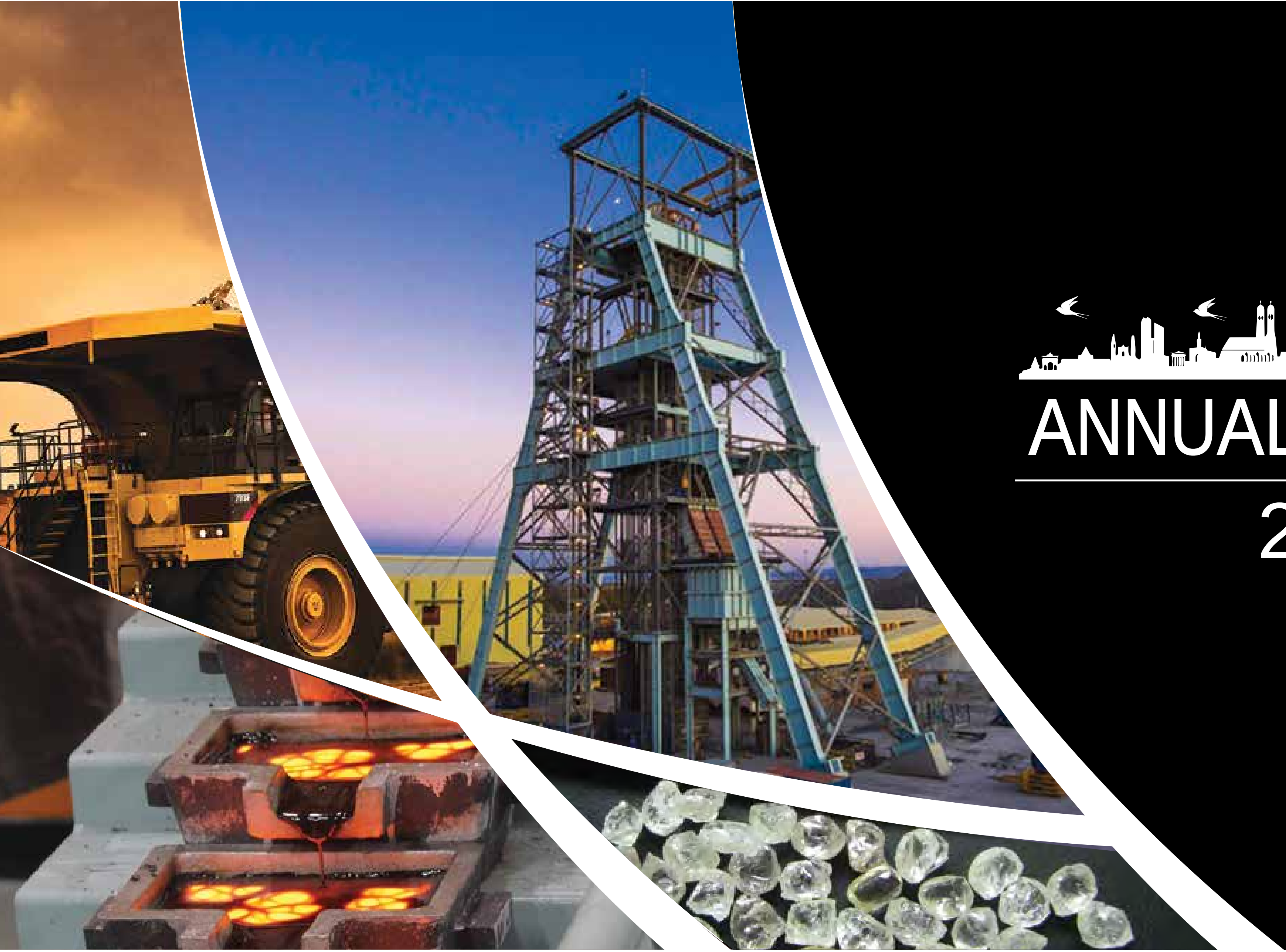


# ANNUAL REPORT

## 2019/20

mineral resources

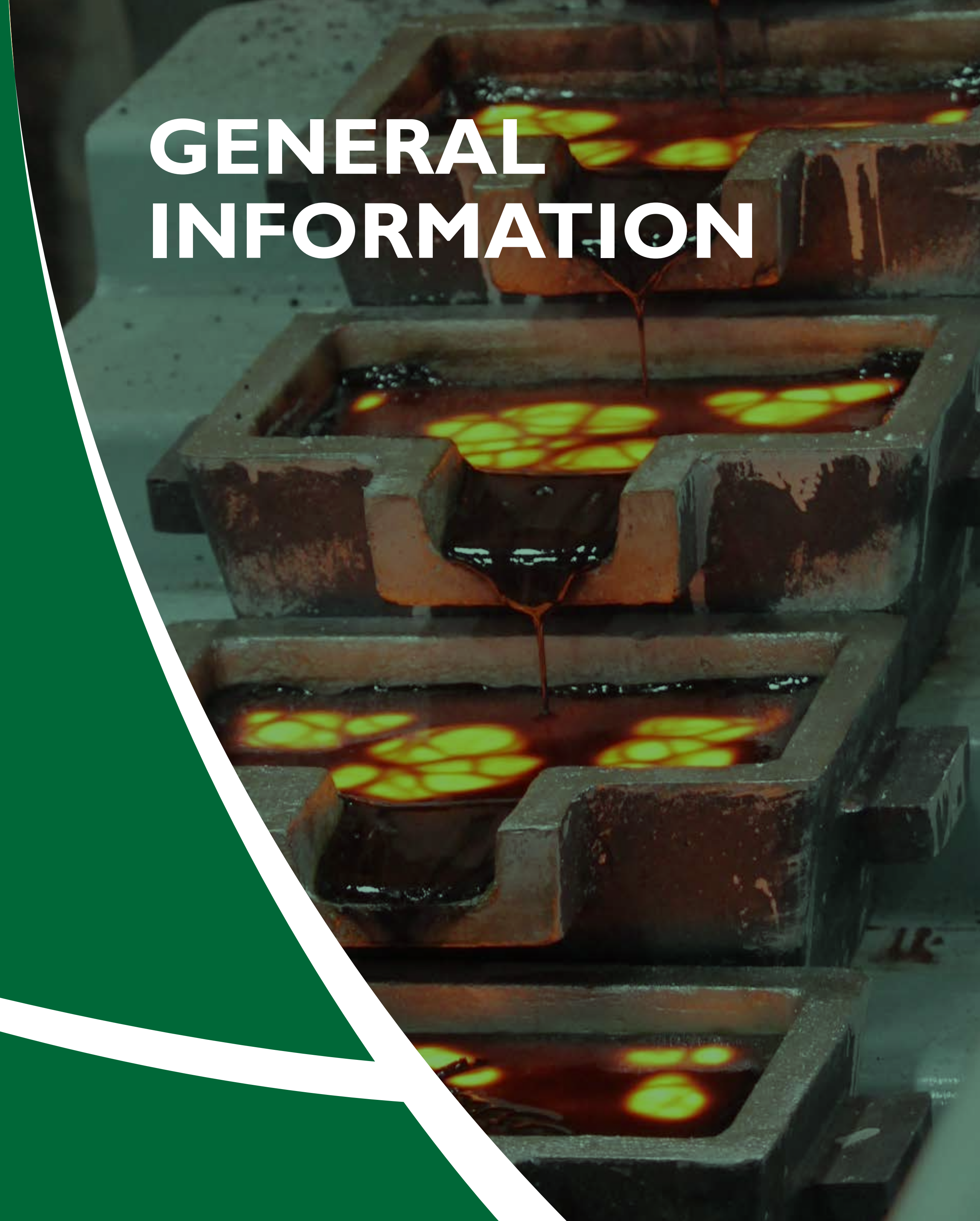
Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

# DEPARTMENT OF MINERAL RESOURCES
# VOTE NO. 29

## ANNUAL REPORT
## 2019/2020 FINANCIAL YEAR

# CONTENTS

# GENERAL INFORMATION



# PART A

# 1. DEPARTMENT GENERAL INFORMATION

| | |
|---|---|
| **Physical address:** | Trevenna Campus, Building 2B and 2C<br>Corner of Meintjies and Francis Baard streets<br>Sunnyside |
| **Postal address:** | Private Bag X59<br>Arcadia<br>0007 |
| **Telephone number/s:** | +27 12 444 3000 |
| **Email address:** | enquiries@dmr.gov.za |
| **Website address:** | www.dmr.gov.za |

# 2. LIST OF ABBREVIATIONS/ACRONYMS

| | |
|---|---|
| 4IR | Fourth Industrial Revolution |
| APP | Annual Performance Plan |
| AGSA | Auditor-general of South Africa |
| AIDS | Acquired Immune Deficiency Syndrome |
| B-BBEE | Broad Based Black Economic Empowerment |
| BEE | Black Economic Empowerment |
| CFO | Chief Financial Officer |
| CGS | Council for Geoscience |
| CIOM | Chief Inspector of Mines |
| CoE | Centre of Excellence |
| COO | Chief Operating Officer |
| Covid-19 | Corona Virus Disease 2019 |
| CSI | Customer Satisfaction Index |
| CSIR | Council for Scientific and Industrial Research |
| CTF | Culture Transformation Framework |
| DEEC | Diamond Exchange and Export Centre |
| DMR | Department of Mineral Resources |
| DMRE | Department of Mineral Resources and Energy |
| DoE | Department of Energy |
| DPSA | Department of Public Service and Administration |
| GCC | Government Certificate of Competency |

| | |
|---|---|
| GDP | Gross Domestic Product |
| GEMS | Government Employees Medical Scheme |
| HDI | Historically Disadvantaged Individuals |
| HDSA | Historically Disadvantaged South Africans |
| HIV | Human Immunodeficiency Virus |
| HoA | Homeowner's Allowance |
| HR | Human Resources |
| HRD | Human Resource Development |
| IAA | Internal Audit Activity |
| ICT | Information and Communication Technology |
| IESBA | International Ethics Standards Board for Accountants |
| ISA | International Standards on Auditing |
| ISBN | International Standard Book Number |
| KPCS | Kimberley Process Certification Scheme |
| MCS | Modified Cash Standard |
| MDP | Management Development Programme |
| MEC | Member of the Executive Committee |
| MECC | Mine Engineer's Certificate of Competency |
| MHS | Mine Health and Safety |
| MHSA | Mine Health and Safety Act |
| MHSC | Mine Health and Safety Council |

| | |
|---|---|
| MHSI | Mine Health and Safety Inspectorate |
| MINTEK | Council for Mineral Technology Research |
| MMCC | Mine Manager's Certificate of Competency |
| MPSA | Minister of Public Services and Administration |
| MPRDA | Mineral and Petroleum Resources Development Act |
| MQA | Mining Qualifications Authority |
| MSP | Master Systems Plan |
| MTEF | Medium-term Expenditure Framework |
| MTSF | Medium-term Strategic Framework |
| MWP | Mining Work Programme |
| NEMA | National Environmental Management Act |
| NMOG | National Macro Organisation of Government |
| NRF | National Revenue Fund |
| NSDS | National Skills Development Strategy |
| OHS | Occupational Health and Safety |
| PAA | Public Audit Act |
| PAIA | Promotion of Access to Information Act |
| PFMA | Public Finance Management Act |
| PPE | Personal Protective Equipment |
| PPP | Public-private Partnership |
| PSCBC | Public Service Coordinating Bargaining Council |

| | |
|---|---|
| PWP | Prospecting Work Programme |
| R&D | Research and Development |
| RDT | Rapid Diagnostic Tests |
| REE | Rare Earth Element |
| SADPMR | South African Diamond and Precious Metals Regulator |
| SAMI | South African Mining Industry |
| SAMRAD | South African Mineral Resources Administration System |
| SARS | South African Revenue Service |
| SCOPA | Standing Committee on Public Accounts |
| SDT | State Diamond Trader |
| SITA | State Information Technology Agency |
| SLA | Service Level Agreement |
| SLP | Social and Labour Plan |
| SME | Small and Medium Enterprises |
| SMME | Small Medium Micro Enterprise |
| SMS | Senior Management Service |
| SSA | State Owned Mining Company |
| SSM | State Security Agency |
| WSP | Workplace Skills Plan |

# 3. FOREWORD BY THE MINISTER

**Mr SG Mantashe, MP**
*Minister of Mineral Resources and Energy*

This year marks the last one in which the Ministry will be reporting separately as the Department of Mineral Resources and the Department of Energy.

The merger that was announced by President Cyril Matamela Ramaphosa in May 2019 means, that going forward, the newly formed Department of Mineral Resources and Energy (DMRE) (Budget Vote 34) will report as one. The merger provides for an integrated, adequately capacitated Department to implement programmes in line with the seven priorities of the sixth administration, as outlined by the President of the Republic of South Africa. We can now align policy to better promote investment across the sector to the advantage of our national economy.

Sadly, the year 2019 robbed the Department of the newly appointed Deputy Minister, Ms Bavelile Hlongwa, within months of her joining the newly formed DMRE. Affectionately known as “BV” to many, Deputy Minister Hlongwa’s wisdom, humility and foresight ignited a sense of purpose to many women and young people who admired her courage, tenacity and boldness. “BV” was a true leader and a fighter for women and youth empowerment. She was vocal and passionate about the need to prioritise women, youth and people with disabilities in the development of the country, and particularly in the mining and energy sectors. Her contribution to our sector is deeply missed by all as we go forward with the establishment of the DMRE.

The financial year under review ended in the middle of a global pandemic caused by the novel Corona Virus (Covid-19), which has exacerbated the challenges faced by our economy. South Africa, like many other developing countries, is having to adapt and adopt programmes that protect lives, while ensuring that the economy is catalysed to recover as quickly as possible. Prior to the Covid-19 pandemic, mining had been in a downward spiral for at least six years, with several operations placed under care and maintenance and many mineworkers losing their jobs.

The latest decrease in South Africa’s gross domestic product (GDP) during the second quarter of 2020 indicates that nearly all industrial sectors performed poorly, with mining contracting by 73%. This indicates that we must work collectively towards the restoration of our economy and livelihoods. The Mining and Energy Recovery Plan will play a pivotal role in the overall sector plan to restore and restructure the industry. This is within the context of a renewed, sustainable mining and energy complex, which is pivotal in the re-industrialisation of the country, while transforming the mining and energy industry. The plan aims to restore business confidence, stimulate investment, and safeguard and create jobs. Community development remained a key priority for the Department during the 2019/20 financial year, with 100 local economic development projects implemented as part of the commitments made regarding the development of mining communities, in fulfilment of the objectives of the Mining Charter.

The Department recognises that mining is more than just about minerals. The mineworkers responsible for turning the investments of mining companies into wealth are equally important. Thus, the Department continues to implement initiatives aimed at protecting the health and safety of mineworkers. We are cognisant of the reality imposed by Covid-19 and continue to work together in line with the gazetted Mining Guidelines, issued to manage the spread of the virus within the sector. I wish to commend the sector – both organised business and organised labour – for the spirit of cooperation that prevailed as we grappled with the implications of the pandemic in the early days of the outbreak.

Our combined efforts continue to yield positive results on health and safety. In 2019, mining recorded the lowest fatalities ever, with 51 fatalities, compared to 81 fatalities in 2018. This translates to a 37% improvement year-on-year. The improvements mainly emanated from the gold sector with 19 fatalities recorded, down from 40 fatalities in 2018. Coal mines recorded seven fatalities, down from nine fatalities in 2018, while other mines recorded six fatalities, down from 20 in 2018. However, platinum mines recorded a regression of 19 fatalities, up from 12 in 2018. We will be putting more effort into ensuring that this sector also comes on board as the workers who lost their lives were not just faceless men and women who worked in our mines. They were part of families and our communities, and hence the loss of their lives cannot be in vain. We further welcome the 2% decrease in the number of injuries, from 2 447 in 2018 to 2 406 in 2019. Occupational diseases also decreased by 22.86%, from 4 483 cases in 2017 to 3 458 cases in 2018.

Policy certainty in the sector is key for investment. In this regard, we have published the draft Upstream Petroleum Resources Development Bill for public comment, and have held consultations with a broad range of stakeholders. We intend to finalise this Bill in the coming financial year (2020/21) in order to strike a balance between the need to attract investment into this key sector of the economy, and ensure that oil and gas activities do not take place at the expense of the environment and water resources.

The Small-scale Mining Support Programme, as part of the mining sector's Economic Recovery Plan, will focus on the implementation of a number of elements. These will include the Small-scale Mining Framework, forming partnerships with aligned departments and entities to leverage on their resources and experiences for maximum impact, widening reach by providing technical and social regulatory support for community-based projects, and developing an Artisanal and Small-scale Mining Policy. As of 1 April 2020, the Department has approved R38 million towards rehabilitation costs, as well as the exploration and capitalisation of small-scale projects.

Turnaround times to process licence applications are under review with the goal of ensuring that the timeframes are shortened, without having to effect major legislative amendments, by adopting more effective and efficient internal processes. This will ensure that we are more responsive to the needs and requirements of our applicants. The Department continues to enhance the online system, the South African Mineral Resources Administration System (SAMRAD), for lodging and administering mining and prospecting applications to ensure transparency and accountability from officials involved in processing applications.

We are forging ahead with the development of Regulations for the Geoscience Act. The Regulations aim to provide for processes relating to the submission of all mineral geo-technical information and prospecting reports. This will empower the Council for Geoscience to compile the country's geotechnical risk profile and improve South Africa's attractiveness to investors.

Ongoing engagements with the sector, mining communities and other government departments enhance our ability to attain the goal of ensuring that South Africa has a globally competitive, sustainable and meaningfully transformed mining industry.

I wish to thank the leadership and all officials of the Department, as well as social partners in the sector, for their commitment to ensuring that the sector is transformed, grows and ensures that all South Africans derive sustainable benefits from our mineral wealth. Having already commenced working with the newly formed DMRE team, I look forward to the milestones to be achieved through the integration of the mineral and energy nexus. Together, the integrated team will be responsible for the regulation, transformation and promotion of the minerals and energy sectors, providing sustainable and affordable energy for growth and development, and ensuring that all South Africans derive sustainable benefit from the country's mineral wealth.

I thank you

**Mr SG Mantashe, MP**
**Minister of Mineral Resources and Energy**
**27 October 2020**

# 4. REPORT OF THE ACCOUNTING OFFICER

**Adv TS Mokoena**
*Director-General*
*Department of Mineral Resources*

The Department's mandate is to ensure the transparent and efficient regulation of the development of South Africa's mineral resources and mineral industry to meet national objectives and bring optimum benefit to the nation.

## OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

Our programmes are aimed at ensuring inclusive economic growth. The Department of Mineral Resources (DMR) is responsible for the oversight of the following research and regulatory entities:

- **Council for Geoscience:** This entity gathers, compiles, develops and publishes world-class geoscience data, knowledge and products, and renders geoscience-related services to the South African public and industry.
- **Council for Mineral Technology Research (MINTEK):** This entity conducts fundamental research and development in efficient mineral processing technologies and value-added products and services.
- **Mine Health and Safety Council:** This entity provides various services. In the main, it advises the Minister of Mineral Resources and Energy on occupational health and safety in the mines, promotes a culture of health and safety in the mining industry, and advises the mining industry through the Minister of Mineral Resources and Energy.
- **South African Diamond and Precious Metals Regulator:** This entity ensures competitiveness, sustainable development and job creation in the diamond and precious metals industry, transformation, equitable access to resources for local beneficiation and ensures industry compliance with legislation.
- **State Diamond Trader:** This entity provides equitable access by historically disadvantaged South Africans to the diamonds of the Republic in order to promote the diamond beneficiation industry.

The year under review marked the end of the 2014-2019 Medium-term Strategic Framework (MTSF), period as well as the end of an era in which the DMR existed as a separate vote.

This period has proved to be very exciting with His Excellency, the Honourable President Cyril Matamela Ramaphosa announcing the merger of the Department of Mineral Resources and the Department of Energy in May 2019 to form a new Department of Mineral Resources and Energy under Budget Vote 34.

This period has allowed us to begin to reflect on how the merger will enable the new department to optimally implement the programmes of government in accordance to the seven priorities of the sixth administration.

### Mining sector performance

During the last decade, the South African economy reflected and mirrored global economic performance to a certain extent, as the economic fortunes were intertwined with the global demand for commodities, which underpinned global economic growth. However, due to the global financial crisis and fluctuations in commodity prices, the economy performed below other emerging economies. Additionally, local dynamics such as the economic structural challenges and uncertainty in the policy environment contributed to lower than expected economic growth.

The relationship between the South African economy and the mining industry was further illustrated through the GDP results of the first quarter of 2019, when both experienced a decline. The South African economy contracted by 3.2% in the first quarter of 2019, following an increase of 1.4% in the fourth quarter of 2018. However, the second quarter of 2019 saw a much improved performance with mining contribution lifting the overall South African economy to record a 3.1% growth rate. The economy grew by 3.1% during the second quarter of 2019, avoiding a recession following a negative growth rate of 3.1% in the first quarter of 2019.

The global performance of the mining industry has been dismal in recent years in relation to employment, investment (gross fixed capital formation) and overall production, including the contribution of mining to the GDP. The South African mining industry's financial performance has declined over the past five years, impacted on by a slump in commodity prices and increased cost pressures. The industry faced job losses, a fall in exploration budget and rising input costs over the past five years and continues to falter in terms of production and growth, which undermines the country's overall GDP. Although the contribution of mining to GDP has been declining, the industry still plays a prominent role in the economy through the indirect multiplier effect. The future of mining in South Africa remains very precarious.

The nominal GDP at market prices in 2019 was R5.1 trillion, which is R204 billion more than in 2018. The most notable performances were as follows:

- General government services expanded by R37 billion to R822 billion.
- Finance, real estate and business services expanded by R35 billion to R889 billion.
- The wholesale, retail and motor trade, catering and accommodation industry expanded by R33 billion to R685 billion.
- The manufacturing industry expanded by R25 billion to R598 billion.
- The mining and quarrying industry expanded by R25 billion to R376 billion.

### Global developments

The global economy has been in a declining trend since the last quarter of 2019. However, during the latter part of 2019 and the beginning of 2020, the global economy fell off a cliff due to the impact of the Covid-19 pandemic and the Russia-Saudi Arabia oil price war. The Eurozone, Britain and USA have seen its output plummeting due to supply disruptions and the effects of Covid-19 in China, their main source of output and the global manufacturing hub. The first quarter of 2020 has certainly been a memorable one in the history books as global markets plunged twice to levels last seen in the 2008 recession. The global outlook for the remainder of 2020 looks very bleak and it is now estimated that the global economy will be in a recession due to the impact of the Covid-19 virus.

### Future of the mining industry

The future of the mining industry remains very promising and positive due to the move towards renewable energy, minerals and the global and local economic reorientation of mining, which opens new opportunities for minerals other than the traditional ones. The global growth profile also relies on relatively healthy emerging market economies maintaining their robust performance even as advanced economies and China continue to slow gradually toward their potential growth rates. The performance of the industry will be heavily reliant on the move towards base metals (lead, copper, zinc), which will revolutionise the Green Economy path. The minerals of the future are intertwined with the energy commodities under the battery revolution, such as lithium, cobalt, vanadium and platinum, which provides strategic and immense opportunities for our mining industry.

A Social Compact with a recovery plan is required to accelerate integration into the future production of mining, as well as mineral processing, if South Africa is to remain competitive as a mining jurisdiction. The Social Compact should be strategic in terms of its interventions to develop a vision and programmes that are aligned to the objectives of the National Development Plan (NDP) and considering the current modernisation challenges, the rise of nationalisation, environmental degradation, growth and development, embedded in transformation and political uncertainty.

### Health and safety

The health and safety of mineworkers remains integral to the long-term sustainability of the mining sector, and remains a key area of concern that requires consistent attention by all the social partners. It is thus encouraging that our efforts continue to show a sustainable downward trend in occupational diseases, injuries and fatalities.

Mining in South Africa offers excellent economic opportunities. It must always be done in a responsible manner. Every mine employer must provide and maintain a working environment that is safe and without risk to the health of employees and all those that may be directly affected by the activities of mining. There should be a strong focus on the environment and on the interests of all stakeholders

During the period under review, we saw an improvement on health and safety, which include a 17% improvement on overall fatalities reported year-on-year. There was also a 2% improvement on the number of injuries, as well as a 4% reduction in the number of occupational diseases reported.

While seismic and gravity-induced fall-of-ground accidents remains the highest contributor to mine fatalities and injuries, the Department, in collaboration with the Mine Health and Safety Council, the Council for Geoscience, the Council for Scientific and Industrial Research (CSIR), organised labour, employers, as well as industry experts in rock engineering and seismology, is paying special attention to the issue of seismicity.

As a mining sector, we recognise the novel Covid-19 pandemic as a serious threat to South Africa, and her people. On 15 March 2020, the President of South Africa declared a national state of disaster on Covid-19 in terms of the Disaster Management Act; which introduced several restrictions aimed to curb the disease. Despite these measures, the numbers of Covid-19 cases increased dramatically and, on 26 March 2020, the Department issued a document titled “Guiding principles on the prevention and management of Covid-19” in a bid to provide guidance to mines on how to prevent and manage the spread of the Covid-19 pandemic.

The mining sector has set itself the goal of zero-harm, which implies that, in future, there should be no fatalities, injuries or diseases in the sector. This requires a significant step up of our efforts. It is in all our interests to ensure a significant and sustained improvement in the health and safety of mineworkers. As the Regulator, we continue to do our part in monitoring and enforcing compliance with the law and urge our social partners to play their part to realise the overarching objective of ensuring that every mineworker returns home unharmed, every single day.

As the industry continues its journey towards zero harm, and deals with other issues relating to environment, health, wellness and social impact, it is critical to maintain and strengthen relationships and ensure that the vision among stakeholder representatives remains closely aligned.

All employers and employees are encouraged to work safely and apply zero tolerance on substandard work and conditions. Shift fatigue management systems must be implemented and continuously monitored.
In cases where arrangements are made for workers to work overtime, managers must ensure that proper supervision is carried out by all responsible mine personnel and that measures are implemented to prevent accidents. Health and safety campaigns, visible felt leadership, zero tolerance to unsafe behaviour and extra vigilance by all workers are exceptionally vital.

Lastly, there is also a need to ensure that mineworkers have the knowledge, skills and support to exercise their rights to withdraw or refuse to work under dangerous conditions. Mineworkers are also urged not to risk their lives because of production bonuses. Zero harm is our ultimate goal. Let us build on the progress we have made.

## OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

### Departmental receipts

The departmental revenue for the 2019/20 financial year is estimated at R42.090 million. with prospecting fees and environmental application fees representing 60.1 and 23.2%, respectively, for the financial year. Collection up to the period ending 31 March 2020 is R38.176 million. The variance of R3.914 million is mainly attributed to a decline in the collection of revenue for prospecting and environmental application fees.

| Departmental receipts | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|
| | Estimate | Actual amount collected | (Over-)/under-collection | Estimate | Actual amount collected | (Over-)/under-collection |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Sales of scrap, waste, arms and other used current goods | - | - | - | 2 | 1 | - |
| Sale of goods and services other than capital assets | 12 313 | 11 126 | 1 187 | 12 002 | 11 180 | 822 |
| Fines, penalties and forfeits | 2 380 | 3 129 | -749 | 883 | 1 872 | -989 |
| Interest, dividends and rent on land | 24 876 | 21 250 | 3 626 | 27 038 | 19 076 | 7 962 |
| Financial transactions in assets and liabilities | 2 521 | 2 671 | -150 | 386 | 1 565 | -1 179 |
| **Total** | **42 090** | **38 176** | **3 914** | **40 309** | **33 693** | **6 616** |

### Programme expenditure

| Programme | 2019/2020 | | | 2018/2019 | | |
|---|---|---|---|---|---|---|
| | Final appropriation | Actual expenditure | (Over-)/under-expenditure | Final appropriation | Actual expenditure | (Over-)/under-expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Administration** | 389 835 | 384 717 | 5 188 | 361 649 | 354 470 | 7 179 |
| **Mine Health and Safety** | 220 082 | 219 733 | 349 | 209 053 | 208 477 | 576 |
| **Mineral Regulation** | 446 038 | 441 265 | 4 773 | 389 277 | 388 775 | 502 |
| **Mineral Policy and Promotion** | 946 265 | 942 577 | 3 688 | 930 682 | 928 401 | 2 281 |
| **Total** | **2 002 220** | **1 988 292** | **13 928** | **1 890 661** | **1 880 123** | **10 538** |

The Department has an allocated budget of R2.002 billion for the 2019/20 financial year with transfer payments representing 52%, followed by compensation of employees at 33%, goods and services at 14% and capital payments at 1% of the total allocated budget.

The overall expenditure up to 31 March 2020 amounts to R1.988 billion or 93% of the total allocated budget of R2.002 billion for the 2019/20 financial year, resulting in an underspending of R13.928 million or 0.7%.

The reasons for material variations per economic classification are as follows:

- The total budget allocated for compensation of employees is R663.6 million for the 2019/20 financial year and the total expenditure incurred as at 31 March 2020 is R650.6 million, which resulted in an underspending of R12.9 million due to a hold on filling posts pending the completion of the National Macro Organisation of Government (NMOG) process and the delayed payment of Senior Management Service (SMS) performance bonuses and pay progression.
- The total budget allocated for goods and services is R286.8 million for the 2019/20 financial year and the total expenditure incurred as at 31 March 2020 is R286.7 million, which resulted in an underspending of R69 000.
- The revised budget allocated for capital payments is R3.048 million and the total expenditure incurred as at 31 March 2020 is R2.238 million, resulting in an underspending of R811 000.
- The revised budget allocated for transfers and subsidies is R1.048 752 billion. The total transferred to the entities as at 31 March 2020 is R1.048 651 billion, which resulting in an underspending of R101 000.

**Unauthorised, fruitless and wasteful expenditure**

The Department did not incur any unauthorised expenditure. However, it has recorded fruitless and wasteful expenditure of R551 000. Investigation is to be conducted to determine who is the transgressor and to recover the funds.

**Irregular expenditure**

The Department also recorded irregular expenditure of R3 311 000 relating to a historical contract reported during 2017/18 and R358 000 for the current year in relation to non-compliance on tax under the Supply Chain Management Unit.

**The future of the Department**

The financial year ending 31 March 2020 marked the end of an era for the Department of Mineral Resources under Vote 29, with both the Department of Mineral Resources and the Department of Energy being merged to form a new Department under Vote 34.

The merger of two major departments within the economic cluster was a challenging one, but under the leadership of Minister Mantashe and a committed management team impressive progress has been made to ensure that the new DMRE is operational with service delivery uncompromised.

I would like to thank the officials of the Department of Mineral Resources and the chief executive officers of entities reporting to the Minister for their efforts and support throughout the year. The oversight bodies (the Parliamentary Portfolio Committee, and the Audit and Risk Committee) have been a constant source of support and guidance for the implementation of a system of internal control and service delivery commitments. To our stakeholders, thank you for the professional and constructive working relationship you have fostered with the Department.

Lastly, I would like to acknowledge the guidance and leadership provided by Minister Mantashe, and the late Ms Bavelile “BV” Hlongwa during the year under review.

**Adv TS Mokoena**
**Accounting Officer**
**Department of Mineral Resources**
**27 October 2020**

# 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the annual report are consistent.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on annual reports as issued by National Treasury.
- The financial information (Part E) has been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by National Treasury.
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the Department for the financial year ended 31 March 2020.

**Yours faithfully**

**Adv TS Mokoena**
**Accounting Officer**
**31 March 2020**

# 6. STRATEGIC OVERVIEW

## 6.1. Vision

A globally competitive, sustainable and meaningfully transformed mining and minerals sector.

**Vision 2030:** A leader in the transformation of South Africa through economic growth and sustainable development.

## 6.2. Mission

Promote and regulate the minerals and mining sector for transformation, growth and development, and ensure that all South Africans derive sustainable benefit from the country's mineral wealth.

## 6.3. Values

- Accountability
- Batho Pele (putting people first)
- Ethics
- Honesty
- Integrity
- Professionalism
- *Ubuntu*

# 7. LEGISLATIVE AND OTHER MANDATES

## Constitutional mandate

The Department of Mineral Resources derives its mandate from section 24 of the Constitution of South Africa, Act No. 108 of 1996.

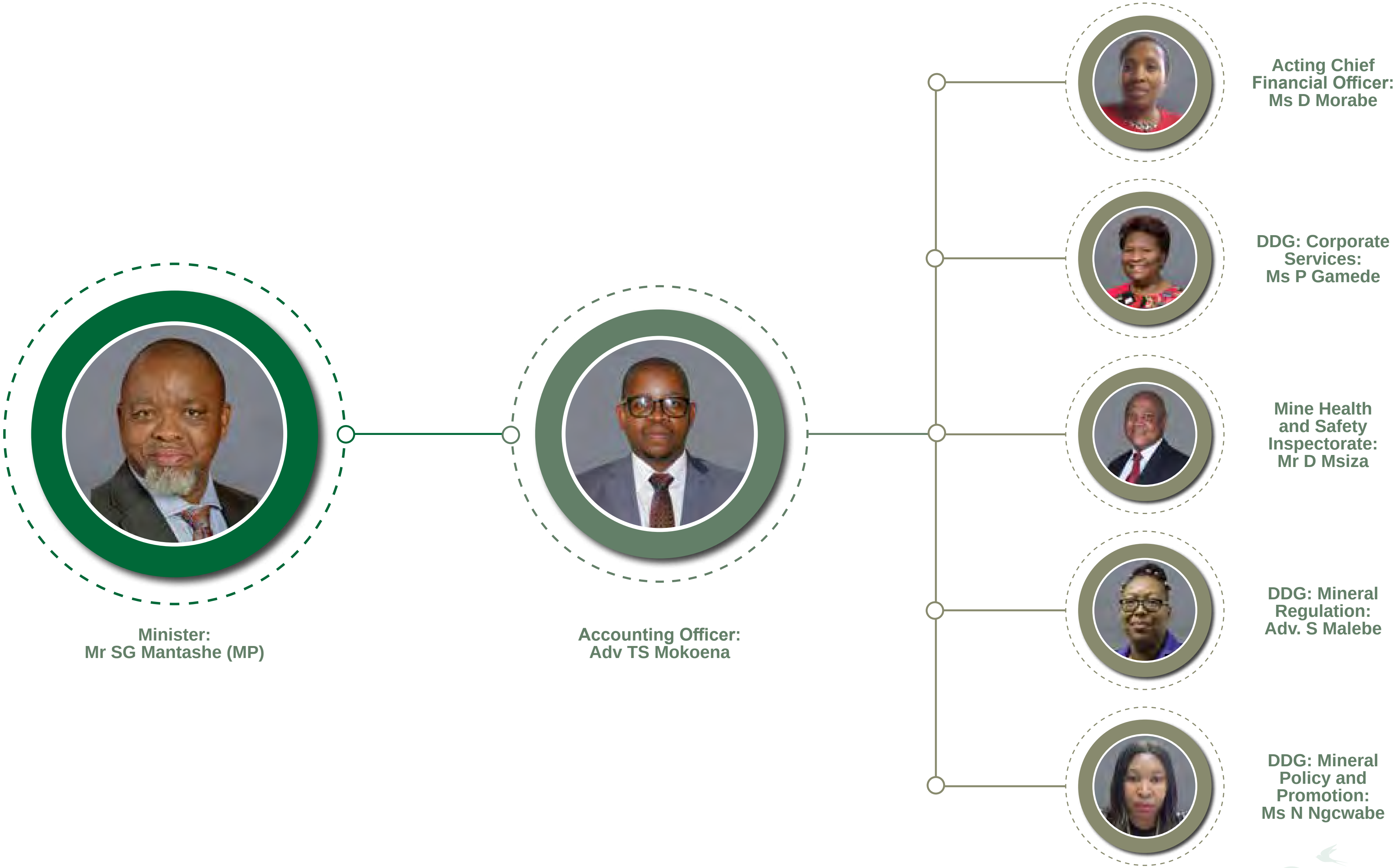
## Legislative mandate

The principal acts driving the work of the Department are the Mineral and Petroleum Development Act (Act No. 28 of 2002) (MPRDA) and the Mine Health and Safety Act (Act No. 29 of 1996) (MHSA). The two acts provide the regulatory framework for the promotion and regulation of the mining, minerals and petroleum industry. It also provides a regulatory framework for ensuring equitable access to and sustainable development of the nation's mineral resources and related matters.

