue to participate in the implementation of key focus areas identified in the ESMP.

Nuclear remains an option in circumventing energy challenges worldwide and South Africa is also preparing the regulatory environment for business to harness the nuclear benefits advocated in the Energy White paper of 1998. This was seen through approval of the Nuclear Energy Policy by Cabinet in June 2008. The policy provides a framework within which prospecting, mining, milling and use of nuclear materials as well as the development and utilisation of nuclear energy for peaceful purposes shall take place. The long-term vision my department has of this policy is for South Africa to become globally competitive in the use of innovative technology for the design, manufacture and deployment of state of the art nuclear energy systems and power reactors and nuclear fuel cycle systems.

South Africa, and in particular the energy community was shaken by the dawn of power shortages that were seen in late 2007 which posed strongly a challenge in further economic development initiatives of the country. Hence government continued with channelling funding for the implementation Electricity Emergency Response Plan by the National Electricity Response Team NERT under the leadership of my department.

A long term response to the energy challenges by this department is the birth of Independent Power Producer (IPP) program whose intensions are to supplement the ability of Eskom to provide the future power requirements of the country. It is also meant to fulfil a policy objective of generating 30% of new power capacity through independent power producers. New regulations (coming into effect in early 2009) have been issued covering:

- integrated resource planning, in terms of which a "country plan" for new capacity will be controlled centrally under the auspices of the Minister. This will mitigate the problem related to the current situation where different plans exist, which makes it difficult to determine which plan to execute in building new power stations.
- new generation capacity, which provides a regulatory framework to facilitate the introduction of IPPs, which provides for regulatory certainty in the way that NERSA determines costs that Eskom is allowed to recover as a consequence of entering into long term power purchase agreements.

It is anticipated that about 2000 Mega watts (MW) of capacity would be secured through this program.

Other policy decisions we took in the year under review, was the gazetting of the Electricity Pricing Policy (EPP). It's aimed at providing a broad policy framework for the setting of electricity tariffs from a generation, transmission and distribution value chain perspective. The EPP assists the National Energy Regulator of South Africa (NERSA) in making their wholesale tariff determination for Eskom, as to what government's



policy stances are in relation to the various choices that the regulator faces. The application of this policy directive will be instigated in 2009 when the second multi year tariff determination process with Eskom commences.

Other than creating an enabling environment for economic growth and developing through development of policies, regulations and legislation, my department makes huge contribution to the South African economy and bettering the lives of her citizens, by the rolling out the Integrated National Electrification programme (INEP). Since the inception of the electrification programme in South Africa, approximately 4.8 million households have been connected to the national grid. Reports by Statistics SA indicated that access to electricity has increased from approximately 30% in 1994 to 76% in 2007 and the 2008 community survey conducted by the same department shows that access to electricity in the country has increased to 82%.

The implementation of bilateral agreements also continues to yield investment commitment in the mining sector in South Africa. As a result of the Department's contribution to promoting investment through a combination of interventions, such as, conferences, exhibitions, publications, etc, the annual investment in the mining sector has grown steadily over the past five years. Accordingly jobs created in the sector have correspondingly grown by an average rate of 10%.

This has further contributed to the creation of sustainable development of SMMEs in the mining sector. To date, 16 small scale mining projects are fully operational and 18 projects have been legalized and are at various stages of feasibility studies. In terms of direct jobs created, these projects have created more than 1 000 jobs.

As part of systematically increasing the beneficiation of mineral commodities in South Africa in order to create employment opportunities and enterprise development, the Beneficiation Strategy for South Africa was developed. The strategy was recommended for approval by Cabinet in March 2009. Public consultations on the strategy will begin in March 2009 in order to source further inputs and comments from relevant stakeholders.

Statistics reported show for the first time in the history of the South African mining industry, that there were less than 200 fatalities recorded during 2008. This achievement can be attributed to stringent compliance controls enforced and penalties and levies imposed to the transgressors of safety measures and policies in the mining sector. The implementation of action plan that was developed subsequent to the conclusion of Presidential Mine Health and Safety Audit is expected to make further contributions towards further drops in fatalities.

Departmental spend outlook

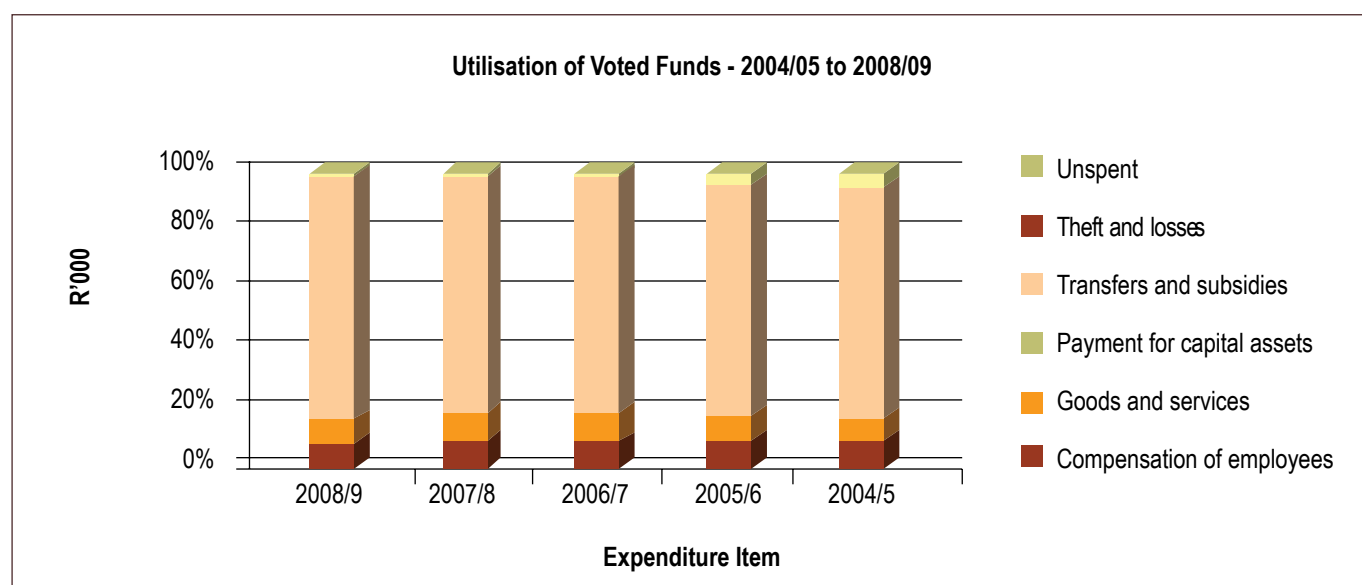
In this reporting period the department was appropriated a total budget of R3.786 billion of which R330 million was spent towards the compensation of employees, R273 million towards the procurement of goods and services, transferred R3.1 billion to public and private entities, disbursed R14.877 million for the acquisition of capital assets and wrote off losses amounting to R593 thousand.

Transfer payments represented the bulk of departmental expenditure accounting for 82 percent disbursed to entities, municipalities and other organisations. The department received additional funding of R180 million through the 2008/09 Adjusted Estimates process to cover costs related to the Electricity Demand Side Management programme. The funds were earmarked for transfer to Eskom to implement the roll-out of compact fluorescent light bulbs.

Report of the Accounting Officer for the year ended 31 March 2009

The table below depicts the utilization of voted funds per economic classification from 2004/05 to 2008/09:

UTILISATION OF VOTED FUNDS					
	2008/09	2007/08	2006/07	2005/06	2004/05
	R'000	R'000	R'000	R'000	R'000
COMPENSATION OF EMPLOYEES	330,089	290,561	246,154	217,070	190,783
GOODS AND SERVICES	273,386	277,222	254,665	181,577	134,878
PAYMENT FOR CAPITAL ASSETS	14,877	7,470	6,804	5,342	5,084
TRANSFER AND SUBSIDIES	3,111,061	2,366,512	2,099,917	1,768,372	1,527,719
THEFT AND LOSSES	593	5,602	135	44	204
UNSPENT	56,235	27,570	27,425	79,966	86,475
TOTALS (BUDGET)	3,786,241	2,974,937	2,635,100	2,252,371	1,945,143
% UNDER SPENDING OF VOTE	0.99%	0.93%	1.04%	3.55%	4.45%



The total unspent funds surrendered to the National Revenue Fund (NRF) amounted to R56.23 million which represents 0.99% of the total budget allocated to the department. It is evident that strategies employed by the department to ensure optimal utilisation of the vote are bearing fruits with the department recording again under spending of less than 1 percent. The department made a request to roll an amount of R12.935 million appropriated but not spent in the 2008/09 financial year over to the 2009/10 financial year to cater for orders that were placed for which expenditure is pending due to delays in delivery of goods and services, late receipt of invoices and consequent delay in the processing of payments. The roll-over request includes R5.935 million for expenditure primarily relating to the renewable energy summit, the energy and climate change strategy, the review of the mining charter and professional services.

The request also included R1 million relating to transfer payments that could not be made before 31 March 2009 to the State Diamond Trader and R6 million for several municipalities participating in the Integrated National Electrification Programme.

ANALYSIS OF UNSPENT FUNDS 2008/09		
	2008/09	2008/09
	R'000	%
COMPENSATION OF EMPLOYEES	3,594	9.65%
GOODS AND SERVICES	30,146	29.95%
PAYMENT FOR CAPITAL ASSETS	1,807	4.85%
TRANSFER AND SUBSIDIES	20,683	55.55%
TOTAL UNSPENT	56,230	100.00%

Elements primarily contributing to the under spending are the following:

- An amount of R10 million relating to the Electricity Demand Side Management Programme earmarked to implement the roll-out of compact fluorescent light bulbs was not transferred to Eskom due to an adjustment made in the memorandum of agreement.
- Conditional grants of R6.5 million in respect of the Integrated National Electrification Programme earmarked for transfer to Saldhana Bay, Lepelle Kumpi and Albert Luthuli municipalities were not made due to delays in concluding service level agreements, and other factors relating to financial administration processes.
- Transfer payment of R3 million relating to claims paid towards pumping subsidies to assist economically marginal mines in terms of a subsidy allocated through an Inter-Departmental Committee for State Assistance to the Mining Industry (IC) that was established through Cabinet.
- An amount of R2.49 million relating to payments for capital assets did not realise as anticipated.
- Unspent funds under the category compensation of employees are due to the high turn over of employees resulting to vacancies.

Analysis of departmental expenditure

As a policy maker, the departmental expenditure remains characterised by transfers to public corporations and agencies for implementation of programmes and projects that are aimed at achieving the policy directives and objectives of my department. The Integrated National Electrification Programme consists of transfer payments to municipalities, Eskom and non-grid service providers for grid and non-grid electricity connections to schools, clinics and households. Transfer payments of R1.914 billion in respect of the INEP programme accounted for 50.9% of the department's total expenditure during the reporting period.

Expenditure for the compensation of employees grew by R39.5 million from R290.5 million in 2007/08 to R330 million in 2008/09. Although expenditure grew by 13.6 percent, the growth in real employment remained marginal as the vacancy rate continues to remain a concern. Contributing factors to the increase in personnel expenditure are the number of interns and temporary staff employed, including the employment of interns at municipalities to assist with the administrative processes for the INEP programme.

Expenditure relating to advertising remained high due to the high turn over of staff coupled with a vigorous drive to fill vacant positions in order to support service delivery, the number of tenders issued and cost incurred for the Energy Efficiency mass media campaign.

In response to the existing national emergency on the shortage of electricity ("the Electricity Emergency"), Cabinet established a National Electricity Response Team (NERT) to address the electricity emergency on the basis that reacts and counters the emergency situation. The department was tasked with the responsibility to chair and provide secretarial functions to NERT which include the establishment of a Programme Management Office to manage the activities of NERT (PMO) and the appointment of an external services provider (Consultant) to establish staff and manage the PMO on behalf of the department. To advance the process and ensure the success of the response team, an amount of R10 million was made available for this purpose through an internal reprioritisation process and disbursed to the Electricity Distribution Industry Holding Company (EDIH).

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The increase in communication expenditure can be attributed to the introduction of new technology and number of users within the department.

The maintenance and upgrading of information technology infrastructure and networks undertaken during the reporting period coupled with the relocation of several regional offices and management to the Centurion offices was unavoidable in ensuring capacity for supporting continued service delivery.

The restructuring of the department, increased personnel driven line function activities within the department, inflation increases relating to travel and subsistence cost and official trips abroad to promote the understanding of legislation contributed to an increase in travel and subsistence expenditure during the reporting period.

Expenditure R63 million relating to consulting services, contractors and outsourced services accounted for 23.1 percent of the department's total expenditure on goods and services. An amount of R11.3 million, included in the item consultants, contractors and outsourced services was spent on mine rehabilitation projects for derelict and ownerless mines. The use of consultants to undertake rehabilitation work is the Department's strategy to mitigate project risk accruing to it by transferring these risks through contractual obligations to the parties best able to manage them.

The item consultants, contractors and outsourced services also include expenditure of R13.7 million which mostly relate to contractors appointed for the relocation and refurbishment of several regional offices and selected divisions of head office, R12.46 million in respect of legal fees and R21 million relating to business and advisory services associated with the restructuring of the department, including the restructuring resulting from amendments to the Mine Health and Safety Inspectorate and consequent establishment of the Mine Health and Safety Inspectorate as a juristic entity.

The Department continues to strengthen internal financial controls to ensure efficient and effective utilisation of departmental funding. An initiative introduced during the year under review to achieve this objective was the development of spending plans with specific aims of identifying particular areas of anticipated expenditure linked to the activities associated with operational and strategic objectives of the department. Financial performance is reviewed against these plans to allow for the early identification of non-performing areas and redirection of resources to priority spending areas.

Virement:

The following virement approvals were granted by the Accounting Officer in terms of section 43(1) of the Public Finance Management Act, 1999 (Act 1 of 1999) to utilise savings under main divisions of the vote towards the defrayment of expenditure under other main divisions within the vote:

Shift funds from	R'000	Motivation
Programme 2: Promotion of Mine Health and Safety	7,143	Under spending relating to compensation of employees and related subsistence and transport expenditure due to the high staff turn over and consequent high vacancy rate.
Programme 3: Mineral Regulation	12,869	Under spending due to delays in the approval and implementation of rehabilitation tenders and vacancies resulting from the turn over of staff.
Programme 4: Mineral Policy and Promotion	3,180	Delays in implementation of tender for the Mining Charter review and other projects.
Programme 5: Hydrocarbons and Energy Planning	570	Under spending relating to implementation of the petroleum controller at a regional level and subsequent vacancies during the first half of the reporting period.
TOTAL	23,762	

Shif funds TO	R'000	Motivation
Programme 1: Administration	9,954	Higher than anticipated expenditure relating to the relocation of departmental offices, legal fees, restructuring process of the department, recruitment initiatives, increased travel and subsistence expenditure and information technology network and infrastructure maintenance.
Programme 6: Electricity, Nuclear and Clean Energy	3,808	Higher than anticipated personnel expenditure relating to the employment of interns and posts additional to the establishment and cost associated with the New Generation Capacity Project that remained unfunded after the 2008 MTEF process.
Programme 6: Electricity, Nuclear and Clean Energy (NERT)	10,000	Appointment of service provider to render administrative and logistical support to National Energy Response Team (NERT) including the running of Programme Management Office (PMO)
TOTAL	23,762	

2. Service rendered by the department

2.1 The mission of the Department of Minerals and Energy is to regulate and promote the minerals and energy sectors for the benefit of all. In order to achieve the above mission the department is spilt into five key programmes, amongst other things, which are responsible for;

- executing the department's statutory mandate to protect the health and safety of the mine employees and people affected by mining activities – Promotion of Mine Health and Safety
- regulating the minerals and mining sector to achieve transformation and sustainable development – Mineral Regulation
- formulating mineral related policies and promote the mining and minerals industry of South Africa thus making it attractive to investors – Mineral Policy and Promotion
- promoting the sustainable use of energy resources through integrated energy planning and the appropriate promotion, including policy and regulation development of petroleum products, coal, gas renewable energy and energy efficiency – Hydrocarbons and Energy Planning
- ensuring the development, monitoring enhancement and implementation of policies governing the electricity and nuclear sectors and to support the achievement of universal access to electricity, including exercising oversight over state owned entities – Electricity and Nuclear.
- support service mainly focussing on providing support service to the department

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2.2 Tariff policy

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

Exploration fees

Exploration fees were charged in respect of the Minerals Act, 1991 (Act 50 of 1991) where the State was the holder of the mineral rights before 1 May 2004. The approved rates, as from 1 April 2003, started at R3, 00/hectare for the first year and escalated at R1, 00/hectare for the maximum period of 5 years determined by a prospecting lease. For any renewal period, the fee doubled and escalated at R2, 00/hectare/year thereafter. For offshore exploration the same rates applied but for square kilometers.

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

Exploitation fees (Royalties)

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

Mining or removal of diamonds during prospecting

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

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

A royalty of 1% of gross revenue/value free on mine of the mineral content in ore removed, or a saleable product, as determined by a “bona fide, arms length” transaction is payable for existing rights as at 1 May 2004.

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

Exploitation of construction materials: sand, stone and clay

Where sand, stone or clay is being removed for commercial purposes, the following royalties were payable from 1 April 2004 until such time as the new Royalty Bill becomes applicable:

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

Year 1 – R1-00 per cubic meter

Year 2 – R1-05 per cubic meter

In the case of longer-term permissions (five years) and mineral leases (existing rights), the relevant royalty will start at R1-00 per cubic meter for the first year, escalating at the rate of R0-05 per cubic meter per year for a period of five years.

Where a local authority is removing material for road and general maintenance, or for upgrading townships, or for any purpose that may be considered as being "RDP", a token royalty will be payable in the amount of R180-00 per year, escalating at R15-00 per annum. This amount will be reviewed on a five yearly basis.

Minimum royalties

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

Petroleum products licensing fees

The following fees are charged in terms of the Petroleum Products Amendment Act No. 58 of 2003

Site licence fee	R 1,000
Wholesale licence fee	R 1,000
Retail licence fee	R 500
Annual retail licence fee	R 500
Temporary retail licence fee	R 500
Duplicate licence fee	R 500
Site licence transfer fee	R 500
Amendment licence fee	R 500
Manufacturing licence fee	R10 000
Manufacturing annual fee	R5 000

2.3 Inventories

The following represent the value of E class inventories on hand at 31 March 2009 using the average costing method

Description	2008/09 R'000	2007/08 R'000
Printing	56	22
Stationery	321	164
Computer consumables	477	634
Other	2	9
Total	856	829

3 Capacity constraints

Skills Development still remains a top priority for my Department due to the shifting of strategic focus of the department from policy development to implementation. The implementation of the Minerals Petroleum Resources Development Act and the Petroleum Products Amendments Act resulted in a serious need for a new set of skills and working procedures due to the new Licensing function. The Department could not manage to effectively address this skills gap. There was also a call for the strengthening of the electricity function in the regions and a need to utilise Nuclear powers resources to address the countries electricity constraints.