## Policy mandate

The Minerals and Mining Policy for South Africa (White Paper, 1998) ensures the transparent and efficient regulation of the development of South Africa's mineral resources and mineral industry to meet national objectives and bring optimum benefit to the nation.

# 8. ORGANISATIONAL STRUCTURE

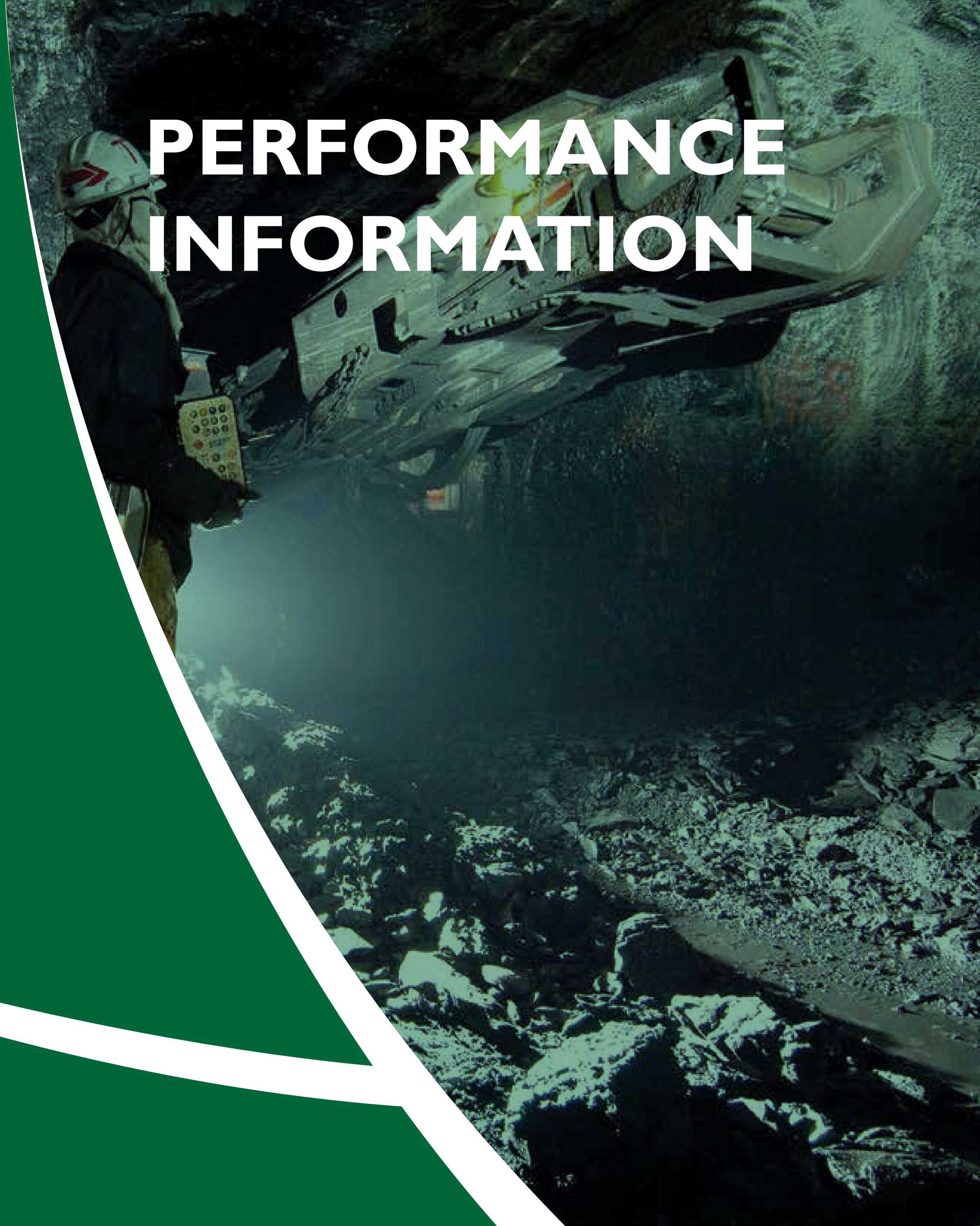


# 9. ENTITIES REPORTING TO THE MINISTER/MEC

The table below indicates the entities that report to the Minister.

| Entity | Legislative mandate | Financial relationship | Nature of operations |
|---|---|---|---|
| **Mine Health and Safety Council** | Established in terms of section 42(1) of the Mine Health and Safety Act, Act No. 29 of 1996 | Co-funding in terms of the Establishment Act | Provides a research and advisory function to the Minister in terms of mine health and safety, as well as promoting a culture of health and safety in the mining industry. |
| **Council for Mineral Technology Research** | Established in terms of the Mineral Technology Act, Act No. 30 of 1989. | Co-funding in terms of the Establishment Act | Provides research, development and technology that fosters the development of business in the mineral and mineral products industries. |
| **Council for Geoscience** | Established in terms of the Geoscience Act, Act No. 100 of 1993 | Co-funding in terms of the Establishment Act | Develops and maintains the national geosciences knowledge infrastructure for both the onshore (land) and offshore (oceans) environments of South Africa. |
| **South African Diamond and Precious Minerals Regulator** | Established in terms of the Diamond Act, 1986, as amended, and the Precious Metals Act, Act No. 37 of 2005 | Co-funding in terms of the Establishment Act | Regulates the diamond, platinum and gold sectors. |
| **State Diamond Trader** | Established in terms of the Diamond Act, Act No. 56 of 1986 | Co-funding in terms of the Establishment Act | Promotes equitable access to and beneficiation of diamond resources, addresses distortions in the diamond industry and corrects historical market failures to develop and grow South Africa's diamond cutting and polishing industry. |

# PERFORMANCE INFORMATION



# PART B

# 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The auditor-general of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the Auditor's Report. Refer to page 95 of the Report of the auditor-general, published as Part E: Financial Information.

# 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

## 2.1 Service delivery environment

In May 2019, the President of the Republic of South Africa, President Ramaphosa, announced the reconfiguration of government, the NMOG, which culminated in the merger of the Department of Mineral Resources (DMR) and the Department of Energy (DoE) as the Department of Mineral Resources and Energy (DMRE) through a planned process with effect from 1 April 2020.

The majority of the 2019/20 financial year was therefore dedicated to managing the merger in terms of putting transitional arrangements in place, developing the start-up structure, transferring staff and functions into the DMRE and winding up the old DMR through the NMOG process, which had an impact on service delivery as resources had to be redirected to focus on the completion of the merger.

### 2.1.1 Mine Health and Safety Inspectorate

#### Skills development

Skills development is deemed a national priority, also in the South African mining industry (SAMI). Skills development is also a key to the economic growth, employment, productivity and sustainability of SAMI. The Department, through the Mine Health and Safety Inspectorate (MHSI), is administering the mining and minerals-related occupational qualifications to improve the skills of the SAMI workforce. It is against this background that the Department continues to implement its strategies aimed at achieving sufficient and relevant skills in SAMI. During the period under review, the branch issued 113 Mine Manager's Certificate of Competency (MMCC), 64 Mine Engineer's Certificate of Competency (MECC) and five Mine Surveyor's Certificate of Competency.

#### Current health and safety performance

The health and safety of mineworkers is of paramount importance, not only to the day-to-day operation of mining operations, but for the long-term sustainability of SAMI. As the Regulator of SAMI, the implementation of enforcement measures, as contained in the Mine Health and Safety Act, Act No.29 of 1996, remains a key priority. The Department is of the firm view that it is a responsibility of the Department (the state), organised business and organised labour to work tirelessly towards achieving the goal of zero harm.

The SAMI stakeholders have made significant gains in improving health and safety since the dawn of democracy in 1994, which has led to the sustainable downward trend of fatalities injuries and diseases. The sustainable downward trend is continuing. Therefore, fatalities decreased from 81 in 2018 to 51 in 2019. Injuries decreased from 2 447 in 2018 to 2 406 in 2019. Diseases decreased from 4 483 in 2017 to 3 458 in 2018.

With these significant improvements in health and safety, the Department believes that, as SAMI, we should not become complacent. The Department would like to urge all SAMI stakeholders to double their efforts to make the goal of zero harm a reality.

The Department will continue to work together with its social partners to ensure that the sustainable improvement in the health and safety of mineworkers is maintained. The Department will continue to monitor and enforce the provisions of the MHSA and take necessary action to ensure compliance. The Department encourages every health and safety role player in SAMI to play their part to realise the overarching goal of ensuring that every mineworker returns home unharmed, every single day.

### 2.1.2 Mineral Regulation

The Mineral Regulation Branch is responsible for regulating the minerals and mining sector to promote economic development and employment, and ensure transformation and environmental compliance. This is done by receiving, processing and granting various applications. Once the rights or permits are granted, the Branch is expected to conduct compliance and monitoring of the terms and conditions of those rights or permits.

Every single right or permit that the Department grants on an ongoing basis equates to additional inspection to be conducted. It is important for the Branch to have good relations with all the relevant stakeholders on a continuous basis (the community and their various structures, labour unions and the municipalities). Those inspections are conducted within the communities. If there is conflict or any misunderstanding, such inspections will be difficult to conduct, and may impact negatively on service delivery initiatives and result in serious implementation delays in our objectives.

The implementation of National Environmental Management Act (NEMA), with effect from 8 December 2014, as part of the implementation of the One Environmental System, also required additional personnel and subsequently additional costs on goods and services because of more inspections to be conducted. Even though the mandate was expanded, the personnel was not aligned.

The implementation of the Mining Charter 2018 is of critical importance. It also requires constant monitoring and enforcement, which is mainly external. For instance, the mining companies would conclude transactions with their empowerment partners and present final documents to the Department.

It is a known fact that Social and Labour Plan (SLP) projects are implemented within the communities and that the municipalities are the first point of entry on community issues. That is why the SLP is aligned to the Integrated Development Plan of various municipalities. The aim of the SLP is to assist government to address the socio-economic challenges of poverty and inequality. The implementation of the SLP is both external and internal. It is expected of the Regulator to constantly engage the municipalities and communities to ensure the implementation of those projects. That process is done through visits to the communities to educate them on the SLP and the benefits that will accrue in terms of their participation. The budget cuts over the years have significantly reduced our visibility and responsiveness towards the communities. Over time, that will create an environment of mistrust and potential conflict and resistance from those communities.

### 2.1.3 Mineral Policy and Promotion

The Mineral Policy and Promotion Branch achieved most of its performance targets, with only 8% unachieved targets. These were mainly on the Rehabilitation of Derelict and Ownerless Mines programme, where one asbestos mine was completely rehabilitated by the second quarter, while the other two planned sites could not be completed on time due to community protests and infighting between community members where rehabilitation was supposed to be undertaken. Community service delivery-related demands on service providers have proved to be a major challenge in Limpopo, in particular.

The Branch is noticing a trend in communities where rehabilitation work is being done and where people make various demands on the contractors, ranging from employment to building community centres and other service delivery-related demands, which fall within the mandate of the municipalities. When their demands are not met, they protest, block access to the sites and threaten to burn equipment. The Branch will continue to engage communities to ensure successful project implementation.

On the sealing of mine shafts (holings projects), the majority of sites have a strong presence of heavily armed illegal miners, which creates a safety risk for officials and contractors. To mitigate the risk of illegal miners, the Department had to secure the services of a tactical security company to accompany the site investigation team and contractors as they work on site. Although the appointment of the tactical security company further cuts into an already tight budget, without this intervention the project would continue to stall.

It is worth noting that, while the rehabilitation programme focuses mainly on addressing the legacy of the past, the programme also creates temporary jobs for the affected nearby communities. In the previous administration (2014 to 2019), 768 work opportunities were created. During the first and second quarter of this financial year, 100 work opportunities were created.

## 2.2 Service Delivery Improvement Plan

### Main services and standards

| Main services | Beneficiaries | Current/actual standard of service | Desired standard of service | Actual achievement |
|---|---|---|---|---|
| Publishing of the *South African Mining Industry* (SAMI) as part of investment promotion | • Investors<br>• Mining industry<br>• Institutions of higher learning | Annual publication in March | Annual publication in November/December | • Published by the end of March<br>• Beneficiaries' list continues to increase<br>• Published annually in March<br>• Intention to publish in November |
| Government Competency Certificate | • Department of Mineral Resources<br>• Mining Qualifications Authority<br>• Mining industry<br>• Mining professionals | Issuing Certificate of Competency to qualifying candidates | Candidates issued with certificates after meeting qualifying requirements | • Examination results published in May and October for the Mine Manager's Certificate of Competency nd the Mine Surveyor's Certificate of Competency<br>• Examination results published in June and November for engineers |

### Batho Pele arrangements with beneficiaries

| Current/actual arrangements | Desired arrangements | Actual achievements |
|---|---|---|
| **Publishing the *South African Mining Industry* as part of investment promotion** | | |
| **Quality** | Compliance with the requirements of the National Library of South Africa for an International Standard Book Number (ISBN), as well as with the Statistics Act. | Compliance with the requirements of the National Library of South Africa for an ISBN, and adequately researched information, using statistical information compliant with the Statistics Act. |
| **Consultation** | Any communication with users of *SAMI* is communicated through the Department's website. *SAMI* contains a telephone number that users can call to communicate with the Department regarding SAMI. | A consultation platform is provided by publishing the Department's website address, telephone and fax numbers to allow for feedback and inputs. |
| **Courtesy** | The information contained in *SAMI* provides users with the current and past performance of the minerals and metals sector to inform their investment decision where applicable. While the greatest care has been taken in the compilation of *SAMI*, the Directorate: Mineral Economics does not hold itself responsible for any errors and omissions. | The information contained in *SAMI* is adequately researched, and quality edited by professionals before approval. Other publications produced by the Department are listed for users to subscribe to, using the prescribed form at the back of *SAMI*. While there is a disclaimer for omissions and errors, there has been no negative feedback. |
| **Access** | *SAMI is* distributed to the list of users of the publication included in the database. *SAMI* is also posted on the Department's website after it has been printed and published. It is available in hard copy and electronically on CD for any users of the document at DMR. | Achieved through formal and systematised distribution. However, there are more distribution platforms, such as giving the publication to one-on-one clients who meet with managers and also sending a few copies to South African embassies abroad, as well as other countries' embassies in South Africa. |

| Current/actual arrangements | Desired arrangements | Actual achievements |
|---|---|---|
| **Information** | The information contained in the publication is collected from different mineral resources companies, mines and other institutions that hold such information. The information is reviewed, edited and approved by qualified staff members, which results in the final information being accurate and reliable. While the greatest care has been taken in the compilation of *SAMI*, the Directorate: Mineral Economics does not hold itself responsible for any errors or omissions. | The information is adequately researched from a huge pool of subscriptions, research material and other professional and reliable sources, and is quality edited by professionals before approval by the Director: Mineral Economics. |
| **Openness and transparency** | The information contained in *SAMI* is a true reflection of the past performance of the South African mineral industry and the performance of the global mineral industry. Contact details of the Department are included in *SAMI* for public use if further clarity is required on the information contained in the publication. | Achieved and the information is for national and international public consumption and use. |
| **Redress** | The Minister of Mineral Resources and Energy may withdraw or amend any information contained in *SAMI* if the amendment or withdrawal is necessary or will result in accurate and reliable information being presented. | The Minister reserves the right to withdraw the publication. |
| **Value for money** | *SAMI* contains valuable information regarding the performance of the global minerals and metals industry, including South Africa. It also provides market trends of the minerals and metals sector. The information contained in *SAMI* gives users insights into the country's mineral sector and trends that can be used to make investment decisions. | The information provides true value for money. |
| **Government Competency Certificate** | | |
| **Consultation** | Information relating to the Government Certificate of Competency (GCC) is available on the Department's website. | Examination information is available on the Department's website, via email, telephone and to walk-ins by the secretaries of the respective commissions. |
| **Courtesy** | Candidates are notified of acceptance or rejection of their applications primarily via mail. If the application has been rejected, the reasons for non-acceptance are stated in the rejection letter. Complaints from candidates are mainly received via email and are attended to speedily. | Each applying candidate receives the outcome of the application and areas for attention, if the application is unsuccessful. Candidates can engage in further correspondence for clarity, where necessary. |
| **Access** | All the information relating to the GCC is available on the Department's website. | Candidates can obtain the relevant examination information on the Department's website. Secretaries are available for consultation, where necessary. |
| **Information** | Information about the programme is made available on the Department's website, with the contact details of the relevant officials. | Information on the Department's website directs candidates to the relevant officials. A list with contact details of officials involved with the examination is available for perusal and use. |
| **Openness and transparency** | The results of all candidates are made available. Candidates are at liberty to apply for a remark. Appeals on the remark outcomes are explained to their supervisors with proof of the examination paper written by the candidate. | All examination results are made available, ensuring respect for privacy. Candidates can apply for a remark when they are dissatisfied with the outcome of examination. |
| **Redress** | The remark is performed upon receiving the request for a remark from the candidate. The candidate may appeal to the Chief Inspector of Mines for leniency on any requirement relating to the GCC. | Candidates who had applied for a remark can appeal if they are not happy with the subsequent remark outcome. |
| **Value for money** | After candidates have obtained the GCC, they will have the knowledge that will assist them to perform their duties effectively and efficiently and they will earn more money for their own account. | A knowledgeable candidate will have better life prospects (socially, economically, etc.). The mining industry will benefit from competent individuals who will contribute to ensuring that mining takes place under healthy and safe conditions. |

## Service delivery information tool

| Current/actual information tools | Desired information tools | Actual achievements |
|---|---|---|
| Publishing *SAMI* as part of investment promotion | *SAMI* can be used as a critical part of investment attraction and decision making by investors. | *SAMI* continues to be one of the key tools in investment promotion and remains a key component of investment tools. |
| Government Competency Certificate | Examination results can be used as a measure of the supply and demand of competent individuals in the mining and minerals sector. | Reduction of accidents and fatalities through the employment of competent individuals. Mining that takes place under healthy and safe conditions. |

## Complaints mechanism

| Current/actual information tools | Desired information tools | Actual achievements |
|---|---|---|
| Publishing *SAMI* as part of investment promotion | Publication indicates that complaints must be directed to a responsible official (Director: Mineral Economics) with a telephone number, fax number and the Department's website that contains up-to-date key contact numbers. | Mechanism in place and functional.<br><br>The next *SAMI* will be revised to include:<br>• Official responsible<br>• Contact numbers of official (including contact numbers of the Office of the Director-General)<br>• Email address<br>• Website address |
| Government Competency Certificate | Complaints that are in writing are directed to the supervisors of the unit. | Manager attends to complaints with assistance from affected officials.<br>A candidate who is still unhappy is directed to lay a complaint with the senior management of the Branch. |

## 2.3 Organisational environment

The year under review commenced with necessity to redirect efforts towards the reorganisation of government. The DMR, in partnership with the Department of Energy (DoE), dedicated their efforts toward the preparation for the merger of the two departments into the Department of Mineral Resources and Energy. The latter process resulted in the establishment of departmental NMOG structures and the approved DMRE start-up structure. Due to the dedicated focus that went into the merger, service delivery was compromised in some areas.

One of the areas that was affected by the merger was the inability to fill departmental vacancies, including critical ones such as the Chief Financial Officer (CFO) position. Some policy implementation, particularly in support services, was stifled because of the new focus on the merger process, and interim arrangements had to be put in place to deal with policy-related issues. Although the Department embarked on several change management interventions, during which employees were guaranteed that there would be no job losses, employees remained uncertain and demoralised.

During the 2019/20 financial year, the Department was saddened by the sudden death of Deputy Minister Bavelile Hlongwa who, at her young age, was already a role model to all woman in the Department. With her knowledge and experience, the Department had high hopes that Ms Hlongwa would take gender transformation in the sector, both internally and externally, to a higher level.

Upon finalisation of the merger and the matching and placement of staff, the Department will embark on a comprehensive organisational review process that will lay the foundation for new and improved business processes aimed at improving service delivery in order for the Department to achieve its strategic objectives. Emphasis will also be placed on the identification of strategic and operational risks that will be monitored on a quarterly basis.

## 2.4 Key policy developments and legislative changes

**Draft Upstream Petroleum Resources Development Bill, 2019**

The Draft Upstream Petroleum Resources Development Bill, 2019, was gazetted for public comments in December 2019 and the Department subsequently conducted public consultations with all stakeholders who sent written submissions. The public comments have been taken into consideration in finalising the Bill, which will be tabled in Cabinet during the 2020/21 financial year.

The strategic intent of the Bill is, among other things to do the following:

- Regulate the development of upstream petroleum resources
- Create a conducive environment for investment, growth and job creation
- Balance business needs with national development imperatives
- Entrenche the principle of security of tenure and protection of the sanctity of investments as an integral part of South Africa's petroleum regulatory framework
- Provide for state participation and designate PetroSA as a state-owned entity responsible for managing the state's carried interest in petroleum rights
- Provide for economic transformation of the upstream petroleum industry

**MPRDA Amendment Regulations**

The Amendment Regulations were gazetted for implementation on 27 March 2020. The Amendment Regulations provide for the following:

- Improved regulation of Social and Labour Plans
- Meaningful notification and consultation requirements
- Procedures and requirements for downscaling and retrenchments, section 52 of the MPRDA
- Procedures and requirements for surface land use, section 53 of the MPRDA
- Full alignment with NEMA and the One Environmental Management System
- Improved appeals regime

**Mine Community Resettlement Guidelines**

The Draft Resettlement Guidelines were gazetted for public comment in November 2019. These guidelines were intended to outline the process and requirements to be complied with by an applicant or holder of a prospecting right, mining right or mining permit when such application or right will result in the relocation, displacement and resettlement of land owners, lawful occupiers, host communities, mine communities, holders of informal land rights and holders of communal land rights from their land. The process to finalise the draft guidelines was suspended due to Covid-19 pandemic. The guidelines will be finalised after consultation with mine communities.

**Housing and Living Conditions Standards for the Mining Industry**

The Housing and Living Conditions Standards were gazetted for implementation in December 2019. The objective of the Standards is to ensure that mining right holders provide decent livable integrated human settlements, healthcare schemes, balanced nutrition, water and related amenities to mine employees.

# 3. STRATEGIC OUTCOME-ORIENTED GOALS

### Outcome 4: Decent employment through inclusive growth

Through the licensing activities, the Branch continues to be a catalyst for job creation and as part of the licensing regime. A total of 28 mining rights were granted in the 2019/20 financial year. These have the potential to create 4 855 jobs once these new mines come on stream.

As part of Outcome 4, which focuses on economic transformation and job creation, the Department developed policies to ensure transformed minerals and upstream petroleum sectors. This aligns with the initiative to develop and review legislation, policies and strategies as they relate to the mining, minerals and upstream petroleum sectors. Other initiatives to promote the growth of the mining industry included the sharing of reliable statistical data on mining and minerals with the South African Revenue Service (SARS), the development of Coal Sector and Chrome Sector reports to strategically guide these sectors into a sustainable future, as well as, continuing to investigate and research mining beneficiation best practices and a Vision 2030 plan for the country. The ongoing research into the viability of shale gas exploration in the Karoo is currently engaged in a process of environmental authorisation for the drilling of a 3.5 km deep vertical stratigraphic borehole. The information collected from this borehole will be critical in determining the economic and environmental feasibility of shale gas exploration in South Africa and therefore inform whether exploitation of this resource goes ahead or not.

Going forward, areas to support investment will include a focus on local domestic investment, such as reviewing legislation to reduce barriers for new entrants and small-scale miners, while sustainable resource use will be promoted.

### Outcome 7: Vibrant equitable and sustainable rural communities with food security for all

Small and medium enterprises (SMEs) have been identified as productive drivers of inclusive economic growth and development in South Africa and around the world. There is an emerging view that small firms and entrepreneurs are of vital importance for the economic development. Since the new groundbreaking and transformative legislation was enacted, many historically disadvantaged South Africans see small-scale mining as an entry point. The Department supported 51 small-scale mining projects by providing assistance with permitting requirements, including the provision of rehabilitation guarantees.

It is estimated that, for every sustainable small-scale mining project, seven to ten jobs are created and any increase in the volume from this sector will have a multiplier effect in contributing to economic growth.

For the next financial year, the Department aims to implement a revised framework for maximum impact, for instance, where the state is a direct or indirect consumer or user of minerals, it has to leverage on its influence as a market to ensure that local entrepreneurs are afforded market access and government objectives are met.

The following will also be put in place:

- Focus on quality SMEs and community-based projects
- High-impact projects to be prioritised (economical, social)
- Small-scale mining projects progressing to medium-sized entities
- Integration with other spheres of government

### Outcome 10: Protect and enhance our environmental assets and natural resources

As part of environmental management, the Branch conducted 1 381 environmental inspections and issued 595 statutory notices for environmental non-compliance and inadequate financial provision.

The Department contributes to Outcome 10, which focuses on sustainability of the environment through the Rehabilitation of Derelict and Ownerless Mines programme and the Mine and Environment Water Management programme. The Department managed to rehabilitate one asbestos mine, Steelpoort in Limpopo, instead of three as planned, due to community disruptions. A total of 61 mine shafts were sealed in Gauteng, Limpopo and KwaZulu-Natal. On the Water Management programme, research is currently ongoing to look into cost-effective and permanent ingress prevention measures for the Western, Eastern and Central basins of Gauteng. This work is done in conjunction with the Department's state-owned entities, the Council for Geoscience and MINTEK. The DMRE, in collaboration with the Department of Water and Sanitation, is developing a long-term strategy to address acid mine drainage on the Witwatersrand in order to ensure water security for Gauteng. Furthermore, the Department is already implementing the ingress control measures to minimise the amount of acid mine drainage to be treated.

# 4. PERFORMANCE INFORMATION BY PROGRAMME

During the 2019/20 financial year, the activities implemented by the Department were under the following programmes:

## 4.1 Programme 1: Corporate Services

**Purpose**

To enable the Department to deliver on its mandate by providing strategic support, management services and administrative support to the Department and Ministry

**Subprogrammes**

The subprogrammes of Corporate Services include Human Resource Administration and Practices, Human Resource Planning, Organisational Development, Human Resource Development, Employment Relations Management, Legal Services, Communication, Special Projects and Auxiliary Support Services.

**Strategic objectives**

The Branch aimed to achieve the following strategic objectives for the period under review:

- Contribution to skills development
- Sustainable development of vulnerable groups
- Communication of DMR programes with internal and external stakeholders
- Provision of adequate facilities for effective service delivery
- Development, review and improvement of internal processes and procedures
- Provision of professional legal support and advisory services to the Ministry
- Improvement of turnaround times
- Ensuring the implementation of national strategies
- Compliance with legislation
- Attraction, development and retention of skills
- Promotion of corporate governance

### Strategic objectives, performance indicators, planned targets and actual achievements

The Branch achieved 92.59% of its 2019/20 commitments in line with the 2019/20 Annual Performance Plan (APP). During the year under review, the Branch managed to ensure that the Department exceeded its employment equity targets at senior management level with women representation at executive level reaching 60%.

In support of transformation of the mining industry and creating access to historically disadvantaged individuals, the Branch managed to acquire 50 study bursaries for recipients to study mining-related qualifications during the 2020 academic year. The Branch also facilitated the training of 20 women from the Greater Taung Municipality, who successfully enrolled for the Small-scale Mining skills programme called “Women Diggers”, aimed at the inclusion of previously disadvantaged groups into the mainstream economy within the mineral and mining sector. This programme was delivered by the DMR in collaboration with MINTEK and the Mining Qualifications Authority (MQA).

With gender-based violence remaining a challenge in the country, the Department embarked on the establishment of a Gender-Based Violence Subcommittee in response to the President’s emergency action plans to end gender-based violence and femicide in South Africa.

In an effort to ensure good corporate governance, the Department ensured that all members of its SMS complied by submitting financial disclosures for the year under review as prescribed by the Public Service Administration.

The Department strived to ensure efficiency and optimisation of finite financial resources by consolidating some regional offices. During the year under review, the consolidation of the Northern Cape and KwaZulu-Natal regional offices was successfully completed.

The attraction and retention of skills and ensuring the organisation with properly capacitated staff remains a priority for the Human Resources division. During the year under review, the Department was able to keep its vacancy rate at 6%, which is below the allowed minimum of 10%.

### Strategic objectives

The Branch had 27 performance indicators. Only one was not achieved, resulting in performance being recorded at 96.27%.

The following area of underperformance negatively affected the overall performance of the Branch:

- Number of policies/guidelines developed and/or reviewed: No policies/guidelines were delveloped and/or reviewed against a target of five.

The execution of planned work around the revision of policies and guidelines was affected by the merger of the Department of Mineral Resources and the Department of Energy into the Department of Mineral Resources and Energy was announced by His Excellency, the Honourable President Cyril Ramaphosa. With the merger announced, management took a decision to rather consider focusing energies on merging the policies of the two departments to develop new policies that were to be operationalised in the new DMRE for 2020/21 onwards.

### Performance indicators

| CORPORATE SERVICES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 1. Contribute to skills development | 1. Number of mining career-awareness initiatives – Human Resources Development | 20 | 9 | 11 | 11 | 11 | - | |
| | 2. Number of mining career-awareness initiatives – Special Projects | - | 10 | 13 | 11 | 11 | - | |
| | 3. Number of bursaries acquired and recipients identified to study towards mining-related qualifications. | 25 | 45 | 67 | 40 | 43 | +3 | Overachieved due to more bursaries being committed by MQA and mining companies. |
| 2. Sustainably develop vulnerable groups | 4. Number of identified projects facilitated for vulnerable groups (cumulative) | 7 | 7 | 6 | 6 | 6 | - | |
| 3. Communicate DMR programmes with internal and External Stakeholders | 5. Percentage implementation of the Internal Communications Strategy | - | 100% | 100% | 100% | 100% | - | |

| CORPORATE SERVICES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Strategic objective** | **Performance indicator** | **Actual achievement 2016/17** | **Actual achievement 2017/18** | **Actual achievement 2018/19** | **Planned target 2019/20** | **Actual achievement 2019/20** | **Deviation from planned target to actual achievement 2019/20** | **Comment on deviations** |
| 4. Provide adequate facilities for effective service delivery | 6. Percentage of facilities aligned with business needs | 95% | 95% | 95% | 95% | 95% | - | |
| | 7. Percentage implementation of Facilities Management Strategy | - | - | 100% | 100% | 100% | - | |
| | 8. Number of policies/ guidelines developed and/or reviewed | 5 | 14 | 9 | 5 | 0 | - 5 | Approval of policies deferred to 1 April 2020 so that it can be in line with the new DMRE. |
| 4. Provide adequate facilities for effective service delivery | 9. Number of improved processes re-engineered | 17 | 19 | 19 | 15 | 15 | - | |
| | 10. Number of standard operating procedures developed | - | 19 | 20 | 15 | 15 | - | |
| 5. Provide professional legal and advisory services to the Ministry and the Department | 11. Percetage of timeous response to opinions, appeals, enquiries, agreements and litigations | 83% | 81% | 87% | 80% | 88% | +8% | Overachieved due to turnaround time with processing of Promotion of Access to Information Act (PAIA) requests. |
| 6. Improve turnaround times | 12. Percentage adherence to defined turnaround times | 100% | 100% | 100% | 100% | 100% | - | |
| | 13. Percentage adherence to service level agreements (SLAs) | 100% | 100% | 100% | 100% | 100% | - | |
| 7. Ensure implementation of national strategies | 14. Number of vetting files completed and submitted to State Security Agency (SSA) | 100 | 100 | 100 | 100 | 100 | - | |
| | 15. Percentage of pre-employment screening requests processed | 100% | 100% | 100% | 100% | 100% | - | |
| | 16. Percentage of service providers' and contractors' screening requests processed | 100% | 100% | 100% | 100% | 100% | - | |

| CORPORATE SERVICES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 8. Ensure compliance with legislation (Human Resources and Occupational Health and Safety) | 17. Number of gender equality strategic plans implemented | 10 | 8 | 8 | 10 | 10 | - | |
| | 18. Number of health, safety and wellness programmes implemented | 8 | 8 | 8 | 8 | 8 | - | |
| | 19. Number of actions implemented to ensure submission of financial disclosures | 5 | 5 | 5 | 5 | 5 | - | |
| 8. Ensure compliance with legislation (Human Resources and Occupational Health and Safety) | 20. Percentage of Human Resource Development (HRD) Plan/Workplace Skills Plan (WPS) submitted to the Department of Public Service and Administration (DPSA), the Public Sector Education and Training Authority and MQA within the prescribed time frames | 100% | 100% | 100% | 100% | 100% | - | |
| | 21. Number of actions implemented to ensure submission of performance agreements | 4 | 4 | 4 | 4 | 4 | - | |
| 9. Attract, develop and retain skills | 22. Number of HRD initiatives aligned to National Skills Development Strategy (NSDS) goals implemented | 18 | 17 | 17 | 17 | 17 | - | |
| | 23. Maintain the vacancy rate at an acceptable level (10%) | 6.4% | 10.29% | 8% | ≤ 10% | 5.8% | +4.2% | In range. The reason for the vacancies related to a moratorium that was placed on the filling of vacancies while the merger of the DMR and DOE was underway. |

| CORPORATE SERVICES | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 10. Promote corporate governance | 24. Percentage of fully implemented agreed upon management action plans (Internal Audit) | 100% | 100% | 100% | 100% | 100% | - | |
| | 25. Percentage of fully implemented agreed upon management action plans (External Audit) | 100% | 50% | 100% | 100% | 100% | - | |
| | 26. Percentage adherence to compliance framework | 100% | 100% | 100% | 100% | 100% | - | |
| | 27. Percentage implementation of risk management plans | 94% | 78% | 93% | 100% | 100% | - | |

### Strategy to overcome areas of under-performance

The Branch has ensured that a consolidated list of policies and guidelines for the new DMRE has been developed and will be operationalised once adopted by the DMRE's Local Bargaining Council.