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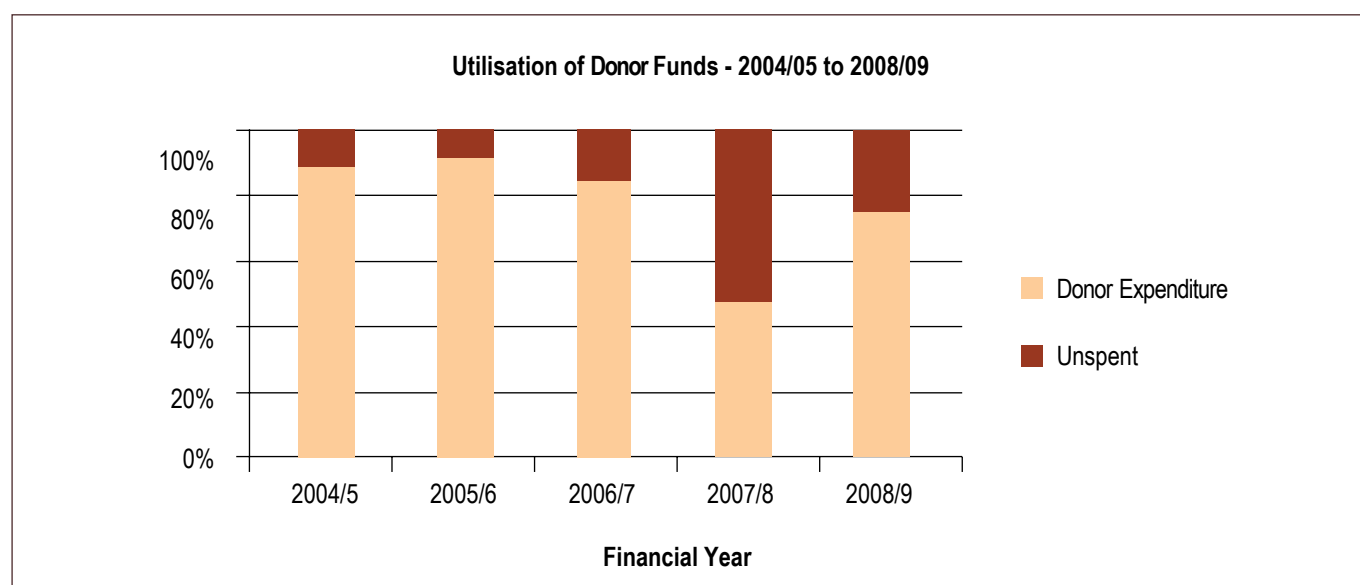
The above were further magnified by the following factors:-

- Ineffective alignment of HR Planning with strategic objectives,
- Skills shortages in the country and lack of the implementation of the Learnership programme,
- Lack of funding to acquire additional resources,
- High turnover rate in the department as well as in the Public Service.
- Inability to attract and retain individuals with specialised skills in certain areas in the Department due to inequalities of remuneration packages between the Public and Private Sector,
- Difficulty in sourcing the right individuals with the relevant skills required.

During the period under review, the above challenges have been investigated and addressed as follows:-

- Significant reduction in the vacancy rate due to the shortening of the recruitment process from six months to two months,
- A special programme has been developed for the enhancement of Management Skills within the Department in collaboration with Wits University. The programme was successfully completed by most managers during 2008.
- First phase implementation of the DME Integrated Human Resource Plan. This phase amongst others addressed the development of a Talent Management Strategy (implementation will largely be dependant on funding) and integrated Health and Wellness framework for the DME. The latter was also implemented during 2008.

4. Utilisation of donor funds



Departmental donor funds mainly consist of grants received in terms of bilateral agreements for co-operation between the South African, the Norwegian and the Danish Governments. Donor funds of R3.642 million was carried over from the 2007/08 financial year and mainly consisted of funding in respect of the South African Energy Sector Policy Research and Capacity Development Programme (RSA-3001).



During the 2008/09 financial year, an additional amount of R19.972 million was received from donors that included R2.527 million from the Danish Government for the Darling National Demonstration Wind Farm Project and R17.445 million from the Norwegian Government in respect of the RSA-3001 project.

During 2008, an amount of R2.527 million was disbursed to the Central Energy Fund (CEF) for the South African Wind Energy Programme (SAWEP) that was introduced during 2008 to provide dedicated support for wind energy development. A Programme Management Unit located within the department is driving the process of updating South Africa's wind atlas which will be publicly available to prospective wind energy developers. A strong focus of this programme is capacity building targeted at research and development institutions such as the South African National Energy Research Institute. It also aims to revive the South African Wind Energy Association as well as the implementation of the green funding guarantee scheme for the Darling National Demonstration Wind farm. The first phase of this program runs over a 2-year period.

An amount of R4.7 million was disbursed to the Energy Development Corporation (EDC) as part of the RSA-3001 programme. The purpose of the project is to contribute to the implementation of concrete interventions towards the development of the policy framework and capacity for the development of alternative low carbon options.

An amount of R3.411 million was also disbursed to the Petroleum Agency of South Africa as part of the RSA-3001 programme to facilitate transformation of the core functions of the Agency under the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) and to facilitate South Africa's extended shelf claim. Amounts of R3.157 million and R3.494 million were also disbursed to Energy Solutions Africa and Norwegian Water Resources and Energy for project management and consulting and technical assistance respectively.

5. Trading entities and public entities

National Energy Regulator of South Africa

National Energy Regulator of South Africa (NERSA) was created in terms of the National Energy Regulator Act, 2004 to also undertake the functions of Gas Regulator and Petroleum and Pipelines Regulatory Authority.

NERSA is responsible for the necessary regulatory functions in the energy industry. Some of the regulatory functions include processing licence applications, setting tariffs, setting conditions of supply and standards, investigating complaints and mediating or arbitrating in disputes. It also promotes BEE and competition in the industries of the three energy sectors.

NERSA is funded mostly from levies on the regulated industries introduced in terms of legislation. In 2007/8 financial year, the entity received an unqualified opinion in respect of the financial administration but with emphasis on some matters. Expectations are that action plans to remedy the situation and internal controls have been implemented, effectiveness thereof remain to be audited in the year under review. The entity has however been reporting positive growth in terms of revenue collections and challenges have mainly been meeting set targets for operational expenditure which can be attributable, to some extent, to high vacancy rate in the entity.

The performance of the entity against the predetermined objectives/strategy is highlighted by amongst others,

- the completion of National Integrated Resource Plan (NIRP) 3 On performance
- approval of electricity generation compliance framework
- approval of Eskom Bravo generation licence
- completion of 1st draft of the compliance mechanism for the transmission, distribution and trading in gas
- finalisation of tariff manual outlining methodology for tariff setting in petroleum

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National Nuclear Regulator

The core business of the National Nuclear Regulator (NNR) is defined in the National Nuclear Regulator Act No 47 of 1999). The NNR was set up to regulate nuclear activities and, among other things, develops safety standards and regulatory practices for the protection of persons, property and the environment against nuclear damage. NNR is funded mostly from levies on the regulated industries introduced in terms of legislation.

The entity obtained a qualified audit opinion for the year 2007/8 on the basis of lack of information on management assessment of useful lives of Property, plant and equipment as required by IAS 16 (AC 123) PPE. Any remedial action taken during the 2008/9 will be reported in the entity's Annual financial statements.

The state of financial performance as shown in the quarterly reports (the entity submits to the department in accordance with section 51(1) (f) and Treasury regulations 26.1.1 and 26.1.2) indicates that the entity had positive operating surplus. Attributable to this is increased interest income and lower than expected operating expenditure due to delayed commencement of planned projects.

Reports (3rd quarter) against predetermined objectives had some milestones achieved by the entity and these included:

- permission granted to NECSA for the phased conversion of the Safari 1 research reactor from high enriched uranium (HEU) to low enriched uranium (LEU) fuel
- issued 8 new authorisations and 7 new applications for the mining and mineral processing of uranium
- conducted 94 compliance assurance inspections out of planned 89

Council for Mineral Technology and Research

Mintek was established as a Science Council in terms of the Mineral Technology Act, 30 of 1989. Mintek's primary objective is research, development and technology transfer to promote mineral technology and to foster the establishment and expansion of mineral and associated industries.

The Council's income is derived mainly from commercial activities such as sales of its deep-mining research, technology developments and patents and royalties it receives on existing research. Transfers by the state to Mintek (including capital funding) increased from R95.5 million in 2005/06 to R135 million in 2008/9 and an expected R171 million in 2011/12. Mintek obtained a qualified audit report during 2007/8 on the basis of inadequate internal control/systems for determining earned revenue and several other matters of emphasis were identified. The appointment of the Chief Financial Officer during the 2008/9 is expected to strengthen the financial environment within the entity and overtime remedy the situation. Any developments achieved on the corrective action would be reported in the 2008/9 Annual financial statements. In the year under review, the quarterly performance reports submitted to the department in accordance with section 51(1) (f) and Treasury regulations 26.1.1 and 26.1.2 indicated that Mintek was on track with achieving set targets and various milestones were reported and included the following:

- increase in demand for bench and pilot scale iron ore feasibility testing
- increase in number of geochemical samples for PGM analysis
- completion of second phase of Tata Steel assessment

The entity also received good feedback in terms of audits conducted to assess compliance with applicable ISO standards and they included, quality management system audit for assessment of compliance with requirements of ISO 9001:2000.



The financial performance reported through the quarterly reports (2nd quarter) showed that the entity was comfortable meeting its set targets and most significant, was actual revenue generated that exceeded the target. The entity also managed to contain its operating costs resulting in good net surplus.

Electricity Distribution Holdings Company

The EDIH was created as a vehicle to facilitate the restructuring of the electricity distribution following the recommendations set out in the White Paper on Energy, published in 1998. In 2003, the organisation was incorporated as EDI Holdings (Pty) Ltd in terms of the PFMA and the Company's Act.

Funding is raised through a tariff surcharge included in the NERSA approved ESKOM Multi-Year Price Determination (MYPD), which will be received from ESKOM as the sole collection agents, and will be managed through a transparent and independent mechanism. EDI holdings obtained a clean audit report which confirmed the effectiveness and efficiency of the governance structures, policies and internal control in place. The entity continued with the good financial and business practices in the year under review as the quarterly performance reports submitted to the department in accordance with section 51(1) (f) and Treasury regulations 26.1.1 and 26.1.2 did not reveal any mismanagement of finances and no issues of non-compliance were reported. Good progress was identified through their reporting on the establishment of Regional Electricity Distributors (REDs) however challenges reported were mainly relating to the various legislative and policy processes aimed at creating an enabling environment for the EDI restructuring. Subsequent to the tabling of the RED Establishment Bill framework in April 2008, Cabinet referred it back for further consultation, however, worth noting is that, the finalisation has been subjected to Constitutional Amendment bill and its implications.

Nuclear Energy Corporation of South Africa

The Nuclear Energy Corporation of SA (NECSA) has been incorporated in terms of the Nuclear Energy Act No.46 of 1999. Its main functions are:

- To undertake and promote research and development in the field of nuclear energy and radiation sciences and technology and subject to the Safeguards Agreement, to make these generally available;
- To process source material, special nuclear material and restricted material and to reprocess source material and nuclear material; and
- To co-operate with any person or institution in matters falling within these functions subject to the approval of the Minister.

In addition to its research mandate, NECSA is also responsible for the following institutional obligations on behalf of the state: decommissioning and decontamination of past strategic nuclear facilities; management of nuclear waste disposal on a national basis; application of radiation technology for scientific and medical purposes; operation of the SAFARI-1 nuclear reactor; operation of the Pelindaba site and accompanying services; and execution of the safeguards function

The entity reported an unqualified audit opinion for the 2007/8 financial year and maintenance of the good financial management is expected for 2008/9 financial year.

As required by legislation, NECSA supplied the department with quarterly performance reports on both financial matters and results against predetermined objectives. Such reports (3rd quarter) have provided the department with insight on the operations of the entity and some milestones were observed including among other the following;

- good progress on Nuclear fuel cycle work programme which provides for first phase of feasibility studies, establishment of research and development infrastructure and skills development

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- establishment of new group namely SHEQ and Licensing section to focus on the development of licensing approach for the NFC that will comply with QMS requirements
- nuclear services division (through SAFARI-1)maintained 95 percent operational availability
- focus was also placed on significant opportunities presented by maritime

Overall, the financial results for the entity were good and full year audited financial statements will be issued with the entity's Annual report.

Central Energy Fund

The Central Energy Fund (Pty) Ltd (CEF) was registered in 1976 and is mandated by the Central Energy Fund Act (1977) to engage in the acquisition, exploration, generation, marketing and distribution of any energy form and engage in research relating to the energy sector. Its mission is to actively pursue economically viable energy development in Africa

The CEF does not receive funding from the fiscus. The CEF Group's activities which are a separate legal entity from the CEF are funded out of reserves, debt funding and dividends from its subsidiaries. The CEF can impose a levy on fuel manufactured, distributed or sold for the benefit of the Equalisation Fund controlled by the CEF Group. When tracing the performance of the entity, reports supplied to the department in terms of section 51(1) (f) and Treasury regulations 26.1.1 and 26.1.2 show that CEF group maintained good financial management practices and a clean audit was obtained in 2007/8 financial year. Moving into the 2008/9, the group kept the momentum through to the 3rd quarter of the year on achieving set targets but performance started declining as the year was drawing to a close. The slow down and lack of progress in performance was evident in projects on Energy Efficiency and delays in concluding alternative and clean energy technologies investments. Not all was lost as the subsidiary reported 100 percent achievement against the target for African Exploration. Also reported was good financial results were observed for the 3rd quarter where actual revenue and net profit after tax surpassed the targets of the year and were however backed by the weaker rand.

South African Diamond and Precious Metals Regulator

The SA Diamond Board was established in terms of the Diamond Act, (Act No. 56 of 1986 as amended). The South African Diamond and Precious Metals Regulator (SADPMR) are to replace the South African Diamond Board.

The establishment of the South African Diamond and Precious Metals Regulator encompassing diamonds, platinum, group metals and gold resulted in the dissolution of the South African Diamond Board at the end of the 2006/07 financial year.

The SADPMR is to be funded from the fiscal budget.

The entity had in 2007/8 financial year received a qualified audit opinion on the basis of revenue. With the appointment of two chartered accountants early in 2008/9 to serve on audit and risk committees, closer monitoring of implementation of controls to mitigate financial and other risks identified in previous audit is expected for better financial performance results. The 2008/9 Annual report b y the entity will reveal more on improvements and positive changes that have been observed.

Mine Health and Safety Council

The Council has been established in terms of section 41(1) of the Mine Health and Safety Act (1996) to advise the Minister on all occupational health and safety issues in the mining industry relating to legislation, research and promotion; review and develop legislation; promote health and safety in the mining industry; and oversee research on health and safety in the mining industry.

The entity had in the previous year received an unqualified audit opinion but with emphasis of matter on issue of restatement of corresponding figures and couple of other matters that needed management attention. As the entity has since appointed a Chief Executive Officer and a Chief Financial Officer, some of the issues reported in the previous audit are expected to have been resolved and the Annual report will highlight all the changes and improvements that have been observed since the staffing of key positions, worth noting is that the posts were filled in the 2nd half of the financial year.

Council for Geoscience

The Council for Geoscience was established in terms of the Geoscience Act, No. 100 of 1993. This Act also established the mandate and national responsibilities of the Council for Geoscience (CGS). The council's main sources of funding are fees generated from geological service contracts and transfers from the department.

CGS obtained a clean audit report for the year 2007/8 and the sound financial and business practises were as expected, continued through to 2008/9.

The statutory reporting requirements as stated in section 51(1) (f) and Treasury regulations 26.1.1 and 26.1.2 revealed to the department that CGS had slowly progressed in achieving the predetermined objectives. The geochemical sampling programme was reported to have delayed due to scheduled maintenance on the helicopter's engine, the project to assess and quantify coal resources and reserves commenced and concentrated in smaller coalfields of Tuli, Waterberg, etc.

The information on financial performance showed that more than projected surplus was declared for the period (2nd quarter) due to lower than expected expenditure on project/contracting expenses. The entity also reported favourable bank balance for the period.

Full year results will be reported on the entity's Annual report.

6. Organisations to whom transfer payments have been made

For a list of entities to which transfer payments have been made in accordance with the approved transfers in the relevant Appropriation Act, see Annexure 1 of the Annual Financial Statements

Details of transfers and subsidies

Recipient	2008/09 Actual transfer R thousand	Purpose of transfer payment
Assistance to Mines	21,000	Assistance to marginal mines in the form of pumping subsidies and research to prevent ingress of water into underground holdings
Council for Geoscience	139,850	Core funding in terms of establishing act
Council for Mineral Technology Research	135,834	Core funding in terms of establishing act
Electricity Distribution Industry Holdings Company	10,000	DME contribution for the National Energy Response Task team (NERT)
Electricity Distribution Industry Holdings Company	69,250	Core funding in terms of establishing act
ESKOM - Integrated National Electrification Programme	1,150,758	Electricity connections for households, clinics and schools

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Recipient	2008/09 Actual transfer R thousand	Purpose of transfer payment
ESKOM - Integrated National Electrification Programme (Backlogs)	90,000	Electricity connections to address backlogs for clinics and schools
Eskom	180,000	Energy Efficiency Demand Side Management project
Integrated national electrification programme grant: Municipalities	589,139	Electricity connections for households, clinics and schools
Integrated National Electrification Programme: Non-grid electrification service providers	84,000	Non-grid connections for schools, clinics and households
National Nuclear Regulator	20,333	Core funding in terms of establishing act
NECSA - Activities	554,726	Core funding in terms of establishing act
South African Diamond and Precious Metals Regulator	40,000	Core funding in terms of establishing act
Mine Health and Safety Council	4,909	Core funding in terms of establishing act
Industrial Development Corporation of SA (Small scale mining)	24,033	Small scale mining projects

7. Corporate governance arrangements

The Department has continued to strengthen its checks and balance mechanisms so as to ensure compliance with the relevant legislative prescripts as well as corporate governance principles and practices.

- The Department has an Internal Audit Activity that is under the guidance, direction and supervision of a Chief Audit Executive. The Function is responsible for providing independent assurance and consulting services. The component is positioned to add value and improve the Department's operations. To maintain its independence, the Internal Audit Activity appropriately reports administratively to the Director-General and functionally to the Audit Committee. The Unit's authority includes unlimited access to both the staff and the information. The Function has been operational since 1999 and it obtains its mandate from the Internal Audit Charter, which was reviewed and approved in the reporting period. The Unit developed and obtained the approval of both the annual as well as a rolling three-year strategic plan, which were based on key risks facing the Department. The status of the progress on the performance of the audits on the annual plan was presented to the Audit Committee on a quarterly basis. In order to achieve its main objective of assisting the department to achieve its objectives, the Function reviewed the adequacy, effectiveness, and efficiency of operations with regard to all branches of the Department. The audits conducted during the year were mainly compliance, information technology, performance, and financial.

The Function co-ordinated its efforts with other internal (e.g. the Compliance Office) and external (e.g. the Auditor-General) assurance providers so as to ensure proper coverage and to minimise possible duplication of efforts.

The Unit's operations are guided by the requirements set out in the legislative prescripts (e.g. the PFMA and the Treasury Regulations) and the standards set by the relevant professional bodies (e.g. the Institute of Internal Auditors).

- The Department has established an Audit Committee in terms of section 77 of the PFMA. The Audit Committee, which comprises of independent members who are neither in the employ of the department nor in public service, was appointed by the Director-General in consultation with the Minister. The members of the Audit Committee have the requisite knowledge and competence to deal with



financial, risk management, governance, ethical and other matters that pertain to its responsibility. The Committee operated in line with its Charter, which was reviewed and approved in the reporting period. During the financial period under review, the Committee met seven (7) times. The matters tabled for consideration by the Committee included the review of financial statements, Auditor-General management letters, reports and activities of the Internal Audit Activity and the Risk Management Office, and matters that related to compliance with laws, regulations and policies.

The Department continues its endeavours to minimize risks that the department is exposed to by ensuring that all major risks are proactively identified, assessed and managed to acceptable levels. The Department constituted a Risk Management Committee to assist the Audit Committee in its oversight role of risk management activities in the Department. A strategic risk assessment workshop, where EXCO members participated, was conducted in order to identify the array of risks the Department is exposed to. As a result of this exercise, various branches risk profiles were developed and responsibility for risk management assigned to management. The department's risk management process entails the following key aspects:

- Clear strategic objectives
- An established risk policy
- A continuing process to identify and evaluate significant risks to the achievement of departmental objectives
- Management processes to mitigate significant risks to an acceptable level
- Ongoing monitoring of significant risks and internal and external factors that may change the department's risk profile

The reports generated were used to inform the Department's internal audit plans.