### Sub-programme expenditure (Administration)

| Sub-programme | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|
| | Final appropriation | Actual expenditure | (Over-)/under-expenditure | Final appropriation | Actual expenditure | (Over)-/under-expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Ministry | 28 313 | 26 810 | 1 503 | 32 473 | 31 568 | 905 |
| Corporate Services | 198 747 | 198 023 | 724 | 190 471 | 187 276 | 3 195 |
| Departmental Management | 18 846 | 18 648 | 198 | 18 111 | 17 975 | 136 |
| Financial Administration | 107 959 | 105 418 | 2 541 | 90 062 | 88 982 | 1 080 |
| Internal Audit | 13 387 | 13 235 | 152 | 12 685 | 10 822 | 1 863 |
| Office Accommodation | 22 583 | 22 583 | 0 | 17 847 | 17 847 | 0 |
| **Total** | **389 835** | **384 717** | **5 118** | **361 649** | **354 470** | **7 179** |

## 4.2 Programme : Financial Administration

### Purpose

To enable the Department to deliver on its mandate by providing strategic support, management services and administrative support to the Department and Ministry.

### Subprogrammes

The subprogrammes of Financial Administration include Finance (Financial Planning and Management Accounting, Expenditure Management, Supply Chain Management) and Information Management (Information Technology and Systems Development and Maintenance).

### Strategic objectives

The Branch aimed to achieve the following strategic objectives for the period under review:

- Provision of efficient services to internal and external stakeholders
- Implementation of processes and systems
- Management of financial resources
- Promotion of Corporate Governance

### Strategic objectives, performance indicators, planned targets and actual achievements

The Branch achieved 11 measures of a total of 15 planned measures, translating to a 73.33% achievement of planned targets. It managed to provide an efficient and effective service to external customers by ensuring that financial reports were delivered on time, enabling financial decision making. Suppliers were paid within 30 days, thus contributing to the developmental policies of supporting small business enterprises.

### Performance indicators

FINANCIAL ADMINISTRATION

| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/2020 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
|---|---|---|---|---|---|---|---|---|
| 1. Provide efficient services to internal and external stakeholders | 1. Percentage system availability | 99% | 99% | 99.67% | 95% | 99.53% | +4.53% | The over-achievement was as a result of limited connectivity leading to service interruptions during the reporting period. |
| | 2. Percentage achievement of SLA | 86.11% | 97% | 93.2% | 95% | 93.99% | -1.01% | Information Management has undertaken an initiative of introducing self-help services where users do not have to log calls for technology issues they can resolve themselves.(e.g. unlocking of accounts and resetting of passwords). |
| | 3. Customer Satisfaction Index (CSI) (1–5) | 2.07 | 2.38 | 3 | 3 | 1 | -2 | A new tool will be developed to measure CSI under the DMRE |
| | 4. Percentage of financial reports delivered on schedule | 100% | 100% | 100% | 100% | 98.22% | -1.78% | Consequence management was implemented after Quarter 2 and was since achieved |
| | 5. Percentage of suppliers paid within 30 days | 2.5% | 100% | 99.12% | 100% | 100% | - | |

| FINANCIAL ADMINISTRATION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/2020 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 2. Implement processes and systems | 6. Percentage implementation of the Master Systems Plan (MSP) | 100% | 100% | 100% | 100% | 100% | - | |
| 3. Manage financial resources | 7. Percentage variance on allocated budget | 0.00% | 0.5% | 0.2% | ≤ 2% | 0.7% | +1.3% | The underspending was as a result of the moratorium placed on the filling of vacancies as a result of the merger of the DMR and DoE and the delay in the payment of SMS salary progression. |
| | 8. Percentage implementation of the integrated budget plan | - | - | 100% | 100% | 100% | - | |
| | 9. Number of incidences of irregular expenditure | 0 | 0 | 1 | 0 | 0 | - | |
| | 10. Percentage implementation of asset management plan | - | 100% | 100% | 100% | 100% | - | |
| 4. Promote corporate governance | 11. Percentage of fully implemented agreed upon management action plans (Internal Audit) | 100% | 100% | 100% | 100% | 87% | -13% | ICT Management will continue to improve and strengthen internal controls within ICT software management in the next financial years. |
| | 12. Percentage of fully implemented agreed upon management action plans (External Audit) | 100% | 100% | 100% | 100% | 100% | - | |
| | 13. Percentage adherence to compliance framework | 100% | 100% | 100% | 100% | 100% | - | |
| | 14. Percentage implementation of risk management plans | 100% | 100% | 100% | 100% | 100% | - | |
| | 15. Percentage implementation of ICT governance initiatives | 100% | 100% | 100% | 100% | 100% | - | |

### Strategy to overcome under-performance

The Branch had 15 performance indicators,. Four were not achieved, resulting in performance being recorded at 73.33%.

The following areas of underperformance negatively affected the overall performance of the Branch:

- Customer Satisfaction Index (1–5): 0% achieved against a target of 3%
- Percentage achievement of SLA: 93.99% achieved against a target of 95%
- Percentage of financial reports delivered on schedule: 98.22% achieved against a target of 100%
- Percentage of fully implemented agreed upon management action plans (Internal Audit): 87% achieved against a target of 100%

In an effort to address shortcomings, the Information Management unit has already undertaken an initiative of introducing self-help services where users do not have to log calls for technology issues they can resolve themselves in an effort to reduce pressure at the help desk. The Branch noted that the current CSI did not attract user responses to the survey and will be developing a new tool under the DMRE. The Branch further ensured that consequence management was implemented and will ensure that, going forward, there is no process lapse. ICT Management will continue to improve and strengthen internal controls within ICT software management in the next financial year.

### Sub-programme expenditure (Administration)

| Sub-programme | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|
| | Final appropriation | Actual expenditure | (Over-)/under-expenditure | Final appropriation | Actual expenditure | (Over)-/under-expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Ministry | 28 313 | 26 810 | 1 503 | 32 473 | 31 568 | 905 |
| Corporate Services | 198 747 | 198 023 | 724 | 190 471 | 187 276 | 3 195 |
| Departmental Management | 18 846 | 18 648 | 198 | 18 111 | 17 975 | 136 |
| Financial Administration | 107 959 | 105 418 | 2 541 | 90 062 | 88 982 | 1 080 |
| Internal Audit | 13 387 | 13 235 | 152 | 12 685 | 10 822 | 1 863 |
| Office Accommodation | 22 583 | 22 583 | 0 | 17 847 | 17 847 | 0 |
| **Total** | **389 835** | **384 717** | **5 118** | **361 649** | **354 470** | **7 179** |

## 4.3 Programme 2: Mine Health and Safety Inspectorate

**Purpose**

To ensure the safe mining of minerals under healthy working conditions.

**Subprogrammes**

The subprogrammes of the Branch are Mine Health and Safety (Regions) and Governance Policy and Oversight.

**Strategic objectives**

The Mine Health and Safety Inspectorate (MHSI) aimed to achieve the following strategic objectives for the period under review:

- Promotion of health and safety
- Contribution to skills development
- Implementation of SLAs
- Development and review of internal processes
- Improvement of turnaround time
- Promotion of corporate governance

### Strategic objectives, performance indicators, planned targets and actual achievements

The Branch achieved 81% of its planned targets for the year under review. It managed to complete 8 250 inspections against a planned target of 8 000, and concluded 459 audits against a planned target of 396. It further ensured that 100% of investigations initiated were completed as a contribution to the strategic-oriented outcome goals of government. Furthermore, the Department, participated in the Anglo-American Tripartite Health and Safety Initiative during November 2019. The two-day summit gave an opportunity for stakeholders to engage on health and safety matters. On 6 December 2019, the Department, in collaboration with the Mine Health and Safety Council, hosted a World Aids Day commemoration event in the Northern Cape. The event was well attended, by over 1 000 delegates. from mine employees to persons from the nearby mine communities. Under DMRE, the Minister released mine health and safety statistics on 24 January 2020 during the media briefing in Pretoria. The number of fatalities in the sector reported in 2019 was the lowest on record with no disasters recorded for the first time since 2016. There was a 37% reduction in fatalities from 81 during 2018 to 51 in 2019. The occupational diseases decreased by 23% from 4 483 cases in 2017 to 3 458 cases in 2018. The reduction was mainly on silicosis, pulmonary tuberculosis and noise-induced hearing loss, at 29, 24 and 22%, respectively.

## Performance indicators

| MINE HEALTH AND SAFETY INSPECTORATE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Strategic objective** | **Performance indicator** | **Actual achievement 2016/17** | **Actual achievement 2017/18** | **Actual achievement 2018/19** | **Planned target 2019/20** | **Actual achievement 2019/20** | **Deviation from planned target to actual achievement 2019/20** | **Comment on deviations** |
| 1. Promote health and safety | 1. Percentage reduction in occupational fatalities | 11% | 3% | 1% | 20% | 17% | -3% | The reason for the partial achievement is due to the increase in seismic-induced multiple fatality fall-of-ground accidents at the mines. The Inspectorate will continue to monitor compliance and ensure that effective safety management systems are implemented in the mining industry. Engagements will also be held with the CEOs of mining companies to ensure that appropriate measures are implemented to prevent harm to mine workers. Additional inspections, audits and tripartite meetings will be conducted to combat seismic-induced fall-of-ground accidents. |
| | 2. Percentage reduction in occupational injuries | 13% | 6% | 13% | 20% | 2% | -18% | The reason for non-achievement is due to the following:<br><br>• The improvement in reporting of accidents<br>• The MHSI was focusing on combating the major contributors to accidents (trackless mobile machinery, rail-bound equipment and gravity-induced falls of ground) and hence these accidents were significantly reduced<br>• The increase of general types of accidents that were not an issue at the mines in the past.<br><br>The Inspectorate will continue to monitor compliance and ensure that effective safety management systems are implemented in the mining industry. Engagements will also be held with the CEOs of mining companies to ensure that appropriate measures are implemented to prevent harm to mine workers. Additional inspections, audits and tripartite meetings will be conducted to combat general types of accidents at the mines. |

| MINE HEALTH AND SAFETY INSPECTORATE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Strategic objective** | **Performance indicator** | **Actual achievement 2016/17** | **Actual achievement 2017/18** | **Actual achievement 2018/19** | **Planned target 2019/20** | **Actual achievement 2019/20** | **Deviation from planned target to actual achievement 2019/20** | **Comment on deviations** |
| 1. Promote health and safety | 3. Percentage reduction in occupational diseases (including tuberculosis) | 1% | 25% | 13% | 10% | 4% | -6% | The reason for non-achievement is due to the following:<br><br>• The improvement in reporting of occupational diseases<br>• The MHSI was focusing on combating the major contributors to occupational diseases (tuberculosis and silicosis) and as a result of this, the above-mentioned occupational diseases were significantly reduced<br>• The increase in noise-induced hearing loss cases that were not problematic in the past have recently become problematic at the mines<br><br>Additional inspections, audits and tripartite meetings will be conducted in Quarter 1 of the new financial year to combat noise-induced hearing loss cases. |
| | 4. Percentage of investigations initiated vs completed | 85% | 85% | 97.88% | 80% | 100% | +20% | The over-achievement was mainly due to the availability of witnesses that enabled the conclusion of investigations |
| | 5. Percentage of inquiries initiated vs completed | 100% | 78% | 84% | 80% | 80% | - | |
| | 6. Number of qualititative inspections conducted | 7 539 | 9 363 | 9 425 | 8 000 | 8 250 | +250 | The reason for the over-achievement is that extra audits were conducted in an attempt to reduce falls of ground and trackless mobile machinery-related accidents |
| | 7. Number of qualititative audits conducted (cumulative), individual audits included | 466 | 506 | 527 | 396 | 459 | +63 | The reason for the over-achievement is that extra audits were conducted in an attempt to reduce falls of ground and trackless mobile machinery-related accidents |
| | 8. MHSI annual report submitted | 1 | 1 | 1 | 1 | 1 | - | |
| | 9. Number of compliance reports provided | - | - | - | 4 | 4 | - | |
| | 10. Number of tripartite workshops conducted | 71 | 67 | 76 | 60 | 60 | - | |

| MINE HEALTH AND SAFETY INSPECTORATE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 2. Contribute to skills development | 11. Percentage adherence to GCC examination policy | 100% | 100% | 100% | 100% | 100% | - | |
| 3. Implement SLAs | 12. Percentage adherence to SLAs | 100% | 100% | 100% | 100% | 100% | - | |
| 4. Develop internal processes | 13. Percentage of identified internal processes developed and/or reviewed | 100% | 100% | 100% | 100% | 100% | - | |
| 5. Improve turnaround times | 14. Percentage adherence to prescribed timeframes for medical appeals | 95% | 81% | 80% | 80% | 94% | 14% | The reason for the over-achievement is that all the required documents were available to process the medical appeals. |
| | 15. Percentage adherence to prescribed timeframes for Chief Inspector of Mines appeals | 100% | 100% | 100% | 100% | 100% | - | |
| | 16. Percentage adherence to prescribed timeframes for MPRDA applications | 100% | 72% | 99.87% | 100% | 98% | -2% | Partially achieved due to an increase in community complaints, which neccesitated the MHSI to conduct site inspections prior to proccessing MPRDA applications, which has resulted in a challenge of the applicant not being available for the site inspection to be conducted. |
| | 17. Percentage adherence to prescribed timeframes administrative for tasks | 98% | 80% | 90.78% | 80% | 86% | +6% | The over-achievement is due to a strict monitoring strategy that has been implemented on the processing the administrative tasks. |
| 6. Promote corporate governance | 18. Percentage of fully implemented agreed upon management action plans (Internal Audit) | 100% | 55% | 100% | 100% | 100% | - | |
| | 19. Percentage of fully implemented agreed upon management action plans (External Audit) | 100% | 100% | 100% | 100% | 100% | - | |

| MINE HEALTH AND SAFETY INSPECTORATE | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 6. Promote corporate governance | 20. Percentage adherence to compliance framework | 100% | 100% | 100% | 100% | 100% | - | |
| | 21. Percentage implementation of risk management plans | 100% | 75% | 100% | 100% | 100% | - | |

### Strategy to overcome areas of under-performance

The Branch had 21 performance indicators.– Four were not achieved, resulting in performance being recorded at 81%.

The following areas of underperformance negatively affected overall performance of the Branch:

- Percentage reduction in occupational injuries: 2% achieved against a target of 20%
- Percentage reduction in occupational diseases (including tuberculosis): 4% achieved against a target of 10%
- Percentage reduction in occupational fatalities: 17% achieved against a target of 20%
- Percentage adherence to prescribed timeframes for MPRDA applications: 98% achieved against a target of 100%

The reason for the partial achievement was due to the increase in seismic-induced multiple fatality fall-of-ground accidents at the mines. The Inspectorate continued to monitor compliance to ensure that effective safety management systems are implemented in the mining industry. Engagements were held with the CEOs of mining companies to ensure that appropriate measures are implemented to prevent harm to mine workers. Additional inspections, audits and tripartite meetings were conducted to combat seismic-induced fall-of-ground accidents. The Inspectorate continues to monitor compliance and ensure that effective safety management systems are implemented in the mining industry.

### Sub-programme expenditure (Mine Health and Safety Inspectorate)

| Sub-programme | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|
| | Final appropriation | Actual expenditure | (Over-)/under-expenditure | Final appropriation | Actual expenditure | (Over)-/under-expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Governance Policy and Oversight | 49 620 | 49 277 | 343 | 47 581 | 47 079 | 502 |
| Mine Health and Safety: Regions | 166 076 | 166 070 | 6 | 156 669 | 156 595 | 74 |
| Mine Health and Safety Council | 4 386 | 4 386 | 0 | 4 803 | 4 803 | 0 |
| **Total** | **220 082** | **219 733** | **349** | **209 053** | **208 477** | **576** |

## 4.4 Programme 3: Mineral Regulation

**Purpose**

To regulate the minerals and mining sector to promote economic growth, employment, transformation and sustainable development. Mineral Regulation is also responsible for the administration of prospecting and mining rights licensing and compliance with the MPRDA, including environmental management compliance by mines.

**Subprogrammes**

The subprogrammes of the Branch are Mineral Regulation and Administration, and Management Mineral Regulation.

**Strategic objectives**

The Branch aimed to achieve the following strategic objectives for the period under review:

- Job creation,
- Promotion of sustainable resources use and management,
- Reduction of state environment liability and financial risk
- Implementation of transformation policies/legislation
- Improvement of turnaround time
- Monitoring and enforcement of compliance
- Promotion of corporate governance

### Strategic objectives, performance indicators, planned targets and actual achievements

The Department delivered a number of social and labour projects during the year under review, aimed at transforming the lives of communities living within the mining areas. The projects completed vary across provinces. However, the projects in the main fell within the following broad categories:

- Infrastructure development (construction of roads, health facilities, educational facilities, and water and sanitation facilities)
- Training and development (training of local youth for job-readiness through training to obtain driver's licenses
- Local economic development and sustainability projects (business set-up and farming project facilitation)

### Performance indicators

| MINERAL REGULATION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Strategic objective** | **Performance indicator** | **Actual achievement 2016/17** | **Actual achievement 2017/18** | **Actual achievement 2018/19** | **Planned target 2019/20** | **Actual achievement 2019/20** | **Deviation from planned target to actual achievement 2019/20** | **Comment on deviations** |
| 1. Promote job creation | 1. Number of SLP development projects completed | 120 | 162 | 106 | 120 | 99 | -21 | Inspections will be intensified during Quarter 1 of the 2020/21 financial year to ensure that these development projects are completed. |
| | 2. Number of black industrialists created through procurement | 5 | 5 | 10 | 10 | 10 | - | |
| | 3. Number of jobs created through work programme of issued mining rights (cumulative) | 6 528 | 5 740 | 5 372 | 1 500 | 295 | -1 205 | The under-achievement can mainly be attributed to prevailing economic conditions, which affected projects to be commissioned as originally anticipated. |

| MINERAL REGULATION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 2. Reduce environmental liability and financial risks | 4. Percentage of statutory notices/orders issued to remedy inadequate financial provision | 100% | 100% | 100% | 100% | 100% | - | |
| | 5. Monitor sustainable resource use through monthly returns | - | - | - | 260 | 358 | +98 | Increased management controls ensured optimal resource allocation within the division with the activity prioritised during the year under review. |
| | 6. Management of resources development through annual progress reports | - | - | - | 100% | 100% | - | |
| | 7. Percentage of potential investments rights graduating to mining rights | - | - | - | 100% | 100% | - | |
| | 8. Percentage of statutory notices/orders issued to remedy environmental non-compliance | - | 100% | 100% | 100% | 100% | - | |
| | 9. Percentage of adherence to prescribed timeframe | 100% | 100% | 100% | 100% | 100% | - | |
| | 10. Percentage of complaints received vs inspected | - | - | 100% | 50% | 68.60% | 16.6% | The over-achievement was as a result of improved management control aimed at improved focus. |
| | 11. Percentage of cases opened | - | - | 100% | 100% | 100% | - | |
| | 12. Percentage of statutory notices/directives issued | - | - | 33% | 100% | 100% | - | |
| | 13. Percentage of complaints closed vs received | - | - | 25% | 100% | 26% | -74% | Chief Directorate enforcement will speed up investigations of complaints received within 60-day time frame. |
| 3. Implement transformation policies/ legislation | 14. Number of rights and permits granted and/ or issued to entities controlled by historically disadvantaged individuals | 204 | 175 | 178 | 120 | 176 | +56 | Over-achieved due to more initiatives being directed at distorically disadvantaged individuals' applications to be compliant with the application requirements of both legislations (MPRDA and NEMA). |
| | 15. Number of consultations/ engagements and conflict management with communities/ stakeholder and the mining industry | 341 | 342 | 306 | 120 | 523 | +403 | Over-achieved due to regional offices attending to more engagements/complaints and consultations from communities, traditional leaders, mining companies and interested and affected parties. |

| MINERAL REGULATION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Strategic objective** | **Performance indicator** | **Actual achievement 2016/17** | **Actual achievement 2017/18** | **Actual achievement 2018/19** | **Planned target 2019/20** | **Actual achievement 2019/20** | **Deviation from planned target to actual achievement 2019/20** | **Comment on deviations** |
| 3. Implement transformation policies/ legislation | 16. Number of industry workshops conducted | 15 | 14 | 8 | 9 | 11 | +2 | Over-achieved due to more industry workshops being done by regions with communities on procurement opportunities and environmental issues. |
| | 17. Number of SLP inspections conducted | 270 | 275 | 306 | 212 | 228 | +16 | Over-achieved due to more inspections being performed to enforce the terms and conditions of issued mining rights. |
| | 18. Number of legal compliance (mineral laws – MLA and SLP) verification inspections conducted | 502 | 264 | 212 | 150 | 148 | -2 | Not achieved due to some inspections being postponed as a request from rightsholders. These postponed inspections will be added to the Quarter 1 inspections plan for 2020/21 |
| 4. Monitor and enforce compliance | 19. Number of Mining Work Programme (MWP)/ Prospecting Work Programme (PWP) inspections conducted | 595 | 501 | 487 | 425 | 434 | +9 | Over-achieved due to more renewal applications being attended to to ensure that these applications comply with the legislation. |
| | 20. Percentage implementation of enforcement procedures to collect arrear prospecting fees | 100% | 23% | 100% | 100% | 100% | - | |
| | 21. Number of environmental compliance inspections conducted | 1 889 | 1 465 | 1 583 | 1 275 | 1 381 | +106 | Over-achieved due to more applications for pre-inspections, closure certificates and renewals. These applications warranted inspections to establish the level of compliance with both MPRDA and NEMA. |
| 5. Promote corporate governance | 22. Percentage adherence to prescribed timeframes committed to DPME | 71.8% | 49% | 23% | 70% | 16% | -54% | The Branch is implementing the project plan to ensure application are processed on time. Currectly more backlog applications are serving before the licensing committee. |
| | 23. Percentage of fully implemented agreed upon management action plans (Internal Audit) | 50% | 50% | 100% | 100% | 100% | - | |
| | 24. Percentage of fully implemented agreed upon management action plans (External Audit) | 100% | 100% | 100% | 100% | 100% | - | |

| MINERAL REGULATION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 5. Promote corporate governance | 25. Percentage adherence to compliance framework | 100% | 100% | 100% | 100% | 100% | - | |
| | 26. Percentage implementation of risk management plans | 100% | 88% | 100% | 100% | 88% | -12% | The under-achievement was as a result of delays in the approval of specialised planned training. |

### Strategy to overcome areas of under-performance

The Branch had 26 performance indicators. Six were not achieved, resulting in performance being recorded at 76.92%.

The following areas of underperformance negatively affected the overall performance of the Branch:

- Number of SLP development projects completed: 99 completed (82.5%) against a target of 120
- Number of jobs created through work programme of issued mining rights: 295 jobs created (19.67%) against a target of 1 500
- Percentage of complaints closed vs received: 26% against a target of 100%
- Number of legal compliance (mineral laws – MLA and SLP) verification inspections: 142 achieved (94.67%) against a target of 150
- Percentage adherence to timeframe committed to DPME:16% against a target of 70%
- Percentage implementation of risk management plans: 88% against a target of 100%

The Branch management resolved that SLP inspections would be intensified during Quarter 1 of the 2020/21 financial year to ensure that delayed development projects by the mines are completed. The Chief Directorate enforcement will further speed up investigations of complaints received to ensure that they are completed within the 60-day time frame. MLA Inspections were not achieved due to some inspections being postponed at the request from rightsholders. These postponed inspections will be added to the Quarter 1 inspections plan for the 2020/21 financial year.

### Sub-programme expenditure (Mineral Regulation)

| Sub-programme | 2019/2020 | | | 2018/2019 | | |
|---|---|---|---|---|---|---|
| | Final appropriation | Actual expenditure | (Over-)/under-expenditure | Final appropriation | Actual expenditure | (Over)-/under-expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Mineral Regulation and Administration | 232 699 | 228 045 | 4 654 | 211 186 | 210 922 | 264 |
| Management Mineral Regulation | 24 349 | 24 228 | 121 | 20 547 | 20 309 | 238 |
| South African Diamond and Precious Metals Regulator | 61 544 | 61 544 | 0 | 59 105 | 59 105 | 0 |
| Petroleum Agency South Africa | 127 446 | 127 448 | -2 | 98 439 | 98 439 | 0 |
| **Total** | **446 038** | **441 265** | **4 773** | **389 277** | **388 775** | **502** |

## 4.5 Programme 4: Mineral Policy and Promotion

**Purpose**

To develop mining, minerals and upstream petroleum industries' policies and promote investment and development of these industries.

**Subprogrammes**

The subprogrammes of the Branch are Mining and Mineral Policy, Mineral Promotion and International Coordination, Economic Advisory Services and Mine Environmental Management.

- Mining and Mineral Policy develops new policies, reviews existing policies and amends legislation to promote investment growth and achieve transformation in the minerals and mining industry.
- Mineral Promotion and International Coordination promotes mineral development and advises on trends in the mining industry to attract additional investment locally and internationally through global and regional relationships.
- Economic Advisory Services undertakes macroeconomic research and analysis to inform the executive management of the Department, as well as to support political principals in their engagements with industry stakeholders.
- Mine Environmental Management provides strategic guidance on mine environmental management and mine closure issues, including the management of derelict and ownerless mines.

**Strategic objectives**

The Branch aimed to achieve the following strategic objectives for the period under review:

- Facilitation of transformation in the mining and minerals sector
- Promotion of investment in the mining sector
- Management and implementation of mineral resources diplomacy with other countries and institutions
- Promote sustainable resources use and management
- Develop and review internal processes
- Improve turnaround times
- Promote corporate governance

### Strategic objectives, performance indicators, planned targets and actual achievements

The Mineral Policy and Promotion Branch had 24 performance targets. A total of 23 were achieved, resulting in an overall score of 95.8% for the year under review.

In order to ensure regulatory certainty for investment attraction, the Branch completed the following legislative instruments:

- The Draft Upstream Petroleum Bill was published in December 2019 for public comment
- The MPRDA Amendment Regulations were gazetted for implementation in March 2020
- The Draft Mine Community Resettlement Guidelines were gazetted for public comment in November 2019
- The Housing and Living Conditions Standards were gazetted for implementation in December 2019.

The Draft Upstream Petroleum Bill, among other things, is aimed at creating a conducive environment for investment, growth and job creation in the petroleum space. The total gas condensate discovery in February 2019 was the highlight for investments in the petroleum sector with the company committing to drilling more holes from Quarter 3 of 2020, which will be a huge boost for the economy.

South Africa improved as a mining destination according to the 2019 Fraser Institute Survey on mining, indicating that the investment drive and regulatory framework provides confidence to the investor community.

On international matters, through South Africa's interventions and negotiations at the Kimberley Process Certification Scheme, the Central African Republic is now able to trade its diamonds from certain provinces and Zimbabwean diamonds are now able to enter international markets.

The Mine Rehabilitation programme resulted in 61 mineshafts being sealed, including those that were outstanding from the previous year.

## Performance indicators

| MINERALS POLICY AND PROMOTION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 1. Promote investments in the miming, minerals and upstream petroleum sector | 1. Number of publications | 14 | 23 | 14 | 17 | 18 | +1 | The target was exceeded as an additional report had to be compiled due to the latest developments in the mining industry. |
| | 2. Policy impact study conducted | - | - | - | 1 | 1 | - | |
| | 3. Number of investment promotion events, forums and workshops (cumulative) | - | 60 | 56 | 13 | 11 | -2 | A total of 13 planned investment promotions were conducted during the year under evaluation. However, only 11 were found to be admissible. The two inadmissible reports were approved and signed in April 2020, a week after the financial year-end. The delay in approving the reports for their admissibility was due to the Covid-19 lockdown restrictions that were placed by the President on 27 March 2020 |
| | 4. Percentage of Oceans Economy initiatives implemented | 100% | 100% | 80% | 3 | 3 | - | The target in 2019/20 was erroneously represented as a qualitative number (3) instead of (3/3) to denote a percentage of 100% |
| | 5. Number of SMMEs supported | 125 | 103 | 96 | 40 | 51 | +11 | Over-achieved due to requests from the public for support. |
| | 6. Number of initiatives to promote growth of the mining industry | - | - | - | 2 | 2 | - | |
| | 7. Number of shale gas initiatives implemented | - | 100% | 100% | 2 | 2 | - | |
| | 8. Number of initiatives implemented under the Mineral Beneficiation Strategy | - | 1 | 1 | 3 | 3 | - | |
| | 9. Number of international strategic partnerships implemented | - | 7 | 3 | 10 | 10 | - | |
| 2. Manage and implement mineral resource diplomacy | 10. Number of technical strategic partnerships implemented | 5 | 5 | 5 | 7 | 5 | -2 | The outstanding partnerships will be implemented during the next financial year. |

| MINERALS POLICY AND PROMOTION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Strategic objective** | **Performance indicator** | **Actual achievement 2016/17** | **Actual achievement 2017/18** | **Actual achievement 2018/19** | **Planned target 2019/20** | **Actual achievement 2019/20** | **Deviation from planned target to actual achievement 2019/20** | **Comment on deviations** |
| 3. Promote sustainable resource use and management | 11. Number of mine environmental management tools developed | - | - | 3 | 3 | 3 | - | |
| | 12. A review of departmental Environmental Management Plan | - | 1 | 1 | 1 | 1 | - | |
| | 13. Number of reports developed on mine closure and derelict and ownerless mines | - | - | 5 | 2 | 2 | - | |
| | 14. Number of derelict and ownerless mine sites rehabilitated | 50 | 45 | 43 | 3 | 3 | - | |
| | 15. Number of mine shafts sealed off | - | - | - | 40 | 61 | +21 | Over-achieved as most of the completed sites were outstanding from the previous financial year. |
| 4. Integrated and aligned environmental efforts | 16. Number of sustainable development engagements with relevant regional and international bodies (cumulative) | - | - | 4 | 4 | 4 | - | |
| | 17. Number of ingress prevention measures implemented | - | - | - | 2 | 2 | - | |
| 5. Facilitate transformation in the mining and minerals sector | 18. Number of legislative instruments developed, reviewed and amended | 2 | 4 | 1 | 4 | 4 | - | |
| 6. Develop and review internal process | 19. Number of internal business processes developed/reviewed | 1 | 1 | 1 | 1 | 1 | - | |
| 7. Improve turnaround times | 20. Percentage adherence to timeframes | 97% | 100% | 100% | 95% | 100% | +5% | Over-achieved due to the Branch paying more focus on ensuring that the timeframes are adhered to. |
| 8. Promote corporate governance | 21. Percentage of fully implemented agreed upon management action plans (Internal Audit) | 100% | 100% | 100% | 100% | 100% | - | |

| MINERALS POLICY AND PROMOTION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Strategic objective | Performance indicator | Actual achievement 2016/17 | Actual achievement 2017/18 | Actual achievement 2018/19 | Planned target 2019/20 | Actual achievement 2019/20 | Deviation from planned target to actual achievement 2019/20 | Comment on deviations |
| 8. Promote corporate governance | 22. Percentage of fully implemented agreed upon management action plans (External Audit) | 100% | 100% | 100% | 100% | 100% | - | |
| | 23. Percentage adherence to compliance framework | 100% | 100% | 100% | 100% | 100% | - | |
| | 24. Percentage implementation of risk management plans | 100% | 78% | 100% | 100% | 100% | - | |

### Strategy to overcome areas of under-performance

The Branch had 24 performance indicators. Two were not achieved, resulting in performance being recorded at 91.67%.

The following area of underperformance negatively affected the overall performance of the Branch:

- Number of technical partnerships implemented: Five were implemented (71.43%) against a target of seven.

The Branch is planning to implement outstanding partnerships during the next financial year as an addition to plans for the upcoming financial year.

### Sub-programme expenditure (Mineral Policy and Promotion)

| Sub-programme | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|
| | Final appropriation | Actual expenditure | (Over-)/under-expenditure | Final appropriation | Actual expenditure | (Over)-/under-expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Management | 16 602 | 16 593 | 9 | 17 375 | 17 077 | 298 |
| Mineral Policy | 13 813 | 13 436 | 377 | 24 562 | 23 834 | 728 |
| Mineral Promotion and International Coordination | 48 954 | 48 953 | 1 | 47 912 | 47 580 | 332 |
| Assistance to Mines | 0 | 0 | 0 | 0 | 0 | 0 |
| Council for Geoscience | 414 062 | 414 062 | 0 | 405 983 | 405 983 | 0 |
| Council for Mineral Technology | 436 022 | 436 022 | 0 | 420 368 | 420 368 | 0 |
| Economic Advisory services | 4 145 | 2 912 | 1 233 | 2 767 | 2 544 | 223 |
| Mine Environmental Management | 12 667 | 10 599 | 2 068 | 11 715 | 11 015 | 700 |
| **Total** | **946 265** | **942 577** | **3 688** | **930 682** | **928 401** | **2 281** |

# 5. TRANSFER PAYMENTS

## 5.1 Transfer payments to public entities

| Name of public entity | Services rendered by the public entity | Amount transferred to the public entity R'000 | Amount spent by the public entity R'000 |
|---|---|---|---|
| MINTEK | • Fundamental research and development in efficient mineral processing technologies and value-added products and services. | 436 022 | 436 022 |
| South African Diamond and Precious Metals Regulator | • Ensure competitiveness, sustainable development and job creation in the diamond and precious metals industry.<br>• Ensure the effective transformation of the diamond and precious metals sectors.<br>• Ensure equitable access to resources for local beneficiation.<br>• Ensure compliance with the legislative requirements.<br>• Improve organisational capacity for maximum execution of excellence. | 61 544 | 61 544 |
| Mine Health and Safety Council | • Advise the Minister of Mineral Resources and Energy on occupational health and safety in mines.<br>• Promote a culture of health and safety in the mining industry.<br>• Advise the mining industry through the Minister of Mineral Resources and Energy. | 4 386 | 4 386 |
| Council for Geoscience | • Gather, compile, develop and publish world-class geoscience data, knowledge and products, and render geoscience-related services to the South African public and industry. | 414 062 | 407 138 |
| State Diamond Trader | • Provide equitable access to the diamonds of the Republic and promote the diamond beneficiation industry. | N/A | N/A |
| Petroleum Agency SA | • Promote onshore and offshore exploration for, and production of petroleum.<br>• Receive, evaluate and make recommendations to the Minister on applications for reconnaissance permits, technical cooperation permits and exploration and production rights for petroleum.<br>• Monitor and report to the DMR in respect of compliance with such permits or rights.<br>• Receive, maintain, store, interpret, evaluate, add value to and disseminate or deal in all geological or geophysical information relating to petroleum. | 127 448 | Monies received from the operational allocation of R86.838 million were spent in full to fund operations. Of the shale gas allocation of R40 610, R5.7 million was spent. Internal procurement processes for the balance were completed. Board and shareholder approvals required by the PFMA were obtained in Q1 2020 |

## 5.2. Achievements by public entities

**MINTEK**

Significant levels of effort were dedicated to refocusing organisational resources in pursuit of MINTEK's mandate and core business during the year. Despite the lacklustre performance of the mining industry amid subdued commodity prices, MINTEK's overall research, development and technology programme continued to deliver sterling results in respect of the planned activities for the year.