The Fraud Prevention and Anti-Corruption Strategy within the Department was revised in line with requirements of the PFMA / Treasury Regulations and initiatives championed by the Department of Public Service and Administration and taking into account internal developments. The revised Fraud Prevention Strategy indicates clearly what is expected of each level of personnel in the Department in addressing fraud and corruption including provisions for whistle blowing and a code of conduct and fraud prevention.

8. New activities

As part of the strategy to drive energy efficiency agenda, the department was appropriated through the 2008/9 Adjustment ENE, R180 million for Energy Efficiency Demand Side Management project and subsequent allocations were made for the medium term. For the 2008/9 allocation, Eskom has been identified as a spending agent and for the medium term, Eskom and nineteen municipalities have been selected to undertake these projects mainly from the Metro's, World Cup Host Cities and secondary cities. These funds are aimed for installing smart meters to create the capacity to manage the load in the residential sector, but it will also implement energy efficient public lighting projects in the first year. Bigger projects such as energy efficient water pumping and sewerage plant efficiency management will be taken on in the latter two years. The outcome of these projects is increased load management capability for those installing smart meters and energy savings in a visible manner for those implementing energy efficient public lighting.

9. Events after the reporting date

The South African government took a decision to split the department into two, namely Department of Mineral Resources and Department of Energy to improve service delivery and efficiency and effectiveness in attainment of government targets. This may have implications in the reporting processes but not in the year under review, only in the future years.

Report of the Accounting Officer for the year ended 31 March 2009

10. Prior modifications to audit reports

The Internal Audit Activity developed an action plan to address issues raised by the Auditor-General in the 2007/08 financial year. The plan was approved by the Executive Committee of the Department. Two (2) issues that were reported as other matters are Procurement Policy, which was still in draft and non-compliance with the National Environmental Management Act (NEMA). As per the follow up audit performed by the Internal Audit Activity, the Procurement Policy was approved prior to the commencement of the 2008/09 financial year. On the NEMA issue, a confirmation was received from the Department of Environment and Tourism to the effect that the Department was in compliance since its report was tabled within the extension period granted by the Minister of the Department of Environment and Tourism on the submission of second edition plans.

Twenty two (22) other issues, the majority of which have already been satisfactorily addressed, were reported as other important matters. These include, amongst others, reliance on affidavits of clients, long outstanding receivables, long outstanding items on bank balances, long outstanding advances, and outdated qualifications of staff as per Persal.

Progress on the implementation of the recommendations by management was presented at the Executive Committee meetings of the Department.

11. Approval

The Annual Financial Statements set out on pages 181 to 243 have been approved by the Accounting Officer.



Advocate Sandile Nogxina

Director General

29 July 2009

Report of the Auditor-General for the year ended 31 March 2009

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NUMBER 28: DEPARTMENT OF MINERALS AND ENERGY FOR THE YEAR ENDED 31 MARCH 2009 REPORT ON THE FINANCIAL STATEMENTS

Introduction

- 1 I have audited the accompanying financial statements of the Department of Minerals and Energy which comprise the appropriation statement, the statement of financial position as at 31 March 2009 and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 181 to 243.

The accounting officer's responsibility for the financial statements

- 2 The accounting officer is responsible for the preparation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

- 3 As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
- 4 I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 6 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

- 7 In my opinion the financial statements present fairly, in all material respects, the financial position of the Department of Minerals and Energy as at 31 March 2009 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in note 1.1 to the financial statements and in the manner required by the PFMA and DoRA.

Basis of accounting

- 8 Without qualifying my opinion, I draw attention to note 1.1 to the financial statements, which describes the basis of accounting. The department's policy is to prepare financial statements on the basis of accounting determined by the National Treasury.

Report of the Auditor-General for the year ended 31 March 2009

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Governance framework

- 9 The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

- 10 The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	x	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		x
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	x	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines as set out in section 40 of the PFMA.	x	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	x	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The department had an audit committee in operation throughout the financial year.	x	
	• The audit committee operates in accordance with approved, written terms of reference.	x	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.2.	x	
7.	Internal audit		
	• The department had an internal audit function in operation throughout the financial year.	x	
	• The internal audit function operates in terms of an approved internal audit plan.	x	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	x	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	x	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	x	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	x	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.	x	
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA.	x	
Follow-up of audit findings			

No.	Matter	Y	N
13.	The prior year audit findings have been substantially addressed.	x	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	x	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	x	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the department against its mandate, predetermined objectives, outputs, indicators and targets as set out in Treasury Regulations 5.1, 5.2 and 6.1.	x	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	x	

- 11 The department has maintained satisfactory levels of compliance with the relevant legislation relating to governance and continued to comply with good practice principles. The result of this discipline is acceptable levels of financial and internal control management. These practices have resulted in an unqualified audit report for the department for the financial year reviewed.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

- 12 I have reviewed the performance information as set out on pages 19 to 136.

The accounting officer's responsibility for the performance information

- 13 The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

The Auditor-General's responsibility

- 14 I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.
- 15 In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 16 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Usefulness and reliability of reported performance information

- 17 The following criteria were used to assess the usefulness and reliability of the information on the department's performance with respect to the objectives in its strategic plan:
- Consistency: Has the department reported on its performance with regard to its objectives, indicators and targets in its approved strategic plan?
 - Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
 - Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

Report of the Auditor-General for the year ended 31 March 2009

The following audit finding relate to the above criteria:

Reported performance information not relevant

18 The following targets with regard to Programme 3 were not:

- specific in clearly identifying the nature and the required level of performance.
- measurable in identifying the required performance.
 - In regard to the objective - Actively contribute towards sustainable development and growth – the target for the following indicators was reflected as “ongoing”:
 - Number of jobs created.
 - Extent of change in quality of life.
 - Social infrastructure development and projects.

APPRECIATION

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



Pretoria

6 August 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Appropriation Statement for the year ended 31 March 2009

Appropriation per programme									
	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 1: Administration									
Current payment	208,687	(3,035)	8,670	214,322	210,003	4,319	98.0	175,902	177,450
Transfers and subsidies	1,358	40	365	1,763	1,660	103	94.2	1,220	981
Payment for capital assets	10,446	2,995	919	14,360	14,360	-	100.0	8,745	7,361
Programme 2: Promotion of Mine Safety and Health									
Current payment	121,610	(12)	(7,196)	114,402	113,420	982	99.1	107,302	99,451
Transfers and subsidies	4,909	-	13	4,922	4,922	-	100.0	4,789	4,789
Payment for capital assets	434	12	40	486	480	6	98.8	414	43
Programme 3: Mineral Regulation									
Current payment	162,141	(8)	(12,884)	149,249	125,159	24,090	83.9	143,601	142,469
Transfers and subsidies	-	-	11	11	10	1	90.9	902	902
Payment for capital assets	-	8	4	12	11	1	91.7	31	31
Programme 4: Mineral Policy and Promotion									
Current payment	40,912	(1,000)	(3,200)	36,712	34,266	2,446	93.3	35,138	35,080
Transfers and subsidies	24,033	1,000	-	25,033	24,033	1,000	96.0	38,462	38,462
Payment for capital assets	-	-	20	20	19	1	95.0	13	12
Programme 5: Hydrocarbons and Energy Planning									
Current payment	45,911	(100)	(570)	45,241	44,099	1,142	97.5	49,175	49,117
Transfers and subsidies	-	100	-	100	100	-	100.0	5,836	3,313
Payment for capital assets	-	-	-	-	-	-	-	24	23
Programme 6: Electricity and Nuclear									
Current payment	75,068	(1,000)	3,800	77,868	77,122	746	99.0	69,900	69,818
Transfers and subsidies	185,546	-	10,000	195,546	185,446	10,100	94.8	24	23
Payment for capital assets	798	1,000	8	1,806	7	1,799	0.4	-	-
Programme 7: Associated Services									
Transfers and subsidies	2,904,388	-	-	2,904,388	2,894,889	9,499	99.7	2,333,459	2,318,042
TOTAL	3,786,241	-	-	3,786,241	3,730,006	56,235	98.5	2,974,937	2,947,367
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				264,647	-			268,305	-
Aid assistance				19,973	-			3,330	-
Actual amounts per Statements of Financial Performance (Total revenue)				4,070,861				3,246,572	
Add:									
Aid assistance					17,703				3,321
Actual amounts per Statements of Financial Performance (Total expenditure)					3,747,709				2,950,688
Appropriation per economic classification									

Appropriation Statement for the year ended 31 March 2009

	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	350,833	(16,150)	(1,000)	333,683	330,089	3,594	98.9	295,127	290,561
Goods and services	303,496	10,834	(10,798)	303,532	273,386	30,146	90.1	280,289	277,222
Financial transactions in assets and liabilities	-	181	418	599	593	6	99.0	5,602	5,602
Transfers and subsidies									
Provinces and municipalities	595,637	-	-	595,637	589,139	6,498	98.9	467,842	462,507
Departmental agencies and accounts	274,342	1,000	10,000	285,342	284,342	1,000	99.6	262,148	262,148
Public corporations and private enterprises	2,248,957	-	-	2,248,957	2,235,756	13,201	99.4	1,652,387	1,639,783
Households	1,298	120	390	1,808	1,824	(16)	100.9	2,315	2,074
Payments for capital assets									
Machinery and equipment	9,380	2,222	971	12,573	12,565	8	99.9	7,027	5,272
Software and other intangible assets	1,500	793	19	2,312	2,312	-	100.0	2,200	2,198
Land and subsoil assets	798	1,000	-	1,798	-	1,798	0.0	-	-
TOTAL	3,786,241	-	-	3,786,241	3,730,006	56,235	98.5	2,974,937	2,947,367

Programme 1 Detail per sub programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	973	-	532	1,505	1,502	3	99.8	895	1,083
1.2 Deputy Minister									
Current payment	790	-	(790)	-	-	-	-	378	-
1.3 Management									
Current payment	16,765	(229)	1,590	18,126	17,624	502	97.2	14,219	14,453
Payment for capital assets	-	-	21	21	21	-	100.0	-	27
1.4 Corporate Services									
Current payment	165,806	(2,806)	7,338	170,338	170,283	55	100.0	137,886	141,418
Transfers and subsidies	1,358	40	365	1,763	1,660	103	94.2	1,220	981
Payment for capital assets	10,446	2,995	898	14,339	14,339	-	100.0	8,745	7,334
1.5 Property Management									
Current payment	24,353	-	-	24,353	20,594	3,759	84.6	22,524	20,496
TOTAL	220,491	-	9,954	230,445	226,023	4,422	98.1	185,867	185,792

Programme 1 Per Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	84,009	(4,698)	7,500	86,811	85,983	828	99.0	68,822	68,868
Goods and services	124,678	1,565	1,000	127,243	123,732	3,511	97.2	107,080	108,581
Financial transactions in assets and liabilities	-	118	170	288	288	-	100.0	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	15	15
Public corporations & private enterprises	100	-	-	100	-	100	0.0	-	-
Households	1,258	20	365	1,643	1,660	(17)	101.0	1,205	967
Payment for capital assets									
Machinery and equipment	8,946	2,202	900	12,048	12,048	-	100.0	6,545	5,163
Software and other intangible assets	1,500	793	19	2,312	2,312	-	100.0	2,200	2,198
TOTAL	220,491	-	9,954	230,445	226,023	4,422	98.1	185,867	185,792

Appropriation Statement for the year ended 31 March 2009

Programme 2 Detail per sub programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Governance Policy and Oversight									
Current payment	45,088	8,750	(5,107)	48,731	48,346	385	99.2	35,464	31,552
Transfers and subsidies	4,909	-	-	4,909	4,909	-	100.0	4,676	4,676
Payment for capital assets	190	12	271	473	467	6	98.7	180	31
2.2 Mine Health and Safety (Regions)									
Current payment	76,522	(8,762)	(2,089)	65,671	65,074	597	99.1	71,838	67,899
Transfers and subsidies	-	-	13	13	13	-	100.0	113	113
Payment for capital assets	244	-	(231)	13	13	-	100.0	234	12
TOTAL	126,953	-	(7,143)	119,810	118,822	988	99.2	112,505	104,283

Programme 2 Per Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	97,254	(7,996)	(3,700)	85,558	85,240	318	99.6	83,057	79,604
Goods and services	24,356	7,981	(3,500)	28,837	28,174	663	97.7	24,245	19,848
Financial transactions in assets and liabilities	-	3	3	6	5	1	83.3	-	-
Transfers and subsidies to:									
Departmental agencies and accounts	4,909	-	-	4,909	4,909	-	100.0	4,674	4,674
Households	-	-	14	14	14	-	100.0	115	114
Payment for capital assets									
Machinery and equipment	434	12	40	486	480	6	98.8	414	43
TOTAL	126,953	-	(7,143)	119,810	118,822	988	99.2	112,505	104,283

Programme 3 Detail per sub programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current payment	5,529	-	2,368	7,897	7,655	242	96.9	7,506	7,087
Transfers and subsidies	-	-	-	-	-	-	-	3	3
Payment for capital assets	-	-	-	-	-	-	-	11	12
3.2 Mineral Regulation and Administration									
Current payment	156,612	(8)	(15,252)	141,352	117,504	23,848	83.1	136,095	135,382
Transfers and subsidies	-	-	11	11	10	1	90.9	899	899
Payment for capital assets	-	8	4	12	11	1	91.7	20	19
TOTAL	162,141	-	(12,869)	149,272	125,180	24,092	83.9	144,534	143,402

Programme 3 Per Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	76,025	(1,480)	(1,900)	72,645	71,776	869	98.8	67,444	66,512
Goods and services	86,116	1,453	(11,098)	76,471	53,250	23,221	69.6	70,555	70,355
Financial transactions in assets and liabilities	-	19	114	133	133	-	100.0	5,602	5,602
Transfers and subsidies to:									
Households	-	-	11	11	10	1	90.9	902	902
Payment for capital assets									
Machinery and equipment	-	8	4	12	11	1	91.7	31	31
TOTAL	162,141	-	(12,869)	149,272	125,180	24,092	83.9	144,534	143,402

Appropriation Statement for the year ended 31 March 2009

Programme 4 Detail per sub programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Management									
Current payment	7,157	(1,200)	259	6,216	5,522	694	88.8	5,372	5,330
Transfers and subsidies	-	1,000	-	1,000	-	1,000	0.0	-	-
4.2 Mineral Policy									
Current payment	5,926	(300)	165	5,791	5,567	224	96.1	4,906	4,889
Transfers and subsidies	-	-	-	-	-	-	-	15,490	15,490
Payment for capital assets	-	-	11	11	11	-	100.0	13	12
4.3 Mineral Promotion									
Current payment	27,829	500	(3,624)	24,705	23,177	1,528	93.8	24,860	24,861
Transfers and subsidies	24,033	-	-	24,033	24,033	-	100.0	22,972	22,972
Payment for capital assets	-	-	9	9	8	1	88.9		
TOTAL	64,945	-	(3,180)	61,765	58,318	3,447	94.4	73,613	73,554

Programme 4 Per Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	24,211	-	(1,200)	23,011	22,606	405	98.2	22,107	22,084
Goods and services	16,701	(1,013)	(2,000)	13,688	11,647	2,041	85.1	13,031	12,996
Financial transactions in assets and liabilities	-	13	-	13	13	-	100.0	-	-
Transfers and subsidies to:									
Departmental agencies and accounts	-	1,000	-	1,000	-	1,000	-	30,889	30,889
Public corporations and private enterprises	24,033	-	-	24,033	24,033	-	100.0	7,490	7,490
Households	-	-	-	-	-	-	0.0	83	83
Payment for capital assets									
Machinery and equipment	-	-	20	20	19	1	95.0	13	12
TOTAL	64,945	-	(3,180)	61,765	58,318	3,447	94.4	73,613	73,554

Programme 5 Detail per sub programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Hydrocarbons and Energy Planning Management									
Current payment	4,551	-	64	4,615	4,554	61	98.7	6,256	5,218
5.2 Energy Planning									
Current payment	9,847	-	(1,564)	8,283	8,026	257	96.9	21,810	22,145
Transfers and subsidies	-	-	-	-	-	-	-	5,830	3,308
Payment for capital assets	-	-	-	-	-	-	-	24	23
5.3 Hydrocarbons									
Current payment	31,513	(100)	930	32,343	31,519	824	97.5	21,109	21,754
Transfers and subsidies	-	100	-	100	100	-	100.0	6	5
TOTAL	45,911	-	(570)	45,341	44,199	1,142	97.5	55,035	52,453

Programme 5 Per Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	36,192	(1,835)	(4,300)	30,057	29,266	791	97.4	26,385	26,357
Goods and services	9,719	1,707	3,700	15,126	14,776	350	97.7	22,790	22,760
Financial transactions in assets and liabilities	-	28	30	58	57	1	98.3	-	-
Transfers and subsidies to:									
Public corporations and private enterprises	-	-	-	-	-	-	-	5,830	3,308
Households	-	100	-	100	100	-	100.0	6	5
Payment for capital assets									
Machinery and equipment	-	-	-	-	-	-	0.0	24	23
TOTAL	45,911	-	(570)	45,341	44,199	1,142	97.5	55,035	52,453

Appropriation Statement for the year ended 31 March 2009

Programme 6 Detail per sub programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Electricity and Nuclear Management									
Current payment	5,029	-	1,798	6,827	6,688	139	98.0	5,716	5,148
6.2 Electricity									
Current payment	51,846	704	3,373	55,923	55,883	40	99.9	52,899	53,630
Transfers and subsidies	185,526	-	10,000	195,526	185,426	10,100	94.8	4	3
Payment for capital assets	798	1,000	8	1,806	7	1,799	0.4	-	-
6.3 Nuclear									
Current payment	18,193	(1,704)	(1,371)	15,118	14,551	567	96.2	11,285	11,040
Transfers and subsidies	20	-	-	20	20	-	100.0	20	20
TOTAL	261,412	-	13,808	275,220	262,575	12,645	95.4	69,924	69,841

Programme 6 Per Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	33,142	(141)	2,600	35,601	35,218	383	98.9	27,312	27,136
Goods and services	41,926	(859)	1,100	42,167	41,807	360	99.1	42,588	42,682
Financial transactions in assets and liabilities	-	-	100	100	97	3	97.0	-	-
Transfers and subsidies to:									
Departmental agencies & accounts	-	-	10,000	10,000	10,000	-	100.0	-	-
Public corporations and private enterprises	185,506	-	-	185,506	175,406	10,100	94.6	20	20
Households	40	-	-	40	40	-	100.0	4	3
Payment for capital assets									
Machinery and equipment	-	-	8	8	7	1	87.5	-	-
Land and subsoil assets	798	1,000	-	1,798	-	1,798	0.0	-	-
TOTAL	261,412	-	13,808	275,220	262,575	12,645	95.4	69,924	69,841

Programme 7 Detail per sub programme	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Council for Mineral Technology Research									
Transfers and subsidies	135,834	-	-	135,834	135,834	-	100.0	124,569	124,569
7.2 South African Nuclear Energy Corporation									
Transfers and subsidies	554,726	-	-	554,726	554,726	-	100.0	388,256	388,256
7.3 National Nuclear Regulator									
Transfers and subsidies	20,333	-	-	20,333	20,333	-	100.0	18,029	18,029
7.4 Council for Geoscience									
Transfers and subsidies	122,672	-	-	122,672	122,672	-	100.0	107,755	107,755
7.5 Electricity Distribution Industry Holdings Company									
Transfers and subsidies	69,250	-	-	69,250	69,250	-	100.0	65,934	65,934
7.6 National Electrification Programme									
Transfers and subsidies	1,920,395	-	-	1,920,395	1,913,896	6,499	99.7	1,569,910	1,554,494
7.7 Assistance to Mines									
Transfers and subsidies	41,178	-	-	41,178	38,178	3,000	92.7	39,006	39,005
7.8 South African Diamond and Precious Metals Regulator									
Transfers and subsidies	40,000	-	-	40,000	40,000	-	100.0	20,000	20,000
TOTAL	2,904,388	-	-	2,904,388	2,894,889	9,499	99.7	2,333,459	2,318,042

Programme 7 Per Economic Classification	2008/09							2007/08	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies to:									
Provinces and municipalities	595,637	-	-	595,637	589,139	6,498	98.9	467,827	462,492
Departmental agencies and accounts	269,433	-	-	269,433	269,433	-	100.0	226,585	226,585
Public corporations and private enterprises	2,039,318	-	-	2,039,318	2,036,317	3,001	99.9	1,639,047	1,628,965
TOTAL	2,904,388	-	-	2,904,388	2,894,889	9,499	99.7	2,333,459	2,318,042

Notes to the Appropriation Statement for the year ended 31 March 2009

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

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1 (A-D) to the Annual Financial Statements.