MINTEK's total income for 2019/20 decreased by a negligible 0.4% compared to the previous year, when it was R562 million. The state grant portion of the total income declined by 7.6% from R356 million to R329 million, while the income that is obtained from commercial activities increased by 15.2% from R169 million to R195 million. A healthy balance has been achieved and maintained between different revenue streams. Research and development (R&D) revenue generated 63% of the total commercial revenue, up from 61% in the previous year. The vision is to continue working towards the expansion of revenue streams, adopt new marketing approaches and include new products and services, such as sanitisers. MINTEK will also continue collaborations with industry partners and other science councils to develop revenue-generating applications.

MINTEK's black economic empowerment (BEE) spend as a percentage of total discretionary spend exceeded target and ended the year at 110%. Costs of employment remained almost constant, without compromising justice and fairness in how MINTEK compensates its employees. The total salary bill for 2019/20 was R300 million, which is a marginal increase from R297 million for the previous year. MINTEK is pleased that the cost of employment was reduced to 49% of total expenditure (52% if exceptional items such as the impairment and write-off are excluded) in 2019/20, from 54% the previous year. Profitability for 2019/20 showed a significant decline compared to the previous year. It was largely affected by commercial income that was lower than planned, although it recorded an increase from last year.

Funding from Medium-term Expenditure Framework (MTEF) projects and for the Derelict and Ownerless Mines projects was lower than planned by about R76 million due to delayed projects. The projects were delayed by community unrests and contractor performance, and MINTEK is in discussions with the DMRE to resolve these issues going forward. The change in accounting standards contributed significantly to the deficit due to the fact that MINTEK had to depreciate funded assets by about R30 million. There were significant write-offs and impairments of R22 million and R24 million, respectively, on property, plant and equipment.

To mention a few research, development and technology programmes, MINTEK's Test Kits Manufacturing Facility achieved a major milestone during the year, setting the organisation on a path to being a key player in rapid diagnostic tests (RDTs) in the market. After a rigorous and lengthy application process, the facility was granted a five-year license to manufacture the kits by the South African Health Products Regulatory Authority to manufacture medical devices.

In addition, the facility acquired an ISO 13485:2016 accreditation. With the acquisition of these two certifications, MINTEK is now ready to be a manufacturer of RDT kits for a whole range of products that are already in the development pipeline. MINTEK is now positioned to contribute meaningfully to the health priority needs of the country.

The RDT kits are a product of the high-end nanotechnology-inspired application of the beneficiation of gold. This technology is used in the development and manufacture of point-of-care test kit products for the detection of human and animal diseases that plague South Africa and the broader African continent. The product range being developed includes test kits for HIV, TB, malaria, Rift Valley fever (and, in future, Covid-19 test kits, which are currently under development). By producing the kits in South Africa, MINTEK will be contributing directly to reducing the current over-reliance on import goods in the diagnostic test kits space, while using homegrown technology to beneficiate gold.

MINTEK-developed fuel-cell catalysts and membranes are currently being commercialised with the aim of supplying the global market. Some of the products are outperforming commercially available competitors, and demand is expected to grow as the platinum-based fuel-cell market grows. Over and above the development of fuel cells, MINTEK is also working with a number of industry players (including Anglo American Platinum and Impala Platinum) to ensure that the demand for fuel cells is developed. In another development, MINTEK has begun to investigate the manufacture of fuel-cell technologies across the fuel-cell value chain of catalysts (membrane electrode assembly fuel), cell stacks and fuel-cell systems. Greater opportunity for the commercialisation of MINTEK's fuel-cell technologies is to be sought

The long-term investments made in the Rare Earth Element (REE) technology and refining facilities are showing signs of bearing fruit in the immediate future. The ultimate aim is to stimulate an REE sector in South Africa that can stand its own globally, and produce rare earth magnets that are used in a number of emerging applications. MINTEK has also developed and patented the PyEarth™ process for the extraction of REEs from iron-rich rare earth deposits, and is currently running a project that is investigating the application of technology to process a Namibian rare earth ore deposit.

It is the closest step towards commercialising the process, and MINTEK's engineers are quite excited about the prospect of full commercialisation, especially its application on secondary industries.

**Council for Geoscience**

The Council for Geoscience (CGS) has accelerated the implementation of the Integrated and Multidisciplinary Geoscience Mapping Programme and reprioritised the areas of greatest potential for the discovery of world-class deposits. To this end, the five areas of highest potential constitute the CGS's contribution to government's economic recovery programme. These areas include critical minerals such as lithium, manganese, vanadium, fluorspar, phosphates and base metals, all of which are envisioned to contribute to growing exploration expenditure in South Africa to a 5% share of the global exploration budget.

The CGS set a bold target of using geoscience data and information to significantly grow the inclusive exploration of mineral resources from below 1% to a 5% share of the global exploration budget. The CGS enhanced its coverage of national mapping (onshore) at a scale of 1:50 000 from below 5% to 8.8% at the end of the MTSF (2014–2019) cycle. The CGS also finalised the Geoscience Data and Information Policy during the period undere review and developed an internal mechanism to ensure a seamless and transparent dissemination of information to the public.

**Mine Health and Safety Council**

### Implementation of the Phase 2 of the Centre of Excellence

The Mine Health and Safety Council (MHSC) finalised the development of a business plan for Phase 2 of the Centre of Excellence (CoE) in July 2019. The outcomes of the business plan were a framework for the training and upskilling of mineworkers, the development of career paths for mineworkers and the creation of a governance structure within the MQA, namely the Centre for Educating and Training of Mineworkers (CETM). The following were the key recommendations of the business plan that would enable the implementation of Phase 2 of the CoE:

- Reskilling of the mining and mineral sector workforce
- The development of occupational health and safety (OHS) training programmes that cater for modernised mines in line with Fourth Industrial Revolution (4IR) developments
- The inclusion of innovative technologies and techniques in training
- Augmenting the proposed career paths by linking them with other industries' career paths in OHS

Progress entails the MQA and MHSC nominating stakeholders for the CETM and agreeing on key deliverables that the CETM will monitor for both entities on a quarterly basis for 2020/21.

### Management of the risk of Covid-19 transmission in the mining industry

To provide guidance to the SAMI, the MHSC developed guiding principles on the prevention and management of Covid-19 in the SAMI through the Mining Industry Occupational Health Advisory Committee. Tripartite stakeholders acknowledged that the SAMI was at huge risk of transmission of the virus due to, among others, the in-house (hostel) accommodation of employees, close contact in the transportation of employees to and from work, the use of breathalysers for testing alcohol at mines and general precautionary measures to combat the disease. The guiding principles were signed off on 26 March 2020 and gazzetted by the Minister for compliance by the SAMI. A detailed Guidance Note on Covid-19 for the SAMI is being developed and will be gazetted in due course.

### Implementation of the Culture Transformation Framework

The pillars of the Culture Transformation Framework (CTF) were prioritised for 100% implementation by December 2020. These pillars are leadership, risk management, bonus and incentive performance, data management, diversity and leading practice. As at 31 March 2020, a dip stick analysis of the 16 mines that had already captured their data on the milestone reporting system highlighted the following:

- A number of mines already had different programmes in place for addressing culture and organisational issues that impact on OHS in their operations. As a result, most operations and mining houses had already implemented different elements of the CTF process long before it was agreed that the prioritised pillars be fully implemented by December 2020, while others put in more efforts towards achieving the set milestone in the interest of the goal of zero harm in the industry.
- The reporting mines have been showing a steady progress in the implementation of the pillars of the CTF from 71% in 2015 to 97% by end of 2019.
- On average, the mines are showing significant progress in exceeding the target implementtion of the set milestones per year since 2015, with the reporting mines already reporting above 90% towards full implementation of the pillars. They will likely report on the envisaged 100% implementation by the end of December 2020,

The MHSC also embarked on a rigorous campaign to popularise the CTF guide booklet across the country. It is envisaged that many mines would comfortably achieve the set 100% implementation of the prioritised pillars of the CTF by December 2020.

### Occupational Health and Safety Summit initiatives

After the 2014 OHS Summit, the MHSC developed and approved a summit milestone implementation plan, the initiatives of which are currently at various stages of implementation. The mining sector has a great shortage of occupational health practitioners, which results in many mines being serviced by a few practitioners. This has a high impact on the quality of service delivered. A situational analysis for occupational health practitioners, with specific reference to section 12(1) and 13(3) of the MHSA, on the applicable ratio to service mines in order to make a meaningful impact on the improvement of occupational health in the SAMI, was completed with recommended ratios and related adjustments to be made to maximise service on occupational health provided by the mining industry.

### Women in Mining occupational health and safety initiatives

The MHSC, in collaboration with Regional Tripartite Forums, established Women in Mining structures in all nine regions in South Africa. This has gone a long way in ensuring that the OHS of women is safeguarded. The MHSC hosted a Women in Mining Indaba in 2019 and agreed on a five-year strategic plan with priorities aligned to the initiatives of the DMRE. Stakeholders agreed to implement five priority areas: sexual harassment, wellness (mental, physical, social), personal protective equipment (PPE) and addressing structural issues through dedicated campaigns and customised programmes.

The MHSC's current research projects include the following topics:

- The impact of mining on women's reproductive health
- Minimum medical and physical fitness requirements for women to perform work in the South African mining industry
- Research on vibration, specifically its effects on women's reproductive system

### Development and review of regulations, guidelines and policies

The following are some of the mining OHS regulations and legislations that were developed by the MHSC with minimum standards that the mining sector must comply with and that are recommended to the Minister for promulgation:

- Guideline for Compiling a Mandatory Code of Practice for the Management of Working in Confined Spaces at Times
- Illumination Guidelines for Equipment Operating in the South African Mining Industry
- Protection of Surface and the Workings Regulations (Chapter 14)
- Electricity Regulations (Chapter 3)
- Use of 3HP for the Treatment and Prevention of Latent TB Infection
- Alignment of TB and HIV Industry Data to the National Strategic Plan
- Guidance Note for the Management and Control of HIV in the South African Mining Industry
- Guidance Note for the Management of Latent TB in the South African Mining Industry
- Guideline for the Compilation of a Mandatory Code of Practice for the Prevention of Flammable Gas Explosions in Mines other than Coal Mines

### Reduction and prevention of TB, HIV and AIDS

In support of the national Department of Health's initiatives of addressing the scourge of HIV and AIDS, as well as TB, the MHSC hosted the World AIDS Day commemoration on 6 December 2019 in Hotazel, Northern Cape. The event was held in partnership with the United Manganese of Kalahari Mine under the theme, "The South African mining industry is making a difference. Cheka impilo". The mine was identified as a mine to be partnered with due to the concerns raised, such as stigma (among others) that is still rife in the John Taolo Gaetsewe District. This was seen as a possible opportunity that the MHSC could take advantage of and assist the mine where possible in terms of not only commemorating World AIDS Day, but to establish continued collaborations that would assist the mine in tackling the HIV and TB stigma issues that are still faces. Mine workers, including the mine's business partners, were invited to the event as they were the target audience for the event. The MHSC will continue to collaborate with its strategic partners and work hand in hand with Tripartite stakeholders to ensure that the goal of zero harm in the sector is achieved.

## South African Diamond and Precious Metals Regulator

### Job creation, skill development and value addition to the precious metals and diamonds

The South African Diamond and Precious Metals Regulator (SADPMR) issued 591 licences and permits, of which 268 were new licences and permits, and 129 were renewals of licences and permits since the beginning of the 2019/20 financial year to allow the legitimate possession and trade of diamonds and precious metals in the country. To date, 194 beneficiation licences have been issued with the aim of promoting local beneficiation and creating jobs within the diamond and precious metals industries. Fifteen new entrepreneurs were assisted to start or develop their businesses.

The organisation facilitated two skills initiatives: rough diamond valuation and introduction and the use of Sarine planning machine. These sets of skills and knowledge benefited two companies, who were new entrants to the diamond industry.

### Enhance local beneficiation and trade

The SADPMR offers various services to view and place bids on rough diamonds on tender. A total of 2 902 clients accessed the services of the Diamond Exchange and Export Centre (DEEC) in 2019/20, while 106 diamond beneficiation licensees accessed the DEEC in 2019/20.

### Transformed diamond and precious metals industries

With the establishment of the Transformation Unit, 111 licensees and permit holders were verified against their commitments towards the Mining Charter in the 2019/20 financial year. The SADPMR held seven workshops and information sessions to facilitate skills development and to promote the participation of historically disadvantaged individuals in the diamond and precious metals industries.

### Compliance with legislation

A total of 1 600 business premise inspections were conducted on existing licensees and new applications. This is done to ensure compliance with legislation and license conditions. A total of 629 Broad-based Socio-economic Empowerment Charter compliance inspections have been conducted. The aim was to ensure that licensees comply with the license terms and conditions. The SADPMR assisted licensees whose operations have remained dormant since the issuing of the license. This culminated in 39 licensees receiving assistance. The SADPMR has ensured compliance to the minimum requirements of the Kimberley Process Certification Scheme (KPCS) by submitting reports and issuing Kimberley Process certificates on behalf of the country

## State Diamond Trader

### Facilitation of access to international markets

The year 2019 marked South Africa's sixth year of participation at the Hong Kong Jewellery and Gem Fair, the world's premier trading hub for jewellery and diamonds. Despite the challenges faced during the year under review, the entity continued with its support in facilitating growth for its clients by participating at the Hong Kong Jewellery and Gem Fair in the midst of uncertainty due to reported riots that were continuing at the time. About six diamond manufacturers were offered an opportunity to exhibit and sell diamonds, while promoting their companies and proudly South African polished diamonds. The companies generated more than R41 million combined through sales of diamond products.

Such outcomes demonstrate demand for diamonds produced in South Africa by global communities. Initiatives such as this are interventions that the entity spearheads to help emerging diamond beneficiators to access the international market.

### Enterprise development programme

The entity was able to acquire four beneficiation licences for the youth who formed part of the Enterprise Development Programme. Our sincere appreciation to the SADPMR for its assistance in the issuing of these licence. The State Diamond Trader (SDT) is currently left with seven of the 27 participants in the programme, and mentoring and coaching is ongoing.

In an effort to curb youth unemployment in our country, Ambassador Geoff Doidge of the South African Embassy in Thailand had discussions with the Mouawad Diamond Cutting and Polishing factory regarding a partnership with the SDT, which was aimed at providing diamond-processing skills to South Africa's youth. Discussions were held between the SDT and Mouawad, and Mouawad recommended that the SDT cooperates with its South African affiliate, Trigon Adams (Pty) Ltd. The collaboration resulted in the recruitment five South African youth, three females and two males, who undertook successful training in Thailand for a period of six months in the current financial year under review.

### Rebranding of the entity's identity

As the entity strives to evolve and align itself with its commodity, it successfully launched new corporate branding aimed at creating a strong relationship with its clients and the public through a brand identity. The SDT is pleased to announce that a new corporate identity was launched at the Africa Mining Indaba 2020, which was held in Cape Town from 3 to 7 February 2020.

### Trading environment

The continued pressure of a depressed global economy was felt by the SDT, its diamond producers and clients in the 2019/20 financial year. The entity struggled to meet its budget obligations in terms of purchases and sales for the year under review. The SDT could not secure purchases from its major diamond producers due to a general lack of appetite in the industry caused by the total shutdown of the Chinese market even before Covid-19. The Hong Kong protest also negatively affected the rough market.

**Petroleum Agency South Africa**

Following the successful discovery of light oil and gas condensate by Total and partners at the Brulpadda prospect, the partnership acquired further 2D and 3D seismic data. Results have allowed better understanding of the remaining prospects and identified potential further prospectivity in the area. The DeepSea Stavanger rig is currently underway to South Africa to drill the Luiperd prospect, the second of five in the Brulpadda group. There is an option to retain the rig in South Africa for further drilling.

The initial soil gas sampling pilot study of 94 sample points around Beaufort West and the KDD-01 well site is complete and shows encouraging results with regard to a subsurface petroleum system in the area.

Progress was made on appointing service providers for a Groundwater Monitoring Network in the Karoo, as well as additional seismographs to supplement the existing network in the potential shale gas exploration areas of the Karoo. A study of the status of old oil and gas exploration boreholes and possible interventions to improve their completions has also been initiated.

## 5.3. Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2019 to 31 March 2020

| Name of transferee | Type of organisation | Purpose for which the funds were used | Did the Department comply with section 38(1)(j) of PFMA> | Amount transferred (R'000) | Amount spent by the entity | Reasons for the funds unspent by the entity |
|---|---|---|---|---|---|---|
| None | | | | | | |

The table below reflects the transfer payments that were budgeted for in the period 1 April 2019 to 31 March 2020, but no transfer payments were made.

| Name of transferee | Purpose for which the funds were to be used | Amount budgeted for (R'000) | Amount transferred (R'000) | Reasons why funds were not transferred |
|---|---|---|---|---|
| None | | | | |

# 6. CONDITIONAL GRANTS

## 6.1. Conditional grants and earmarked funds paid

None

## 6.2. Conditional grants and earmarked funds received

None

# 7. DONOR FUNDS

## 7.1. Donor funds received

None

# 8. CAPITAL INVESTMENT

## 8.1. Capital investment, maintenance and asset management plan

| Infrastructure projects | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|
| | Final appropriation | Actual expenditure | (Over-)/under-expenditure | Final appropriation | Actual expenditure | (Over-)/under-expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| New and replacement assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Existing infrastructure assets | 0 | 0 | 0 | 0 | 0 | 0 |
| - Upgrades and additions | 0 | 0 | 0 | 0 | 0 | 0 |
| - Rehabilitation, renovations and refurbishments | 0 | 0 | 0 | 0 | 0 | 0 |
| - Maintenance and repairs | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure transfer | 0 | 0 | 0 | 0 | 0 | 0 |
| - Current | 0 | 0 | 0 | 0 | 0 | 0 |
| - Capital | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** |

# PART C

# GOVERNANCE

# 1. INTRODUCTION

Risk management is the cornerstone of good corporate governance. The Department is commited to implementing the principles of good corporate governance by continuing to identify and manage risks in order to assist the Department to achieve its strategic objectives.

# 2. RISK MANAGEMENT

- Risk management is the identification, evaluation and prioritisation of risks, followed by the coordinated and economic application of resources to minimise, monitor, and control the probability or impact of unfortunate events or to maximise the realisation of opportunities.
- The Department has developed a risk management strategy, which provides guidance on how the Department will implement this process.
- The strategy covers the policy statement of the Department, which details the stance of management on risk management.
- Part of the risk management strategy includes the process of how risks will be identified, assessed and monitored
- Throughout the year under review, the Department has continuously undertaken risk assessment to identify risks, as well as emerging risks that will hamper the achievement of objective.
- The risks are monitored on a quarterly basis with progress reported to the Audit and Risk Committee, which oversees the effectiveness of the risk management process.
- The Audit and Risk Committee advises the Department on risk management and independently monitors the effectiveness of the system of risk management.

# 3. FRAUD AND CORRUPTION

- The Department has committed itself to zero tolerance on fraud and corruption. This is achieved through the implementation of the fraud and corruption strategy, ethics strategy, fraud prevention plan and the whistle-blowing policy.
- The Department has also established an Ethics Committee to oversee ethics management in the Department
- Mechanisms in place to report fraud and corruption exist in the whistle-blowing policy, which outlines the methods available to officials in reporting fraud and corruption in the Department. The policy further outlines the protection provided to whistle blowers.
- Fraud and corruption cases are investigated by the Special Investigation Unit, residing under the Chief Directorate: Audit Services. These cases are also discussed at the Audit Committee and progress is provided to the Public Service Commission.

# 4. MINIMISING CONFLICT OF INTEREST

The Department introduced the following measures to curb conflict of interest:

- The establishment of an Ethics Unit that deals with the ethical behaviour of employees in the workplace.
- All members of the SMS are required to disclose their financial interests by the end of April of each year. SMS members who do not comply with this requirement are charged with misconduct according to the Public Service Regulations. The latter also applied to other designated employees identified by the Department of Public Service and Administration.
- The Department also has policies on gifts and other remunerative work outside employment.
- Workshops are conducted regularly for employees on the mentioned policies, as well as the Code of Conduct.

In cases where a possible conflict of interest has been identified, the implicated employee is normally consulted for explanation. If the explanation is found unacceptable, appropriate disciplinary action is taken against the employee. In more serious cases, like doing business with the state, the employee could be dismissed if they cannot prove that the allegations against them are unfounded.

# 5. CODE OF CONDUCT

The Department has distributed the Explanatory Manual on the Code of Conduct for the Public Service to all the Department's officials. If an employee is in breach of the Code, disciplinary action will be undertaken against the employee in terms of the Public Service Coordinating Bargaining Council Resolution 1 of 2003: Disciplinary Code and Procedures for the Public Service.

# 6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

| Description/ nature | Effects on the Department |
|---|---|
| 1. Education and training | • Increase in injuries or diseases, reduction in productivity, increased absenteeism (lost time due to injuries) and presentism (being present at work, but not being productive). |
| 2. Medical surveillance (selected tasks, e.g Inspectors of Mines, security personnel) | • Physical effects (circadian rhythm: disturbance of sleep-wake cycle), stress, fatigue, psychological effects (anger, frustration, depression, etc.), behavioural consequences (poor communication, withdrawal syndrome, etc.).<br>• Financial loss through management of injuries, diseases or fatalities. |
| 3. Conducting hazard identification and risk assessment | • Non-compliance to occupational hygiene standards leading to injuries and diseases.<br>• Communicable litigation against the Department. |
| 4. Checking and engaging in corrective actions:<br>• Conducting inspections<br>• Incident investigations | • Non-compliance notices against the Department and financial loss.<br>• Financial loss and absenteeism due to recurrence of the incident. |

# 7. PORTFOLIO COMMITTEES

The Department has had numerous engagements with the Portfolio Committee on Mineral Resources and the Select Committee on Land and Mineral Resources in line with the programme of both committees. Both committees engaged the Department on a range of issues, including the Annual Performance Plan, quarterly reports and annual reports, as well as other areas that the Committee deemed appropriate within the mandate of the Department. All questions and issues raised by the committees were addressed.

# 8. SCOPA RESOLUTIONS

There were no Standing Committee on Public Accounts (SCOPA) resolutions during the period under review.

# 9. PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior modifications during the period under review.

| Nature of qualification, disclaimer, adverse opinion and matters of non-compliance | Financial year in which it first arose | Progress made in clearing or resolving the matter |
|---|---|---|
| N/A | | |

# 10. INTERNAL CONTROL UNIT

During the year under review, the Internal Control Unit performed risk assessment on a regular basis to identify new risks emerging within the Financial Administration Branch. Internal control was responsible for a review of financial transactions processed as part of the risk control strategy to prevent fraud, unauthorised expenditure and fruitless and wasteful expenditure in line with the Public Finance Management Act (PFMA).

The Internal Control Unit was also responsible for assist the Accounting Authority to maintain effective control by evaluating those controls to determine their effectiveness and efficiency, and by using recommendations to enhance and improve the control.

The Internal Control Unit addressed the following key issues during the year under review:

- Compliance with laws, regulations and controls in the Department
- Safeguarding assets and the effectiveness of operations
- The reliability and integrity of financial and operational information
- The preparation and presentation of accurate financial statements and reports

# 11. INTERNAL AUDIT AND AUDIT COMMITTEES

**Key activities and objectives of the Internal Audit Activity**

The purpose of the Internal Audit Activity (IAA) is to provide independent, objective assurance and consulting services that are designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The IAA continues to function in a manner that monitors the following:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occur as required.
- Significant financial, managerial and operating information is accurate, reliable, and timely.
- All the Department's assets are appropriately safeguarded and the existence of such assets, where applicable, can be verified.
- Employees' actions are in compliance with prescripts, policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately protected.
- Programmes, plans and objectives are achieved.
- Quality and continuous improvement is fostered in the Department's control process.
- Significant legislative or regulatory issues that impact on the Department are recognised and addressed appropriately.

The primary objective of the IAA is to assist the Accounting Officer and the Audit and Risk Committee in the effective discharge of their responsibilities. Internal Audit provides them with independent analysis, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and performance.

The IAA provides the Department with the following benefits:

- Regular presence, which helps to protect the Department's assets by deterring fraud, waste and abuse.
- Recommendations that help employees improve their overall job performance and adherence to established controls.
- Keeping the Department accountable to the public by reviewing and reporting on adherence to established policies and procedures, laws and efficiency of operations.

The IAA provides both oversight structures such as the Audit and Risk Committee and relevant Parliamentary structures with the required information for them to exercise their monitoring and oversight role and responsibility.

Based on the review of the work of the IAA, the Audit and Risk Committee is satisfied that, except for the challenges experienced in assisting the Audit and Risk Committee convene its meetings during the year, the IAA properly discharged its functions and responsibilities during the year under review and operated to the best of its ability to effectively address the risks pertinent to the Department. In addition, the Audit and Risk Committee has no reason to doubt that the IAA operated objectively and independently.

The following internal audit work was completed during the year under review:

**Full audits**

- Mine statistics
- Mineral prospecting rights and mining permits
- Compliance with the Mining Charter
- Spatial decisions in the licensing processes (mining and prospecting rights, including permits)
- Mine health safety inspections
- Performance information review: Quarter 1, Quarter 2 and Quarter 3
- Information and communication technology (ICT) governance
- Procurement processes
- Annual financial statements review
- Contracts and service level agreements
- Subsistence and travel claims
- ICT project management processes

**Follow-up audits**

- Procurement audit (office accommodation and lease vehicles)
- Performance information review for Quarter 1, Quarter 2 and Quarter 3
- Software licensing management process
- ICT change management process

# 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

**Audit Committee responsibility**

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 77 of the PFMA and Treasury Regulation 3.1.13 and 27.1.10.

The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, and has regulated its affairs in compliance with this Charter.

The Audit and Risk Committee discharged all its responsibilities as defined in its Charter, which include the evaluation of the following:

- The effectiveness of the internal control systems
- The effectiveness of internal audit
- The risk areas of the entity's operations to be covered in the scope of internal and external audits
- The adequacy, reliability and accuracy of financial information provided to management and other users of such information
- Any accounting and auditing concerns identified as a result of internal and external audits
- The entity's compliance with legal and regulatory provisions
- The activities of the IAA, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations
- The independence and objectivity of the external auditors

**Key activities and objectives of the Audit and Risk Committee**

The Audit and Risk Committee is a non-executive committee in an advisory capacity to the Accounting Officer, primarily responsible for oversight over the Department's governance, controls and risk management processes.

The primary objective of the Audit and Risk Committee is to provide support to management of the Department in fulfilling their responsibility relating to financial and operational reporting processes, designing and implementing effective systems of internal control, governance processes and risk management, and ensuring compliance with applicable laws, regulations and relevant prescripts and directives.

The table below discloses relevant information on the Audit Committee members:

| Name | Qualifications | Internal or external | If internal, position in the Department | Date appointed | Date resigned | Number of meetings attended |
|---|---|---|---|---|---|---|
| Ms Mpho Kgomongoe (Chairperson) | • BCom | External | N/A | 1 March 2017 | 31 October 2019 | 3 |
| Mr Luyanda Mangquku (Chairperson)** | • CA(SA)<br>• Masters in Business Leadership<br>• BCompt Honors<br>• BCom | External | N/A | 1 March 2019 | To date | 4 |
| Ms Zanele Monnakgotla | • Masters in Finance<br>• LLM in Tax<br>• LLB<br>• BCom | External | N/A | 1 March 2019 | To date | 4 |
| Mr Faizal Docrat | • CISM<br>• CISA<br>• CGEIT<br>• MBA<br>• MAP<br>• CRM-Prac<br>• COPE<br>• CD(SA) | External | N/A | 1 April 2020 | To date | 1 |

*The fourth Audit and Risk Committee meeting was scheduled to take place on 30 March 2020. However, it was postponed due to the nationwide lockdown.

** Appointed Chairperson with effect from 1 April 2020.

### The effectiveness of internal control

Our review of the findings of the IAA, which was based on the risk assessments conducted in the Department, revealed certain weaknesses, which were then raised with the Department.

The following were areas of concern:

- Actual performance inaccurately reported
- Deficiencies in the verification sources provided for performance information
- Local economic development projects not implemented
- Mining rights granted without approved social and labour plans
- Inadequate design of Business Continuity Plan
- Duplicate prospecting rights issued over the same property

In the year under review, slow progress was notable in the implementation of internal audit findings, a concern which was raised with management, to which a commitment has been obtained for close monitoring and resolution going forward.

### In-year management and monthly/quarterly report

The Audit and Risk Committee was not able to convene any meetings between November 2019 and March 2020, which also had to be postponed to July 2020 due to the nationwide lockdown. This was as a result of challenges in the Department, exacerbated by Covid-19. This resulted in the Audit and Risk Committee not being able to provide the necessary oversight for a significant part of the year.

In this regard, the Audit and Risk Committee is unable to confirm whether the Department provided all monthly and quarterly reporting to National Treasury as is required by the PFMA.

### Evaluation of financial statements

The Audit and Risk Committee has done the following:

- Reviewed and discussed with the external auditors the audited financial statements to be included in the annual report
- Reviewed the reported performance against the predetermined objectives and noted with concern the decline in the percentage of achievement
- Reviewed the external auditors' management letter and management's response thereto
- Considered adjustments resulting from the audit
- Reviewed and discussed the external auditor's report
- Reviewed and confirmed the independence of the external auditors

### Auditor-general's report

We have reviewed the Department's implementation plan for audit issues raised in the previous year and are satisfied that reasonable progress has been made as a number of findings have been adequately resolved.

The Audit and Risk Committee concurs and accepts the conclusions of the auditor-general on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor-general.

**Mr. Luyanda Mangquku, CA(SA)**
**Chairperson: Audit and Risk Committee**
**Department of Mineral Resources**
**30 September 2020**

# HUMAN RESOURCE MANAGEMENT


# PART D

# 1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

# 2. OVERVIEW OF HUMAN RESOURCES

2.1 The Chief Directorate: Human Resources is responsible for rendering a management support service to the Department. It provides services relating to Organisational Development, HR Planning and Policy, HR Administration and Practices, HR Development, Employment Relations as well as Security Risk Management. The Chief Directorate's primary focus is on capacity building with a view of ensuring alignment between the departmental services.

**2.2 The status of human resources in the department.**

During the 2019/20 financial year the focus was on the merge with the Department of Energy and the consequent matching and placement of staff. The latter had an impact on most HR functions and service delivery was unfortunately compromised in a few areas. The Department nonetheless managed to achieve under most of its strategic outcomes as contained in its Annual Performance Plan. Although it was not possible to fill some of the Departments posts due to the impact it could have on the matching and placement of staff the Department still managed to maintain its vacancy rate rate below 10%. Another contributing factor to the low vacancy rate is the relative low turnover rate of staff. Amongst others, this could be indicative of an overall good staff morale in the Department which the Department could benefit from in future years. Of concern is the Department's inability to achieve its Employment Equity Targets which could be partially attributed to a number of vacant posts that had to be abolished due to a lack of funding. Moving forward the Department will have to guide against the setting of unrealistic targets, especially in view of the current economic conditions.

**2.3 Human resource priorities for the year under review and the impact of these.**

2.3.1 During the year under review the Chief Directorate: Human Resources committed itself to the following:

**Organisational design**

2.3.1.1 The DMR did have an approved organisational structure which was aligned to the strategic objectives of the Department. Worth noting is that the Department's organisational structure was a product of the split of the Department of Minerals and Energy (DME). The Department's shortcomings were identified of which a few are listed below:

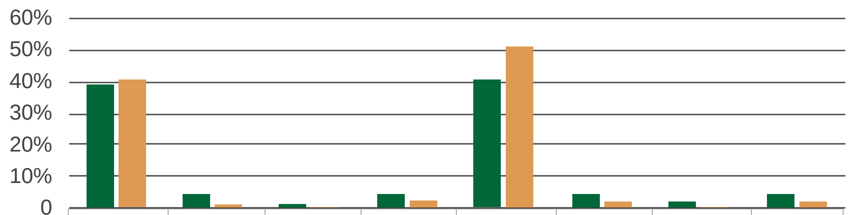
- Reporting lines were not clear in certain areas.
- In certain areas, no business processes existed, or current business processes had to be improved.
- Over or under utilisation of staff in certain areas.
- Structure was not adequately designed to achieve national priorities, thus fell short of making a noticeable impact on the communities.
- Duplication of functions in certain areas.
- Outdated job descriptions.
- Segregation of functions, where it is glaringly necessary, was not implemented.
- Uneven distribution of work.
- Several posts on the Department's organisational structure were unfunded and during the 2016/17 financial year a total number of 142 vacant unfunded posts were abolished from the PERSAL system due to a lack of funds under the Department's compensation budget.

2.3.1.2 Although the Department made good progress to address the shortcomings through the implementation of an Operations Management Framework and Methodology and conducting of an Organisational Functional Assessment as well as updating all job descriptions in line with a designed template, most events were overtaken by a merger process between the Department of Mineral Resources and the Department of Energy planned for 1 April 2020. The majority of the 2019/2020 financial year was therefore dedicated at managing the merger, transition, development of the start-up structure for DMRE and winding up the old Department of Mineral Resources and the Department of Energy through the NMOG process.

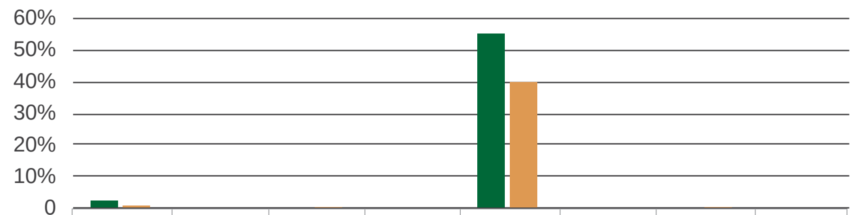
## Organizational Development

2.3.1.3 Organisational change of any magnitude is however, unlikely to be successful unless there are conscious efforts to change the behavior of employees as well as other unacceptable culture in an Organisation. In essence, change needs to be institutionalise to ensure that changes that are introduced are smoothly implemented and sustained until the benefits thereof become practical to everyone. The outcome of culture and climate survey that was conducted clearly showed the Department's shortcomings in this regard, but due to the absence of a clear Change Management Strategy and Committee, proper communication channels could not be established which often resulted in planned interventions not being well coordinated and executed.

## Employment Equity




| | African | Coloured | Indian | White | African | Coloured | Indian | White |
|---|---|---|---|---|---|---|---|---|
| **Target** | 39.2% | 4% | 1.4% | 4.1% | 40.7% | 4.7% | 1.3% | 4.2% |
| **Achievement** | 40.5% | 0.7% | 0.2% | 3.0% | 51.1% | 2.1% | 0.4% | 2.1% |




| | Disability | | | | Woman in SMS | | | |
|---|---|---|---|---|---|---|---|---|
| **Target** | 2% | | | | 50% | | | |
| **Achievement** | 1% | | | | 36% | | | |

2.3.1.4 Compared to the Economic Active Population group, progress has been slow regarding the appointment of Coloureds, Indians and White Females. Representation of woman in senior management posts and people with disabilities were also not at the required levels.