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

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3 Detail on financial transactions in assets and liabilities

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

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Programme 1: Administration	230,445	226,023	4,422	1.9
Programme 2: Promotion of Mine Safety and Health	119,810	118,822	988	0.8
Programme 3: Mineral Regulation	149,272	125,180	24,092	16.1
Programme 4: Mineral Policy and Promotion	61,765	58,318	3,447	5.6
Programme 5: Hydrocarbons and Energy Planning	45,341	44,199	1,142	2.5
Programme 6: Electricity and Nuclear	275,220	262,575	12,645	4.6
Programme 7: Associated Services	2,904,388	2,894,889	9,499	0.3
Total	3,786,241	3,730,006	56,235	1.5

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments:				
Compensation of employees	333,683	330,089	3,594	1.1
Goods and services	303,532	273,386	30,146	9.9
Financial transactions in assets and liabilities	599	593	6	1.0
Transfers and subsidies:				
Provinces and municipalities	595,637	589,139	6,498	1.1
Departmental agencies and accounts	285,342	284,342	1,000	0.4
Public corporations and private enterprises	2,248,957	2,235,756	13,221	0.6
Households	1,808	1,824	(16)	-0.9
Payments for capital assets:				
Machinery and equipment	12,573	12,565	8	0.06
Software and other intangible assets	2,312	2,312	-	0.0
Land and subsoil assets	1,798	-	1,798	100.0
Total	3,786,241	3,730,006	56,235	1.5



Programme 1: Administration

The under spending of R4.4 million under Programme 1: Administration mainly relates to the procurement of goods and services in cases where orders were placed but for which expenditure is pending due to delays in delivery of goods and services, late receipt of invoices and consequent delay in the processing of payments. The item goods and services consequently reflects an under spending of R3.511 million. An under spending of R828 000-00 under the item compensation of employees resulted from vacancies also contribute to the under spending.

Programme 2: Promotion of Mine Safety and Health

The Mine Health and Safety Inspectorate's budget is mostly personnel driven due to the nature of inspections, monitoring, and reporting functions performed. Vacancies resulting from the high turn over of staff and consequent decrease in personnel and related administrative and travelling expenditure resulted in an under spending of R318 000-00 and R663 000-00 under the item compensation of employees and the item goods and services respectively.

Programme 3: Mineral Regulation

The under spending of R24.092 million under the Mineral Regulation Branch is due to the fact that payments for projects aimed at rehabilitating ownerless and derelict mines did not materialise as anticipated.

Programme 4: Mineral Policy and Promotion

The under spending of R3.447 million for the Mineral Policy and Promotion Branch relates to a transfer payment of R1 million to the State Diamond Trader. The Department made an application to re-classify funds as a transfer payment to the SDT on 9 March 2009. The subsequent approval was only received on 28 March 2009. The department was not able to disburse the amount to the SDT before 31 March 2009 due to the time frames attached to the verification of bank details. Other contributing factors are the delays in implementation of the tender for the Mining Charter review and outstanding order payments at financial year-end associated with the procurement of goods and services.

Programme 5: Hydrocarbons and Energy Planning

The under spending of R1.14 million under the Hydrocarbons and Energy planning Branch represents an under spending of 2.5% and is attributable to vacancies within the branch during the reporting period and outstanding order payments at financial year-end associated with the procurement of goods and services.

Programme 6: Electricity and Nuclear

The Electricity and Nuclear Branch recorded an under spending of R12.645 million which represents an under spending of 4.84%. This is mainly due to an amount of R10 million relating to the Electricity Demand Side Management Programme earmarked to implement the roll-out of compact fluorescent light bulbs was not transferred to Eskom due to an adjustment in the agreement amount. Other contributing factors are vacancies within the branch during the reporting period and outstanding order payments at financial year-end.



Notes to the Appropriation Statement for the year ended 31 March 2009

Programme 7: Associated Services

The under spending of 0.33% under Programme 7: Associated services can be attributed to:

- Conditional grants of R6.5 million in respect of the Integrated National Electrification Programme earmarked for transfer to Saldhana Bay, Lepelle Kumpi and Albert Luthuli municipalities were not made due to delays in the service agreements, late fund request by municipalities and time frames attached to the bank verification process.
- Transfer payment of R3 million relating to claims paid towards pumping subsidies to assist economically marginal mines in terms of a subsidy allocated through an Inter-Departmental Committee for State Assistance to the Mining Industry (IC) that was established through Cabinet.

Statement of Financial Performance for the year ended 31 March 2009

PERFORMANCE	Note	2008/09 R'000	2007/08 R'000
REVENUE			
Annual appropriation	1	3,786,241	2,974,937
Departmental revenue	2	264,647	268,305
Aid assistance	3	19,973	3,330
TOTAL REVENUE		4,070,861	3,246,572
EXPENDITURE			
Current expenditure			
Compensation of employees	4	330,089	290,561
Goods and services	5	273,386	277,222
Financial transactions in assets and liabilities	6	593	5,602
Aid assistance	3	7,056	2,757
Total current expenditure		611,124	576,142
Transfers and subsidies			
Transfers and subsidies	7	3,111,061	2,366,512
Aid assistance	3	10,647	564
Total Transfers and subsidies		3,121,708	2,367,076
Expenditure for capital assets			
Tangible capital assets	8	12,565	5,272
Software and other intangible assets	8	2,312	2,198
Total expenditure for capital assets		14,877	7,470
TOTAL EXPENDITURE		3,747,709	2,950,688
SURPLUS/(DEFICIT) FOR THE YEAR		323,152	295,884
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		56,235	27,570
Departmental revenue	16	264,647	268,305
Aid assistance	3	2,270	9
SURPLUS/(DEFICIT) FOR THE YEAR		323,152	295,884

Statement of Financial Position for the year ended 31 March 2009

ASSETS

Current assets

Fruitless and wasteful expenditure
Cash and cash equivalents
Prepayments and advances
Receivables

	176,032	130,951
9	-	56
10	127,225	118,289
11	19,133	330
12	29,674	12,276

Non-current assets

Investments

	2,205	2,205
13	2,205	2,205

TOTAL ASSETS

	178,237	133,156
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LIABILITIES

Current liabilities

Voted funds to be surrendered to the Revenue Fund
Departmental revenue to be surrendered to the Revenue Fund
Payables
Aid assistance unutilised

	175,188	130,090
15	54,105	27,570
16	115,158	98,599
17	13	279
3	5,912	3,642

TOTAL LIABILITIES

	175,188	130,090
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NET ASSETS

	3,049	3,066
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Represented by:

Capitalisation reserve
Recoverable revenue

	2,205	2,205
	844	861

TOTAL

	3,049	3,066
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Statement of Changes in Net Assets for the year ended 31 March 2009

NET ASSETS	Note	2008/09 R'000	2007/08 R'000
Capitalisation Reserves			
Opening balance		2,205	2,205
Closing balance		2,205	2,205
Recoverable revenue			
Opening balance		861	539
Debts raised		(17)	322
Closing balance		844	861
TOTAL		3,049	3,066

Cash Flow Statement for the year ended 31 March 2009

CASH FLOW	Note	2008/09 R'000	2007/08 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		4,068,731	3,246,572
Annual appropriated funds received	1.1	3,784,111	2,974,937
Departmental revenue received	2	264,647	268,305
Aid assistance received	3	19,973	3,330
Net (increase)/decrease in working capital		(36,411)	(9,602)
Surrendered to Revenue Fund		(275,658)	(229,094)
Current payments		(611,124)	(576,142)
Transfers and subsidies paid		(3,121,708)	(2,367,076)
Net cash flow available from operating activities	18	23,830	64,658
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(14,877)	(7,470)
Net cash flows from investing activities		(14,877)	(7,470)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(17)	322
Net cash flows from financing activities		(17)	322
Net increase/(decrease) in cash and cash equivalents		8,936	57,510
Cash and cash equivalents at the beginning of the period		118,289	60,779
Cash and cash equivalents at end of period	19	127,225	118,289

Accounting Policies for the year ended 31 March 2009

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 2 of 2006.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2 Revenue

2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the Statement of Financial Performance.

Accounting Policies

for the year ended 31 March 2009

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 Statutory Appropriation

Statutory appropriations are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the statutory appropriations made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total statutory appropriations are presented in the Statement of Financial Performance.

Unexpended statutory appropriations are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.3 Departmental revenue

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.3.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the Statement of Financial Performance when received.

2.3.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.3.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

2.3.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the Statement of Financial Performance when the cash is received.

2.3.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.3.6 Financial transactions in assets and liabilities

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

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

Forex gains are recognised on payment of funds.

2.3.7 Transfers received (including gifts, donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the financial statements.

2.4 Direct Exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received.

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the Statement of Financial Performance.

Accounting Policies

for the year ended 31 March 2009

Inappropriately expensed amounts using CARA funds and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3 Expenditure

3.1 Compensation of employees

3.1.1 *Short-term employee benefits*

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the Statement of Financial Performance¹.

All other payments are classified as current expense.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.1.2 *Post retirement benefits*

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.1.3 *Termination benefits*

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.4 *Other long-term employee benefits*

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

¹ This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects



Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

Forex losses are recognised on payment of funds.

All **other losses** are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

Accounting Policies

for the year ended 31 March 2009

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable in the Statement of Financial Performance.

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

4 Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

4.6 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost..

4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

4.8 Capital assets

4.8.1 Movable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset” and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

4.8.2 Immovable assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset”. On completion, the total cost of the project is included in the asset register of the department that legally owns the asset or the provincial/ national department of public works.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

Accounting Policies for the year ended 31 March 2009

5 Liabilities

5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

5.2 Departmental revenue to be surrendered to the Revenue Fund

Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position at cost.

5.3 Direct Exchequer receipts to be surrendered to the Revenue Fund

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

Amounts received must be surrendered to the relevant revenue fund on receipt thereof. Any amount not surrendered at year end is reflected as a current payable in the Statement of Financial Position.

5.4 Bank overdraft

The bank overdraft is carried in the Statement of Financial Position at cost.

5.5 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

5.6 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements.

5.7 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.8 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.9 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

5.10 Lease commitments

Lease commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures and disclosure notes to the financial statements.

6 Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7 Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

8 Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9 Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

10 Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

Notes to the Annual Financial Statements for the year ended 31 March 2009

1 Annual Appropriation

1.1 Annual Appropriation

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

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received 2007/08 R'000
Administration	230,445	230,445	-	185,867
Promotion of Mine Safety and Health	119,810	119,810	-	112,505
Mineral Regulation	149,272	149,272	-	144,534
Mineral Policy and Promotion	61,765	61,765	-	73,613
Hydrocarbons and Energy Planning	45,341	45,341	-	55,035
Electricity and Nuclear	275,220	275,220	-	69,924
Associated Services	2,904,388	2,902,258	2,130	2,333,459
Total	3,786,241	3,784,111	2,130	2,974,937

2 Departmental revenue

	Note	2008/09 R'000	2007/08 R'000
Sales of goods and services other than capital assets	2.1	5,638	3,362
Fines, penalties and forfeits	2.2	112	218
Interest, dividends and rent on land	2.3	256,089	244,126
Financial transactions in assets and liabilities	2.4	2,808	20,599
Departmental revenue collected		264,647	268,305

2.1 Sales of goods and services other than capital assets

	2008/09 R'000	2007/08 R'000
Sales of goods and services produced by the department	5,634	3,358
Sales by market establishment	83	92
Administrative fees	5,385	3,112
Other sales	166	154
Sales of scrap, waste and other used current goods	4	4
Total	5,638	3,362

2.2 Fines, penalties and forfeits

	2008/09 R'000	2007/08 R'000
Penalties	112	218
Total	112	218

2.3 Interest, dividends and rent on land

	2008/09 R'000	2007/08 R'000
Interest	409	22
Rent on land	255,680	244,104
Total	256,089	244,126

2.4 Financial transactions in assets and liabilities

	2008/09 R'000	2007/08 R'000
Receivables	433	173
Other Receipts including Recoverable Revenue	2,375	20,426
Total	2,808	20,599

3 Aid assistance

3.1 Aid assistance received in cash from RDP

	2008/09 R'000	2007/08 R'000
Foreign		
Opening Balance	3,642	3,633
Revenue	19,973	3,330
Expenditure	(17,703)	(3,321)
Current	(7,056)	(2,757)
Transfers	(10,647)	(564)
Closing Balance	5,912	3,642

Notes to the Annual Financial Statements for the year ended 31 March 2009

3.2 Total assistance

	2008/09 R'000	2007/08 R'000
Opening Balance	3,642	3,633
Revenue	19,973	3,330
Expenditure	(17,703)	(3,321)
Current	(7,056)	(2,757)
Transfers	(10,647)	(564)
Closing Balance	5,912	3,642
Analysis of balance		
Aid assistance unutilised: RDP	5,912	3,642
Closing balance	5,912	3,642

3.3 Aid assistance surplus/(Deficit) for the year

	2008/09 R'000	2007/08 R'000
Revenue	19,973	3,330
Expenditure	(17,703)	(3,321)
Balance	2,270	9

4 Compensation of employees

4.1 Salaries and Wages

	2008/09 R'000	2007/08 R'000
Basic salary	207,803	186,328
Performance award	8,401	7,733
Service Based	1,944	12,889
Compensative/circumstantial	8,595	2,848
Periodic payments	2,950	14,376
Other non-pensionable allowances	62,499	32,205
Total	292,192	256,379

4.2 Social contributions

	2008/09 R'000	2007/08 R'000
Employer contributions		
Pension	26,771	24,046
Medical	11,091	10,102
Bargaining council	35	34
Total	37,897	34,182
Total compensation of employees	330,089	290,561
Average number of employees	1,169	1,123

5 Goods and services

	Note	2008/09 R'000	2007/08 R'000
Administrative fees		3,614	1,529
Advertising		16,009	18,288
Assets less than R5,000	5.1	3,803	2,346
Bursaries (employees)		2,340	1,668
Catering		2,732	2,485
Communication		17,207	12,910
Computer services	5.2	16,930	9,483
Consultants, contractors and agency/outsourced services	5.3	63,079	89,793
Entertainment		12	-
Audit cost – external	5.4	3,468	2,447
Government motor transport		-	-
Inventory	5.5	8,537	4,904
Maintenance, repairs and running costs		-	-
Operating leases		19,413	23,427
Owned and leasehold property expenditure	5.6	3,914	3,467
Transport provided as part of the departmental activities		-	26
Travel and subsistence	5.7	79,317	73,376
Venues and facilities		11,239	10,818
Training and staff development		6,761	4,967
Other operating expenditure	5.8	15,011	15,288
Total		273,386	277,222

Notes to the Annual Financial Statements for the year ended 31 March 2009

5.1 Assets less than R5,000

	2008/09 R'000	2007/08 R'000
Tangible assets	3,803	2,339
Machinery and equipment	3,803	2,339
Intangible assets	-	7
Intangible assets	-	7
Total	3,803	2,346

5.2 Computer services

	2008/09 R'000	2007/08 R'000
SITA computer services	6,912	4,518
External computer service providers	10,018	4,965
Total	16,930	9,483

5.3 Consultants, contractors and agency/outsourced services

	2008/09 R'000	2007/08 R'000
Business and advisory services	18,616	38,903
Infrastructure and planning	16,822	36,031
Legal costs	12,465	5,728
Contractors	12,271	8,267
Agency and support/outsourced services	2,905	864
Total	63,079	89,793

5.4 Audit cost – External

	2008/09 R'000	2007/08 R'000
Regularity audits	2,628	2,345
Performance audits	840	75
Other audits	-	27
Total	3,468	2,447

5.5 Inventory

	2008/09 R'000	2007/08 R'000
Learning and teaching support material	371	-
Fuel, oil and gas	24	17
Other consumable materials	705	116
Maintenance material	177	59
Stationery and printing	7,222	4,685
Medical supplies	38	27
Total	8,537	4,904

5.6 Owned and leasehold property expenditure

	2008/09 R'000	2007/08 R'000
Municipal services	2,681	2,139
Other	1,233	1,328
Total	3,914	3,467

5.7 Travel and subsistence

	2008/09	2007/08
Local	54,578	50,089
Foreign	24,739	23,287
Total	79,317	73,376

5.8 Other operating expenditure

	2008/09 R'000	2007/08 R'000
Professional bodies, membership and subscription fees	10,932	10,404
Resettlement costs	2,096	2,330
Other	1,983	2,554
Total	15,011	15,288

Notes to the Annual Financial Statements for the year ended 31 March 2009

6 Financial transactions in assets and liabilities

	Note	2008/09 R'000	2007/08 R'000
Material losses through criminal conduct			
Theft	6.2	-	5,532
Debts written off	6.1	593	70
Total		593	5,602

6.1 Debts written off

	2008/09 R'000	2007/08 R'000
Nature of debts written off		
Government Garage and car rental accidents	156	25
Other debts	437	45
Total	593	70

6.2 Detail of theft

	2008/09 R'000	2007/08 R'000
Fraudulent payments made to the following companies		
Tsobis	-	262
De Beers Fuel	-	2,338
Mmboyi Constructions	-	61
Sasol Nitro	-	547
First Fortune Investment	-	2,099
Imports for Africa	-	225
Total	-	5,532

7 Transfers and subsidies

	Note	2008/09 R'000	2007/08 R'000
Provinces and municipalities	Annex 1A & 1B	589,139	462,507
Departmental agencies and accounts	Annex 1C	284,342	262,148
Public corporations and private enterprises	Annex 1D	2,235,756	1,639,783
Households	Annex 1E	1,824	2,074
Total		3,111,061	2,366,512

8 Expenditure for capital assets

	2008/09 R'000	2007/08 R'000
Machinery and equipment	12,565	5,272
Computer software	2,312	2,198
Total	14,877	7,470

8.1 Analysis of funds utilised to acquire capital assets – 2008/09

	Voted funds R'000	Aid assistance R'000	Total R'000
Machinery and equipment	12,565	-	12,565
Computer software	2,312	-	2,312
Total	14,877	-	14,877

8.2 Analysis of funds utilised to acquire capital assets – 2007/08

	Voted funds R'000	Aid assistance R'000	Total R'000
Total assets acquired	7,470	-	7,470

9 Fruitless and wasteful expenditure

9.1 Reconciliation of fruitless and wasteful expenditure

	2008/09 R'000	2007/08 R'000
Opening balance	56	-
Add: Fruitless and wasteful expenditure – current year	-	56
Current Expenditure	-	56
Less: Amounts condoned	(54)	-
Current	(54)	-
Less: Amounts transferred to receivables for recovery	(2)	-
Fruitless and wasteful expenditure awaiting condonement	-	56
Analysis of awaiting condonement per economic classification		
Current	-	56
Total	-	56

Notes to the Annual Financial Statements for the year ended 31 March 2009

10 Cash and cash equivalents

	2008/09 R'000	2007/08 R'000
Consolidated Paymaster General Account	16,281	57,412
Disbursements	(21)	(30)
Cash on hand	100	51
Cash with commercial banks (Local)	110,865	60,856
Total	127,225	118,289

11 Prepayments and advances

	2008/09 R'000	2007/08 R'000
Travel and subsistence	133	330
Advances paid to other entities	19,000	-
Total	19,133	330

12 Receivables

		R'000	R'000	R'000	2008/09 R'000	2007/08 R'000
	Note	Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	12.1 Annex 4	130	-	-	130	127
Recoverable expenditure	12.2	18,829	7,827	114	26,770	9,035
Staff debt	12.3	998	787	954	2,739	3,079
Other debtors	12.4	-	-	35	35	35
Total		19,957	8,614	1,103	29,674	12,276

12.1 Claims recoverable

	2008/09 R'000	2007/08 R'000
National departments	130	122
Public entities	-	5
Total	130	127

12.2 Recoverable expenditure (disallowance accounts)

	2008/09 R'000	2007/08 R'000
Disallowance Damages and Losses	7,765	7,972
Sal: Recoverable	166	145
Sal: Tax Debt	4	1
Sal: Medical Aid	-	3
Sal: Income Tax	981	892
Sal: Housing	-	16
Sal: Motor Finance Deductions: CL	-	3
Disallowance Dishonoured cheques	2	3
Disallowance Miscellaneous	17,836	-
Sal: Rent Non Recoverable: CL	13	-
Sal: Reversal Control: CL	3	-
Total	26,770	9,035

12.3 Staff debt

	2008/09 R'000	2007/08 R'000
Debtors	2,739	3,079
Total	2,739	3,079

12.4 Other debtors

	2008/09 R'000	2007/08 R'000
Mineral Rights Claim Licence	35	35
Total	35	35

13 Investments

	2008/09 R'000	2007/08 R'000
Non-Current		
Shares and other equity	2,205	2,205
Total non-current	2,205	2,205
Analysis of non current investments		
Opening balance	2,205	2,205
Closing balance	2,205	2,205

Notes to the Annual Financial Statements for the year ended 31 March 2009

14 Loans

The loan to the Portuguese Government towards the Hydro Electrica de Cahora Bassa scheme was written down from R347 million to R1-00 during the 2003/04 financial year. This amount includes capitalised interest of R308 million while the capital amount in respect of the loan was R39 million.