## Ethical Behaviour

2.3.1.5 The DMR received a 100% submission rate for the 2018/19 financial reporting period in respect of financial disclosures submitted by members of the senior management services (SMS). The verification report from the Office of the Public Service Commission also showed an improvement for the 2018/19 disclosure period. There was also a vast improvement in the submission rate for lower level employees compared to the 2017/18 disclosure period. Eighty-Five (85%) of designated employees below SMS levels submitted their financial disclosures before the due date.

## Employee Health and Wellness

2.3.1.6 The Department has the responsibility to ensure a safe and healthy working environment through implementation of wellness activities. Wellness committees in all regional offices and OHS executive committee have been capacitated to navigate wellness activities. Roles and responsibilities were defined. Despite of financial challenges the Department is excelling in this regard and all key activities in the HR action plan has been achieved.

## Performance Management and Development System

2.3.1.7 During the DMR's Organisational Functional assessment, a need was identified for performance standards to be clearly defined, especially with regard to quality, quantity and time. The above concern is indicative of a need for employees and managers to be workshopped on performance standards.

2.3.1.8 Workplans and performance agreements also had to be aligned to the new job description template designed by the Directorate: Organisational Development.

2.3.1.9 Inconsistencies in the application of the PMDS system could lead to aggrieved employees and a decline in work performance. The development of standard operating procedures has been identified as a mechanism to ensure consistency in the application of Performance Management and Development System. Although the Department has made good progress in this regard, some standard operating procedures will have to be reviewed as a result of the merger with the Department of Energy.

2.3.1.10 Some employees and managers still appear to understand PMDS only from the perspective of cash awards and salary increments and miss out on its importance toward departmental high performance.

**Empower employees and managers to effectively deal with deviant behaviour**

2.3.1.11 Annual workshops on Employment Relations Management are conducted on an annual basis and Employees and Managers are therefore well aware of the necessary procedures to be followed in the case of deviant behaviour.

**Workforce planning and key strategies to attract and recruit a skilled and capable workforce.**

2.3.1.12 Restructuring of the Department will be key to ensure delivery of high quality and cost-effective services to the Department's clients and other stakeholders at acceptable turn-around times. Posts that remain vacant after the latter will be filled through the normal recruitment and selection process. The restructuring will be of further benefit to the department to attract and recruit the correct skills as its processes and job descriptions will be well defined.

**Achievements**

2.3.1.13 The Department embarked on a process of identifying critical vacant posts through inputs from programme managers, however not all posts could be catered for as the different requests resulted in a deficit. Management then took a decision to only honour those critical posts that negatively affect compliance with laws and regulations and abolished the remaining posts from the PERSAL system. The latter resulted in a decline in the vacancy rate to below 10% for the 2018/19 and 2019/20 financial years.

2.3.1.14 The Directorate: System Development and Maintenance commenced with a project to map the whole Department's process in order to ensure system integration and the automation of most of the Department's processes, however as a result of the merger this project had to be put on hold.

2.3.1.15 The Department has the responsibility to ensure a safe and healthy working environment through implementation of wellness activities. Wellness committees in all regional offices and OHS executive committee have been capacitated to navigate wellness activities. Roles and responsibilities were defined. Despite of financial challenges the Department is excelling in this regard and all key activities in the HR action plan has been achieved.

**Challenges**

2.3.1.16 The outcome of a culture and climate survey that was conducted showed a number of shortcomings that had to be addressed. Due to the fact that the Department was overtaken by events and could not manage the implement a change management strategy, the shortcomings identified will still continue to exist in the new Department of Mineral Resources and Energy which could have a negative impact on service delivery.

2.3.1.17 Delays in the matching and placement of staff pose a challenge for the Department which could severely compromise service delivery and cause further delays in the restructuring of the Department. This could also result in low staff morale causing staff to leave the department resulting in a high vacancy and turnover rates.

# 3. HUMAN RESOURCES OVERSIGHT STATISTICS

## 3.1. Personnel-related expenditure

The following tables summarise the final audited personnel-related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances (HOAs) and medical aid

*Table 3.1.1: Personnel expenditure by programme for the period 1 April 2019 and 31 March 2020*

| Programme | Total voted expenditure (R'000) | Personnel expenditure (R'000) | Expenditure (R'000) | Special services expenditure (R'000) | Personnel expenditure as a percentage of total expenditure | Average personnel cost per employee (R'000) |
|---|---|---|---|---|---|---|
| DMR: Administration | 384 717 | 192 053 | 1 683 | 2 301 | 50 | 589 120 |
| DMR: Mine Health and Safety | 219 733 | 184 195 | 136 | 105 | 84 | 728 043 |
| DMR: Mineral Regulation | 441 265 | 204 629 | 65 | 0 | 46 | 603 625 |
| DMR: Mineral Policy and Promotion | 942 577 | 69 754 | 59 | 36 | 7 | 734 253 |
| **Total** | **1 988 292** | **650 631** | **1 943** | **2 442** | **33** | **642 281** |

*Table 3.1.2: Personnel costs by salary band for the period 1 April 2019 and 31 March 2020*

| Salary bands | Personnel expenditure (R'000) | Percentage of personnel cost | Number of employees | Average compensation cost per employee (R) |
|---|---|---|---|---|
| Skilled (levels 3–5) | 51 216 | 8 | 178 | 287 733 |
| Highly skilled production (levels 6–8) | 128 658 | 20 | 298 | 431 739 |
| Highly skilled supervision (levels 9–12) | 357 625 | 55 | 433 | 825 923 |
| Senior management (levels ≥ 13) | 83 949 | 13 | 67 | 1 252 975 |
| Contract (levels 3–5) | 488 | 0 | 3 | 162 557 |
| Contract (levels 6–8) | 6 948 | 1 | 13 | 534 486 |
| Contract (levels 9–12) | 13 585 | 2 | 17 | 799 108 |
| Contract (levels ≥ 13) | 8 161 | 1 | 4 | 2 040 373 |
| **Total** | **650 631** | **100** | **1 013** | **642 281** |

*Table 3.1.3: Salaries, overtime, homeowner's allowance and medical aid by programme for the period 1 April 2019 and 31 March 2020*

| Programme | Salaries | | Overtime | | Homeowner's allowance | | Medical aid | |
|---|---|---|---|---|---|---|---|---|
| | Salaries (R'000) | Salaries as percentage of personnel cost | Overtime (R'000) | Overtime as percentage of personnel cost | HOA (R'000) | HOA as a percentage of personnel cost | Medical aid (R'000) | Medical aid as a percentage of personnel cost |
| DMR: Administration | 167 604 | 87 | 4 823 | 3 | 4 794 | 3 | 8 068 | 4 |
| DMR: Mine Health and Safety | 162 737 | 88 | 163 | 0 | 2 654 | 1 | 5 122 | 3 |
| DMR: Mineral Policy and Promotion | 60 995 | 87 | 36 | 0 | 1 426 | 2 | 2 382 | 3 |
| DMR: Mineral Regulation | 175 587 | 86 | 110 | 0 | 4 818 | 2 | 10 341 | 5 |
| **Total** | **566 923** | **87** | **5 132** | **1** | **13 692** | **2** | **25 913** | **4** |

*Table 3.1.4: Salaries, overtime, homeowner's allowance and medical aid by salary band for the period 1 April 2019 and 31 March 2020*

| Salary bands | Salaries | | Overtime | | Homeowner's allowance | | Medical aid | |
|---|---|---|---|---|---|---|---|---|
| | Salaries (R'000) | Salaries as a percentage of personnel cost | Overtime (R'000) | Overtime as a percentage of personnel cost | HOA (R'000) | HOA as a percentage of personnel cost | Medical aid (R'000) | Medical aid as a percentage of personnel cost |
| Skilled (levels 3–5) | 38 468 | 75 | 1 678 | 3 | 2 816 | 6 | 5 047 | 10 |
| Highly skilled production (levels 6–8) | 104 727 | 81 | 1 922 | 2 | 4 731 | 4 | 9 018 | 7 |
| Highly skilled supervision (levels 9–12) | 318 896 | 89 | 1 464 | 0 | 4 587 | 1 | 10 489 | 3 |
| Senior management (levels ≥ 13) | 77 884 | 93 | 0 | 0 | 1 271 | 2 | 866 | 1 |
| Contract (levels 3–5) | 455 | 93 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract (levels 6–8) | 6 087 | 88 | 5 | 0 | 103 | 2 | 249 | 4 |
| Contract (levels 9–12) | 12 491 | 92 | 62 | 1 | 77 | 1 | 170 | 1 |
| Contract (levels ≥ 13) | 7 914 | 97 | 0 | 0 | 106 | 1 | 74 | 1 |
| **Total** | **566,923** | **87** | **5 132** | **1** | **13 692** | **2** | **25 913** | **4** |

## 3.2. Employment and vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Pogramme
- Salary band
- Critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

*Table 3.2.1: Employment and vacancies by programme as on 31 March 2020*

| Programme | Number of posts on approved establishment | Number of posts filled | Vacancy rate | Number of employees additional to the establishment |
|---|---|---|---|---|
| DMR: Administration, permanent | 338 | 326 | 4 | 2 |
| DMR: Mine Health and Safety, permanent | 279 | 253 | 9 | 0 |
| DMR: Mineral Policy and Promotion, permanent | 96 | 95 | 1 | 0 |
| DMR: Mineral Regulation, permanent | 362 | 339 | 6 | 0 |
| **Total** | **1 075** | **1 013** | **6** | **2** |

*Table 3.2.2: Employment and vacancies by salary band as on 31 March 2020*

| Salary band | Number of posts on approved establishment | Number of posts filled | Vacancy rate | Number of employees additional to the establishment |
|---|---|---|---|---|
| Skilled (levels 3–5), permanent | 185 | 178 | 4 | 0 |
| Highly skilled production (levels 6–8), permanent | 310 | 298 | 4 | 0 |
| Highly skilled supervision (levels 9–12), permanent | 467 | 433 | 7 | 0 |
| Senior management (levels ≥ 13), permanent | 76 | 67 | 12 | 0 |
| Contract (levels 3–5), permanent | 3 | 3 | 0 | 0 |
| Contract (levels 6–8), permanent | 13 | 13 | 0 | 0 |
| Contract (levels 9–12), permanent | 17 | 17 | 0 | 0 |
| Contract (Levels ≥ 13), permanent | 4 | 4 | 0 | 2 |
| **Total** | **1 075** | **1 013** | **6** | **2** |

*Table 3.2.3: Employment and vacancies by critical occupations as on 31 March 2020*

| Critical occupations | Number of posts on the approved establishment | Number of posts filled | Vacancy rate | Number of employees additional to the establishment |
|---|---|---|---|---|
| Administrative related, permanent | 119 | 111 | 7 | 0 |
| Agricultural, animal, oceanography, forestry and other sciences, permanent | 1 | 1 | 0 | 0 |
| Biologists, botanists, zoologists and related professional, permanent | 101 | 97 | 4 | 0 |
| Cartographers and surveyors, permanent | 1 | 1 | 0 | 0 |
| Cleaners in offices, workshops, hospitals, etc., permanent | 2 | 2 | 0 | 0 |
| Client information clerks (switchboard, receptionist, information clerks), permanent | 8 | 8 | 0 | 0 |
| Communication and information related, permanent | 10 | 10 | 0 | 0 |
| Economists, permanent | 42 | 38 | 10 | 0 |
| Finance and economics related, permanent | 8 | 8 | 0 | 0 |
| Financial and related professionals, permanent | 31 | 30 | 3 | 0 |
| Financial clerks and credit controllers, permanent | 13 | 13 | 0 | 0 |
| General legal administration and related professionals, permanent | 4 | 4 | 0 | 0 |
| Head of Department/Chief Executive Officer, permanent | 1 | 1 | 0 | 0 |
| Human resources and organisational development and related professionals, permanent | 32 | 31 | 3 | 0 |
| Human resources clerks, permanent | 13 | 13 | 0 | 0 |
| Human resources related, permanent | 1 | 1 | 0 | 0 |
| Information technology related, permanent | 8 | 7 | 13 | 0 |
| Language practitioners, interpreters and other communication, permanent | 6 | 6 | 0 | 0 |
| Legal related, permanent | 5 | 5 | 0 | 0 |
| Librarians and related professionals, permanent | 2 | 2 | 0 | 0 |
| Library, mail and related clerks, permanent | 79 | 77 | 3 | 0 |
| Logistical support personnel, permanent | 8 | 7 | 13 | 0 |
| Material-recording and transport clerks, permanent | 22 | 22 | 0 | 0 |
| Messengers, porters and deliverers, permanent | 1 | 1 | 0 | 0 |
| Other administration and related clerks and organisers, permanent | 102 | 96 | 6 | 0 |

| Critical occupations | Number of posts on the approved establishment | Number of posts filled | Vacancy rate | Number of employees additional to the establishment |
|---|---|---|---|---|
| Other administrative policy and related officers, permanent | 48 | 46 | 4 | 0 |
| Other information technology personnel, permanent | 23 | 22 | 4 | 0 |
| Other occupations, permanent | 2 | 2 | 0 | 0 |
| Risk management and security services, permanent | 8 | 8 | 0 | 0 |
| Safety, health and quality inspectors, permanent | 170 | 149 | 12 | 0 |
| Secretaries and other keyboard-operating clerks, permanent | 69 | 69 | 0 | 0 |
| Security officers, permanent | 49 | 47 | 4 | 0 |
| Senior managers, permanent | 69 | 61 | 12 | 2 |
| Trade/industry advisors and other related professions, permanent | 17 | 17 | 0 | 0 |
| **Total** | **1 075** | **1 013** | **6** | **2** |

**Notes:**

- The core classification, as prescribed by the DPSA, should be used for the completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation:

  (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available, but do not meet the applicable employment criteria;
  (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  (d) in respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

## 3.3. Filling of SMS posts

The tables in this section provide information on employment and vacancies as it relates to members of the senior management service by salary level. It also provides information on advertising and filling SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

*Table 3.3.1: SMS post information as on 31 March 2020*

| SMS level | Total number of funded SMS posts | Total number of SMS posts filled | Percentage of SMS posts filled | Total number of SMS posts vacant | Percentage of SMS posts vacant |
|---|---|---|---|---|---|
| Director-General/ Head of Department | 1 | 1 | 100% | 0 | 100% |
| Salary Level 16 | 1 | 1 | 100% | 0 | 100% |
| Salary Level 15 | 6 | 5 | 83% | 1 | 17% |
| Salary Level 14 | 18 | 18 | 100% | 0 | 100% |
| Salary Level 13 | 54 | 49 | 91% | 5 | 9% |
| **Total** | **80** | **74** | **93%** | **6** | **7%** |

*Table 3.3.2: SMS post information as on 30 September 2019*

| SMS level | Total number of funded SMS posts | Total number of SMS posts filled | Percentage of SMS posts filled | Total number of SMS posts vacant | Percentage of SMS posts vacant |
|---|---|---|---|---|---|
| Director-General/ Head of Department | 1 | 1 | 100% | 0 | 100% |
| Salary Level 16 | 1 | 1 | 100% | 0 | 100% |
| Salary Level 15 | 6 | 5 | 83% | 1 | 17% |
| Salary Level 14 | 19 | 16 | 84% | 3 | 16% |
| Salary Level 13 | 61 | 48 | 79% | 13 | 21% |
| **Total** | **88** | **71** | **81%** | **17** | **19%** |

*Table 3.3.3: Advertising and filling of SMS posts for the period 1 April 2019 and 31 March 2020*

| SMS Level | Advertising | Filling of posts | |
|---|---|---|---|
| | Number of vacancies per level advertised in six months of becoming vacant | Number of vacancies per level filled in six months of becoming vacant | Number of vacancies per level not filled in six months but filled in 12 months |
| Director-General/ Head of Department | 0 | 0 | 0 |
| Salary Level 16 | 0 | 0 | 0 |
| Salary Level 15 | 0 | 0 | 0 |
| Salary Level 14 | 0 | 0 | 0 |
| Salary Level 13 | 3 | 0 | 3 |
| **Total** | **3** | **0** | **3** |

*Table 3.3.4: Reasons for not having complied with the filling of funded vacant SMS posts – advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2019 and 31 March 2020*

| Reasons for vacancies not advertised within six months |
| --- |
| None |

| Reasons for vacancies not filled within 12 months |
| --- |
| None |

**Notes:**

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

*Table 3.3.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2019 and 31 March 2020*

| Reasons for vacancies not being advertised within six months |
| --- |
| None |

| Reasons for vacancies not being filled within six months |
| --- |
| None |

**Notes:**

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant Executive Authority or Head of Department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

## 3.4. Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

*Table 3.4.1: Job evaluation by aalary band for the period 1 April 2019 and 31 March 2020*

| Salary band | Number of posts on the approved establishment | Number of jobs evaluated | Percentage of posts evaluated by salary band | Posts upgraded | | Posts downgraded | |
|---|---|---|---|---|---|---|---|
| | | | | Number | Percentage of posts evaluated | Number | Percentage of posts evaluated |
| Skilled (levels 3–5) | 185 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly skilled production (levels 6–8) | 310 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly skilled supervision (levels 9–12) | 467 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band A | 53 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band B | 17 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band C | 5 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band D | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract (levels 3–5) | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract (levels 6–8) | 13 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract (levels 9–12) | 17 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract Band B | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract Band C | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract Band D | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **1 075** | **0** | **0** | **0** | **0** | **0** | **0** |

The following table provides a summary of the number of employees whose positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

*Table 3.4.2: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 and 31 March 2020*

| Beneficiaries | African | Asian | Coloured | White | Total |
|---|---|---|---|---|---|
| Female | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** |
| Employees with a disability | 0 | 0 | 0 | 0 | 0 |

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

*Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 and 31 March 2020*

| Occupation | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
|---|---|---|---|---|
| None | 0 | 0 | 0 | None |
| Total number of employees whose salaries exceeded the level determined by job evaluation | | | | 0 |
| Percentage of total employed | | | | 0 |

The following table summarises the beneficiaries of the above in terms of race, gender and disability.

*Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 and 31 March 2020*

| Gender | African | Asian | Coloured | White | Total |
|---|---|---|---|---|---|
| Female | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** |
| Employees with a disability | 0 | 0 | 0 | 0 | 0 |

## 3.5. Employment changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

*Table 3.5.1: Annual turnover rates by salary band for the period 1 April 2019 and 31 March 2020*

| Salary band | Number of employees at beginning of period 1 April 2019 | Appointments and transfers into the Department | Terminations and transfers out of the Department | Turnover rate |
|---|---|---|---|---|
| Skilled (levels 3–5), permanent | 180 | 12 | 6 | 3 |
| Highly skilled production (levels 6–8), permanent | 300 | 8 | 12 | 4 |
| Highly skilled supervision (levels 9–12), permanent | 429 | 7 | 14 | 3 |
| Senior Management Service: Band A. permanent | 44 | 1 | 2 | 5 |
| Senior Management Service: Band B, permanent | 15 | 0 | 0 | 0 |
| Senior Management Service: Band C, permanent | 4 | 0 | 0 | 0 |
| Senior Management Service: Band D, permanent | 2 | 0 | 1 | 50 |
| Other permanent | 1 | 0 | 0 | 0 |
| Contract (levels 3–5), permanent | 2 | 3 | 0 | 0 |
| Contract (levels 6–8), permanent | 21 | 6 | 5 | 24 |

| Salary band | Number of employees at beginning of period 1 April 2019 | Appointments and transfers into the Department | Terminations and transfers out of the Department | Turnover rate |
|---|---|---|---|---|
| Contract (levels 9–12), permanent | 17 | 5 | 2 | 12 |
| Contract: Band A , permanent | 2 | 1 | 3 | 150 |
| Contract: Band B, permanent | 1 | 0 | 0 | 0 |
| Contract: Band C, permanent | 1 | 0 | 0 | 0 |
| Contract: Band D, permanent | 2 | 0 | 0 | 0 |
| **Total** | **1 021** | **43** | **45** | **4** |

*Table 3.5.2: Annual turnover rates by critical occupation for the period 1 April 2019 and 31 March 2020*

| Occupation | Number of employees at beginning of period 1 April 201 | Appointments and transfers into the Department | Terminations and transfers out of the Department | Turnover rate |
|---|---|---|---|---|
| Administrative related, permanent | 106 | 6 | 7 | 7 |
| Agricultural, animal, oceanography, forestry and other sciences, permanent | 1 | 0 | 0 | 0 |
| Biologists, botanists, zoologists and related professional, permanent | 100 | 0 | 2 | 2 |
| Cartographers and surveyors, permanent | 1 | 0 | 0 | 0 |
| Client information clerks (switchboard, receptionists, information clerks), permanent | 8 | 0 | 0 | 0 |
| Communication and information related, permanent | 9 | 1 | 1 | 11 |
| Economists, permanent | 38 | 1 | 1 | 3 |
| Finance and economics related, permanent | 7 | 1 | 0 | 0 |
| Financial and related professionals, permanent | 29 | 2 | 0 | 0 |
| Financial clerks and credit controllers, permanent | 13 | 3 | 1 | 8 |
| General legal administration and related professionals, permanent | 4 | 0 | 0 | 0 |
| Head of Department/Chief Executive Officer, permanent | 1 | 0 | 0 | 0 |
| Human resources and organisational development and related professions, permanent | 31 | 0 | 1 | 0 |
| Human resources clerks, permanent | 12 | 0 | 0 | 0 |
| Human resources related, permanent | 1 | 0 | 0 | 0 |
| Information technology related, permanent | 8 | 0 | 1 | 0 |
| Language practitioners, interpreters and other communication, permanent | 6 | 0 | 0 | 0 |
| Legal related, permanent | 5 | 0 | 0 | 0 |
| Librarians and related professionals, permanent | 2 | 0 | 0 | 0 |

| Occupation | Number of employees at beginning of period 1 April 201 | Appointments and transfers into the Department | Terminations and transfers out of the Department | Turnover rate |
|---|---|---|---|---|
| Library, mail and related clerks, permanent | 77 | 8 | 5 | 7 |
| Logistical support personnel, permanent | 8 | 0 | 0 | 0 |
| Material-recording and transport clerks, permanent | 25 | 0 | 1 | 4 |
| Messengers, porters and deliverers, permanent | 3 | 1 | 1 | 33 |
| Other administration and related clerks and organisers, permanent | 93 | 7 | 5 | 4 |
| Other administrative, policy and related officers, permanent | 48 | 0 | 0 | 0 |
| Other information technology personnel, permanent | 22 | 2 | 1 | 5 |
| Other occupations, permanent | 3 | 0 | 1 | 33 |
| Risk management and security services, permanent | 8 | 0 | 0 | 0 |
| Safety, health and quality inspectors, permanent | 156 | 3 | 8 | 5 |
| Secretaries and oher keyboard-operating clerks, permanent | 71 | 2 | 2 | 1 |
| Security officers, permanent | 48 | 2 | 2 | 4 |
| Senior managers, permanent | 60 | 4 | 5 | 8 |
| Trade/industry advisors and other related professions, permanent | 17 | 0 | 0 | 0 |
| **Total** | **1 021** | **43** | **45** | **4** |

**Notes:**

- The core classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation:

  (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available, but do not meet the applicable employment criteria;
  (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  (d) in respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

The following table identifies the major reasons why staff left the Department.

*Table 3.5.3: Reasons why staff left the department for the period 1 April 2019 and 31 March 2020*

| Termination type | Number | Percentage of total resignations |
|---|---|---|
| Death, permanent | 5 | 11 |
| Resignation, permanent | 13 | 29 |
| Expiry of contract, permanent | 10 | 22 |
| Retirement, permanent | 15 | 33 |
| Transfers | 2 | 4 |
| **Total** | **45** | **100** |
| **Total number of employees who left as a percentage of total employment** | **4** | |

*Table 3.5.4: Promotions by critical occupation for the period 1 April 2019 and 31 March 2020*

| Occupation | Employees 1 April 2019 | Promotions to another salary level | Salary level promotions as a percentage of employees by occupation | Progressions to another notch within salary level | Notch progressions as a percentage of employees by occupation |
|---|---|---|---|---|---|
| Administrative related | 106 | 10 | 9 | 60 | 57 |
| Agricultural, animal, oceanography, forestry and other sciences | 1 | 0 | 0 | 1 | 100 |
| Biologists, botanists, zoologists and related professionals | 100 | 4 | 4 | 58 | 58 |
| Cartographers and surveyors | 1 | 0 | 0 | 0 | 0 |
| Client information clerks (switchboard, receptionists, information clerks) | 8 | 0 | 0 | 6 | 75 |
| Communication and information related | 9 | 1 | 11 | 4 | 44 |
| Economists | 38 | 4 | 11 | 17 | 45 |
| Finance and economics related | 7 | 0 | 0 | 5 | 71 |
| Financial and related professionals | 29 | 3 | 10 | 16 | 55 |
| Financial clerks and credit controllers | 13 | 0 | 0 | 4 | 31 |
| General legal administration and related professionals | 4 | 0 | 0 | 1 | 25 |
| Head of Department/Chief Executive Officer | 1 | 0 | 0 | 0 | 0 |
| Human resources and organisational development and related professionals | 31 | 0 | 0 | 24 | 77 |
| Human resources clerks | 12 | 0 | 0 | 10 | 83 |
| Human resources related | 1 | 0 | 0 | 1 | 100 |
| Information technology related | 8 | 1 | 13 | 5 | 63 |
| Language practitioners, interpreters and other communication | 6 | 0 | 0 | 4 | 67 |
| Legal related | 5 | 0 | 0 | 2 | 40 |
| Librarians and related professionals | 2 | 0 | 0 | 1 | 50 |

| Occupation | Employees 1 April 2019 | Promotions to another salary level | Salary level promotions as a percentage of employees by occupation | Progressions to another notch within salary level | Notch progressions as a percentage of employees by occupation |
|---|---|---|---|---|---|
| Library, mail and related clerks | 77 | 0 | 0 | 63 | 82 |
| Logistical support personnel | 8 | 0 | 0 | 5 | 63 |
| Material-recording and transport clerks | 25 | 0 | 0 | 17 | 68 |
| Messengers, porters and deliverers | 3 | 0 | 0 | 0 | 0 |
| Other administration and related clerks and organisers | 93 | 2 | 2 | 40 | 43 |
| Other administrative policy and related officers | 48 | 0 | 0 | 24 | 50 |
| Other information technology personnel. | 22 | 2 | 9 | 12 | 55 |
| Other occupations | 3 | 0 | 0 | 1 | 33 |
| Risk management and security services | 8 | 0 | 0 | 5 | 63 |
| Safety, health and quality Inspectors | 156 | 1 | 1 | 78 | 50 |
| Secretaries and other keyboard-operating clerks | 71 | 0 | 0 | 16 | 23 |
| Security officers | 48 | 1 | 2 | 12 | 25 |
| Senior managers | 60 | 7 | 12 | 22 | 37 |
| Trade/industry advisors and other related professions | 17 | 0 | 0 | 4 | 24 |
| **Total** | **1021** | **36** | **4** | **518** | **51** |

*Table 3.5.5: Promotions by salary band for the period 1 April 2019 and 31 March 2020*

| Salary band | Employees 1 April 2019 | Promotions to another salary level | Salary band promotions as a percentage of employees by salary band | Progressions to another notch within salary level | Notch progressions as a percentage of employees by salary band |
|---|---|---|---|---|---|
| Skilled (levels 3–5), permanent | 180 | 0 | 0 | 104 | 58 |
| Highly skilled production (levels 6–8), permanent | 300 | 5 | 2 | 143 | 48 |
| Highly skilled supervision (levels 9–12), permanent | 429 | 20 | 5 | 233 | 54 |
| Senior management (levels ≥ 13), permanent | 65 | 9 | 14 | 28 | 43 |
| Other, permanent | 1 | 0 | 0 | 0 | 0 |
| Contract (levels 3–5), permanent | 2 | 0 | 0 | 0 | 0 |
| Contract (levels 6–8), permanent | 21 | 0 | 0 | 6 | 29 |
| Contract (levels 9–12), permanent | 17 | 2 | 12 | 4 | 24 |
| Contract (levels ≥ 13), permanent | 6 | 0 | 0 | 0 | 0 |
| **Total** | **1 021** | **36** | **4** | **518** | **51** |

## 3.6. Employment Equity

*Table 3.6.1: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2020*

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Senior officials and managers | 38 | 0 | 0 | 4 | 21 | 0 | 0 | 0 | 63 |
| Professionals | 115 | 0 | 2 | 6 | 146 | 3 | 3 | 5 | 280 |
| Technicians and associate professionals | 153 | 2 | 0 | 15 | 136 | 3 | 1 | 3 | 313 |
| Clerks | 71 | 2 | 0 | 1 | 197 | 14 | 0 | 13 | 298 |
| Service shop and market sales workers | 31 | 3 | 0 | 4 | 16 | 1 | 0 | 0 | 55 |
| Labourers and related workers | 2 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 4 |
| **Total** | **410** | **7** | **2** | **30** | **518** | **21** | **4** | **21** | **1013** |
| **Employees with disabilities** | **3** | **0** | **0** | **2** | **1** | **0** | **0** | **0** | **6** |

*Table 3.6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2020*

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top management, permanent | 2 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 5 |
| Senior management, permanent | 36 | 0 | 0 | 4 | 22 | 0 | 0 | 0 | 62 |
| Professionally qualified and experienced specialists and mid-management, permanent | 209 | 3 | 2 | 20 | 186 | 2 | 4 | 7 | 433 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent | 79 | 1 | 0 | 5 | 185 | 15 | 0 | 13 | 298 |
| Semi-skilled and discretionary decision making, permanent | 62 | 3 | 0 | 1 | 107 | 4 | 0 | 1 | 178 |
| Contract (top management), permanent | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 |
| Contract (senior management), permanent | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Contract (professionally qalified), permanent | 11 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 17 |
| Contract (skilled technical), permanent | 6 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 13 |
| Contract (semi-skilled), permanent | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |
| **Total** | **410** | **7** | **2** | **30** | **518** | **21** | **4** | **21** | **1 013** |

*Table 3.6.3: Recruitment for the period 1 April 2019 to 31 March 2020*

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Senior management, permanent | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Professionally qualified and experienced specialists and mid-management, permanent | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent | 3 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 9 |
| Semi-skilled and discretionary decision making, permanent | 4 | 1 | 0 | 0 | 7 | 1 | 0 | 0 | 13 |
| Contract (senior management), permanent | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Contract (professionally qualified), permanent | 1 | 0 | 0 | 0 | 3 | 1 | 0 | 0 | 5 |
| Contract (skilled technical), permanent | 3 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 6 |
| Contract (semi-skilled), permanent | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |
| **Total** | **19** | **1** | **0** | **0** | **21** | **2** | **0** | **0** | **43** |
| **Employees with disabilities** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

*Table 3.6.4 :Promotions for the period 1 April 2019 to 31 March 2020*

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top management, permanent | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| Senior management, permanent | 21 | 0 | 0 | 2 | 13 | 0 | 0 | 0 | 36 |
| Professionally qualified and experienced specialists and mid-management, permanent | 129 | 0 | 0 | 10 | 108 | 1 | 2 | 3 | 253 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent | 47 | 0 | 0 | 1 | 84 | 8 | 0 | 8 | 148 |
| Semi-skilled and discretionary decision making, permanent | 36 | 2 | 0 | 0 | 64 | 2 | 0 | 0 | 104 |
| Contract (professionally qualified), permanent | 5 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 6 |
| Contract (skilled technical), permanent | 3 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 6 |
| **Total** | **241** | **2** | **0** | **13** | **274** | **11** | **2** | **11** | **554** |
| **Employees with disabilities** | **3** | **0** | **0** | **1** | **1** | **0** | **0** | **0** | **5** |

*Table 3.6.5: Terminations for the period 1 April 2019 to 31 March 2020*

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top management, permanent | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Senior management, permanent | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 |
| Professionally qualified and experienced specialists and mid-management, permanent | 6 | 0 | 0 | 3 | 4 | 0 | 0 | 1 | 14 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent | 6 | 0 | 0 | 0 | 4 | 0 | 0 | 2 | 12 |
| Semi-skilled and discretionary decision making, permanent | 5 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 6 |
| Contract (senior management), permanent | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 |
| Contract (professionally qualified), permanent | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 2 |
| Contract (skilled technical), permanent | 3 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 5 |
| **Total** | **25** | **0** | **0** | **3** | **12** | **2** | **0** | **3** | **45** |
| **Employees with disabilities** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

*Table 3.6.6: Disciplinary action for the period 1 April 2019 to 31 March 2020*

| Disciplinary action | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Disciplinary action | 5 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 9 |

*Table 3.6.7: Skills development for the period 1 April 2019 to 31 March 2020*

| Occupational categories | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Legislators, senior officials and managers | 7 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 23 |
| Professionals | 61 | 3 | 1 | 1 | 54 | 2 | 0 | 1 | 123 |
| Technicians and associate professionals | 12 | 0 | 0 | 0 | 19 | 3 | 0 | 0 | 34 |
| Clerks | 20 | 0 | 0 | 0 | 40 | 5 | 0 | 0 | 65 |
| Service and sales workers | 2 | 0 | 0 | 2 | 2 | 0 | 0 | 0 | 6 |
| Skilled agriculture and fishery workers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Craft and related trades workers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Occupational categories | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Plant and machine operators and assemblers | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Elementary occupations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **102** | **3** | **1** | **3** | **131** | **10** | **0** | **1** | **251** |
| Employees with disabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## 3.7. Signing of performance agreements by SMS members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

*Table 3.7.1: Signing of performance agreements by SMS members as on 31 May 2019*

| SMS level | Total number of funded SMS posts | Total number of SMS members | Total number of signed performance agreements | Signed performance agreements as a percentage of total number of SMS members |
|---|---|---|---|---|
| Director-General/ Head of Department | 1 | 1 | 1 | 100% |
| Salary Level 16 | 1 | 0 | 0 | 0% |
| Salary Level 15 | 6 | 4 | 4 | 100% |
| Salary Level 14 | 19 | 17 | 15 | 88% |
| Salary Level 13 | 61 | 45 | 40 | 89% |
| **Total** | **88** | **67** | **60** | **90%** |

**Notes:**

- In the event of a National or Provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place.