15 Voted funds to be surrendered to the Revenue Fund

	Note	2008/09 R'000	2007/08 R'000
Opening balance		27,570	27,425
Transfer from statement of financial performance		56,235	27,570
Voted funds not requested/not received	1.1	(2,130)	-
Paid during the year		(27,570)	(27,425)
Closing balance		54,105	27,570

16 Departmental revenue to be surrendered to the Revenue Fund

	2008/09 R'000	2007/08 R'000
Opening balance	98,599	31,963
Transfer from Statement of Financial Performance	264,647	268,305
Paid during the year	(248,088)	(201,669)
Closing balance	115,158	98,599

17 Payables – current

Description

	Note	30 Days	30+ Days	2008/09 Total	2007/08 Total
Clearing accounts	17.1	12	1	13	279
Total		12	1	13	279

17.1 Clearing accounts

Description	2008/09 R'000	2007/08 R'000
Salary: Pension Fund	10	6
Salary: Reversal	-	84
Salary: Medical Aid	2	-
Disallowance: Miscellaneous	-	188
Private Telephone	1	1
Total	13	279

18 Net cash flow available from operating activities

	2008/09 R'000	2007/08 R'000
Net surplus/(deficit) as per Statement of Financial Performance	323,152	295,884
Add back non cash/cash movements not deemed operating activities	(299,322)	(231,226)
(Increase)/decrease in receivables – current	(17,398)	(9,746)
(Increase)/decrease in prepayments and advances	(18,803)	(61)
(Increase)/decrease in other current assets	56	(56)
Increase/(decrease) in payables – current	(266)	261
Expenditure on capital assets	14,877	7,470
Surrenders to Revenue Fund	(275,658)	(229,094)
Voted funds not requested/not received	(2,130)	-
Net cash flow generated by operating activities	23,830	64,658

19 Reconciliation of cash and cash equivalents for cash flow purposes

	2008/09 R'000	2007/08 R'000
Consolidated Paymaster General account	16,281	57,412
Disbursements	(21)	(30)
Cash on hand	100	51
Cash with commercial banks (Local)	110,865	60,856
Total	127,225	118,289

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2009

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

20 Contingent liabilities

		Note	2008/09 R'000	2007/08 R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3A	329	578
Housing loan guarantees	Employees	Annex 3A	474	801
Other guarantees		Annex 3A	149,618	262,472
Claims against the department		Annex 3B	100,985	2,658
Other departments (interdepartmental unconfirmed balances)		Annex 5	2,814	477
Other		Annex 3B	19,580	18,371
Total			273,800	285,357

20.1 Potential Liabilities in respect of the environmental rehabilitation comprises of two scenarios: potential liabilities arising from derelict and ownerless mines, where no provision was made by the miner for the rehabilitation of the environment. The responsibility for rehabilitation of these sites reverts to the state. During 2007/8, the department finalised the process of quantifying the State's potential liability for derelict and ownerless mines. Owing to the fact that it has not been possible to do a detailed assessment of the environmental and safety conditions of all thousands of entries in the database of D&O Mines, and also for the fact that it would not be practical to obtain a detailed cost estimate for rehabilitation of these mines, a number of assumptions had to be made to enable the estimation of the rehabilitation costs. Potential alternatives to rehabilitation such as:

- development of abandoned mines into tourist attractions,
- productive non-mining land use on mine sites,
- re-issuance of mining permit or rights etc,

were as well not explored and such developments on these mines may change the potential liability by the state and hence the amount of this obligation could not be measured with sufficient reliability. The other scenario relates to potential liabilities arising from the Miner's inability to restore the environment back to its original state subsequent to mining activities – where provision was made either through a trust fund, bank guarantees or cash guarantees.

20.2 The department has a potential liability arising from decontamination and decommissioning process. In terms of the Nuclear Liabilities Management (NLM) Plan, the liability was valued at R1, 8 billion for decommissioning and decontamination liability. This valuation was performed during 2004/05. The department has developed a policy procedure for management of Nuclear liabilities and in terms of which the reassessment of the liability should be conducted every five years or a shorter period if so required by the Minister. The National Treasury has since set aside R1, 8 billion for such liability and R84 million was transferred to NECSA for this purpose in the 2008/09 financial year.

21 Commitments

	Note	2008/09 R'000	2007/08 R'000
Current expenditure			
Approved and contracted		77,052	40,678
Capital expenditure			
Approved and contracted		-	803
Total Commitments		77,052	41,481

22 Accruals

			2008/09 R'000	2007/08 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	4,565	7,253	11,818	1,129
Machinery and equipment	-	-	-	27
Total	4,565	7,253	11,818	1,156

	Note	2008/09 R'000	2007/08 R'000
Listed by programme level			
Administration		6,812	660
Promotion of Mine Health and Safety		3,015	16
Mineral Regulation		25	19
Mineral Policy and Promotion		591	7
Hydrocarbons and Energy Planning		984	241
Electricity and Nuclear		391	213
Total		11,818	1,156

	Note	2008/09 R'000	2007/08 R'000
Confirmed balances with other departments	Annex 5	1,540	2,162
Confirmed balances with other government entities	Annex 5	-	-
Total		1,540	2,162

23 Employee benefits

	2008/09 R'000	2007/08 R'000
Leave entitlement	11,768	7,660
Thirteenth cheque	8,193	7,197
Performance awards	-	7,019
Capped leave commitments	10,280	10,629
Total	30,241	32,505

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2009

24 Lease commitments

24.1 Operating leases expenditure

2008/09

	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	39,346	338	39,684
Later than 1 year and not later than 5 years	-	252,465	300	252,765
Later than five years	-	67,015	-	67,015
Total lease commitments	-	358,826	638	359,464

2007/08

	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	23,542	147	23,689
Later than 1 year and not later than 5 years	-	21,112	38	21,150
Total lease commitments	-	44,654	185	44,839

Most parking spaces at Mineralia centre are used for Government Garage cars and some are sub-leased to DME officials at a nominal rate of R30 per month.

	2008/09 R'000
Rental earned on lease sub-leased assets	83
Total	83

25 Receivables for departmental revenue

	Note	2008/09 R'000	2007/08 R'000
Interest, dividends and rent on land		10,437	7,034
Total		10,437	7,034

25.1 Analysis of receivables for departmental revenue

	Note	2008/09 R'000
Opening balance		7,034
Less: amounts received		-
Add: amounts recognised		3,403
Closing balance		10,437

26 Related party transactions

Entity	Nature of Relationship	Type of Transactions	Elements of Transaction
CEF (Pty) Ltd	Associated institution under the control of the department	Refund of the Directors Fees of R 1,169,500	In terms of section1(7) of the Central Energy Fund Act, 1997 (Act 38 of 1997) Remuneration of a director (excluding a director in full time service of the state), and the cost of transport facilities or other benefits afforded to him in respect of his service as a director, shall be paid out of monies appropriated by parliament for such purposes – R1.169 million
Council for Geoscience	Associated institution under the control of the department	Transfers	Implementation of water ingress project – R17.179 million
Mintek	Associated institution under the control of the department	Payment for derelict and ownerless mines rehabilitation	Rehabilitation of derelict and ownerless mines – R40 million

Payments made

Goods and services
Transfers
Total

Note	2008/09 R'000	2007/08 R'000
	40,000	2,800
	18,349	49,446
	58,349	52,246

27 Key management personnel

Political office bearers (provide detail below)
Officials:
Minister and Director General
Deputy Director General and CFO
Total

No. of Individuals	2008/09 R'000	2007/08 R'000
2	3,026	2,055
33	21,712	5,028
	24,738	7,083

28 Provisions

Potential irrecoverable debts

Staff debtors
Other debtors
Interest, Dividends and Rent on Land
Total

Note	2008/09 R'000	2007/08 R'000
	954	1,325
	113	269
	6, 780	5,216
	7,847	6,810

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2009

29 Financial Transactions in Assets and Liabilities

	Note	2008/09 R'000	2007/08 R'000
Other Losses Written off			
Laptops		71	37
Computer CPU		-	8
Cell phones		142	-
Total		213	45

30 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance R'000	Curr Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	21,256	-	11,339	273	32,322
Computer equipment	13,459	-	4,894	85	18,268
Furniture and office equipment	7,764	-	6,445	188	14,021
Other machinery and equipment	33	-	-	-	33
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	21,256	-	11,339	273	32,322

30.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT					
Computer equipment	4,894	-	-	-	4,894
Furniture and office equipment	6,445	-	-	-	6,445
Other machinery and equipment	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	11,339	-	-	-	11,339

30.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT				
Computer equipment	-	85	85	-
Furniture and office equipment	-	188	188	-
Other machinery and equipment	-	-	-	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	273	273	-

30.3 Movement for 2007/08

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	15,984	5,272	-	21,256
Computer equipment	9,275	4,184	-	13,459
Furniture and office equipment	6,676	1,088	-	7,764
Other machinery and equipment	33	-	-	33
TOTAL MOVABLE TANGIBLE ASSETS	15,984	5,272	-	21,256

30.4 Minor assets

MINOR ASSETS OF THE DEPARTMENT FOR THE YEAR ENDED 31 MARCH 2009

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Minor assets	-	-	3,619	-	3,619
TOTAL	-	-	3,619	-	3,619

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets	-	-	1,718	-	1,718
TOTAL	-	-	1,718	-	1,718

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2009

31 Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Current Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	3,115	-	2,312	-	5,427
OTHER INTANGIBLES	199	-	-	-	199
TOTAL INTANGIBLE CAPITAL ASSETS	3,314	-	2,312	-	5,626

31.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	2,312	-	-	-	2,312
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	2,312	-	-	-	2,312

31.2 Movement for 2007/08

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	917	2,198	-	3,115
OTHER INTANGIBLES	199	-	-	199
TOTAL	1,116	2,198	-	3,314

32 Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance	Curr Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
LAND AND SUBSOIL ASSETS	228	-	-	-	228
Land	228	-	-	-	228
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	228	-	-	-	228

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT			2007/08 Division of Revenue Act R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %
ABAQULUSI	8,800	-	1,800	10,600	10,600	100.0	10,600	9,213	87.0
AGANANG	-	-	2,500	2,500	2,500	100.0	2,500	-	0.0
ALBERT LUTHULI	2,000	-	2,100	4,100	2,000	49.0	2,000	-	0.0
AMAHLATI	-	-	-	-	-	0.0	-	-	0.0
BAVIAANS	2,640	-	-	2,640	2,640	100.0	2,640	-	0.0
BEAUFORT WEST	10,000	-	-	10,000	10,000	100.0	10,000	-	0.0
BELA BELA	420	-	(210)	210	210	100.0	210	-	0.0
BERGRIVIER	-	-	-	-	-	0.0	-	-	0.0
BITOU	800	-	-	800	800	100.0	800	840	105.0
BLOUBERG	12,612	-	(1,941)	10,671	10,671	100.0	10,671	3,833	36.0
BLUE CRANE ROUTE	-	-	-	-	-	0.0	-	-	0.0
BREDE RIVER WINELANDS	-	-	160	160	160	100.0	160	-	0.0
BREDE VALLEY	152	-	-	152	152	100.0	152	152	100.0
BUFFALO CITY	32,712	-	-	32,712	32,712	100.0	32,712	-	0.0
CAMDEBOO	4,500	-	-	4,500	4,500	100.0	4,500	4,500	100.0
CEDERBERG	5,752	-	-	5,752	5,752	100.0	5,752	3,988	69.0
CITY OF CAPE TOWN	26,200	-	-	26,200	26,200	100.0	26,200	27,469	105.0
CITY OF JOHANNESBURG	50,000	-	-	50,000	50,000	100.0	50,000	133,979	268.0
CITY OF MATLOSANA	2,400	-	(2,400)	-	-	0.0	-	-	0.0
CITY OF TSHWANE	60,500	-	-	60,500	60,500	100.0	60,500	4,785	8.0
DELMAS	200	-	-	200	200	100.0	200	200	100.0
DIHLABENG	3,000	-	(3,000)	-	-	0.0	-	-	0.0
DRAKENSTEIN	800	-	-	800	800	100.0	800	-	0.0
EKURHULENI	8,962	-	-	8,962	8,962	100.0	8,962	7,660	85.0
ELIAS MOTSOLEDI	-	-	-	-	-	0.0	-	-	0.0
ELUNDINI	5,000	-	-	5,000	5,000	100.0	5,000	4,900	98.0
EMAKHAZENI	-	-	-	-	-	0.0	-	-	0.0
EMALAHLENI	-	-	-	-	-	0.0	-	-	0.0
EMFULENI	1,000	-	-	1,000	1,000	100.0	1,000	-	0.0
ENAMBITHI-LADYSMITH	1,656	-	-	1,656	1,656	100.0	1,656	803	48.0
ENDUMENI	-	-	-	-	-	0.0	-	-	0.0
ETHEKWINI	74,160	-	-	74,160	74,160	100.0	74,160	89,524	121.0
									47,500

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2007/08 Division of Revenue Act
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
GARIEP	864	-	(864)	-	-	0.0	-	-	0.0	-
GEORGE	216	-	-	216	216	100.0	216	216	100.0	678
GOVAN MBEKI	5,888	-	-	5,888	5,888	100.0	5,888	4,757	81.0	-
GREAT KEI	5,000	-	-	5,000	5,000	100.0	5,000	4,720	94.0	-
GREATER KOKSTAD	-	-	3,178	3,178	3,178	100.0	3,178	-	0.0	3,000
GREATER TZANEEN	1,601	-	-	1,601	1,601	100.0	1,601	1,111	69.0	1,120
HANTAM	133	-	-	133	133	100.0	133	133	100.0	230
HIBISCUS COAST	-	-	-	-	-	0.0	-	-	0.0	4,000
INGWE	-	-	-	-	-	0.0	-	-	0.0	5,800
INXUBA YETHEMBA	4,000	-	-	4,000	4,000	100.0	4,000	4,000	100.0	-
KAI GARIEP	-	-	-	-	-	0.0	-	-	0.0	1,104
KAMIESBERG	710	-	(710)	-	-	0.0	-	-	0.0	2,200
KANNALAND	-	-	-	-	-	0.0	-	-	0.0	3,000
KGETLENGRIVIER	5,000	-	-	5,000	5,000	100.0	5,000	-	0.0	-
KHAI-MA	-	-	-	-	-	0.0	-	-	0.0	230
KHARA HAIS	1,280	-	-	1,280	1,280	100.0	1,280	2,356	184.0	2,013
KING SABATA DALINDYEBO	6,800	-	-	6,800	6,800	100.0	6,800	5,608	82.0	15,500
KNYSNA	240	-	-	240	240	100.0	240	22	9.0	1,330
KOUGA	6,000	-	-	6,000	6,000	100.0	6,000	-	0.0	-
KWADUKUZA	2,400	-	-	2,400	2,400	100.0	2,400	-	0.0	7,000
LAINGSBERG	-	-	-	-	-	0.0	-	-	0.0	208
LEKWA	1,660	-	-	1,660	1,660	100.0	1,660	-	0.0	7,545
LEKWA TEEMANE	868	-	(612)	256	256	100.0	256	-	0.0	-
LEPELLE-NKUMPI	-	-	2,400	2,400	-	0.0	-	-	0.0	-
LESEDI	-	-	-	-	-	0.0	-	-	0.0	5,000
LETSEMENG	1,800	-	(600)	1,200	1,200	100.0	1,200	473	39.0	-
MADIBENG	4,000	-	276	4,276	4,276	100.0	4,276	-	0.0	-
MAKANA	10,000	-	-	10,000	10,000	100.0	10,000	7,600	76.0	4,084
MAKHADO	943	-	1,000	1,943	1,943	100.0	1,943	458	24.0	2,652
MALETSWAI	13,600	-	-	13,600	13,600	100.0	13,600	11,600	85.0	6,800
MALUTI A PHOFU	-	-	-	-	-	0.0	-	-	0.0	4,600
MANGAUNG	13,268	-	2,144	15,412	15,412	100.0	15,412	30,346	197.0	23,213

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT		2007/08 Division of Revenue Act
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%
MAQUASSI HILLS	316	-	(316)	-	-	0.0	-	-	0.0
MATATIELE	3,224	-	-	3,224	3,224	100.0	3,224	3,497	108.0
MATJHABENG	-	-	-	-	-	0.0	-	-	0.0
MATZIKAMA	4,500	-	1,000	5,500	5,500	100.0	5,500	7,290	133.0
MBOMBELA	29,500	-	-	29,500	29,500	100.0	29,500	13,893	47.0
MERAFONG CITY	3,000	-	(2,760)	240	240	100.0	240	-	0.0
METSIMAHOLO	4,000	-	-	4,000	4,000	100.0	4,000	274	7.0
MKHONDO	2,000	-	-	2,000	2,000	100.0	2,000	-	0.0
MODIMOLLE	4,012	-	-	4,012	4,012	100.0	4,012	4,012	100.0
MOGALAKWENA	171	-	-	171	171	100.0	171	171	100.0
MOQHAKA	552	-	-	552	54	10.0	54	52	96.0
MSUKALIGWA	3,720	-	(3,720)	-	-	0.0	-	-	0.0
MUSINA	2,720	-	-	2,720	2,720	100.0	2,720	2,894	106.0
NALA	2,000	-	(875)	1,125	1,125	100.0	1,125	798	71.0
NAMA KHOI	-	-	2,000	2,000	2,000	100.0	2,000	-	0.0
NDLAMBE	10,000	-	-	10,000	10,000	100.0	10,000	8,250	83.0
NELSON MANDELA	30,790	-	-	30,790	30,790	100.0	30,790	8,945	29.0
NEWCASTLE	-	-	-	-	-	0.0	-	-	0.0
NGWATHE	-	-	-	-	-	0.0	-	-	0.0
NOKENG TSA TAIMANE	8,385	-	-	8,385	8,385	100.0	8,385	-	0.0
NQUTHU	280	-	(280)	-	-	0.0	-	-	0.0
NXUBA	-	-	-	-	-	0.0	-	-	0.0
OVERSTRAND	-	-	-	-	-	0.0	-	-	0.0
PHUMELELA	1,200	-	(1,200)	-	-	0.0	-	-	0.0
POLOKWANE	26,488	-	-	26,488	26,488	100.0	26,488	-	0.0
POTCHEFSTROOM	10,000	-	-	10,000	10,000	100.0	10,000	15,201	152.0
PRINCE ALBERT	-	-	-	-	-	0.0	-	-	0.0
RANDFONTEIN	-	-	-	-	-	0.0	-	-	0.0
RUSTENBURG	24,000	-	-	24,000	24,000	100.0	24,000	9,979	42.0
SAKHISIZWE	3,000	-	-	3,000	3,000	100.0	3,000	3,000	100.0
SALDANHA BAY	-	-	1,500	1,500	-	0.0	-	-	0.0
STELLENBOSCH	-	-	3,452	3,452	3,452	100.0	3,452	-	0.0
									1,332

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT			2007/08 Division of Revenue Act R'000
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%
STEVE TSHWETE	3,092	-	(3,092)	-	-	0.0	-	-	0.0
SWARTLAND	2,500	-	-	2,500	2,500	100.0	2,500	2,475	99.0
THABAZIMBI	2,650	-	(930)	1,720	1,720	100.0	1,720	67	4.0
THULAMELA	4,600	-	-	4,600	4,600	100.0	4,600	2,504	54.0
TSOLWANA	-	-	-	-	-	0.0	-	-	0.0
UMHLATHUZE	1,200	-	-	1,200	1,200	100.0	1,200	-	0.0
UMJINDI	6,000	-	-	6,000	6,000	100.0	6,000	548	9.0
UMNGENI	-	-	-	-	-	0.0	-	-	0.0
UMTSHEZI	1,200	-	-	1,200	1,200	100.0	1,200	897	75.0
TOTAL	595,637	-	-	595,637	589,139	-	589,139	449,993	-
									467,826

ANNEXURE 1B

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT		2007/08	
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	Total Available R'000
TSHWANE METROPOLITAN MUNICIPALITY	-	-	-	-	-	0.0	-	-	15
TOTAL	-	-	-	-	-	0.0	-	-	15

ANNEXURE 1C

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2007/08 Appropriation Act
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	
	R'000	R'000	R'000	R'000	R'000	R'000
Council For Geoscience	122,672	-	17,178	139,850	139,850	153,511
National Nuclear Regulator	20,333	-	-	20,333	20,333	18,029
Electricity Distribution Industry	69,250	-	10,000	79,250	79,250	65,934
Mine Health and Safety Council	4,909	-	-	4,909	4,909	4,674
South African Diamond and Precious Metals Regulator	40,000	-	-	40,000	40,000	20,000
Total	257,164	-	27,178	284,342	284,342	262,148

ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION			EXPENDITURE				2007/08 Appropriation Act
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public Corporations								
Transfers								
Eskom	1,420,758	-	-	1,420,758	1,410,758	99.0	1,410,758	-
South African Nuclear Energy Corporation	554,726	-	-	554,726	554,726	100.0	9,331	545,395
CSIR	-	-	-	-	-	0.0	-	-
Council for Mineral Technology	135,834	-	-	135,834	135,834	100.0	12,391	123,443
Industrial Development Corporation of South Africa	24,033	-	-	24,033	24,033	100.0	-	24,033
Total	2,135,351	-	-	2,135,351	2,125,351		1,432,480	692,871
Private Enterprises								
Transfers								
South African Young Nuclear Professionals	-	-	-	-	-	-	-	-
Eskom (Non-Grid Electrification)	78,023	-	-	78,023	78,023	100.0	78,023	-
Girl Guide Movement	-	-	100	100	-	0.0	-	-
Solar Vision (Pty) Ltd	2,115	-	-	2,115	2,115	100.0	2,115	-
Nuon Raps Utility (Pty) Ltd	2,354	-	-	2,354	2,354	100.0	2,354	-
Kwazulu Natal Services (Pty) Ltd	1,508	-	-	1,508	1,508	100	1,508	-
Subsidies								
East Rand Proprietary Mines	12,000	-	-	12,000	9,000	75.0	-	9,000
Grootvlei Proprietary Mines	12,000	-	-	12,000	12,000	100.0	-	12,000
Southern Stream Energy Resources	-	-	-	-	-	0.0	-	-
Betlehem Hydro	1,727	-	-	1,727	1,727	100.0	-	1,727
Renewable Hydro (Pty) Ltd	225	-	-	225	225	100.0	-	225
Methcap SPV1 (Pty) Ltd	-	-	-	-	-	0.0	-	-
Darling Wind Power (Pty) Ltd	2,600	-	100	2,700	2,700	100.0	-	2,700
Ethekwini Municipality	753	-	-	753	753	100.0	-	753
Total	113,305	-	200	113,505	110,405		84,000	26,405
TOTAL	2,248,656	-	200	2,248,856	2,235,756		1,516,480	719,276
								1,639,783

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2007/08
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
HOUSEHOLDS							
Transfers							
H/H: Employee Benefits	1,223	-	-	1,223	1,599	131.0	2,207
H/H: Claims against the state	-	-	-	-	10	0.0	68
H/H: Act of grace households	-	-	15	15	15	100.0	40
H/H: Donations & Gifts	-	-	180	180	200	111.0	-
Total	1,223	-	195	1,418	1,824		2,315

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2008/09 R'000	2007/08 R'000
Received in kind			
Xtrata	Youth Celebration – Promotional Materials	-	70
Anglo Platinum	DME Women's Day & 10 th anniversary of women in mining	-	195
SA Diamond and Precious Metals Regulator	DME Women's Day & 10 th anniversary of women in mining	-	15
Anglo Platinum	Youth Celebration – Entertainment, refreshments and gifts	-	92
Matla Coal	Safety function - torch	-	1
Leppan Beech	Safety function- gifts	-	1
BP	Year End Function	100	-
Petro SA	Year End Function	300	-
Eskom	Year End Function	50	-
Great Basin Gold	Year End Function	25	-
Merafe Resources	Year End Function	100	-
TOTAL		575	374

ANNEXURE 1G

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI-TURE R'000	CLOSING BALANCE R'000
Received in cash					
Danish Government	Designated National Authority	593	-	285	308
Danish Government	Cabaree (REFSO) Support	73	-	-	73
Norwegian Government	Electricity Sector Policy Capacity	104	-	-	104
Norwegian Government	Petroleum Sector Policy Capacity	2,872	17,446	14,891	5,427
Norwegian Government	Darling National Demonstration Wind Farm	-	2,527	2,527	-
TOTAL		3,642	19,973	17,703	5,912

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)		2008/09 R'000	2007/08 R'000
Paid in cash			
Donation made to the South African Young Nuclear Professional Society		-	20
Donation made to Mrs M Mashinini		100	-
Donation made to Medical Research Council		385	-
Subtotal		485	20
Made in kind**			
Donations made to Bophelong Hospice			
Cupboard Stationery		-	1
Round Table		-	1
High Back Chair		-	3
Table		-	1
Steel Cabinet		-	1
Cabinet with window display		-	1
Cabinet with window display		-	1
Chair High Back		-	1
2 Computer Stands		-	1
Donations made to Imbasa Primary School			
4 Printers and 1 Typewriter		4	-
Donations made to Nkojane Combined School			
20 Chairs		9	-
25 Filing cabinets		21	-
9 Desks		24	-
Subtotal		58	11
Remissions, refunds, and payments made as an act of grace			
Payments made as an act of grace to households		100	40
Subtotal		100	40
TOTAL		643	71

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 08/09	% Held 07/08	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed Yes/No
				2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	
National/Provincial Public Entity												
Nuclear Energy Corporation of South Africa	Schedule 2	100	100	2,205	2,205	2,205	2,205	183,936	31,491	137,958	36,493	No
CEF (Pty) Ltd	Schedule 2	100	100	1	1	-	-	23,498,501	21,967,082	2,333,969	3,092,271	-
Electricity Distribution Industry Holdings Company	Schedule 3A	100	100	100	100	-	-	14,087	13,187	-	1,733	No
Subtotal				2,306	2,306	2,205	2,205	23,696,524	22,011,760	2,471,927	3,130,497	

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2008/09	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
Controlled entities									
Nuclear Energy Corporation of South Africa	Nuclear Technology Development	2,205	2,205	183,936	31,491	-	-	-	-
CEF (Pty) Ltd	Oversee a diverse number of subsidiaries in the Energy Sector	-	-	23,498,501	21,967,082	-	-	-	-
Electricity Distribution Industry Holdings Company	Facilitate the restructuring of the electricity distribution	-	-	14,087	13,187	-	-	-	-
Total		2,205	2,205	23,696,524	22,011,760	-	-	-	-

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008

- LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles								
Stannic	Motor Vehicles	895	578	-	249	-	329	-	-
	Sub Total	895	578	-	249	-	329	-	-
	Housing								
ABSA	Housing	363	285	78	180	-	183	-	-
Ithala	Housing	11	11	-	-	-	11	-	-
First Rand	Housing	167	167	-	149	-	18	-	-
FNB Former Saambou	Housing	40	40	-	-	-	40	-	-
Nedbank	Housing	132	132	-	50	-	82	-	-
Old Mutual	Housing	133	133	-	26	-	107	-	-
Standard	Housing	33	33	-	-	-	33	-	-
	Sub Total	879	801	78	405	-	474	-	-
	Other								
ABSA	Necsa	20,000	20,000	-	-	-	20,000	-	-
	Sub Total	20,000	20,000	-	-	-	20,000	-	-
	Total	21,774	21,379	78	654	-	20,803	-	-

ANNEXURE 3A (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008

– FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2008	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2009	Guaranteed interest for year ended 31 March 2009	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Other								
European Investment Bank	Foreign Loan	278,543	99,480	-	44,315	14,839	70,004	2,921	-
European Investment Bank	Foreign Loan	414,837	29,631	-	29,792	161	-	482	-
Deutsche Bank	Foreign Loan	1,290,044	-	-	-	-	-	-	-
Deutsche Bank	Foreign Loan	403,254	95,465	-	55,612	13,252	53,105	3,106	-
ABN AMRO Bank	Foreign Loan	297,474	-	-	-	-	-	-	-
	Total	2,684,152	224,576	-	129,719	28,252	123,109	6,509	-

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2009

Nature of Liability	Opening Balance 01/04/2008	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2009
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Claims against the department	2,658	**98,327	-	-	100,985
Other					
Simrac	18,371	8,300	(7,091)	-	19,580
Total	21,029	106,627	(7,091)	-	120,565

** The contingent liability represents mainly a case between the Minister and Poela Meyer Trust on claim for expropriation of mineral rights with possible litigation costs (including disbursements) of R90 million.

ANNEXURE 4

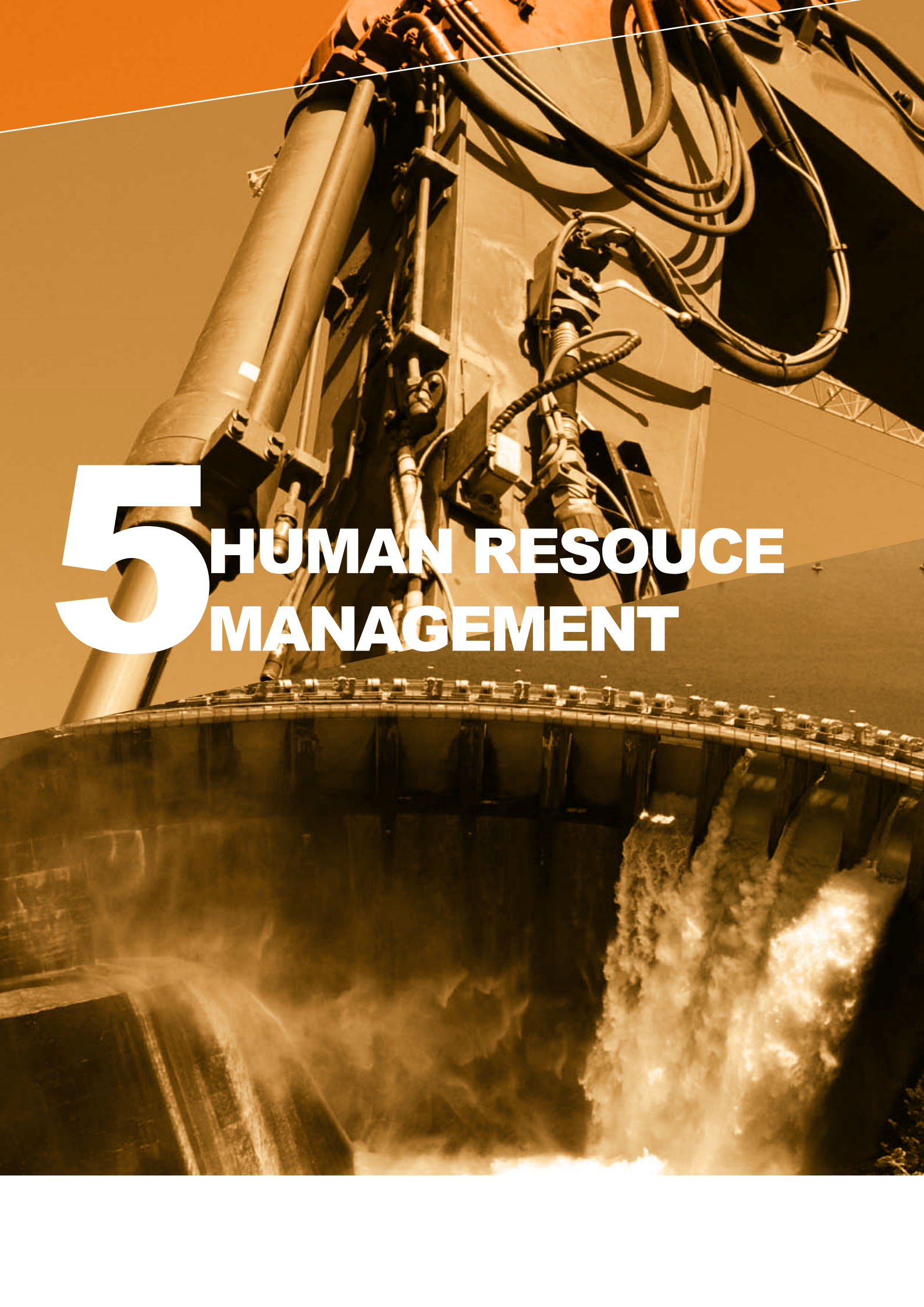
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Housing	12	-	-	20	12	20
Department of Water Affairs	-	-	-	46	-	46
NPA	-	-	-	1	-	1
Department of Labour	-	-	-	23	-	23
Department of Local Government	-	-	-	5	-	5
Department of Social Development	-	-	-	1	-	1
Department of Education	-	-	12	20	12	20
Department of Arts and Culture	-	-	-	5	-	5
Department of Justice	-	-	-	1	-	1
Department of Agriculture	-	-	44	-	44	-
Department of Public Service & Administration	8	-	-	-	8	-
Department of Trade and Industry	-	-	2	-	2	-
Kwazulu Natal Economic Development	-	-	23	-	23	-
Northern Cape Department of Health	-	-	29	-	29	-
	20	-	110	122	130	122
Other Government Entities						
Independent Development Trust	-	-	-	2,585	-	2,585
	-	-	-	2,585	-	2,585
TOTAL	20	-	110	2,707	130	2,707

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2009 R'000	31/03/2008 R'000	31/03/2009 R'000	31/03/2008 R'000	31/03/2009 R'000	31/03/2008 R'000
DEPARTMENTS						
Current						
Gauteng Provincial Government	898	297	276	-	1,174	297
Department of Justice	-	75	72	-	72	75
Western Cape Department of Transport	-	27	-	52	-	79
Department of Public Works	-	1,318	2,455	425	2,455	1,743
Department of Foreign Affairs	-	445	-	-	-	445
Department of Public Service and Administration	-	-	8	-	8	-
Department of Safety and Security	642	-	3	-	645	-
Total	1,540	2,162	2,814	477	4,354	2,639



5 HUMAN RESOURCE MANAGEMENT

1. HUMAN RESOURCE MANAGEMENT

HR OVERSIGHT - APRIL 2008 to MARCH 2009 - Department of Minerals and Energy

TABLE 2.1 - Personnel costs by Programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Dme: Administration	222,045	85,983	3,081	22232	38.72%	222	387
Dme: Associated services	2,894,889	0	0	0	0.00%	-	0
Dme: Electricity and nuclear	262,575	35,218	105	13218	13.41%	375	94
Dme: Hydrocarbons & energy plan	44,199	29,266	119	2213	66.21%	308	95
Dme: Mineral policy and promotion	58,318	22,606	77	1514	38.76%	279	81
Dme: Mineral regulation	148,158	71,776	126	38259	48.45%	233	308
Dme: Promotion of Mine Health & Safety	118,822	85,240	3,253	4643	71.74%	372	229
TOTAL as per Financial Systems (BAS)	3,749,006	330,089	6,761	82,079	8.80%	276	1194

TABLE 2.2 - Personnel costs by Salary band

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Skilled (Levels 3-5)	24,608	7	102,533	352,516	240
Highly skilled production (Levels 6-8)	50,066	14.2	156,947	352,516	319
Highly skilled supervision (Levels 9-12)	162,304	46	357,498	352,516	454
Senior management (Levels 13-16)	62,879	17.8	641,622	352,516	98
Contract (Levels 3-5)	1,903	0.5	54,371	352,516	35
Contract (Levels 6-8)	2,849	0.8	129,500	352,516	22
Contract (Levels 9-12)	4,914	1.4	245,700	352,516	20
Contract (Levels 13-16)	4,124	1.2	687,333	352,516	6
Periodical Remuneration	483	0.1	5,890	352,516	82
Abnormal Appointment	16,505	4.7	32,490	352,516	508
TOTAL	330635	93.8	185334	352516	1784

*Total number of employees remunerated for the period inclusive of terminated and recruited employees.

TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. % of Personnel Cost	Total Personnel Cost per Programme (R'000)
Dme: Administration	54210	63	2448	2.8	1998	2.3	3247	3.8	85,983
Dme: Associated services	0	0	0	0	0	0	0	0	0
Dme: Electricity and Nuclear	18812	53.4	5	0	601	1.7	957	2.7	35,218
Dme: Hydrocarbons & Energy plan	19460	66.5	131	0.4	814	2.8	815	2.8	29,266
Dme: Mineral policy and Promotion	14764	65.3	115	0.5	689	3	844	3.7	22,606
Dme: Mineral Regulation	45328	63.2	680	0.9	1341	1.9	2910	4.1	71,776
Dme: Promotion of mine health & Safety	55229	64.8	41	0	1258	1.5	2318	2.7	85,240
TOTAL as per Financial Systems (BAS)	207803	63	3420	1	6701	2	11091	3.4	330089

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

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Skilled (Levels 3-5)	16474	65.5	952	3.8	1068	4.2	2002	8	25156
Highly skilled production (Levels 6-8)	35289	68.6	1069	2.1	1293	2.5	2884	5.6	51455
Highly skilled supervision (Levels 9-12)	118581	66.8	1154	0.7	2056	1.2	4807	2.7	177491
Senior management (Levels 13-16)	50314	75.7	0	0	2104	3.2	1139	1.7	66463
Contract (Levels 3-5)	1478	77	113	5.9	33	1.7	26	1.4	1919
Contract (Levels 6-8)	2174	74.7	116	4	60	2.1	78	2.7	2911
Contract (Levels 9-12)	4043	73.3	16	0.3	18	0.3	57	1	5519
Contract (Levels 13-16)	3671	87	0	0	34	0.8	66	1.6	4219
Periodical Remuneration	0	0	0	0	0	0	0	0	715
Abnormal Appointment	13762	82.6	0	0	0	0	0	0	16667
TOTAL	245786	69.7	3420	1	6666	1.9	11059	3.1	352515

It must always be indicated that the BAS and Persal amounts will always differ at year end because there are BAS payments made for salary claims and officials who left DME. This also applies to officials who are seconded from DME.