*Table 3.7.2: Reasons for not having concluded performance agreements for all SMS members as on 31 March 2020*

| Reasons |
|---|
| Lack of commitment from the affected managers. |

*Table 3.7.3: Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2020*

| Reasons |
|---|
| Disciplinary action was taken against the affected SMS managers |

## 3.8. Performance rewards

To encourage good performance, the Department granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

*Table 3.8.1: Performance rewards by race, gender and disability for the period 1 April 2019 to 31 March 2020*

| Demographics | Beneficiary profile | | | Cost | |
|---|---|---|---|---|---|
| | Number of beneficiaries | Number of employees | Percentage of total within group | Cost (R'000) | Average cost per beneficiary (R) |
| **African** | **552** | **924** | **60** | **14 663** | **26 563** |
| Male | 241 | 407 | 59 | 7 289 | 30 248 |
| Female | 311 | 517 | 60 | 7 375 | 23 715 |
| **Asian** | **3** | **6** | **50** | **112** | **37 333** |
| Male | 1 | 2 | 50 | 50 | 49 563 |
| Female | 2 | 4 | 50 | 62 | 31 129 |
| **Coloured** | **16** | **28** | **57** | **257** | **16 063** |
| Male | 4 | 7 | 57 | 68 | 16 891 |
| Female | 12 | 21 | 57 | 189 | 15 745 |
| **White** | **34** | **49** | **69** | **1 166** | **23 796** |
| Male | 18 | 28 | 64 | 750 | 41 644 |
| **Female** | **16** | **21** | **76** | **416** | **26 003** |
| **Employees with disabilities** | **7** | **6** | **117** | **217** | **30 396** |
| **Total** | **612** | **1 013** | **60** | **16 414** | **26 823** |

*Table 3.8.2: Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 to 31 March 2020*

| Salary band | Beneficiary profile | | | Cost | | Total cost as a percentage of the total personnel expenditure |
|---|---|---|---|---|---|---|
| | Number of beneficiaries | Number of employees | Percentage of total within salary band | Total Cost (R'000) | Average cost per beneficiary (R) | |
| Skilled (levels 3–5) | 107 | 178 | 60 | 1 114 | 10 414 | 0 |
| Highly skilled production (levels 6–8) | 189 | 298 | 64 | 3 072 | 16 215 | 0 |
| Highly skilled supervision (levels 9–12) | 276 | 433 | 64 | 10 382 | 37 614 | 2 |
| Contract (levels 3–5) | 0 | 3 | 0 | 0 | 0 | 0 |
| Contract (levels 6–8) | 7 | 13 | 50 | 97 | 14 880 | 0 |
| Contract (levels 9–12) | 4 | 17 | 24 | 91 | 22 849 | 0 |
| **Total** | **583** | **942** | **62** | **14 756** | **25 313** | **2** |

*Table 3.8.3: Performance rewards by critical occupation for the period 1 April 2019 to 31 March 2020*

| Critical occupation | Beneficiary profile | | | Cost | |
|---|---|---|---|---|---|
| | Number of beneficiaries | Number of employees | Percentage of total within group | Cost (R'000) | Average cost per beneficiary (R) |
| Financial clerks and credit controllers | 8 | 13 | 62 | 118 | 14 746 |
| Human resources clerks | 10 | 13 | 77 | 120 | 11 999 |
| Security officers | 13 | 47 | 28 | 150 | 11 519 |
| Human resources and organisational development and relate professions | 23 | 31 | 74 | 744 | 32 355 |
| Messengers, porters and deliverers | 0 | 1 | 0 | 0 | 0 |
| Risk management and security services | 4 | 8 | 50 | 107 | 26 682 |
| Safety, health and quality inspectors | 107 | 149 | 72 | 4 531 | 42 346 |
| Logistical support personnel | 6 | 7 | 79 | 94 | 17 120 |
| Finance and economics related | 5 | 8 | 63 | 208 | 41 683 |
| Other administration and related clerks and organisers | 60 | 96 | 63 | 832 | 13 763 |
| Other occupations | 0 | 2 | 0 | 0 | 0 |
| Legal related | 5 | 5 | 100 | 276 | 55 137 |
| Agricultural, animal, oceanography, forestry and other sciences | 0 | 1 | 0 | 0 | 0 |
| Financial and related professionals | 14 | 30 | 47 | 334 | 23 854 |
| Administrative related | 71 | 111 | 64 | 2 225 | 31 562 |

| Critical occupation | Beneficiary profile | | | Cost | |
|---|---|---|---|---|---|
| | Number of beneficiaries | Number of employees | Percentage of total within group | Cost (R'000) | Average cost per beneficiary (R) |
| Biologists, botanists, zoologists and related professionals | 57 | 97 | 59 | 1 601 | 28 090 |
| Communication and information related | 4 | 10 | 40 | 138 | 34 622 |
| Secretaries and other keyboard-operating clerks | 47 | 69 | 68 | 713 | 15 169 |
| Library, mail and related clerks | 52 | 77 | 68 | 579 | 11 138 |
| Cleaners in offices, workshops, hospitals, etc. | 0 | 2 | 0 | 0 | 0 |
| Human resources related | 1 | 1 | 100 | 18 | 17 983 |
| Trade/industry advisors and other related professions | 9 | 17 | 53 | 262 | 29 083 |
| Head of Department/Chief Executive Officer | 0 | 1 | 0 | 0 | 0 |
| Language practitioners, interpreters and other communication | 3 | 6 | 50 | 47 | 15 693 |
| General legal administration and related professionals | 2 | 4 | 50 | 79 | 39 617 |
| Material-recording and transport clerks | 21 | 22 | 93 | 237 | 11 554 |
| Other administrative, policy and related officers | 23 | 46 | 50 | 518 | 22 501 |
| Senior managers | 24 | 61 | 39 | 1 387 | 57 784 |
| Client information clerks (switchboard, receptionist, information clerks) | 6 | 8 | 75 | 70 | 11 726 |
| Economists | 18 | 38 | 47 | 536 | 29 765 |
| Cartographers and surveyors | 1 | 1 | 100 | 27 | 26 682 |
| Other information technology personnel. | 12 | 22 | 55 | 247 | 20 617 |
| Information technology telated | 5 | 7 | 71 | 178 | 35 557 |
| Librarians and related professionals | 2 | 2 | 100 | 38 | 19 233 |
| **Total** | **612** | **1 013** | **60** | **16 414** | **26 823** |

**Notes:**

- Critical occupations are defined as occupations or sub-categories within an occupation:

  (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available, but do not meet the applicable employment criteria;
  (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  (d) in respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

*Table 3.8.4: Performance-related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 to 31 March 2020*

| Salary band | Beneficiary profile | | | Cost | | Total cost as a percentage of the total personnel expenditure |
|---|---|---|---|---|---|---|
| | Number of beneficiaries | Number of employees | Percentage of total within group | Total dost (R'000) | Average cost per beneficiary (R) | |
| Band A | 19 | 45 | 42 | 1 003 | 52 810 | 2 |
| Band B | 9 | 18 | 50 | 560 | 62 227 | 2 |
| Band C | 1 | 5 | 20 | 95 | 94 893 | 1 |
| Band D | 0 | 3 | 0 | 0 | 0 | 0 |
| **Total** | **29** | **71** | **41** | **1 658** | **57 184** | **2** |

## 3.9. Foreign workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

*Table 3.9.1: Foreign workers by salary band for the period 1 April 2019 and 31 March 2020*

| Salary band | 1 April 2019 | | 31 March 2020 | | Change | |
|---|---|---|---|---|---|---|
| | Number | Percentage of total | Number | Percentage of total | Number | Percentage of total |
| None | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** |

*Table 3.9.2: Foreign workers by major occupation for the period 1 April 2019 and 31 March 2020*

| Salary band | 1 April 2019 | | 31 March 2020 | | Change | |
|---|---|---|---|---|---|---|
| | Number | Percentage of total | Number | Percentage of total | Number | Percentage of total |
| None | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** |

## 3.10. Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

*Table 3.10.1: Sick leave for the period 1 January 2019 to 31 December 2019*

| Salary band | Total days | Percentage days with medical certification | Number of employees using sick leave | Percentage of total employees using sick leave | Average days per employee | Estimated cost (R'000) |
|---|---|---|---|---|---|---|
| Contract (levels 13–16) | 9 | 100 | 1 | 0 | 9 | 35 |
| Contract (levels 6–8) | 35 | 69 | 9 | 1 | 4 | 51 |
| Contract (levels 9–12) | 47 | 94 | 8 | 1 | 6 | 114 |
| Highly skilled production (levels 6–8) | 2 440 | 79 | 264 | 33 | 9 | 3 743 |
| Highly skilled supervision (levels 9–12) | 2 515 | 79 | 320 | 40 | 8 | 7 348 |
| Senior management (levels 13–16) | 317 | 78 | 42 | 5 | 8 | 1 471 |
| Skilled (levels 3–5) | 1 494 | 79 | 163 | 20 | 9 | 1 427 |
| **Total** | **6 856** | **79** | **807** | **100** | **8** | **14 189** |

*Table 3.10.2: Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2020*

| Salary band | Total days | Percentage days with medical certification | Number of employees using disability leave | Percentage of total employees using disability leave | Average days per employee | Estimated cost (R'000) |
|---|---|---|---|---|---|---|
| Highly skilled production (levels 6–8) | 31 | 100 | 2 | 67 | 16 | 41 |
| Skilled (levels 3–5) | 5 | 100 | 1 | 33 | 5 | 5 |
| **Total** | **36** | **100** | **3** | **100** | **12** | **46** |

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Coordinating Bargaining Coucil (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

*Table 3.10.3: Annual leave for the period 1 January 2019 to 31 December 2020*

| Salary band | Total days taken | Average days per employee | Number of employees who took leave |
|---|---|---|---|
| Contract (levels 13–16) | 67 | 6 | 11 |
| Contract (levels 3–5) | 27 | 4 | 7 |
| Contract (levels 6–8) | 387 | 26 | 15 |

| Salary band | Total days taken | Average days per employee | Number of employees who took leave |
|---|---|---|---|
| Contract (levels 9–12) | 367 | 29 | 13 |
| Highly skilled production (levels 6–8) | 7 871 | 321 | 25 |
| Highly skilled supervision (levels 9–12) | 10 860 | 450 | 24 |
| Senior management (levels 13–16) | 1 545 | 68 | 23 |
| Skilled (levels 3–5) | 4 525 | 192 | 24 |
| **Total** | **25 649** | **1 096** | **23** |

*Table 3.10.4: Capped leave for the period 1 January 2019 to 31 December 2020*

| Salary band | Total days of capped leave taken | Number of employees using capped leave | Average number of days taken per employee | Average capped leave per employee as on 31 March 2020 |
|---|---|---|---|---|
| Contract (levels 13–16) | 0 | 0 | 0 | 0 |
| Contract (levels 3–5) | 0 | 0 | 0 | 0 |
| Contract (levels 6–8) | 0 | 0 | 0 | 0 |
| Contract (levels 9–12) | 0 | 0 | 0 | 0 |
| Highly skilled production (levels 6–8) | 8 | 3 | 3 | 16 |
| Highly skilled supervision (levels 9–12) | 16 | 5 | 3 | 21 |
| Senior management (levels 13–16) | 0 | 0 | 0 | 23 |
| Skilled (levels 3–5) | 3 | 1 | 3 | 23 |
| **Total** | **27** | **9** | **3** | **20** |

The following table summarises payments made to employees as a result of leave that was not taken.

*Table 3.10.5: Leave payouts for the period 1 April 2019 and 31 March 2020*

| Reason | Total amount (R'000) | Number of employees | Average payment per employee (R) |
|---|---|---|---|
| Annual – discounting with resignation (workdays) | 338 | 13 | 26 000 |
| Annual – discounting: unused vacation credits (workdays) | 34 | 1 | 34 000 |
| Annual – gratuity: death/retirement/medical retirement (workdays) | 740 | 13 | 56 923 |
| Capped – gratuity: death/retirement/medical retirement (workdays) | 1 084 | 9 | 12 444 |
| **Total** | **2 196** | **36** | **61 000** |

## 3.11 HIV/Aids and health promotion programmes

*Table 3.11.1: Steps taken to reduce the risk of occupational exposure*

| Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any) | Key steps taken to reduce the risk |
|---|---|
| None | None |

*Table 3.11.2: Details of health promotion and HIV/Aids programmes (tick the applicable boxes and provide the 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 their name and position. | X | | Mr SS Hlongwane |
| 2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose. | X | | Three officials. Budget is allocated under Employment Relations Management |
| 3. Has the Department introduced an employee assistance or health promotion Programme for your employees? If so, indicate the key elements/services of this programme. | X | | Employee assistance programme service provider is appointed on a three-year contract to provide support on work-related challenges, relationship, financial advice, substance abuse, HIV and Aids, health and wellness, work/life support, stress management and trauma. |
| 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. | | X | |
| 5. Has the Department reviewed its employment policies and practices 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. | X | | Policies reviewed and adopted at the Departmental Bargaining Chamber. Occupational Health and Safety Policy, Health Productivity Management Policy, HIV Management Policy and Wellness 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. | X | | The HIV and Aids Policy is against elements of discrimination. Non-compliance to the policy is treated in terms of the disciplinary code and procedure. |
| 7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved. | X | | The Government Employees Medical Scheme (GEMS) is invited to come and conduct health risk assessments at the Department. |
| 8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators. | X | | GEMS conducts health risk assessments at the Department. |

## 3.12 Labour relations

*Table 3.12.1: Collective agreements for the period 1 April 2019 and 31 March 2020*

| | |
|---|---|
| Total number of collective agreements | None |

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

*Table 3.12.2: Misconduct and disciplinary hearings finalised for the period 1 April 2019 and 31 March 2020*

| Outcomes of disciplinary hearings | Number | Percentage of total |
|---|---|---|
| Correctional counselling | 0 | 0 |
| Verbal warning | 0 | 0 |
| Written warning | 5 | 55 |
| Final written warning | 0 | 0 |
| Suspended without pay | 1 | 11 |
| Fine | 0 | 0 |
| Demotion | 0 | 0 |
| Dismissal | 2 | 22 |
| Not guilty | 1 | 11 |
| Case withdrawn | 0 | 0 |
| **Total** | **9** | **100** |

*Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 and 31 March 2020*

| Type of misconduct | Number | Percentage of total |
|---|---|---|
| Non- disclosure of financial interests | 3 | 33 |
| Fraudulent claims | 1 | 11 |
| Insubordination | 2 | 22 |
| Dereliction of duties | 1 | 11 |
| Unprofessional behaviour | 2 | 22 |
| **Total** | **9** | **100** |

*Table 3.12.4: Grievances logged for the period 1 April 2019 and 31 March 2020*

| Grievances | Number | Percentage of total |
|---|---|---|
| Number of grievances resolved | 21 | 100 |
| Number of grievances not resolved | 0 | 0 |
| **Total number of grievances lodged** | **21** | **100** |

*Table 3.12.5: Disputes logged with councils for the period 1 April 2019 and 31 March 2020*

| Disputes | Number | Percentage of total |
|---|---|---|
| Number of disputes upheld | 1 | 20 |
| Number of disputes dismissed | 4 | 80 |
| **Total number of disputes lodged** | **5** | **100** |

*Table 3.12.6: Strike actions for the period 1 April 2019 and 31 March 2020*

| | |
|---|---|
| Total number of person working days lost | 0 |
| Total costs of working days lost | 0 |
| Amount recovered as a result of no work, no pay (R'000) | 0 |

*Table 3.12.7" Precautionary suspensions for the period 1 April 2019 and 31 March 2020*

| | |
|---|---|
| Number of people suspended | 2 |
| Number of people whose suspension exceeded 30 days | 2 |
| Average number of days suspended | Five months |
| Cost of suspension (R'000) | **R620 543.57** |

## 3.13. Skills development

This section highlights the efforts of the Department with regard to skills development.

*Table 3.13.1: Training needs identified for the period 1 April 2019 and 31 March 2020*

| Occupational categories | Gender | Number of employees as at 1 April 2019 | Training needs identified at the beginning of reporting period | | | Total |
|---|---|---|---|---|---|---|
| | | | Learnerships | Skills programmes and other short courses | Other forms of training | |
| Legislators, senior officials and managers | Female | 26 | 0 | 10 | 0 | 10 |
| | Male | 44 | 0 | 8 | 0 | 8 |
| Professionals | Female | 231 | 0 | 123 | 0 | 123 |
| | Male | 197 | 0 | 103 | 0 | 103 |
| Technicians and associate professionals | Female | 139 | 0 | 96 | 0 | 96 |
| | Male | 119 | 0 | 88 | 0 | 88 |

| Occupational categories | Gender | Number of employees as at 1 April 2019 | Training needs identified at the beginning of reporting period | | | Total |
|---|---|---|---|---|---|---|
| | | | Learnerships | Skills programmes and other short courses | Other forms of training | |
| Clerks | Female | 151 | 0 | 108 | 0 | 108 |
| | Male | 64 | 0 | 37 | 0 | 37 |
| Service and sales workers | Female | 13 | 0 | 9 | 0 | 9 |
| | Male | 33 | 0 | 26 | 0 | 26 |
| Skilled agriculture and fishery workers | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Craft and related trades workers | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Plant and machine operators and assemblers | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Elementary occupations | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| **Gender subtotals** | **Female** | **560** | **0** | **346** | **0** | **346** |
| | **Male** | **457** | **0** | **262** | **0** | **262** |
| **Total** | | **1 017** | **0** | **608** | **0** | **608** |

*Table 3.13.2: Training provided for the period 1 April 2019 and 31 March 2020*

| Occupational categories | Gender | Number of employees as at 1 April 2019 | Training provided | | | Total |
|---|---|---|---|---|---|---|
| | | | Learnerships | Skills programmes and other short courses | Other forms of training | |
| Legislators, senior officials and managers | Female | 26 | 0 | 16 | 0 | 16 |
| | Male | 44 | 0 | 7 | 0 | 7 |
| Professionals | Female | 231 | 0 | 34 | 23 | 57 |
| | Male | 197 | 0 | 45 | 21 | 66 |
| Technicians and associate professionals | Female | 139 | 0 | 22 | 0 | 22 |
| | Male | 119 | 0 | 12 | 0 | 12 |
| Clerks | Female | 151 | 0 | 40 | 5 | 45 |
| | Male | 64 | 0 | 17 | 3 | 20 |
| Service and sales workers | Female | 13 | 0 | 2 | 0 | 2 |
| | Male | 33 | 0 | 4 | 0 | 4 |

| Occupational categories | Gender | Number of employees as at 1 April 2019 | Training provided | | | Total |
|---|---|---|---|---|---|---|
| | | | Learnerships | Skills programmes and other short courses | Other forms of training | |
| Skilled agriculture and fishery workers | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Craft and related trades workers | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Plant and machine operators and assemblers | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| Elementary occupations | Female | 0 | 0 | 0 | 0 | 0 |
| | Male | 0 | 0 | 0 | 0 | 0 |
| **Gender subtotals** | **Female** | **560** | **0** | **114** | **28** | **142** |
| | **Male** | **457** | **0** | **85** | **24** | **109** |
| **Total** | | **1017** | **0** | **199** | **52** | **251** |

## 3.14 Injury on duty

The following tables provide basic information on injury on duty.

*Table 3.14.1: Injury on duty for the period 1 April 2019 and 31 March 2020*

| Nature of injury on duty | Number | Percentage of total |
|---|---|---|
| Required basic medical attention only | 0 | 0 |
| Temporary total disablement | 5 | 100% |
| Permanent disablement | 0 | 0 |
| Fatal | 0 | 0 |
| **Total** | **5** | **100%** |

## 3.15 Utilisation of consultants

The following tables relate information on the utilisation of consultants in the Department. In terms of the Public Service Regulations, “consultant” means a natural or juristic person or a partnership who or which provides, in terms of a specific contract, on an ad hoc basis, any of the following professional services to a department against remuneration received from any source:

(a) The rendering of expert advice
(b) The drafting of proposals for the execution of specific tasks
(c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department

*Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2019 and 31 March 2020*

| Project title | Total number of consultants that worked on project | Duration (work days) | Contract value in rand |
|---|---|---|---|
| Mithasa Consulting (Pty) Ltd to provide support in enhancing implementation processes of departmental strategic programmes for a period of three months. | 3 | 90 days | R480 000 |
| Moloto BEE Verification cc as a verification professional/agency to assess the Department of Mineral Resources and issue a B-BBEE compliance report for the Department for a period of three months | 2 | 90 days | R86 250 |
| **Total** | **5** | **180 days** | **R566 250** |

| Total number of projects | Total individual consultants | Duration (work days) | Contract value in rand |
|---|---|---|---|
| None | 0 | 0 | 0 |

*Table 3.15.2: Analysis of consultant appointments using appropriated funds, in terms of historically disadvantaged individuals (HDIs) for the period 1 April 2019 and 31 March 2020*

| Project title | Percentage ownership by HDI groups | Percentage management by HDI groups | Number of consultants from HDI groups that worked on the project |
|---|---|---|---|
| Mithasa Consulting (Pty) Ltd to provide support in enhancing implementation processes of departmental strategic programmes for a period of three months. | 100% | Not available | 3 |
| Moloto BEE Verification cc as a verification professional/agency to assess the Department of Mineral Resources and issue a B-BBEE compliance report for the Department for a period of three months | 100% | Not available | 2 |

*Table 3.15.3: Report on consultant appointments using donor funds for the period 1 April 2019 and 31 March 2020*

| Project title | Total number of consultants that worked on the project | Duration (work days) | Donor and contract value in rand |
|---|---|---|---|
| None | 0 | 0 | 0 |

| Total number of projects | Total individual consultants | Total duration (work days) | Total contract value in rand |
|---|---|---|---|
| None | 0 | 0 | 0 |

*Table 3.15.4: Analysis of consultant appointments using donor funds, in terms of HDIs for the period 1 April 2019 and 31 March 2020*

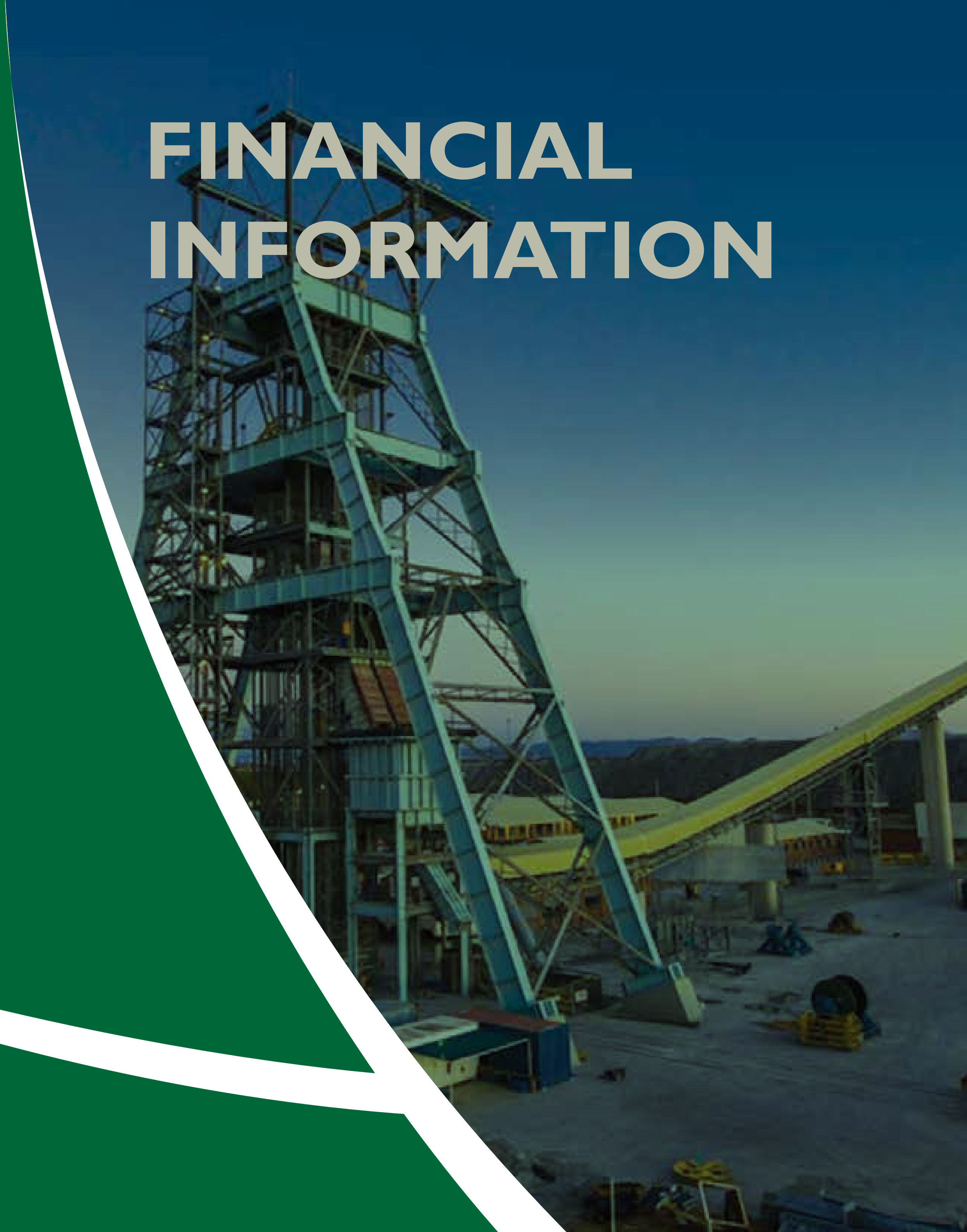
| Project title | Percentage ownership by HDI groups | Percentage management by HDI groups | Number of consultants from HDI groups that work on the project |
|---|---|---|---|
| None | 0 | 0 | 0 |

## 3.16 Severance packages

*Table 3.16.1: Granting of employee-initiated severance packages for the period 1 April 2019 and 31 March 2020*

| Salary band | Number of applications received | Number of applications referred to the Minister of Public Service and Administration (MPSA) | Number of applications supported by MPSA | Number of packages approved by Department |
|---|---|---|---|---|
| Lower skilled (levels 1–2) | 0 | 0 | 0 | 0 |
| Skilled levels 3–5) | 0 | 0 | 0 | 0 |
| Highly skilled production (levels 6–8) | 0 | 0 | 0 | 0 |
| Highly skilled supervision (levels 9–12) | 0 | 0 | 0 | 0 |
| Senior management (levels 13–16) | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** |

# FINANCIAL INFORMATION



# PART E

# 1. Report of the auditor-general to Parliament on vote no 29: Department of Mineral Resources

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Department of Mineral Resources set out on pages 102 – 156, which comprise the Appropriation Statement, Statement of Financial Position as at 31 March 2020, Statement of Financial Performance, Statement of Changes in Net Assets, and Cash Flow Statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Mineral Resources as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standards (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this Auditor's Report.
4. I am independent of the department in accordance with sections 290 and 291 of the *Code of Ethics for Professional Accountants* and parts 1 and 3 of the *International Code of Ethics for Professional Accountants* (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Irregular expenditure

7. As disclosed in note 22 to the financial statements, the department incurred irregular expenditure of R3 669 000, as it did not follow a proper procurement process.

### Significant subsequent events

8. I draw attention to note 27 to the financial statements, which deals with subsequent events and specifically the possible effects of future implications of Covid-19 on the department's future prospects, performance and cash flows. From 1 April 2020, the Department of Mineral Resources merged with the Department of Energy, and the Department of Mineral Resources and Energy was formed. My opinion is not modified in respect of this matter.

### Restatement of corresponding figures

9. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2020.

### Other matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Unaudited supplementary schedule

11. The supplementary information set out on pages 157 to 160 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

### Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

16. In accordance with the Public Audit Act of South Africa (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings, but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2020:

| Programme | Pages in the annual performance report |
|---|---|
| Programme 4 – mineral policy and promotion | 43 – 46 |

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programme:
    - Programme 4 – mineral policy and promotion.

**Other matters**

21. I draw attention to the matters below.

**Achievement of planned targets**

22. Refer to the annual performance report on pages 27 to 46 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

**Adjustment of material misstatements**

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 4 – mineral policy and promotion. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

**Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings, but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

**Financial statements, performance and annual report**

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA.
27. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

**Procurement and contract management**

28. Some of the contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulations 16A9.1(d).

**Strategic planning and performance management**

29. Quarterly reports were not submitted to the executive authority, as required by treasury regulation 5.3.1.

## Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
33. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
35. Management did not prepare accurate and complete financial statements that were in accordance with the requirements of the financial reporting framework; as there were material adjustments to the financial statements.
36. Management did not review and monitor compliance with applicable legislation; as there were material non-compliance identified.

## Other reports

37. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
38. A follow-up performance audit was being conducted on the rehabilitation of derelict and ownerless mines at the department. The audit covered the period 1 April 2017 to 31 March 2020, and the report is expected to be tabled by 30 April 2021.

Auditor-General

**Pretoria**
**30 September 2020**

AUDITOR-GENERAL
SOUTH AFRICA
*Auditing to build public confidence*

# Annexure: Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit 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 department's internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
   - Conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Mineral Resources to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention, in my auditor's report, to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern.
   - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# 2. ANNUAL FINANCIAL STATEMENTS

## Contents

# Appropriation Statement for the year ended 31 March 2020

## Appropriation per programme

| Voted funds and direct charges | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Programme** | | | | | | | | | |
| 1. Administration | 345 454 | - | 44 381 | 389 835 | 384 717 | 5 118 | 98.7% | 361 649 | 354 470 |
| 2. Mine Health and Safety | 222 770 | - | -2 688 | 220 082 | 219 733 | 349 | 99.8% | 209 053 | 208 477 |
| 3. Mineral Regulation | 443 664 | - | 2 374 | 446 038 | 441 265 | 4 773 | 98.9% | 389 277 | 388 775 |
| 4. Mineral Policy and Promotion | 990 332 | - | -44 067 | 946 265 | 942 577 | 3 688 | 99.6% | 930 682 | 928 401 |
| **Total** | **2 002 220** | **-** | **-** | **2 002 220** | **1 988 292** | **13 928** | **99.3%** | **1 890 661** | **1 880 123** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Reconciliation with Statement of Financial Performance** | | | | | | | | | |
| **Add:** | | | | | | | | | |
| Departmental receipts | | | 38 176 | | | | | 33 693 | |
| **Actual amounts per Statement of Financial Performance (total revenue)** | | | 2 040 396 | | | | | 1 924 354 | |
| **Add:** | | | | | | | | | |
| Aid assistance | | | | – | | | | | – |
| Prior year unauthorised expenditure approved without funding | | | | | | | | | |
| **Actual amounts per Statement of Financial Performance expenditure** | | | | 1 988 292 | | | | | 1 880 123 |

## Appropriation per economic classification

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **914 158** | **-** | **36 188** | **950 346** | **937 330** | **13 016** | **98.6%** | **884 477** | **877 999** |
| Compensation of employees | 665 178 | - | -1 600 | 663 578 | 650 631 | 12 947 | 98.0% | 616 728 | 611 141 |
| Salaries and wages | 581 975 | -2 761 | -1 600 | 577 614 | 566 923 | 10 691 | 98.1% | 536 509 | 531 622 |
| Social contributions | 83 203 | 2 761 | - | 85 964 | 83 708 | 2 256 | 97.4% | 80 219 | 79 519 |
| Goods and services | 248 980 | - | 37 788 | 286 768 | 286 699 | 69 | 100.0% | 267 749 | 266 858 |
| Administrative fees | 4 369 | -460 | -1 200 | 2 709 | 2 699 | 10 | 99.6% | 2 413 | 2 410 |
| Advertising | 4 288 | -1 851 | -1 200 | 1 237 | 1 236 | 1 | 99.9% | 1 089 | 1 090 |
| Minor assets | 2 435 | -1 789 | -80 | 566 | 566 | - | 100.0% | 219 | 217 |
| Audit costs: External | 5 100 | 1 854 | 706 | 7 660 | 7 660 | - | 100.0% | 6 388 | 6 388 |
| Bursaries: Employees | 1 797 | -450 | - | 1 347 | 1 347 | - | 100.0% | 1 639 | 1 612 |
| Catering: Departmental activities | 3 403 | -1 234 | -1 100 | 1 069 | 1 067 | 2 | 99.8% | 3 223 | 3 221 |
| Communication (Goods and services) | 7 906 | 11 911 | -1 500 | 18 317 | 18 316 | 1 | 100.0% | 6 901 | 6 898 |
| Computer services | 28 000 | -7 326 | -1 200 | 19 474 | 19 431 | 43 | 99.8% | 24 071 | 24 070 |
| Consultants: Business and advisory services | 6 725 | -2 482 | -1 800 | 2 443 | 2 442 | 1 | 100.0% | 1 897 | 1 895 |
| Legal services | 3 041 | 427 | 3 000 | 6 468 | 6 466 | 2 | 100.0% | 11 316 | 11 315 |
| Contractors | 3 905 | -574 | -1 380 | 1 951 | 1 951 | - | 100.0% | 7 323 | 7 404 |
| Agency and support/outsourced services | 10 | -10 | - | - | - | - | - | - | - |
| Entertainment | 85 | -85 | - | - | - | - | - | - | - |
| Fleet services (including government motor transport) | 10 981 | 2 286 | -200 | 13 067 | 13 066 | 1 | 100.0% | 12 037 | 12 034 |
| Inventory: Food and food supplies | 2 | -2 | - | - | - | - | - | 51 | - |
| Consumable supplies | 3 817 | -3 114 | 638 | 1 341 | 1 339 | 2 | 99.9% | 2 063 | 2 061 |
| Consumable: Stationery, printing and office supplies | 10 784 | -2 872 | -3 200 | 4 712 | 4 711 | 1 | 100.0% | 4 317 | 4 315 |
| Operating leases | 37 147 | 309 | 54 604 | 92 060 | 92 059 | 1 | 100.0% | 83 201 | 82 931 |
| Property payments | 7 884 | -803 | - | 7 081 | 7 081 | - | 100.0% | 6 750 | 6 746 |
| Travel and subsistence | 74 887 | 16 753 | -4 400 | 87 240 | 87 239 | 1 | 100.0% | 75 471 | 75 515 |