Bas is also running every day whereas Persal in only on Monday and Wednesday. So any Persal transaction captured and authorised from 26 March to 31 March 2009 will be cashed in April 2009 and the interface will also happen in April 2009. So this will ultimately lead to different amounts on both systems.

The Persal transactions authorised on 30 March 2009 were lying in the suspense account called "Persal EBT control or Persal credit transfer" depending on the amount in BAS after Monday Persal run and these two accounts are cleared electronically when payments are cashed on Thursday 02 April 2009. Therefore the expenditure will appear in April on BAS resulting in two different amounts on the two systems and this also affect the interface.

Another major issue is that any transaction authorised on BAS gets updated immediately on BAS and then it is also possible to make journals till the books are closed and the same is not happening on Persal.

TABLE 3.1 - Employment and Vacancies by Programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Electricity and nuclear, Permanent	113	94	16.8	9
Hydrocarbons and energy planning, Permanent	133	95	28.6	1
Mineral policy and promotion, Permanent	99	81	18.2	1
Mineral regulation, Permanent	362	308	14.9	6
Programme 1 admin, Permanent	461	387	16.1	63
Promotion of mine safety and health, Permanent	327	228	30.3	11
Promotion of mine safety and health, Temporary	1	1	0	0
TOTAL	1496	1194	20.2	91

TABLE 3.2 - Employment and Vacancies by Salary Band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Skilled (Levels 3-5), Permanent	370	319	13.8	9
Highly skilled production (Levels 6-8), Permanent	283	240	15.2	11
Highly skilled supervision (Levels 9-12), Permanent	631	453	28.2	9
Senior management (Levels 13-16), Permanent	128	98	23.4	2
Other, Temporary	1	1	0	0
Contract (Levels 3-5), Permanent	36	36	0	36
Contract (Levels 6-8), Permanent	21	21	0	20
Contract (Levels 9-12), Permanent	21	21	0	2
Contract (Levels 13-16), Permanent	5	5	0	2
TOTAL	1496	1194	20.2	91



TABLE 3.3 - Employment and Vacancies by Critical Occupation at end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	132	116	12.1	10
Biologists botanists zoologists & related professional, Permanent	78	58	25.6	1
Cartographers and surveyors, Permanent	3	2	33.3	0
Cleaners in offices workshops hospitals etc., Permanent	16	16	0	0
Client inform clerks(switchboard reception inform clerks), Permanent	16	16	0	3
Communication and information related, Permanent	11	10	9.1	1
Economists, Permanent	46	35	23.9	0
Engineering sciences related, Permanent	5	2	60	0
Finance and economics related, Permanent	10	6	40	0
Financial and related professionals, Permanent	20	17	15	2
Financial clerks and credit controllers, Permanent	24	24	0	7
Food services aids and waiters, Permanent	5	2	60	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources & organisational development & relate professions, Permanent	47	44	6.4	2
Human resources clerks, Permanent	18	17	5.6	7
Human resources related, Permanent	2	1	50	1
Information technology related, Permanent	11	9	18.2	1
Language practitioners interpreters & other communicators, Permanent	5	5	0	0
Legal related, Permanent	14	4	71.4	1
Librarians and related professionals, Permanent	3	3	0	0
Library mail and related clerks, Permanent	65	56	13.8	4
Logistical support personnel, Permanent	15	13	13.3	0
Material-recording and transport clerks, Permanent	38	33	13.2	2
Messengers porters and deliverers, Permanent	12	10	16.7	1
Natural sciences related, Permanent	160	119	25.6	7
Other administration & related clerks and organisers, Permanent	104	95	8.7	3
Other administrative policy and related officers, Permanent	68	56	17.6	0
Other information technology personnel., Permanent	22	16	27.3	2

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Other machine operators, Permanent	2	2	0	0
Other occupations, Permanent	2	1	50	0
Risk management and security services, Permanent	12	5	58.3	0
Safety health and quality inspectors, Permanent	205	129	37.1	8
Safety health and quality inspectors, Temporary	1	1	0	0
Secretaries & other keyboard operating clerks, Permanent	116	92	20.7	4
Security officers, Permanent	70	68	2.9	22
Senior managers, Permanent	118	94	20.3	2
Trade/industry advisers & other related profession, Permanent	19	16	15.8	0
TOTAL	1496	1194	20.2	91



TABLE 4.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Contract (Levels 3-5)	36	0	0	0	0	0	0
Contract (Levels 6-8)	21	1	4.8	0	0	0	0
Contract (Levels 9-12)	21	0	0	0	0	0	0
Contract (Band B)	2	0	0	0	0	0	0
Contract (Band C)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	370	15	4.1	9	60	0	0
Highly skilled production (Levels 6-8)	283	42	14.8	20	47.6	2	4.8
Highly skilled supervision (Levels 9-12)	631	88	13.9	11	12.5	2	2.3
Senior Management Service Band A	22	12	54.5	1	8.3	0	0
Senior Management Service Band B	72	6	8.3	2	33.3	0	0
Senior Management Service Band C	24	0	0	0	0	0	0
Senior Management Service Band D	10	0	0	0	0	0	0
Other	1	0	0	0	0	0	0
TOTAL	1496	164	11	43	26.2	4	2.4

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

Beneficiaries	African	Asian	Coloured	White	Total
Female	35	0	1	0	36
Male	16	0	0	1	17
Total	51	0	1	1	53
Employees with a Disability	0	0	0	0	0

TABLE 4.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Human resources & organisat developm & relate prof, Permanent	1	8	9	Retention	44
COMMUNICATION AND INFORMATION RELATED PERS	1	9	10	Retention	10
NATURAL SCIENCES RELATED AND SUPPORT PERSO	1	11	12	Retention	119
FINANCE AND ECONOMICS RELATED	1	11	12	Retention	6
Total	2				
Percentage of Total Employment	0.2				1135

* Employees at the beginning of the period

TABLE 4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	4	0	0	0	4
Total	4	0	0	0	4
Employees with a Disability	0	0	0	0	0

TABLE 5.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Appointment rate	Termination Rate	Turnover Rate
Skilled (Levels 3-5), Permanent	279	55	28	19.7	10	9.7
Highly skilled production (Levels 6-8), Permanent	249	51	27	20.5	10.8	9.7
Highly skilled supervision (Levels 9-12), Permanent	467	66	98	14.1	21	-6.9
Highly skilled supervision (Levels 9-12), Temporary	0	1	0	0	0	0
Senior Management Service Band A, Permanent	68	7	15	10.3	22.1	-11.8
Senior Management Service Band B, Permanent	18	4	7	22.2	38.9	-16.7
Senior Management Service Band C, Permanent	8	0	2	0	25	-25
Senior Management Service Band D, Permanent	1	0	0	0	0	0
Contract (Levels 3-5), Permanent	12	35	4	291.7	33.3	258.4
Contract (Levels 6-8), Permanent	15	26	8	173.3	53.3	120
Contract (Levels 9-12), Permanent	12	16	9	133.3	75	58.3
Contract (Band A), Permanent	3	0	1	0	33.3	-33.3
Contract (Band B), Permanent	2	0	0	0	0	0
Contract (Band C), Permanent	1	1	0	100	0	100
TOTAL	1135	262	199	23.1	17.5	5.6

* Inclusive of transfer to the Department

* Inclusive of transfers from the Department

TABLE 5.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Appointment rate	Termination Rate	Turnover Rate
Administrative related, Permanent	81	15	6	18.5	7.4	11.1
Auxiliary and related workers, Permanent	1	0	0	0	0	0
Biologists botanists zoologists & rel professional, Permanent	69	15	9	21.7	13	8.7
Cartographers and surveyors, Permanent	1	0	1	0	100	-100
Chemists, Permanent	4	0	0	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	17	1	0	5.9	0	5.9



Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Appointment rate	Termination Rate	Turnover Rate
Client inform clerks(switchb receipt inform clerks), Permanent	11	3	2	27.3	18.2	9.1
Communication and information related, Permanent	4	0	1	0	25	-25
Computer programmers., Permanent	2	0	0	0	0	0
Computer system designers and analysts., Permanent	4	0	0	0	0	0
Economists, Permanent	35	6	5	17.1	14.3	2.8
Engineering sciences related, Permanent	7	1	2	14.3	28.6	-14.3
Finance and economics related, Permanent	12	2	5	16.7	41.7	-25
Financial and related professionals, Permanent	19	3	6	15.8	31.6	-15.8
Financial clerks and credit controllers, Permanent	20	12	6	60	30	30
Food services aids and waiters, Permanent	4	0	0	0	0	0
General legal administration & rel. professionals, Permanent	5	0	0	0	0	0
Head of department/chief executive officer, Permanent	1	0	0	0	0	0
Human resources & organisat developm & relate prof, Permanent	28	5	2	17.9	7.1	10.8
Human resources clerks, Permanent	20	5	9	25	45	-20
Human resources related, Permanent	10	6	1	60	10	50
Information technology related, Permanent	2	4	1	200	50	150
Judges, Permanent	1	0	0	0	0	0
Language practitioners interpreters & other commun, Permanent	6	0	0	0	0	0
Legal related, Permanent	2	3	3	150	150	0
Librarians and related professionals, Permanent	2	2	0	100	0	100
Library mail and related clerks, Permanent	60	8	8	13.3	13.3	0
Life sciences related, Permanent	1	0	0	0	0	0
Light vehicle drivers, Permanent	1	0	0	0	0	0
Material-recording and transport clerks, Permanent	35	20	15	57.1	42.9	14.2
Messengers porters and deliverers, Permanent	9	1	0	11.1	0	11.1
Natural sciences related, Permanent	105	33	24	31.4	22.9	8.5
Other administrat & related clerks and organisers, Permanent	83	14	8	16.9	9.6	7.3
Other administrative policy and related officers, Permanent	69	11	6	15.9	8.7	7.2
Other information technology personnel., Permanent	12	4	5	33.3	41.7	-8.4
Other machine operators, Permanent	1	0	0	0	0	0
Other occupations, Permanent	1	0	0	0	0	0

Risk management and security services, Permanent	4	0	2	0	50	-50
Safety health and quality inspectors, Permanent	135	32	38	23.7	28.1	-4.4
Secretaries & other keyboard operating clerks, Permanent	103	14	7	13.6	6.8	6.8
Security officers, Permanent	46	26	1	56.5	2.2	54.3
Senior managers, Permanent	82	12	21	14.6	25.6	-11
Statisticians and related professionals, Permanent	1	0	0	0	0	0
Trade/industry advisers & other related profession, Permanent	19	4	5	21.1	26.3	-5.2
TOTAL	1135	262	199	23.1	17.5	5.6

TABLE 5.3 - Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	10	5.1	0.9	196	1135
Resignation, Permanent	110	56.1	9.7	196	1135
Expiry of contract, Permanent	8	4.1	0.7	196	1135
Dismissal-misconduct, Permanent	3	1.5	0.3	196	1135
Retirement, Permanent	18	9.2	1.6	196	1135
Transfer	50	25.5	4.4	196	1135
TOTAL	199	101.5	17.5	196	1135

Resignations as % of Employment

17.5

TABLE 5.4 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2008)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	81	23	28.4	46	56.8
Agricul animal oceanography forestry & other science	14	1	7.1	7	50
Auxiliary and related workers	1	0	0	0	0
Biologists botanists zoologists & rel professional	55	26	47.3	20	36.4
Cartographers and surveyors	1	0	0	0	0

Occupation	Employment at Beginning of Period (April 2008)	Appointments	Terminations	Appointment rate	Termination Rate	Turnover Rate
Chemists	4	0	0	0	0	0
Cleaners in offices workshops hospitals etc.	17	0	0	15	88.2	
Client inform clerks(switchb receipt inform clerks)	11	0	0	6	54.5	
Communication and information related	4	0	0	1	25	
Computer programmers.	2	0	0	0	0	
Computer system designers and analysts.	4	0	0	0	0	
Economists	35	7	20	19	54.3	
Engineering sciences related	6	1	16.7	4	66.7	
Engineers and related professionals	1	0	0	0	0	
Finance and economics related	12	2	16.7	6	50	
Financial and related professionals	19	6	31.6	12	63.2	
Financial clerks and credit controllers	20	4	20	7	35	
Food services aids and waiters	4	0	0	1	25	
General legal administration & rel. professionals	5	1	20	2	40	
Head of department/chief executive officer	1	1	100	1	100	
Human resources & organisat developm & relate prof	28	6	21.4	13	46.4	
Human resources clerks	20	1	5	7	35	
Human resources related	10	3	30	4	40	
Information technology related	2	0	0	0	0	
Judges	1	0	0	0	0	
Language practitioners interpreters & other commun	6	1	16.7	2	33.3	
Legal related	2	0	0	1	50	
Librarians and related professionals	2	1	50	1	50	
Library mail and related clerks	60	1	1.7	30	50	
Life sciences related	1	0	0	0	0	
Light vehicle drivers	1	0	0	1	100	
Logistical support personnel	7	9	128.6	1	14.3	
Material-recording and transport clerks	28	1	3.6	3	10.7	
Messengers porters and deliverers	9	0	0	5	55.6	
Natural sciences related	105	27	25.7	48	45.7	
Other administrat & related clerks and organisers	83	7	8.4	37	44.6	
Other administrative policy and related officers	69	11	15.9	40	58	
Other information technology personnel.	12	3	25	4	33.3	
Other machine operators	1	0	0	0	0	
Other occupations	1	0	0	0	0	
Risk management and security services	4	2	50	1	25	

Safety health and quality inspectors	135	11	8.1	40	29.6
Secretaries & other keyboard operating clerks	103	4	3.9	15	14.6
Security officers	46	2	4.3	20	43.5
Senior managers	82	37	45.1	30	36.6
Statisticians and related professionals	1	0	0	0	0
Trade/industry advisers & other related profession	19	5	26.3	12	63.2
TOTAL	1135	204	18	462	40.7

TABLE 5.5 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2008)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	0	0	0	30	0
Skilled (Levels 3-5), Permanent	279	7	2.5	96	34.4
Highly skilled production (Levels 6-8), Permanent	249	52	20.9	114	45.8
Highly skilled supervision (Levels 9-12), Permanent	467	97	20.8	187	40
Senior management (Levels 13-16), Permanent	95	45	47.4	32	33.7
Contract (Levels 3-5), Permanent	12	0	0	0	0
Contract (Levels 6-8), Permanent	15	1	6.7	0	0
Contract (Levels 9-12), Permanent	12	1	8.3	2	16.7
Contract (Levels 13-16), Permanent	6	1	16.7	1	16.7
TOTAL	1135	204	18	462	40.7

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

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	44	1	1	46	13	25	0	0	25	2	86
Professionals, Permanent	282	5	4	291	76	261	2	2	265	25	657
Professionals, Temporary	0	0	0	0	1	0	0	0	0	0	1
Clerks, Permanent	75	4	0	79	1	203	16	0	219	37	336
Service and sales workers, Permanent	47	1	0	48	5	21	0	0	21	1	75
Plant and machine operators and assemblers, Permanent	2	0	0	2	0	0	0	0	0	0	2
Elementary occupations, Permanent	8	2	0	10	0	23	0	0	23	0	33
Other, Permanent	2	0	0	2	0	2	0	0	2	0	4
TOTAL	460	13	5	478	96	535	18	2	555	65	1194

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	3	0	0	3	3	2	0	0	2	0	8

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

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	19	0	0	19	1	7	0	0	7	0	27
Senior Management, Permanent	28	2	1	31	13	25	0	0	25	2	71
Professionally qualified and experienced specialists and mid-management, Permanent	205	4	4	213	67	151	1	0	152	20	452
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	81	2	0	83	3	176	11	2	189	42	317
Semi-skilled and discretionary decision making, Permanent	79	5	0	84	3	145	6	0	151	1	239
Unskilled and defined decision making, Permanent	2	0	0	2	0	2	0	0	2	0	4
Contract (Top Management), Permanent	3	0	0	3	0	1	0	0	1	0	4
Contract (Senior Management), Permanent	1	0	0	1	0	1	0	0	1	0	2
Contract (Professionally qualified), Permanent	11	0	0	11	7	2	0	0	2	0	20
Contract (Skilled technical), Permanent	8	0	0	8	0	14	0	0	14	0	22
Contract (Semi-skilled), Permanent	23	0	0	23	1	11	0	0	11	0	35
TOTAL	460	13	5	478	96	535	18	2	555	65	1194

TABLE 6.3 – Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	8	1	0	6	1	1	0	0	0	0	11
Professionally qualified and experienced specialists and mid-management, Permanent	35	0	0	23	10	20	0	0	13	1	66
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	21	0	0	13	0	30	0	0	21	0	51
Semi-skilled and discretionary decision making, Permanent	16	0	0	13	0	39	0	0	29	0	55
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	10	0	0	10	6	0	0	0	0	0	16
Contract (Skilled technical), Permanent	10	0	0	10	0	16	0	0	16	0	26
Contract (Semi-skilled), Permanent	24	0	0	24	1	10	0	0	10	0	35
TOTAL	125	1	0	100	19	116	0	0	89	1	262

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

TABLE 6.4 - Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	13	0	0	13	0	2	0	0	2	0	15
Senior Management, Permanent	20	0	2	22	12	25	0	0	25	3	62
Professionally qualified and experienced specialists and mid-management, Permanent	132	2	4	138	38	96	1	0	97	11	284
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	62	1	0	63	3	82	3	0	85	15	166
Semi-skilled and discretionary decision making, Permanent	32	1	0	33	2	59	6	0	65	3	103
Unskilled and defined decision making, Permanent	8	2	0	10	0	19	1	0	20	0	30
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	0	0	0	0	1	2	0	0	2	0	3
Contract (Skilled technical), Permanent	0	0	0	0	0	1	0	0	1	0	1
TOTAL	268	6	6	280	57	286	11	0	297	32	666

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

TABLE 6.5 - Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	1	0	0	1	1	0	0	0	0	0	2
Senior Management, Permanent	13	0	1	14	1	6	0	0	6	1	22
Professionally qualified and experienced specialists and mid-management, Permanent	45	2	0	40	16	26	0	0	18	4	93
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	10	0	0	3	0	18	0	0	5	5	33
Semi-skilled and discretionary decision making, Permanent	13	1	0	5	0	11	1	0	4	1	27
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	4	0	1	5	3	1	0	0	1	0	9
Contract (Skilled technical), Permanent	4	0	0	4	0	3	0	0	3	1	8
Contract (Semi-skilled), Permanent	1	0	0	1	0	3	0	0	3	0	4
TOTAL	91	3	2	73	22	68	1	0	40	12	199

No data	0	0	0	0	0	0	0	0	0	0	0

TABLE 6.6 - Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	Not Available
Disciplinary action	24	0	1	24	2	12	1	0	12	1	41	0
TOTAL	24	0	1	24	2	12	1	0	12	1	41	0

TABLE 6.7 - Skills Development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	35	1	1	0	7	22	0	0	0	1	67
Professionals	32	0	0	0	1	21	0	0	0	0	54
Technicians and Associate Professionals	23	0	0	0	1	27	0	0	0	1	52
Clerks	181	0	0	0	0	242	1	0	0	8	432
Service and Sales Workers	6	0	0	0	0	1	0	0	0	0	7
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	55	0	0	0	0	94	1	0	0	1	151
TOTAL	332	1	1	0	9	407	2	0	0	11	763
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