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| Training and development | 7 687 | -4 003 | -1 740 | 1 944 | 1 943 | 1 | 99.9% | 3 212 | 3 208 |
| Operating payments | 12 891 | -2 350 | -1 100 | 9 441 | 9 440 | 1 | 100.0% | 5 528 | 4 893 |
| Venues and facilities | 9 715 | -3 096 | -60 | 6 559 | 6 558 | 1 | 100.0% | 7 616 | 7 612 |
| Rental and hiring | 2 121 | -1 039 | -1 000 | 82 | 82 | - | 100.0% | 1 024 | 1 023 |
| **Transfers and subsidies** | **1 075 041** | **-** | **-26 289** | **1 048 752** | **1 048 651** | **101** | **100.0%** | **993 182** | **992 866** |
| Departmental agencies and accounts | 481 988 | - | - | 481 988 | 481 988 | - | 100.0% | 471 864 | 471 744 |
| Departmental agencies | 481 988 | - | - | 481 988 | 481 988 | - | 100.0% | 471 864 | 471 744 |
| Public corporations and private enterprises | 591 357 | - | -27 889 | 563 468 | 563 470 | -2 | 100.0% | 518 812 | 518 807 |
| Public corporations | 457 705 | - | -21 683 | 436 022 | 436 022 | - | 100.0% | 420 373 | 420 368 |
| Subsidies on products and production (pc) | 21 683 | - | -21 683 | - | - | - | - | 420 373 | 420 368 |
| Other transfers to public corporations | 436 022 | - | - | 436 022 | 436 022 | - | 100.0% | - | - |
| Private enterprises | 133 652 | - | -6 206 | 127 446 | 127 448 | -2 | 100.0% | 98 439 | 98 439 |
| Subsidies on products and production (pe) | 133 652 | - | -6 206 | 127 446 | 127 448 | -2 | 100.0% | 98 439 | 98 439 |
| Non-profit institutions | - | - | - | - | - | - | - | - | - |
| Households | 1 696 | - | 1 600 | 3 296 | 3 193 | 103 | 96.9% | 2 506 | 2 315 |
| Social benefits | 1 368 | - | 1 600 | 2 968 | 2 955 | 13 | 99.6% | 2 195 | 2 183 |
| Other transfers to households | 328 | - | - | 328 | 238 | 90 | 72.6% | 311 | 132 |
| **Payments for capital assets** | **13 021** | **-** | **-9 973** | **3 048** | **2 238** | **810** | **73.4%** | **12 350** | **8 606** |
| Buildings and other fixed structures | 2 056 | -500 | -1 200 | 356 | 276 | 80 | 77.5% | 1 454 | 636 |
| Buildings | 2 056 | -500 | -1 200 | 356 | 276 | 80 | 77.5% | - | - |
| Other fixed structures | - | - | - | - | - | - | - | 1 454 | 636 |
| Machinery and equipment | 10 965 | 500 | -8 773 | 2 692 | 1 919 | 773 | 71.3% | 10 896 | 7 970 |
| Transport equipment | - | - | - | - | - | - | - | 1 720 | 932 |
| Other machinery and equipment | 10 965 | 500 | -8 773 | 2 692 | 1 919 | 773 | 71.3% | 9 176 | 7 038 |
| **Software and other Intangible assets** | **-** | **-** | **-** | **-** | **43** | **-43** | **-** | **-** | **-** |
| **Payment for financial assets** | **-** | **-** | **74** | **74** | **73** | **1** | **98.6%** | **652** | **652** |
| **Total** | **2 002 220** | **-** | **-** | **2 002 220** | **1 988 292** | **13 928** | **99.3%** | **1 890 661** | **1 880 123** |

## Programme 1: Administration

| | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Sub-programme** | | | | | | | | | |
| 1. Ministry | 30 674 | 639 | -3 000 | 28 313 | 26 810 | 1 503 | 94.7% | 32 473 | 31 568 |
| 2. Corporate Services | 138 009 | 7 518 | 53 220 | 198 747 | 198 023 | 724 | 99.6% | 190 471 | 187 276 |
| 3. Department Management | 24 058 | -5 212 | - | 18 846 | 18 648 | 198 | 98.9% | 18 111 | 17 975 |
| 4. Financial Administration | 102 225 | 11 573 | -5 839 | 107 959 | 105 418 | 2 541 | 97.6% | 90 062 | 88 982 |
| 5. Internal Audit | 13 750 | -363 | - | 13 387 | 13 235 | 152 | 98.9% | 12 685 | 10 822 |
| 6. Office Accommodation | 36 738 | -14 155 | - | 22 583 | 22 583 | - | 100.0% | 17 847 | 17 847 |
| **Total** | **345 454** | **-** | **44 381** | **389 835** | **384 717** | **5 118** | **98.7%** | **361 649** | **354 470** |

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | 329 726 | - | 51 842 | 381 568 | 377 357 | 4 211 | 98.9% | 345 669 | 341 929 |
| Compensation of employees | 199 807 | - | -3 600 | 196 207 | 192 053 | 4 154 | 97.9% | 183 627 | 180 133 |
| Salaries and wages | 174 322 | -17 | -3 600 | 170 705 | 167 603 | 3 102 | 98.2% | 160 358 | 157 023 |
| Social contributions | 25 485 | 17 | - | 25 502 | 24 450 | 1 052 | 95.9% | 23 269 | 23 110 |
| Goods and services | 129 919 | - | 55 442 | 185 361 | 185 304 | 57 | 100.0% | 162 042 | 161 796 |
| Administrative fees | 1 592 | -369 | - | 1 223 | 1 213 | 10 | 99.2% | 1 280 | 1 276 |
| Advertising | 1 399 | -746 | - | 653 | 652 | 1 | 99.8% | 514 | 515 |
| Minor assets | 2 103 | -1 555 | - | 548 | 548 | - | 100.0% | 196 | 194 |
| Audit costs: External | 5 100 | 1 999 | - | 7 099 | 7 099 | - | 100.0% | 6 388 | 6 388 |
| Bursaries: Employees | 1 797 | -450 | - | 1 347 | 1 347 | - | 100.0% | 1 639 | 1 612 |
| Catering: Departmental activities | 1 347 | -650 | - | 697 | 697 | - | 100.0% | 922 | 920 |
| Communication (Goods and services) | 2 592 | 12 670 | - | 15 262 | 15 262 | - | 100.0% | 1 564 | 1 561 |
| Computer services | 19 151 | -3 010 | - | 16 141 | 16 098 | 43 | 99.7% | 19 701 | 19 701 |
| Consultants: Business and advisory services | 2 981 | -680 | - | 2 301 | 2 301 | - | 100.0% | 1 440 | 1 438 |
| Legal services | 545 | -372 | - | 173 | 173 | - | 100.0% | 259 | 258 |
| Contractors | 1 310 | -465 | - | 845 | 845 | - | 100.0% | 584 | 667 |
| Agency and support/outsourced services | 10 | -10 | - | - | - | - | - | - | - |

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| Entertainment | 80 | -80 | - | - | - | - | - | - | - |
| Fleet services (including government motor transport) | 5 231 | 2 037 | - | 7 268 | 7 267 | 1 | 100.0% | 6 463 | 6 461 |
| Inventory: Food and food supplies | - | - | - | - | - | - | - | 51 | - |
| Consumable supplies | 1 825 | -1 838 | 838 | 825 | 824 | 1 | 99.9% | 906 | 904 |
| Consumable: Stationery, printing and office supplies | 4 355 | -2 849 | - | 1 506 | 1 505 | 1 | 99.9% | 1 932 | 1 930 |
| Operating leases | 37 058 | 379 | 54 604 | 92 041 | 92 041 | - | 100.0% | 83 166 | 82 896 |
| Property payments | 7 879 | -798 | - | 7 081 | 7 081 | - | 100.0% | 6 750 | 6 746 |
| Travel and subsistence | 21 102 | 1 018 | - | 22 120 | 22 120 | - | 100.0% | 21 789 | 21 837 |
| Training and development | 4 855 | -3 172 | - | 1 683 | 1 683 | - | 100.0% | 2 379 | 2 376 |
| Operating payments | 4 983 | -937 | - | 4 046 | 4 046 | - | 100.0% | 1 028 | 1 029 |
| Venues and facilities | 2 454 | 29 | - | 2 483 | 2 483 | - | 100.0% | 3 003 | 2 999 |
| Rental and hiring | 170 | -151 | - | 19 | 19 | - | 100.0% | 88 | 88 |
| **Transfers and subsidies** | **3 692** | **-** | **1 600** | **5 292** | **5 189** | **103** | **98.1%** | **4 479** | **4 168** |
| Departmental agencies and accounts | 1 996 | - | - | 1 996 | 1 996 | - | 100.0% | 1 973 | 1 853 |
| Departmental agencies | 1 996 | - | - | 1 996 | 1 996 | - | 100.0% | 1 973 | 1 853 |
| Households | 1 696 | - | 1 600 | 3 296 | 3 193 | 103 | 96.9% | 2 506 | 2 315 |
| Social benefits | 1 368 | - | 1 600 | 2 968 | 2 955 | 13 | 99.6% | 2 195 | 2 183 |
| Other transfers to households | 328 | - | - | 328 | 238 | 90 | 72.6% | 311 | 132 |
| **Payments for capital assets** | **12 036** | **-** | **-9 064** | **2 972** | **2 168** | **804** | **72.9%** | **11 417** | **8 289** |
| Buildings and other fixed structures | 2 056 | -500 | -1 200 | 356 | 276 | 80 | 77.5% | 1 454 | 636 |
| Buildings | 2 056 | -500 | -1 200 | 356 | 276 | 80 | 77.5% | - | - |
| Other fixed structures | - | - | - | - | - | - | - | 1 454 | 636 |
| Machinery and equipment | 9 980 | 457 | -7 864 | 2 573 | 1 849 | 724 | 71.9% | 9 963 | 7 653 |
| Transport equipment | - | - | - | - | - | - | - | 1 720 | 932 |
| Other machinery and equipment | 9 980 | 457 | -7 864 | 2 573 | 1 849 | 724 | 71.9% | 8 243 | 6 721 |
| Software and other intangible assets | - | 43 | - | 43 | 43 | - | 100.0% | - | - |
| **Payment for financial assets** | **-** | **-** | **3** | **3** | **3** | **-** | **100.0%** | **84** | **84** |
| | **345 454** | **-** | **44 381** | **389 835** | **384 717** | **5 118** | **98.7%** | **361 649** | **354 470** |

| Sub-programme 1.1: Ministry | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **30 447** | **-135** | **-3 000** | **27 312** | **26 036** | 1 276 | **95.3%** | **32 258** | **31 568** |
| Compensation of employees | 20 844 | -510 | -3 000 | 17 334 | 16 059 | 1 275 | 92.6% | 19 450 | 18 765 |
| Goods and services | 9 603 | 375 | - | 9 978 | 9 977 | 1 | 100.0% | 12 808 | 12 803 |
| **Transfers and subsidies** | **-** | **774** | - | **774** | **774** | - | **100.0%** | **-** | **-** |
| Households | - | 774 | - | 774 | 774 | - | 100.0% | - | - |
| **Payments for capital assets** | **227** | **-** | **-** | **227** | **-** | **227** | **-** | **215** | **-** |
| Machinery and equipment | **227** | **-** | **-** | **227** | **-** | **227** | **-** | **215** | **-** |
| | **30 674** | **639** | **-3 000** | **28 313** | **26 810** | **1 503** | **94.7%** | **32 473** | **31 568** |

| Sub-programme 1.2: Corporate Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2019/20 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **129 671** | **8 792** | **54 842** | **193 305** | **193 259** | **46** | **100.0%** | **181 527** | **180 905** |
| Compensation of employees | 91 749 | 5 510 | -600 | 96 659 | 96 629 | 30 | 100.0% | 88 662 | 88 263 |
| Goods and services | 37 922 | 3 282 | 55 442 | 96 646 | 96 630 | 16 | 100.0% | 92 865 | 92 642 |
| **Transfers and subsidies** | **3 692** | **-781** | **1 600** | **4 511** | **4 409** | **102** | **97.7%** | **4 479** | **4 168** |
| Departmental agencies and accounts | 1 996 | - | - | 1 996 | 1 996 | - | 100.0% | 1 973 | 1 853 |
| Households | 1 696 | -781 | 1 600 | 2 515 | 2 413 | 102 | 95.9% | 2 506 | 2 315 |
| **Payments for capital assets** | **4 646** | **-493** | **-3 225** | **928** | **352** | **619** | **37.9%** | **4 419** | **2 157** |
| Buildings and other fixed structures | 2 056 | -500 | -1 200 | 356 | 276 | 80 | 77.5% | 1 454 | 636 |
| Machinery and equipment | 2 590 | 7 | -2 025 | 572 | 76 | 539 | 13.3% | 2 965 | 1 521 |
| **Payment for financial assets** | **-** | **-** | **3** | **3** | **3** | **-** | **100.0%** | **46** | **46** |
| **Total** | **138 009** | **7 518** | **53 220** | **198 747** | **198 023** | **767** | **99.6%** | **190 471** | **187 276** |

| Sub-programme 1.3: Department Management | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **24 058** | **-5 219** | **-** | **18 839** | **18 642** | **197** | **99.0%** | **18 088** | **17 952** |
| Compensation of employees | 18 628 | -5 000 | - | 13 628 | 13 432 | 196 | 98.6% | 12 483 | 12 351 |
| Goods and services | 5 430 | -219 | - | 5 211 | 5 210 | 1 | 100.0% | 5 605 | 5 601 |
| **Transfers and subsidies** | **-** | **7** | **-** | **7** | **6** | **1** | **85.7%** | **-** | **-** |
| Households | - | 7 | - | 7 | 6 | 1 | 85.7% | - | - |
| **Payment for financial assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **23** | **23** |
| **Total** | **24 058** | **-5 212** | **-** | **18 846** | **18 648** | **198** | **98.9%** | **18 111** | **17 975** |

| Sub-programme 1.4: Financial Administration | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **95 062** | **11 080** | **-** | **106 142** | **103 602** | **2 540** | **97.6%** | **83 279** | **82 850** |
| Compensation of employees | 57 822 | - | - | 57 822 | 55 321 | 2 501 | 95.7% | 52 112 | 51 695 |
| Goods and services | 37 240 | 11 080 | - | 48 320 | 48 281 | 39 | 99.9% | 31 167 | 31 155 |
| **Payments for capital assets** | **7 163** | **450** | **-5 839** | **1 774** | **1 816** | **-42** | **102.4%** | **6 783** | **6 132** |
| Machinery and equipment | 7 163 | 450 | -5 839 | 1 774 | 1 773 | 1 | 99.9% | 6 783 | 6 132 |
| Software and other intangible assets | - | - | - | - | 43 | -43 | - | - | - |
| **Total** | **102 225** | **11 530** | **-5 839** | **107 916** | **105 418** | **2 498** | **97.7%** | **90 062** | **88 982** |

| Sub-programme 1.5: Internal Audit | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **13 750** | **-363** | **-** | **13 387** | **13 235** | 152 | **98.9%** | **12 670** | **10 807** |
| Compensation of employees | 10 764 | - | - | 10 764 | 10 612 | 152 | 98.6% | 10 920 | 9 059 |
| Goods and services | 2 986 | -363 | - | 2 623 | 2 623 | - | 100.0% | 1 750 | 1 748 |
| **Payment for financial assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **15** | **15** |
| **Total** | **13 750** | **-363** | **-** | **13 387** | **13 235** | **152** | **98.9%** | **12 685** | **10 822** |

| Sub-programme 1.6: Office Accommodation | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **36 738** | **-14 155** | **-** | **22 583** | **22 583** | **-** | **100.0%** | **17 847** | **17 847** |
| Goods and services | 36 738 | -14 155 | - | 22 583 | 22 583 | - | 100.0% | 17 847 | 17 847 |
| **Total** | **36 738** | **-14 155** | **-** | **22 583** | **22 583** | **-** | **100.0%** | **17 847** | **17 847** |

## Programme 2: Mine Health and Safety

| | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Sub-programme** | | | | | | | | | |
| 1. Governance Policy and Oversight | 69 673 | -17 530 | -2 523 | 49 620 | 49 277 | 343 | 99.3% | 47 581 | 47 079 |
| 2. Mine Health and Safety Regions | 148 711 | 17 530 | -165 | 166 076 | 166 070 | 6 | 100.0% | 156 669 | 156 595 |
| 3. Mine Health and Safety Council | 4 386 | - | - | 4 386 | 4 386 | - | 100.0% | 4 803 | 4 803 |
| **Total** | **222 770** | **-** | **-2 688** | **220 082** | **219 733** | **349** | **99.8%** | **209 053** | **208 477** |

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **217 614** | **-** | **-1 960** | **215 654** | **215 305** | **349** | **99.8%** | **203 198** | **203 119** |
| Compensation of employees | 182 535 | - | 2 000 | 184 535 | 184 195 | 340 | 99.8% | 171 186 | 171 111 |
| Salaries and wages | 160 828 | - | 2 000 | 162 828 | 162 738 | 90 | 99.9% | 150 686 | 150 612 |
| Social contributions | 21 707 | - | - | 21 707 | 21 457 | 250 | 98.8% | 20 500 | 20 499 |
| Goods and services | 35 079 | - | -3 960 | 31 119 | 31 110 | 9 | 100.0% | 32 012 | 32 008 |
| Administrative fees | 507 | -261 | - | 246 | 246 | - | 100.0% | 261 | 261 |
| Advertising | 273 | -196 | - | 77 | 77 | - | 100.0% | - | - |
| Minor assets | 80 | -79 | - | 1 | 1 | - | 100.0% | 10 | 10 |
| Catering: Departmental activities | 168 | -79 | - | 89 | 87 | 2 | 97.8% | 27 | 27 |
| Communication (Goods and services) | 1 247 | -242 | -1 000 | 5 | 5 | - | 100.0% | 1 083 | 1 083 |
| Computer services | 950 | -596 | - | 354 | 354 | - | 100.0% | 41 | 40 |
| Consultants: Business and advisory services | 2 103 | -997 | -1 000 | 106 | 105 | 1 | 99.1% | 263 | 263 |
| Legal services | 900 | -448 | - | 452 | 451 | 1 | 99.8% | 676 | 676 |
| Contractors | 253 | -111 | - | 142 | 142 | - | 100.0% | 142 | 141 |
| Entertainment | 5 | -5 | - | - | - | - | - | - | - |
| Fleet services (including government motor transport) | 1 622 | -1 026 | -200 | 396 | 396 | - | 100.0% | 377 | 377 |
| Inventory: Food and food supplies | 2 | -2 | - | - | - | - | - | - | - |
| Consumable supplies | 602 | -153 | - | 449 | 448 | 1 | 99.8% | 452 | 452 |
| Consumable: Stationery, printing and office supplies | 2 024 | -167 | -1 200 | 657 | 657 | - | 100.0% | 786 | 786 |
| Operating leases | 30 | -11 | - | 19 | 18 | 1 | 94.7% | 35 | 35 |
| Travel & subsistence | 22 629 | 4 532 | - | 27 161 | 27 161 | - | 100.0% | 27 027 | 27 027 |
| Training and development | 860 | -223 | -500 | 137 | 136 | 1 | 99.3% | 408 | 407 |
| Operating payments | 338 | 327 | - | 665 | 664 | 1 | 99.8% | 376 | 375 |
| Venues and facilities | 480 | -257 | -60 | 163 | 162 | 1 | 99.4% | 48 | 48 |
| Rental and hiring | 6 | -6 | - | - | - | - | - | - | - |
| **Transfers and subsidies** | **4 386** | **-** | **-** | **4 386** | **4 386** | **-** | **100.0%** | **4 803** | **4 803** |
| Departmental agencies and accounts | 4 386 | - | - | 4 386 | 4 386 | - | 100.0% | 4 803 | 4 803 |
| Departmental agencies | 4 386 | - | - | 4 386 | 4 386 | - | 100.0% | 4 803 | 4 803 |
| **Payments for capital assets** | **770** | **-** | **-763** | **7** | **7** | **-** | **100.0%** | **590** | **93** |
| Machinery and equipment | 770 | - | -763 | 7 | 7 | - | 100.0% | 590 | 93 |
| Other machinery and equipment | 770 | - | -763 | 7 | 7 | - | 100.0% | 590 | 93 |
| **Payment for financial assets** | **-** | **-** | **35** | **35** | **35** | **-** | **100.0%** | **462** | **462** |
| **Total** | **222 770** | **-** | **-2 688** | **220 082** | **219 733** | **349** | **99.8%** | **209 053** | **208 477** |

| Sub-programme 2.1: Governance Policy and Oversight | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **68 903** | **-17 523** | **-1 760** | **49 620** | **49 277** | **343** | **99.3%** | **46 613** | **46 608** |
| Compensation of employees | 55 815 | -13 535 | - | 42 280 | 41 941 | 339 | 99.2% | 38 775 | 38 774 |
| Goods and services | 13 088 | -3 988 | -1 760 | 7 340 | 7 336 | 4 | 99.9% | 7 838 | 7 834 |
| **Payments for capital assets** | **770** | **-7** | **-763** | **-** | **-** | **-** | **-** | **570** | **73** |
| Machinery and equipment | 770 | -7 | -763 | - | - | - | - | 570 | 73 |
| **Payment for financial assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **398** | **398** |
| **Total** | **69 673** | **-17 530** | **-2 523** | **49 620** | **49 277** | **343** | **99.3%** | **47 581** | **47 079** |

| Sub-programme 2.2: Mine Health and Safety: Regions | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **148 711** | **17 523** | **-200** | **166 034** | **166 028** | **6** | **100.0%** | **156 585** | **156 511** |
| Compensation of employees | 126 720 | 13 535 | 2 000 | 142 255 | 142 254 | 1 | 100.0% | 132 411 | 132 337 |
| Goods and services | 21 991 | 3 988 | -2 200 | 23 779 | 23 774 | 5 | 100.0% | 24 174 | 24 174 |
| **Payments for capital assets** | **-** | **7** | **-** | **7** | **7** | **-** | **100.0%** | **20** | **20** |
| Machinery and equipment | - | 7 | - | 7 | 7 | - | 100.0% | 20 | 20 |
| **Payment for financial assets** | **-** | **-** | **35** | **35** | **35** | **-** | **100.0%** | **64** | **64** |
| **Total** | **148 711** | **17 530** | **-165** | **166 076** | **166 070** | **6** | **100.0%** | **156 669** | **156 595** |

| Sub-programme 2.3: Mine Health and Safety Council | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Transfers and subsidies** | **4 386** | **-** | **-** | **4 386** | **4 386** | **-** | **100.0%** | **4 803** | **4 803** |
| Departmental agencies and accounts | 4 386 | - | - | 4 386 | 4 386 | - | 100.0% | 4 803 | 4 803 |
| **Total** | **4 386** | **-** | **-** | **4 386** | **4 386** | **-** | **100.0%** | **4 803** | **4 803** |

## Programme 3: Mineral Regulation

| | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Sub-programme** | | | | | | | | | |
| 1. Mineral Regulation and Administration | 223 796 | 5 973 | 2 930 | 232 699 | 228 045 | 4 654 | 98.0% | 211 186 | 210 922 |
| 2. Management Mineral Regulation | 30 878 | -5 973 | -556 | 24 349 | 24 228 | 121 | 99.5% | 20 547 | 20 309 |
| 3. South African Diamond and Precious Metals Regulator | 61 544 | - | - | 61 544 | 61 544 | - | 100.0% | 59 105 | 59 105 |
| 4. Petroleum Agency South Africa | 127 446 | - | - | 127 446 | 127 448 | -2 | 100.0% | 98 439 | 98 439 |
| **Total** | **443 664** | **-** | **2 374** | **446 038** | **441 265** | **4 773** | **98.9%** | **389 277** | **388 775** |

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **254 631** | **-** | **2 330** | **256 961** | **252 187** | **4 774** | **98.1%** | **231 478** | **230 977** |
| Compensation of employees | 209 403 | - | - | 209 403 | 204 629 | 4 774 | 97.7% | 192 691 | 192 189 |
| Salaries and wages | 182 985 | -2 744 | - | 180 241 | 175 587 | 4 654 | 97.4% | 165 156 | 164 688 |
| Social contributions | 26 418 | 2 744 | - | 29 162 | 29 042 | 120 | 99.6% | 27 535 | 27 501 |
| Goods and services | 45 228 | - | 2 330 | 47 558 | 47 558 | - | 100.0% | 38 787 | 38 788 |
| Administrative fees | 515 | 333 | - | 848 | 848 | - | 100.0% | 351 | 352 |
| Advertising | 313 | -282 | - | 31 | 31 | - | 100.0% | 108 | 108 |
| Minor assets | 99 | -84 | - | 15 | 15 | - | 100.0% | 13 | 13 |
| Catering: Departmental activities | 750 | -576 | - | 174 | 174 | - | 100.0% | 1 017 | 1 017 |
| Communication (Goods and services) | 3 488 | -438 | - | 3 050 | 3 049 | 1 | 100.0% | 3 177 | 3 177 |
| Computer services | 7 167 | -3 688 | -600 | 2 879 | 2 879 | - | 100.0% | 4 329 | 4 329 |
| Legal services | 796 | 425 | 3 000 | 4 221 | 4 221 | - | 100.0% | 4 271 | 4 271 |
| Contractors | 2 | -2 | - | - | - | - | - | 48 | 48 |
| Fleet services (including government motor transport) | 4 096 | 1 275 | - | 5 371 | 5 371 | - | 100.0% | 4 877 | 4 877 |
| Consumable supplies | 1 093 | -1 057 | - | 36 | 36 | - | 100.0% | 629 | 629 |
| Consumable: Stationery, printing and office supplies | 2 756 | -1 444 | - | 1 312 | 1 312 | - | 100.0% | 904 | 904 |
| Operating leases | 59 | -59 | - | - | - | - | - | - | - |
| Property payments | 5 | -5 | - | - | - | - | - | - | - |
| Travel and subsistence | 18 669 | 9 192 | - | 27 861 | 27 862 | -1 | 100.0% | 17 441 | 17 441 |
| Training and development | 673 | -538 | -70 | 65 | 65 | - | 100.0% | 57 | 57 |

| Economic classification | 2019/20 Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | 2018/19 Final appropriation | Actual expenditure |
|---|---|---|---|---|---|---|---|---|---|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| Operating payments | 742 | 798 | - | 1 540 | 1 540 | - | 100.0% | 706 | 706 |
| Venues and facilities | 3 965 | -3 863 | - | 102 | 102 | - | 100.0% | 396 | 396 |
| Rental and hiring | 40 | 13 | - | 53 | 53 | - | 100.0% | 463 | 463 |
| Interest and rent on land | - | - | - | - | - | - | - | - | - |
| **Transfers and subsidies** | **188 990** | **-** | **-** | **188 990** | **188 992** | **-2** | **100.0%** | **157 544** | **157 544** |
| Departmental agencies and accounts | 61 544 | - | - | 61 544 | 61 544 | - | 100.0% | 59 105 | 59 105 |
| Departmental agencies | 61 544 | - | - | 61 544 | 61 544 | - | 100.0% | 59 105 | 59 105 |
| Public corporations and private enterprises | 127 446 | - | - | 127 446 | 127 448 | -2 | 100.0% | 98 439 | 98 439 |
| Private enterprises | 127 446 | - | - | 127 446 | 127 448 | -2 | 100.0% | 98 439 | 98 439 |
| Subsidies on products and production (pe) | 127 446 | - | - | 127 446 | 127 448 | -2 | 100.0% | 98 439 | 98 439 |
| **Payments for capital assets** | **43** | **-** | **15** | **58** | **58** | **-** | **100.0%** | **180** | **179** |
| Machinery and equipment | 43 | - | 15 | 58 | 58 | - | 100.0% | 180 | 179 |
| Other machinery and equipment | 43 | - | 15 | 58 | 58 | - | 100.0% | 180 | 179 |
| Payment for financial assets | - | - | 29 | 29 | 28 | 1 | 96.6% | 75 | 75 |
| | **443 664** | **-** | **2 374** | **446 038** | **441 265** | **4 773** | **98.9%** | **389 277** | **388 775** |

**Sub-programme 3.1: Mineral Regulation and Administration**

| Economic classification | 2019/20 Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | 2018/19 Final appropriation | Actual expenditure |
|---|---|---|---|---|---|---|---|---|---|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **223 753** | **5 974** | **2 930** | **232 657** | **228 004** | **4 653** | **98.0%** | **210 998** | **210 734** |
| Compensation of employees | 195 952 | -816 | - | 195 136 | 190 482 | 4 654 | 97.6% | 180 271 | 180 007 |
| Goods and services | 27 801 | 6 790 | 2 930 | 37 521 | 37 522 | -1 | 100.0% | 30 727 | 30 727 |
| **Payments for capital assets** | **43** | **-1** | **-29** | **13** | **13** | **-** | **100.0%** | **113** | **113** |
| Machinery and equipment | 43 | -1 | -29 | 13 | 13 | - | 100.0% | 113 | 113 |
| **Payment for financial assets** | **-** | **-** | **29** | **29** | **28** | **1** | **96.6%** | **75** | **75** |
| **Total** | **223 796** | **5 973** | **2 930** | **232 699** | **228 045** | **4 654** | **98.0%** | **211 186** | **210 922** |

| Sub-programme 3.2: Management Mineral Regulation | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **30 878** | **-5 974** | **-600** | **24 304** | **24 183** | **121** | **99.5%** | **20 480** | **20 243** |
| Compensation of employees | 13 451 | 816 | - | 14 267 | 14 147 | 120 | 99.2% | 12 420 | 12 182 |
| Goods and services | 17 427 | -6 790 | -600 | 10 037 | 10 036 | 1 | 100.0% | 8 060 | 8 061 |
| **Payments for capital assets** | **-** | **1** | **44** | **45** | **45** | **-** | **100.0%** | **67** | **66** |
| Machinery and equipment | - | 1 | 44 | 45 | 45 | - | 100.0% | 67 | 66 |
| **Total** | **30 878** | **-5 973** | **-556** | **24 349** | **24 228** | **121** | **99.5%** | **20 547** | **20 309** |

| Sub-programme 3.3: South African Diamond and Precious Metals Regulator | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Transfers and subsidies** | **61 544** | **-** | **-** | **61 544** | **61 544** | **-** | **100.0%** | **59 105** | **59 105** |
| Departmental agencies and accounts | 61 544 | - | - | 61 544 | 61 544 | - | 100.0% | 59 105 | 59 105 |
| **Total** | **61 544** | **-** | **-** | **61 544** | **61 544** | **-** | **100.0%** | **59 105** | **59 105** |

| Sub-programme 3.4: Petroleum Agency South Africa | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Transfers and subsidies** | **127 446** | **-** | **-** | **127 446** | **127 448** | **-2** | **100.0%** | **98 439** | **98 439** |
| Public corporations and private enterprises | 127 446 | - | - | 127 446 | 127 448 | -2 | 100.0% | 98 439 | 98 439 |
| **Total** | **127 446** | **-** | **-** | **127 446** | **127 448** | **-2** | **100.0%** | **98 439** | **98 439** |

## Programme 4: Mineral Policy and Promotion

| | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Sub-programme** | | | | | | | | | |
| 1. Management | 23 327 | -425 | -6 300 | 16 602 | 16 593 | 9 | 99.9% | 17 375 | 17 077 |
| 2. Mineral Policy | 17 428 | 1 274 | -4 889 | 13 813 | 13 436 | 377 | 97.3% | 24 562 | 23 834 |
| 3. Mineral Promotion and International Coordination | 73 695 | 1 842 | -26 583 | 48 954 | 48 953 | 1 | 100.0% | 47 912 | 47 580 |
| 4. Assistance to Mines | 6 206 | - | -6 206 | - | - | - | - | - | - |
| 5. Council for Geoscience | 414 062 | - | - | 414 062 | 414 062 | - | 100.0% | 405 983 | 405 983 |
| 6. MINTEK | 436 022 | - | - | 436 022 | 436 022 | - | 100.0% | 420 368 | 420 368 |
| 7. Economic Advisory Services | 4 866 | -269 | -452 | 4 145 | 2 912 | 1 233 | 70.3% | 2 767 | 2 544 |
| 8. Mine Environmental Management | 14 726 | -2 422 | 363 | 12 667 | 10 599 | 2 068 | 83.7% | 11 715 | 11 015 |
| **Total** | **990 332** | **-** | **-44 067** | **946 265** | **942 577** | **3 688** | **99.6%** | **930 682** | **928 401** |