TABLE 7.1 - Performance Rewards by Race, Gender and Disability

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	235	533	44.1	2,755	11,724
African, Male	172	457	37.6	3,516	20,443
Asian, Female	1	2	50	9	8,507
Asian, Male	4	5	80	149	37,180
Coloured, Female	10	18	55.6	69	6,901
Coloured, Male	11	13	84.6	133	12,050
Total Blacks, Female	246	553	44.5	2,833	11,515
Total Blacks, Male	187	475	39.4	3,798	20,308
White, Female	65	65	100	802	12,338
White, Male	78	93	83.9	2,303	29,524
Employees with a disability	4	8	50	33	8,306
TOTAL	580	1194	48.6	9,768	16,842

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

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Skilled (Levels 3-5)	110	240	45.8	492	4,473
Highly skilled production (Levels 6-8)	147	319	46.1	1,025	6,973
Highly skilled supervision (Levels 9-12)	280	454	61.7	5,244	18,729
Contract (Levels 3-5)	0	35	0	0	0
Contract (Levels 6-8)	2	22	9.1	16	8,000
Contract (Levels 9-12)	7	20	35	188	26,857
Periodical Remuneration	0	82	0	0	0
Abnormal Appointment	0	508	0	0	0
TOTAL	546	1680	32.5	6965	12756

* Only levels below SMS
of abnormal appointments

TABLE 7.3 - Performance Rewards by Critical Occupation

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	54	105	51.4	969	17,944
Agricul animal oceanography forestry & other scien	3	7	42.9	27	9,000
Biologists botanists zoologists & rel professional	21	43	48.8	283	13,476
Cartographers and surveyors	1	2	50	12	12,000
Cleaners in offices workshops hospitals etc.	16	19	84.2	54	3,375
Client inform clerks(switchb receipt inform clerks)	10	15	66.7	46	4,600
Communication and information related	3	8	37.5	54	18,000
Domest build& helpers clean sweep and launderers	0	1	0	0	0
Economists	21	33	63.6	408	19,429
Engineering sciences related	4	4	100	103	25,750
Finance and economics related	1	8	12.5	19	19,000
Financial and related professionals	9	17	52.9	99	11,000
Financial clerks and credit controllers	7	24	29.2	38	5,429
Food services aids and waiters	1	2	50	5	5,000
General legal administration & rel. professionals	2	4	50	35	17,500
Head of department/chief executive officer	0	1	0	0	0

Human resources & organisat developm & relate prof	14	34	41.2	201	14,357
Human resources clerks	10	19	52.6	78	7,800
Human resources related	5	10	50	215	43,000
Information technology related	1	7	14.3	16	16,000
Language practitioners interpreters & other commun	3	6	50	22	7,333
Legal related	1	1	100	30	30,000
Librarians and related professionals	1	3	33.3	5	5,000
Library mail and related clerks	29	56	51.8	147	5,069
Logistical support personnel	4	11	36.4	29	7,250
Material-recording and transport clerks	5	34	14.7	28	5,600
Messengers porters and deliverers	6	11	54.5	23	3,833
Natural sciences related	58	127	45.7	1,057	18,224
Other administrat & related clerks and organisers	64	91	70.3	397	6,203
Other administrative policy and related officers	37	65	56.9	353	9,541
Other information technology personnel.	5	18	27.8	68	13,600
Other machine operators	2	2	100	8	4,000
Other occupations	0	1	0	0	0
Risk management and security services	3	6	50	30	10,000
Safety health and quality inspectors	83	129	64.3	1,829	22,036
Secretaries & other keyboard operating clerks	36	98	36.7	221	6,139
Security officers	19	69	27.5	85	4,474
Senior managers	29	84	34.5	2,554	88,069
Trade/industry advisers & other related profession	12	19	63.2	221	18,417
TOTAL	580	1194	48.6	9769	16843

TABLE 7.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	27	2	1350	854	3,163	2.4	36,130
Band B	6	71	8.5	280	4,667	1.3	20,771
Band C	1	23	4.3	62	6,200	0.6	10,265
Band D	0	8	0	0	0	0	0
TOTAL	34	104	32.7	1196	3517.6	1.8	67166



TABLE 8.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Highly skilled supervision (Levels 9-12)	1	100	1	25	0	0	1	4	3
Periodical Remuneration	0	0	2	50	2	66.7	1	4	3
Abnormal Appointment	0	0	1	25	1	33.3	1	4	3
TOTAL	1	100	4	100	3	100	1	4	3

TABLE 8.2 - Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Other occupations	0	0	3	75	3	100	1	4	3
Technicians and associated professionals	1	100	1	25	0	0	1	4	3
TOTAL	1	100	4	100	3	100	1	4	3

TABLE 9.1 - Sick Leave for Jan 2008 to Dec 2008

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Skilled (Levels 3-5)	1221	80.7	184	22.6	7	306	813	985
Highly skilled production (Levels 6-8)	1609	78.2	237	29.2	7	646	813	1258
Highly skilled supervision (Levels 9-12)	1898	83.2	309	38	6	1,997	813	1580
Senior management (Levels 13-16)	306	82	54	6.6	6	671	813	251
Contract (Levels 3-5)	10	60	6	0.7	2	3	813	6
Contract (Levels 6-8)	66	84.8	12	1.5	6	27	813	56
Contract (Levels 9-12)	59.5	90.8	9	1.1	7	71	813	54
Contract (Levels 13-16)	6	66.7	2	0.2	3	14	813	4
TOTAL	5175.5	81	813	100	6	3735	813	4194

TABLE 9.2 - Disability Leave (Temporary and Permanent) for Jan 2008 to Dec 2008

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Skilled (Levels 3-5)	205	100	11	50	19	55	205	22
Highly skilled production (Levels 6-8)	37	100	2	9.1	19	13	37	22
Highly skilled supervision (Levels 9-12)	125	100	6	27.3	21	128	125	22
Senior management (Levels 13-16)	142	100	1	4.5	142	346	142	22
Contract (Levels 6-8)	3	100	1	4.5	3	2	3	22
Contract (Levels 9-12)	19	100	1	4.5	19	26	19	22
TOTAL	531	100	22	100	24	570	531	22

TABLE 9.3 - Annual Leave for Jan 2008 to Dec 2008

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Skilled (Levels 3-5)	4398.16	17	252
Highly skilled production (Levels 6-8)	6186.84	18	340
Highly skilled supervision (Levels 9-12)	9848	18	539
Senior management (Levels 13-16)	2065	17	119
Contract (Levels 3-5)	115	4	29
Contract (Levels 6-8)	163	8	21
Contract (Levels 9-12)	195.44	10	20
Contract (Levels 13-16)	119	20	6
TOTAL	23090.44	17	1326

TABLE 9.4 - Capped Leave for Jan 2008 to Dec 2008

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2008	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2008	Number of Employees as at 31 December 2008
Skilled (Levels 3-5)	40	6	32	7	1824	57
Highly skilled production (Levels 6-8)	26	2	19	13	1914	99
Highly skilled supervision (Levels 9-12)	51	5	39	11	5305	135
Senior management (Levels 13-16)	13	3	47	4	1642	35
Contract (Levels 9-12)	1	1	0	1	0	0
TOTAL	131	4	33	36	10685	326

TABLE 9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2008/09 due to non-utilisation of leave for the previous cycle	239	33	7242
Capped leave payouts on termination of service for 2008/09	1,937	159	12182
Current leave payout on termination of service for 2008/09	1,375	110	12500
TOTAL	3551	302	11758

TABLE 10.1 - Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	N/a

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.		No	
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for	Yes		We have an HIV/AIDS Coordinator who is on level 9 and a wellness Programme
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		We've outsourced an EAP service provider which provides counselling for the Employees and their immediate families and also refer them if necessary to the relevant institution
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Names of Committee Members
			Representing employees employed at:
			Head Office
			Welkom Office
			Rustenburg Office
			Witbank Office
			Mashiyane, Loyt Mashinini
			Dipotso Mthunywa, Mpho Maphutha, Nozipho Tau, Rhothiwa Manenzhe
			Marthe Muthathi, Mathapelo Mailula, Violet Bopape, Norman Mabuza

				Julia Kgwele, Taole Masoko, Winnie Ramphele, Abel Mandlozi	Keirtsdorp Office
				Nontsindiso Tolwana, Zimkhitha Tyala, Thobeka Mashoba	Port Elizabeth Office
				Charlene Daniels, Natasha Williams, Zukiswa Kolweni	Cape Town Office
				Lungiswa Zono, Pule Ngagela, Khathu Mphaphuli, Rose Manuel	Kimberley Office
				Vusi Thusi, Nkosazana Maseko, Sibonele Mkhize, Musa Zikhali	KwaZulu Natal Office
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes			We are currently busy reviewing the policy	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes			We have a policy in place and also the coordinator is HIV positive. She sees that the management complies with the policy	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes			We conduct VCT twice per year and we have 217 employees who are HIV positive. 70% of those have voluntarily disclosed their status	
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	No				

TABLE 11.1 - Collective Agreements

Subject Matter	Date
Relocation (head office to centurion)	27.06.2008
Policy on working hours and working arrangements	21.08.2008
Condolence policy	21.08.2008
Integrated Employee Health and Wellness Policy	06.11.2008
Guiding Document on Special Awards and Recognition	06.11.2008

TABLE 11.2 - Misconduct and Discipline Hearings Finalised

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
No outcome	8	19.5	41
TOTAL	8	19.5	41

TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number of cases completed	Percentage of Total	Total
Misuse of state vehicle	3	60	5
Absenteeism/Late coming	8	100	8
Abuse of state resources	1	50	2
Fruitless expenditure	2	100	2
Improper conduct	8	88.9	9
Unauthorised access network system, aiding to fraud	1	100	1
Failure to follow procedure	1	100	1
Dereliction of duties	3	75	4
Corruption/Fraud	2	50	4
Incitement	1	100	1
Assault	2	100	2
Unauthorised possession	1	100	1
Endangering lives of others and of self	1	100	1
TOTAL	33	80.5	41

TABLE 11.4 - Grievances Lodged

Type of grievances addressed	Number of cases completed	Percentage of Total	Total
Unfair Treatment	13	92.9	14
Unfair Labour Practices (Promotion)	5	83.3	6
Unfair Labour Practices (Benefits)	1	100	1
Unfair Labour Practices (Interpretations and application)	1	100	1
Unfair Labour Practices (Conditions & Interpretation)	3	100	3
TOTAL	23	92	25

TABLE 11.5 - Disputes Lodged

	Number of disputes addressed	Number	% of total
In favour of the Department		4	57.1
Against the Department		0	0
Outstanding		3	42.9
Total		7	

TABLE 11.6 - Strike Actions

	Strike Actions	
Total number of person working days lost		15
Total cost(R'000) of working days lost		R 5.89
Amount (R'000) recovered as a result of no work no pay		R 5.89

TABLE 11.7 - Precautionary Suspensions

	Precautionary Suspensions	
Number of people suspended		5
Number of people whose suspension exceeded 30 days		5
Average number of days suspended		84.6
Cost (R'000) of suspensions		R 337.04

TABLE 12.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	12	3	15
	Male	58	0	13	11	24
Professionals	Female	129	0	120	5	125
	Male	118	0	118	20	138
Technicians and associate professionals	Female	154	0	149	25	174
	Male	251	0	245	18	263
Clerks	Female	248	0	181	18	199
	Male	77	0	73	13	86
Service and sales workers	Female	15	0	10	1	11
	Male	36	0	27	4	31
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	2	0	2
	Male	2	0	6	0	6
Elementary occupations	Female	24	10	19	96	125
	Male	6	4	6	55	65
Gender sub totals	Female	597	10	493	148	651
	Male	548	4	508	121	633
Total		1145	14	981	269	1264

TABLE 12.2 - Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	20	3	23
	Male	58	0	33	11	44
Professionals	Female	129	0	16	5	21
	Male	118	0	13	20	33
Technicians and associate professionals	Female	154	0	3	25	28
	Male	251	0	6	18	24
Clerks	Female	248	0	233	18	251
	Male	77	0	168	13	181
Service and sales workers	Female	15	0	0	1	1
	Male	36	0	2	4	6
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	24	0	0	96	96
	Male	6	0	0	55	55
Gender sub totals	Female	597	0	0	148	148
	Male	548	0	0	121	121
Total		1145	0	494	269	763

TABLE 13.1 - Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	2	

TABLE 14.1 - Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Auditing of monthly fuel price changes	4	730	R 442,684.80
Procurement of consulting services to assist in the completion of 2007/2008 Audit Plan of the Audit Service	3	60	R 1,411,227.00
Invitation of service provider to conduct Socio- Economic impact study of Electrification programme on households farm, Diepsloot or Tembisa	6	150	R 3,777,670.44
Development of a centralised database system for the Mine Health and Safety Inspectorate using web based approval and technologies	3	120	R 2,715,845.00
Invitation to develop a business case for the possible integration of the inspectorate with Mine Health & Safety Council	3	90	R 2,369,897.00
Consultancy appointment for the review and development of DME organizational structures and facilitate change management interventions for the 2008/2009 financial year	7	180	R 4,140,221.90
Appointment of project manager for the relocation of Head Office and Regional offices for a period of 1 year	3	365	R 442,684.80
tracking the SA clean development mechanism implementation The appointment of a consultant to compile an annual report tracking the SA clean development mechanism implementation	2	180	R 498,053.00
Proposal for compiling , analysing and reconciling registers and the data on financial provision for the remediation of environmental damage	2	180	R 2,222,250.00
Assessment of the compliance pertaining to broad based Socio-Economic empowerment charter by the Mining industry and alignment of the Charter with codes of Good Practice	8	240	R 3,659,172.00
The outsourcing of Layout/Design and printing of the DME 2007/2008 annual report, DME trust annual report as well as the Mine Health and Safety Inspectorate annual report 2007/2008	3	90	R 549,715.86
Invitation of bids for phase A of the development of the National strategy for skills development, acquisition & retention of the Nuclear Science Research and development sector	2	180	R 717,322.20
Invitation of bids for the appointment of a service provider to provide training for learners who will be placed in the Public Administration Learnership - NQF 3	4	365	R 424,700.00

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Invitation of bids for the acquisition/development of the Mine Health & Safety Inspectorate (MHSI) Intergrated Information Management System	4	365	R 6,451,188.18
Invitation of bids for the of the Energy and Climate change strategy	2	180	R 399,456.00
The appointment of Afroteq Facilities Management as a space planner for the new Head Office Building in Travenna	5	450	R 2,870,292.00
The determination of a benchmark service station and the application of a regulatory accounting model to determine margins relating to coastal storage wholesaling, distribution of the South African Oil industry as well as a return on assets of the benchmark service station	4	180	R 5,767,374.00
Acquisition of an Electronic document management system (EDMS) for the DME through Datacentrix service provider	4	180	R 1,601,370.40
Total number of projects	18	69	4285
			Total contract value in Rand
			R 40,850,165.00

TABLE 14.2 - Analysis of consultant appointments using appropriated funds, i.t.o. HDIs

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
tracking the SA clean development mechanism implementation	6.75%	6.75%	5
The appointment of a consultant to compile an annual report			
tracking the SA clean development mechanism implementation			
Proposal for compiling , analysing and reconciling registers and the data on financial provision for the remediation of environmental damage	100.00%	100.00%	2
Assessment of the compliance pertaining to broad based Socio-Economic empowerment charter by the Mining industry and alignment of the Charter with codes of Good Practice	100.00%	100.00%	2
The outsourcing of Layout/Design and printing of the DME 2007/2008 annual report, DME trust annual report as well as the Mine Health and Safety Inspectorate annual report 2007/2008	50.00%	50.00%	Numerous
Invitation of bids for the of the Energy and Climate change strategy	6.75%	6.75%	1

TABLE 14.3 - Report on consultant appointments using Donor funds

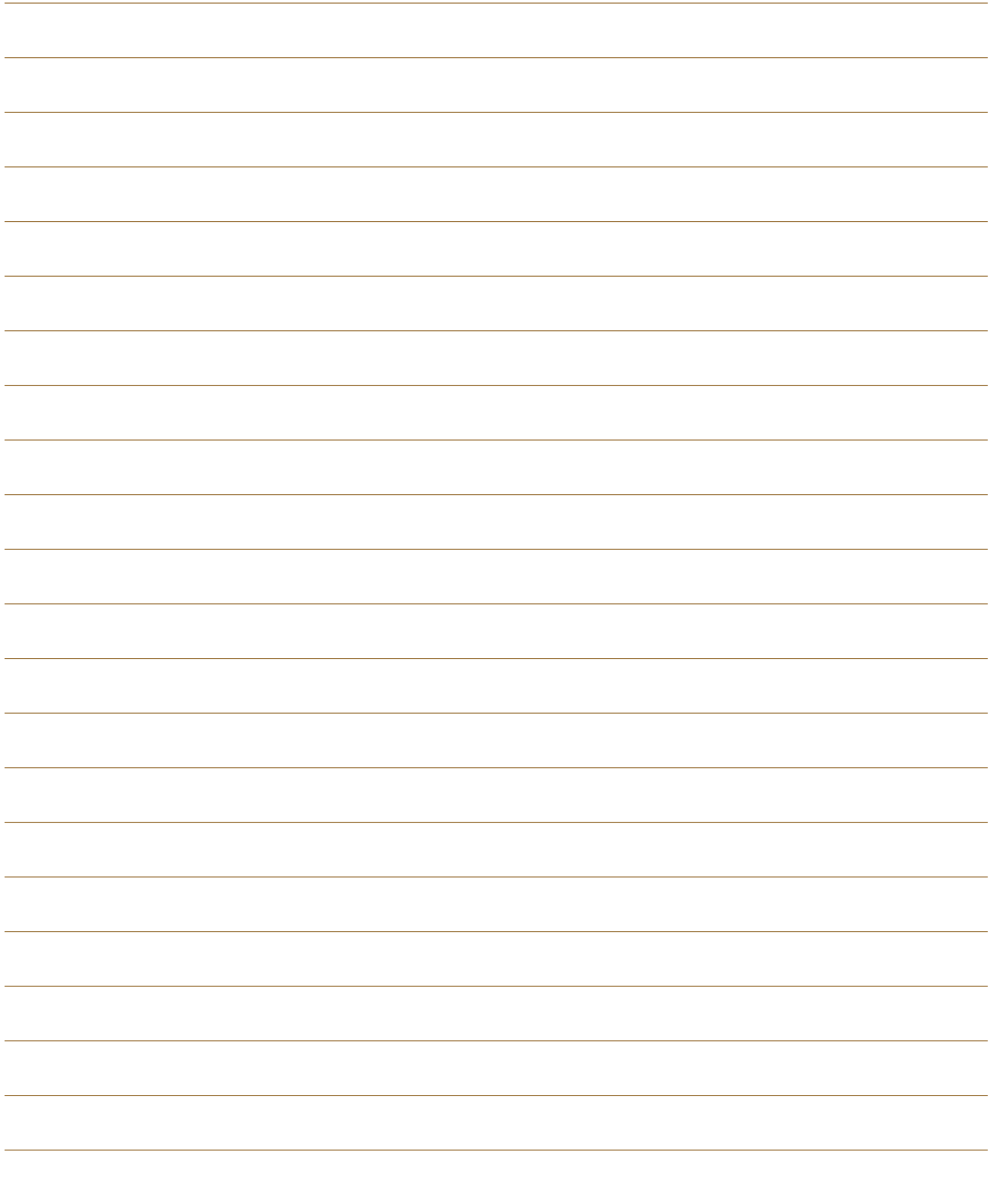
Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
tracking the SA clean development mechanism implementation The appointment of a consultant to compile an annual report tracking the SA clean development mechanism implementation	2	180	R 498,053.00
Invitation of bids for the of the Energy and Climate change strategy	2	180	R 399,456.00
Total number of projects	2	Total duration: Work days	Total contract value in Rand
	4	360	R 897,509.00

TABLE 14.4 - Analysis of consultant appointments using Donor funds, i.t.o. HDIs

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
tracking the SA clean development mechanism implementation The appointment of a consultant to compile an annual report tracking the SA clean development mechanism implementation	6.75%	6.75%	5
Invitation of bids for the of the Energy and Climate change strategy	6.75%	6.75%	1

NOTES

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