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **112 187** | **-** | **-16 024** | **96 163** | **92 481** | **3 682** | **96.2%** | **104 132** | **101 974** |
| Compensation of employees | 73 433 | - | - | 73 433 | 69 754 | 3 679 | 95.0% | 69 224 | 67 708 |
| Salaries and wages | 63 840 | - | - | 63 840 | 60 995 | 2 845 | 95.5% | 60 309 | 59 299 |
| Social contributions | 9 593 | - | - | 9 593 | 8 759 | 834 | 91.3% | 8 915 | 8 409 |
| Goods and services | 38 754 | - | -16 024 | 22 730 | 22 727 | 3 | 100.0% | 34 908 | 34 266 |
| Administrative fees | 1 755 | -163 | -1 200 | 392 | 392 | - | 100.0% | 521 | 521 |
| Advertising | 2 303 | -627 | -1 200 | 476 | 476 | - | 100.0% | 467 | 467 |
| Minor assets | 153 | -71 | -80 | 2 | 2 | - | 100.0% | - | - |
| Audit costs: External | - | -145 | 706 | 561 | 561 | - | 100.0% | - | - |
| Catering: Departmental activities | 1 138 | 71 | -1 100 | 109 | 109 | - | 100.0% | 1 257 | 1 257 |
| Communication (Goods and services) | 579 | -79 | -500 | - | - | - | - | 1 077 | 1 077 |
| Computer services | 732 | -32 | -600 | 100 | 100 | - | 100.0% | - | - |
| Consultants: Business and advisory services | 1 641 | -805 | -800 | 36 | 36 | - | 100.0% | 194 | 194 |

| Economic classification | 2019/20 | | | | | | | 2018/19 | |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| Legal services | 800 | 822 | - | 1 622 | 1 621 | 1 | 99.9% | 6 110 | 6 110 |
| Contractors | 2 340 | 4 | -1 380 | 964 | 964 | - | 100.0% | 6 549 | 6 548 |
| Fleet services (including government motor transport) | 32 | - | - | 32 | 32 | - | 100.0% | 320 | 319 |
| Consumable supplies | 297 | -66 | -200 | 31 | 31 | - | 100.0% | 76 | 76 |
| Consumable: Stationery, printing and office supplies | 1 649 | 1 588 | -2 000 | 1 237 | 1 237 | - | 100.0% | 695 | 695 |
| Travel and subsistence | 12 487 | 2 011 | -4 400 | 10 098 | 10 096 | 2 | 100.0% | 9 214 | 9 210 |
| Training and development | 1 299 | -70 | -1 170 | 59 | 59 | - | 100.0% | 368 | 368 |
| Operating payments | 6 828 | -2 538 | -1 100 | 3 190 | 3 190 | - | 100.0% | 3 418 | 2 783 |
| Venues and facilities | 2 816 | 995 | - | 3 811 | 3 811 | - | 100.0% | 4 169 | 4 169 |
| Rental and hiring | 1 905 | -895 | -1 000 | 10 | 10 | - | 100.0% | 473 | 472 |
| Interest and rent on land | - | - | - | - | - | - | - | - | - |
| **Transfers and subsidies** | **877 973** | **-** | **-27 889** | **850 084** | **850 084** | **-** | **100.0%** | **826 356** | **826 351** |
| Provinces and municipalities | - | - | - | - | - | - | - | - | - |
| Departmental agencies and accounts | 414 062 | - | - | 414 062 | 414 062 | - | 100.0% | 405 983 | 405 983 |
| Departmental agencies | 414 062 | - | - | 414 062 | 414 062 | - | 100.0% | 405 983 | 405 983 |
| Public corporations and private enterprises | 463 911 | - | -27 889 | 436 022 | 436 022 | - | 100.0% | 420 373 | 420 368 |
| Public corporations | 457 705 | - | -21 683 | 436 022 | 436 022 | - | 100.0% | 420 373 | 420 368 |
| Subsidies on products and production (pc) | 21 683 | - | -21 683 | - | - | - | - | 420 373 | 420 368 |
| Other transfers to public corporations | 436 022 | - | - | 436 022 | 436 022 | - | 100.0% | - | - |
| Private enterprises | 6 206 | - | -6 206 | - | - | - | - | - | - |
| Subsidies on products and production (pe) | 6 206 | - | -6 206 | - | - | - | - | - | - |
| **Payments for capital assets** | **172** | **-** | **-161** | **11** | **5** | **6** | **45.5%** | **163** | **45** |
| Machinery and equipment | 172 | - | -161 | 11 | 5 | 6 | 45.5% | 163 | 45 |
| Other machinery and equipment | 172 | - | -161 | 11 | 5 | 6 | 45.5% | 163 | 45 |
| **Payment for financial assets** | **-** | **-** | **7** | **7** | **7** | **-** | **100.0%** | **31** | **31** |
| **Total** | **990 332** | **-** | **-44 067** | **946 265** | **942 577** | **3 688** | **99.6%** | **930 682** | **928 401** |

| Sub-programme 4.1: Management | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **23 252** | **-425** | **-6 225** | **16 602** | **16 593** | **9** | **99.9%** | **17 304** | **17 032** |
| Compensation of employees | 11 523 | 27 | - | 11 550 | 11 541 | 9 | 99.9% | 10 726 | 10 455 |
| Goods and services | 11 729 | -452 | -6 225 | 5 052 | 5 052 | - | 100.0% | 6 578 | 6 577 |
| **Payments for capital assets** | **75** | **-** | **-75** | **-** | **-** | **-** | **-** | **71** | **45** |
| Machinery and equipment | 75 | - | -75 | - | - | - | - | 71 | 45 |
| **Total** | **23 327** | **-425** | **-6 300** | **16 602** | **16 593** | **9** | **99.9%** | **17 375** | **17 077** |

| Sub-programme 4.2: Mineral Policy | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **17 428** | **1 274** | **-4 889** | **13 813** | **13 436** | **377** | **97.3%** | **24 531** | **23 803** |
| Compensation of employees | 8 565 | 1 973 | - | 10 538 | 10 162 | 376 | 96.4% | 11 615 | 11 237 |
| Goods and services | 8 863 | -699 | -4 889 | 3 275 | 3 274 | 1 | 100.0% | 12 916 | 12 566 |
| **Payment for financial assets** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **31** | **31** |
| **Total** | **17 428** | **1 274** | **-4 889** | **13 813** | **13 436** | **377** | **97.3%** | **24 562** | **23 834** |

| Sub-programme 4.3: Mineral Promotion and International Coordination | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019/20 | | | | | | | 2018/19 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **51 993** | **1 837** | **-4 889** | **48 941** | **48 941** | **-** | **100.0%** | **47 889** | **47 580** |
| Compensation of employees | 36 216 | 336 | - | 36 552 | 36 552 | - | 100.0% | 34 796 | 34 777 |
| Goods and services | 15 777 | 1 501 | -4 889 | 12 389 | 12 389 | - | 100.0% | 13 093 | 12 803 |
| **Transfers and subsidies** | **21 683** | **-** | **-21 683** | **-** | **-** | **-** | **-** | **5** | **-** |
| Public corporations and private enterprises | 21 683 | - | -21 683 | - | - | - | - | 5 | - |
| **Payments for capital assets** | **19** | **5** | **-18** | **6** | **5** | **1** | **83.3%** | **18** | **-** |
| Machinery and equipment | 19 | 5 | -18 | 6 | 5 | 1 | 83.3% | 18 | - |
| **Payment for financial assets** | **-** | **-** | **7** | **7** | **7** | **-** | **100.0%** | **-** | |
| **Total** | **73 695** | **1 842** | **-26 583** | **48 954** | **48 953** | **1** | **100.0%** | **47 912** | **47 580** |

| Sub-programme 4.4: Assistance to Mines | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Transfers and subsidies** | **6 206** | **-** | **-6 206** | **-** | **-** | **-** | **-** | **-** | **-** |
| Public corporations and private enterprises | 6 206 | - | -6 206 | - | - | - | - | - | - |
| **Total** | **6 206** | **-** | **-6 206** | **-** | **-** | **-** | **-** | **-** | **-** |

| Sub-programme 4.5: Council for Geoscience | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Transfers and subsidies** | **414 062** | **-** | **-** | **414 062** | **414 062** | **-** | **100.0%** | **405 983** | **405 983** |
| Departmental agencies and accounts | 414 062 | - | - | 414 062 | 414 062 | - | 100.0% | 405 983 | 405 983 |
| **Total** | **414 062** | **-** | **-** | **414 062** | **414 062** | **-** | **100.0%** | **405 983** | **405 983** |

| Sub-programme 4.6: MINTEK | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Transfers and subsidies** | **436 022** | **-** | **-** | **436 022** | **436 022** | **-** | **100.0%** | **420 368** | **420 368** |
| Public corporations and private enterprises | 436 022 | - | - | 436 022 | 436 022 | - | 100.0% | 420 368 | 420 368 |
| **Total** | **436 022** | **-** | **-** | **436 022** | **436 022** | **-** | **100.0%** | **420 368** | **420 368** |

| Sub-programme 4.7: Economic Advisory Services | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Economic classification | 2019/20 | | | | | | | 2018/19 | |
| | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **4 866** | **-269** | **-452** | **4 145** | **2 912** | **1 233** | **70.3%** | **2 767** | **2 544** |
| Compensation of employees | 3 980 | -106 | - | 3 874 | 2 642 | 1 232 | 68.2% | 2 654 | 2 431 |
| Goods and services | 886 | -163 | -452 | 271 | 270 | 1 | 99.6% | 113 | 113 |
| **Total** | **4 866** | **-269** | **-452** | **4 145** | **2 912** | **1 233** | **70.3%** | **2 767** | **2 544** |

| Sub programme 4.8: Mine Environmental Management | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2018/19 | | | | | | | 2017/18 | |
| Economic classification | Adjusted appropriation | Shifting of funds | Virement | Final appropriation | Actual expenditure | Variance | Expenditure as a percentage of final appropriation | Final appropriation | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | Percentage | R'000 | R'000 |
| **Current payments** | **14 648** | **-2 417** | **431** | **12 662** | **10 599** | **2 063** | **83.7%** | **11 641** | **11 015** |
| Compensation of employees | 13 149 | -2 230 | - | 10 919 | 8 857 | 2 062 | 81.1% | 9 433 | 8 808 |
| Goods and services | 1 499 | -187 | 431 | 1 743 | 1 742 | 1 | 99.9% | 2 208 | 2 207 |
| **Payments for capital assets** | **78** | **-5** | **-68** | **5** | **-** | **5** | **-** | **74** | **-** |
| Machinery and equipment | 78 | -5 | -68 | 5 | - | 5 | - | 74 | - |
| **Total** | **14 726** | **-2 422** | **363** | **12 667** | **10 599** | **2 068** | **83.7%** | **11 715** | **11 015** |

# Notes to the Appropriation Statement for the year ended 31 March 2020

1. *Detail of transfers and subsidies as per the Appropriation Act (after virement):*

   Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) 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 payments for financial assets*

   Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the annual financial statements.

4. *Explanations of material variances from amounts voted (after virement):*

## 4.1 Per programme

| | Final appropriation R'000 | Actual expenditure R'000 | Variance R'000 | Variance as a percentage of final appropriation |
|---|---|---|---|---|
| **Administration** | **389 835** | **384 717** | **5 118** | **1.3%** |
| The variance is mainly on compensation of employees and capital assets due to moratorium on filling of vacancies pending completion of the NMOG process; and delay in installation of the security system. | | | | |

| | Final appropriation R'000 | Actual expenditure R'000 | Variance R'000 | Variance as a percentage of final appropriation |
|---|---|---|---|---|
| **Mine Health and Safety** | **220 082** | **219 733** | **349** | **0.2%** |
| The variance is mainly on compensation of employees and capital assets due to moratorium on filling of vacancies pending completion of the NMOG process. | | | | |

| | Final appropriation R'000 | Actual expenditure R'000 | Variance R'000 | Variance as a percentage of final appropriation |
|---|---|---|---|---|
| **Mineral Regulation** | **446 038** | **441 265** | **4 773** | **1.1%** |
| The variance is mainly on compensation of employees and capital assets due to moratorium on filling of vacancies pending completion of the NMOG process | | | | |

| | Final appropriation R'000 | Actual expenditure R'000 | Variance R'000 | Variance as a percentage of final appropriation |
|---|---|---|---|---|
| **Mineral Policy and Promotion** | **946 265** | **942 577** | **3 688** | **0.4%** |
| The variance is mainly on compensation of employees and capital assets due to a hold in filling of posts pending completion of the NMOG process. | | | | |

### 4.2 Per economic classification

| | Final appropriation | Actual expenditure | Variance | Variance as a percentage of final appropriation |
|---|---|---|---|---|
| | R'000 | R'000 | R'000 | Percentage |
| **Current payments** | | | | |
| Compensation of employees | 663 578 | 650 631 | 12 947 | 2.0% |
| Goods and services | 286 768 | 286 699 | 69 | 0.0% |
| | | | | |
| **Transfers and subsidies** | | | | |
| Departmental agencies and accounts | 481 988 | 481 988 | - | 0.0% |
| Public corporations and private enterprises | 563 468 | 563 470 | -2 | 0.0% |
| Households | **3 296** | **3 193** | **103** | **3.1%** |
| | | | | |
| **Payments for capital assets** | | | | |
| Buildings and other fixed structures | 356 | 276 | 80 | 22.5% |
| Machinery and equipment | 2 692 | 1 919 | 773 | 28.7% |
| Software and other intangible assets | - | 43 | -43 | - |
| **Payments for financial assets** | **74** | **73** | **1** | **1.4%** |

The variance is mainly on compensation of employees and capital assets due to moratorium on filling of vacancies pending completion of the NMOG process; and delay in installation of the security system.

## Statement of Financial Performance for the year ended 31 March 2020

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **REVENUE** | | | |
| Annual appropriation | 1 | 2 002 220 | 1 890 661 |
| Departmental revenue | 2 | 38 176 | 33 693 |
| **TOTAL REVENUE** | | **2 040 396** | **1 924 354** |
| **EXPENDITURE** | | | |
| **Current expenditure** | | | |
| Compensation of employees | 3 | 650 631 | 611 141 |
| Goods and services | 4 | 286 699 | 266 858 |
| **Total current expenditure** | | **937 330** | **877 999** |
| **Transfers and subsidies** | | | |
| Transfers and subsidies | 6 | 1 048 651 | 992 866 |
| **Total transfers and subsidies** | | **1 048 651** | **992 866** |
| **Expenditure for capital assets** | | | |
| Tangible assets | | 2 195 | 8 606 |
| Intangible assets | | 43 | - |
| **Total expenditure for capital assets** | 7 | **2 238** | **8 606** |
| **Payments for financial assets** | 5 | **73** | **652** |
| **TOTAL EXPENDITURE** | | 1 988 292 | 1 880 123 |
| **SURPLUS/(DEFICIT) FOR THE YEAR** | | 52 104 | 44 231 |
| **Reconciliation of net surplus/(deficit) for the year** | | | |
| Voted funds | | 13 928 | 10 538 |
| Annual appropriation | | 13 928 | 10 538 |
| Departmental revenue and National Revenue Fund (NRF) receipts | 2 | 38 176 | 33 693 |
| **SURPLUS/(DEFICIT) FOR THE YEAR** | | **52 104** | **44 231** |

## Statement of Financial Position as at 31 March 2020

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | **17 490** | **10 353** |
| Cash and cash equivalents | 8 | 17 201 | 10 260 |
| Prepayments and advances | 9 | 102 | 17 |
| Receivables | 10 | 187 | 76 |
| **Non-current assets** | | **5 973** | **6 072** |
| Receivables | 10 | 5 973 | 6 072 |
| **TOTAL ASSETS** | | **23 463** | **16 425** |
| **LIABILITIES** | | | |
| **Current liabilities** | | **19 863** | **12 970** |
| Voted funds to be surrendered to the Revenue Fund | 11 | 13 928 | 10 538 |
| Departmental revenue and NRF receipts to be surrendered to the Revenue Fund | 12 | 5 303 | 1 617 |
| Payables | 13 | 632 | 815 |
| **TOTAL LIABILITIES** | | **19 863** | **12 970** |
| **NET ASSETS** | | **3 600** | **3 455** |
| Represented by: | | | |
| Recoverable revenue | | 3 600 | 3 455 |
| **TOTAL** | | **3 600** | **3 455** |

## Statement of Changes in Net Assets for the year ended 31 March 2020

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Recoverable revenue** | | | |
| Opening balance | | 3 455 | 3 339 |
| Transfers: | | 145 | 116 |
| Debts revised | | (3) | (81) |
| Debts recovered (included in departmental receipts) | | (237) | (385) |
| Debts raised | | 385 | 582 |
| Closing balance | | 3 600 | 3 455 |
| **TOTAL** | | **3 600** | **3 455** |

# Cash Flow Statement for the year ended 31 March 2020

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts | | 2 038 017 | 1 924 354 |
| Annual appropriated funds received | 1.1 | 2 002 220 | 1 890 661 |
| Departmental revenue received | 2 | 35 707 | 33 617 |
| Interest received | 2.3 | 90 | 76 |
| | | | |
| Net (increase)/decrease in working capital | | (379) | 647 |
| Surrendered to Revenue Fund | | (45 028) | (35 791) |
| Current payments | | (937 330) | (877 999) |
| Payments for financial assets | | (73) | (652) |
| Transfers and subsidies paid | | (1 048 651) | (992 866) |
| **Net cash flow available from operating activities** | 14 | **6 556** | **17 693** |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for capital assets | 7 | **(2 238)** | **(8 606)** |
| Proceeds from sale of capital assets | 2.4 | 2 379 | - |
| (Increase)/decrease in non-current receivables | 10 | 99 | - |
| **Net cash flows from investing activities** | | **240** | **(8 606)** |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Increase/(decrease) in net assets | | 145 | 116 |
| **Net cash flows from financing activities** | | **145** | **116** |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | | 6 941 | 9 203 |
| | | | |
| Cash and cash equivalents at beginning of period | 15 | 10 260 | 1 057 |
| | | | |
| **Cash and cash equivalents at end of period** | | **17 201** | **10 260** |

# Notes to the Annual Financial Statements for the year ended 31 March 2020

## Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

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 PFMA and the annual Division of Revenue Act.

### *1. Basis of preparation*

The financial statements have been prepared in accordance with the MCS.

### *2. Going concern*

The financial statements have been prepared on a going-concern basis.

### *3. Presentation currency*

Amounts have been presented in the currency of South African rand (R), which is also the functional currency of the Department.

### *4. Rounding*

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

### *5. Foreign currency translation*

Cash flows arising from foreign currency transactions are translated into South African rand using the spot exchange rates prevailing at the date of payment or receipt.

### *6. Comparative information*

#### 6.1 Prior-period comparative information

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.

#### 6.2 Current-year comparison with budget

A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the Appropriation Statement.

### *7. Revenue*

#### 7.1 Appropriated funds

Appropriated funds comprise departmental allocations, as well as direct charges against the Revenue Fund (i.e. statutory appropriation). Appropriated funds are recognised in the Statement of Financial Performance on the date the appropriation becomes effective.

Adjustments made in terms of the adjustments budget process are recognised in the Statement of Financial Performance on the date the adjustments become effective. The net amount of any appropriated funds due to or from the relevant Revenue Fund at the reporting date is recognised as a payable or receivable in the Statement of Financial Position.

### 7.2 Departmental revenue

Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the relevant Revenue Fund, unless stated otherwise. Any amount owing to the relevant Revenue Fund at the reporting date is recognised as a payable in the Statement of Financial Position.

### 7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and/or penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the Department's debt write-off policy.

## *8. Expenditure*

### 8.1 Compensation of employees

*8.1.1 Salaries and wages*

Salaries and wages are recognised in the Statement of Financial Performance on the date of payment.

*8.1.2 Social contributions*

Social contributions made by the Department in respect of current employees are recognised in the Statement of Financial Performance on the date of payment. Social contributions made by the Department in respect of former employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.

### 8.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies, and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

### 8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the Notes to the Annual Financial Statements at cost at the reporting date.

### 8.4 Leases

*8.4.1 Operating leases*

Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment. The operating lease commitments are recorded in the Notes to the Annual Financial Statements.

*8.4.2 Finance leases*

Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment. The finance lease commitments are recorded in the Notes to the Annual Financial Statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

## *9. Aid assistance*

### 9.1 Aid assistance received

Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the Notes to the

Annual Financial Statements on the date of receipt, and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.

### 9.2 Aid assistance paid

Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.

## *10. Cash and cash equivalents*

Cash and cash equivalents are stated at cost in the Statement of Financial Position. Bank overdrafts are shown separately on the face of the Statement of Financial Position as a current liability. 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.

## *11. Prepayments and advances*

Prepayments and advances are recognised in the Statement of Financial Position when the Department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.

## *12. Loans and receivables*

Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.

## *13. Investments*

Investments are recognised in the Statement of Financial Position at cost.

## *14. Financial assets*

### 14.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At the reporting date, a Department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

### 14.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the Notes to the Financial Statements.

## *15. Payables*

Payables recognised in the Statement of Financial Position are recognised at cost.

## *16. Capital assets*

### 16.1 Immovable capital assets

Immovable assets reflected in the Asset Register of the Department are recorded in the Notes to the Annual Financial Statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the Asset Register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the Assets Register is provided in the Notes to Annual Financial Statements.

### 16.2 Movable capital assets

Movable capital assets are initially recorded in the Notes to the Annual Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined, the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the auditor-general) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

### 16.3 Intangible assets

Intangible assets are initially recorded in the Notes to the Annual Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the Notes to the Annual Financial Statements when the Department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined, the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the Office of the auditor-general) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

### 16.4 Project costs: work-in-progress

Expenditure of a capital nature is initially recognised in the Statement of Financial Performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an Asset Register. Subsequent payments to complete the project are added to the capital asset in the Asset Register. Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

## *17. Provisions and contingents*

### 17.1 Provisions

Provisions are recorded in the Notes to the Annual Financial Statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

### 17.2 Contingent liabilities

Contingent liabilities are recorded in the Notes to the Annual Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

### 17.3 Contingent assets

Contingent assets are recorded in the Notes to the Annual Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

### 17.4 Commitments

Capital commitments are recorded at cost in the Notes to the Annual Financial Statements.

## *18. Unauthorised expenditure*

Unauthorised expenditure is recognised in the Statement of Financial Position until such time as the expenditure is:

- approved by Parliament or the Provincial Legislature with funding and the related funds are received;
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the Statement of Financial Performance; or
- Transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

## *19. Fruitless and wasteful expenditure*

Fruitless and wasteful expenditure is recorded in the Notes to the Annual Financial Statements when confirmed.

The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the Notes to the Annual Financial Statements when it is resolved or transferred to receivables or written off. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

### *20. Irregular expenditure*

Irregular expenditure is recorded in the Notes to the Annual Financial Statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impracticable to determine, in which case reasons for the irregular expenditure are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

### *21. Changes in accounting policies, accounting estimates and errors*

Changes in accounting estimates are applied prospectively in accordance with the MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with the MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases, the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

### *22. Events after the reporting date*

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the Notes to the Annual Financial Statements.

### *23. Principal-agent arrangements*

The Department does not have any principal arrangements with any other departments or entities

### *24. Departures from the MCS requirements*

The Department did not depart from MCS requirement when preparing primary and secondary information.

### *25 Capitalisation reserve*

The capitalisation reserve comprises 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 recognised in the capitalisation reserves when identified in the current period and are transferred to the National or Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

### *26 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. Amounts are either transferred to the National or the Provincial Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written off.

### *27 Related-party transactions*

Related party transactions within the portfolio of the Minister or Member of the Executive Committee (MEC) are recorded in the Notes to the Annual Financial Statements when the transaction is not at arm's length. The number of individuals and the full compensation of key management personnel is recorded in the Notes to the Annual Financial Statements.

### *28 Inventories*

At the date of acquisition, inventories are recognised at cost in the Statement of Financial Performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.

## 29 Public-private partnerships

Public-private partnerships (PPP) are accounted for based on the nature and/or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of its commencement, together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department, are recorded in the Notes to the Annual Financial Statements.

## 30 Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the employee benefits note.

## 31 Transfers of functions

Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.

## 32 Mergers

Mergers are accounted for by the combined Department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger. Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

## 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) and provincial departments:

| | 2019/20 | | | 2018/19 | |
|---|---|---|---|---|---|
| | Final appropriation R'000 | Actual funds received R'000 | Funds not requested/ not received R'000 | Final appropriation R'000 | Appropriation received R'000 |
| Administration | 389 835 | 389 835 | - | 361 649 | 361 649 |
| Mine Health and Safety | 220 082 | 220 082 | - | 209 053 | 209 053 |
| Mineral Regulation | 446 038 | 446 038 | - | 389 277 | 389 277 |
| Mineral Policy and Promotion | 946 265 | 946 265 | - | 930 682 | 930 682 |
| **Total** | **2 002 220** | **2 002 220** | **-** | **1 890 661** | **1 890 661** |

## 2. Departmental revenue

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Sales of goods and services other than capital assets | 2.1 | 11 126 | 11 180 |
| Fines, penalties and forfeits | 2.2 | 3 129 | 1 872 |
| Interest, dividends and rent on land | 2.3 | 21 250 | 19 076 |
| Sales of capital assets | 2.4 | 2 379 | - |
| Transactions in financial assets and liabilities | 2.5 | 292 | 1 565 |
| Total revenue collected | | 38 176 | 33 693 |
| Less: Own revenue included in appropriation | | - | - |
| Departmental revenue collected | | 38 176 | 33 693 |

### 2.1 Sales of goods and services other than capital assets

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| | 2 | | |
| Sales of goods and services produced by the Department | | **11 126** | 11 180 |
| Sales by market establishment | | **433** | 433 |
| Administrative fees | | **9 872** | 10 029 |
| Other sales | | **821** | 718 |
| Sales of scrap, waste and other used current goods | | **-** | - |
| **Total** | | **11 126** | **11 180** |

### 2.2 Fines, penalties and forfeits

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 2 | R'000 | R'000 |
| Fines | | 2 500 | 1 002 |
| Penalties | | 629 | 870 |
| **Total** | | **3 129** | **1 872** |

### 2.3 Interest, dividends and rent on land

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 2 | R'000 | R'000 |
| Interest | | 90 | 76 |
| Rent on land | | 21 160 | 19 000 |
| **Total** | | **21 250** | **19 076** |

### 2.4 Sale of capital assets

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 2 | R'000 | R'000 |
| Tangible assets | | 2 379 | - |
| Machinery and equipment | | 2 379 | - |
| **Total** | | **2 379** | **-** |

### 2.5 Transactions in financial assets and liabilities

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 2 | R'000 | R'000 |
| Receivables | | 292 | 1 565 |
| **Total** | | **292** | **1 565** |

## 3. Compensation of employees

### 3.1 Salaries and wages

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 3 | R'000 | R'000 |
| Basic salary | | 443 373 | 423 427 |
| Performance award | | 16 724 | 7 991 |
| Service Based | | 257 | 11 |
| Compensative/circumstantial | | 7 085 | 7 150 |
| Periodic payments | | 3 583 | 3 132 |
| Other non-pensionable allowances | | 95 901 | 89 911 |
| **Total** | | **566 923** | **531 622** |

### 3.2 Social contributions

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 3 | R'000 | R'000 |
| **Employer contributions** | | | |
| Pension | | 57 545 | 54 986 |
| Medical aid | | 25 913 | 24 441 |
| Unemployment Insurance Fund | | - | - |
| Bargaining Council | | 99 | 92 |
| Official unions and associations | | - | - |
| Insurance | | 151 | - |
| **Total** | | **83 708** | **79 519** |
| | | | |
| **Total compensation of employees** | | **650 631** | **611 141** |
| **Average number of employees** | | **1 011** | **1 017** |

## 4. Goods and services

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | | R'000 | R'000 |
| Administrative fees | | 2 699 | 2 410 |
| Advertising | | 1 236 | 1 090 |
| Minor assets | 4.1 | 566 | 217 |
| Bursaries (employees) | | 1 347 | 1 612 |
| Catering | | 1 067 | 3 221 |

| | Note | 2019/20<br>R'000 | 2018/19<br>R'000 |
|---|---|---|---|
| Communication | | 18 316 | 6 898 |
| Computer services | 4.2 | 19 431 | 24 070 |
| Consultants: Business and advisory services | | 2 442 | 1 895 |
| Legal services | | 6 466 | 11 315 |
| Contractors | | 1 951 | 7 404 |
| Audit cost – external | 4.3 | 7 660 | 6 388 |
| Fleet services | | 13 066 | 12 034 |
| Consumables | 4.5 | 6 050 | 6 379 |
| Operating leases | | 92 059 | 82 931 |
| Property payments | 4.6 | 7 081 | 6 746 |
| Rental and hiring | | 82 | 1 023 |
| Travel and subsistence | 4.7 | 87 239 | 75 515 |
| Venues and facilities | | 6 558 | 7 612 |
| Training and development | | 1 943 | 3 208 |
| Other operating expenditure | 4.8 | 9 440 | 4 893 |
| **Total** | | **286 699** | **266 858** |

## 4.1 Minor assets

| | Note<br>4 | 2019/20<br>R'000 | 2018/19<br>R'000 |
|---|---|---|---|
| **Tangible assets** | | **566** | **217** |
| Machinery and equipment | | 566 | 217 |
| Intangible assets | | 566 | 217 |
| **Total** | | **566** | **217** |

## 4.2 Computer services

| | Note<br>4 | 2019/20<br>R'000 | 2018/19<br>R'000 |
|---|---|---|---|
| State Information Technology Agency (SITA) computer services | | 2 479 | 7 074 |
| External computer service providers | | 16 952 | 16 996 |
| **Total** | | **19 431** | **24 070** |

### 4.3 Audit cost – External

| | Note | 2018/19 | 2017/18 |
|---|---|---|---|
| | 4 | R'000 | R'000 |
| Regularity audits | | 7 660 | 6 388 |
| **Total** | | **7 660** | **6 388** |

### 4.5 Consumables

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 4 | R'000 | R'000 |
| Consumable supplies | | 1 339 | 2 061 |
| Uniform and clothing | | 711 | 1 432 |
| Household supplies | | 307 | 326 |
| Communication accessories | | 17 | - |
| IT consumables | | 16 | 10 |
| Other consumables | | 288 | 293 |
| Stationery, printing and office supplies | | 4 711 | 4 315 |
| **Total** | | **6 050** | **6 376** |

### 4.6 Property payments

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 4 | R'000 | R'000 |
| Other | | 7 081 | 6 746 |
| **Total** | | **7 081** | **6 746** |

### 4.7 Travel and subsistence

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 4 | R'000 | R'000 |
| Local | | 80 175 | 68 946 |
| Foreign | | 7 064 | 6 569 |
| **Total** | | **87 239** | **75 515** |

### 4.8 Other operating expenditure

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 4 | R'000 | R'000 |
| Professional bodies, membership and subscription fees | | 4 871 | 2 704 |
| Resettlement costs | | 2 908 | 698 |
| Other | | 1 661 | 1 491 |
| **Total** | | **9 440** | **4 893** |

## 5. Payments for financial assets

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Other material losses written off | 5.1 | 73 | 652 |
| **Total** | | **73** | **652** |

### 5.1 Other material losses written off

| | Note 5 | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Nature of debts written off** | | | |
| Bad debt written off | | 73 | 652 |
| **Total debt written off** | | **73** | 652 |

## 6. Transfers and subsidies

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Departmental agencies and accounts | Annexure 1B | 481 988 | 471 744 |
| Public corporations and private enterprises | Annexure 1D | 563 470 | 518 807 |
| Households | Annexure 1G | 3 193 | 2 315 |
| **Total** | | **1 048 651** | **992 866** |

The Department confirmed that amounts transferred to its public entities were used for the intended purpose.

## 7. Expenditure for capital assets

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Tangible assets** | | **2 195** | **8 606** |
| Buildings and other fixed structures | 30 | 276 | 636 |
| Machinery and equipment | 28 | 1 919 | 7 970 |
| | | | |
| **Intangible assets** | | **43** | **–** |
| Software | 29 | **43** | – |
| **Total** | | **2 238** | **8 606** |

### 7.1 Analysis of funds utilised to acquire capital assets – 2019/20

| | Voted funds R'000 | Aid assistance R'000 | Total R'000 |
|---|---|---|---|
| **Tangible assets** | **2 195** | **–** | **2 195** |
| Buildings and other fixed structures | 276 | – | 276 |
| Machinery and equipment | 1 919 | – | 1 919 |
| **Intangible assets** | **43** | **–** | **43** |
| Software | 43 | – | 43 |
| **Total** | **2 238** | – | **2 238** |

### 7.2 Analysis of funds utilised to acquire capital assets – 2018/19

| | Voted funds R'000 | Aid assistance R'000 | Total R'000 |
|---|---|---|---|
| **Tangible assets** | **8 606** | **–** | **8 606** |
| Buildings and other fixed structures | 636 | – | 636 |
| Heritage assets | | | |
| Machinery and equipment | 7 970 | – | 7 970 |
| **Intangible assets** | – | – | – |
| Software | – | – | – |
| **Total** | **8 606** | – | **8 606** |

## *8. Cash and cash equivalents*

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Consolidated Paymaster-General Account | | 17 080 | 9 415 |
| Cash on hand | | 72 | 72 |
| Investments (domestic) | | 49 | 773 |
| **Total** | | **17 201** | **10 260** |

## 9. Prepayments and advances

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Travel and subsistence | | 102 | 17 |
| **Total** | | **102** | **17** |

## 10. Receivables

| | Note | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|---|
| | | Current R'000 | Non-current R'000 | Total R'000 | Current R'000 | Non-current R'000 | Total R'000 |
| Claims recoverable | 10.1 | - | 1 548 | 1 548 | - | 1 827 | 1 827 |
| Recoverable expenditure | 10.2 | 187 | - | 187 | 76 | - | 76 |
| Staff debt | 10.3 | - | 4 425 | 4 425 | - | 4 245 | 4 245 |
| Fruitless and wasteful expenditure | | - | - | - | - | - | - |
| **Total** | | **187** | **5 973** | **6 160** | **76** | **6 072** | **6 148** |

### 10.1 Claims recoverable

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| National departments | 10 and Annexure 4 | 1 548 | 1 827 |
| **Total** | | **1 548** | **1 827** |

### 10.2 Recoverable expenditure (disallowance accounts)

| | Note 10 | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Disallowance damages and losses | | 96 | 76 |
| Salary reversal control account | | 87 | - |
| Salary tax debt account | | **2** | **-** |
| Salary income tax account | | **2** | **-** |
| **Total** | | **187** | **76** |

### 10.3 Staff debt

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | 10 | R'000 | R'000 |
| Contract | | 84 | 61 |
| Salary over-payment | | 738 | 768 |
| Leave without pay | | 127 | 137 |
| Study debt (bursary) | | 2 987 | 2 923 |
| Subsidised vehicle | | 198 | 149 |
| Cellular debt | | 4 | 4 |
| Losses and damages | | 125 | 47 |
| Government Garage car | | 58 | 55 |
| Other (subsistence and travel) | | 49 | 49 |
| Tax debt | | 55 | 52 |
| **Total** | | **4 425** | **4 245** |

### 10.4 Impairment of receivables

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | | R'000 | R'000 |
| Estimate of impairment of receivables | | 4 891 | 4 692 |
| **Total** | | **4 891** | **4 692** |

Impairment is an estimate of the reduction in the carrying value of the future economic benefits expected to be received from the financial assets. The Department use a three-year plus as a methodology to impair the long outstanding receivables.

## *11. Voted funds to be surrendered to the Revenue Fund*

| | Note | 2019/20 | 2018/19 |
|---|---|---|---|
| | | R'000 | R'000 |
| Opening balance | | 10 538 | 2 764 |
| Prior-period error | | | - |
| As restated | | 10 538 | 2 764 |
| Transfer from Statement of Financial Performance (as restated) | | 13 928 | 10 538 |
| Paid during the year | | (10 538) | (2 764) |
| **Closing balance** | | **13 928** | **10 538** |

## 12. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Opening balance | | 1 617 | 951 |
| Prior period error | | | - |
| As restated | | 1 617 | 951 |
| Transfer from Statement of Financial Performance (as restated) | | 38 176 | 33 693 |
| Paid during the year | | (34 490) | (33 027) |
| **Closing balance** | | **5 303** | **1 617** |

## 13. Payables – Current

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Clearing accounts | 13.1 | 632 | 815 |
| **Total** | | **632** | **815** |

### 13.1 Clearing accounts

| | Note 13 | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Salary income tax | | - | 771 |
| Salary pension fund | | - | 29 |
| Salary reversal control | | - | 15 |
| Telephone control account | | 632 | - |
| **Total** | | **632** | **815** |

## 14. Net cash flow available from operating activities

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Net surplus/(deficit) as per Statement of Financial Performance | | 52 104 | 44 231 |
| Add back non-cash/cash movements not deemed operating activities | | (45 548) | (26 538) |
| (Increase)/decrease in receivables | | (111) | 15 |
| (Increase)/decrease in prepayments and advances | | (85) | 17 |
| Increase/(decrease) in payables – current | | (183) | 615 |
| Proceeds from sale of capital assets | | (2 379) | - |
| Expenditure on capital assets | | 2 238 | 8 606 |
| Surrenders to Revenue Fund | | (45 028) | (35 791) |
| Net cash flow generated by operating activities | | **6 556** | **17 693** |

## *15. Reconciliation of cash and cash equivalents for cash flow purposes*

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Consolidated Paymaster-General account | | 17 080 | 9 415 |
| Cash on hand | | 72 | 72 |
| Cash with commercial banks (local) | | 49 | 773 |
| **Total** | | **17 201** | **10 260** |

## *16. Contingent liabilities and contingent assets*

### 16.1 Contingent liabilities

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Liable to nature** | | | |
| Claims against the Department | Annexure 3B | 172 981 | 140 790 |
| Intergovernmental payables (unconfirmed balances) | Annexure 5 | 6 091 | 7 443 |
| Environmental rehabilitation liability | Annexure 3B | 3 408 000 | 2 364 297 |
| Other | Annexure 3B | - | - |
| **Total** | | **3 587 072** | **2 512 530** |

The environmental rehabilitation liability comprises derelict and ownerless mines that have been earmarked by the Department for rehabilitation depending on availability of funds. The environmental liability increased substantially due to complex projects that were completed in 2019/20 and most of the remaining projects are also complex in nature and would, therefore, cost more.

## 17. Capital commitments

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Closing balance** | | - | 261 |
| Installation of security system | | 4 505 | - |
| Shelf unit, office steel shelves | | 211 | - |
| **Total** | | 4 716 | **261** |

For 2019/20 reporting, the Department disclosed only capital expenditure commitment as required by the amended MCS. The R4 505 million is for security improvement in the Trevenna Building.

## *18. Accruals and payables not recognised*

### 18.1 Accruals

| | 2019/20 | | | 2018/19 |
|---|---|---|---|---|
| | 30 days R'000 | 30+ days R'000 | Total R'000 | Total R'000 |
| **Listed by economic classification** | | | | |
| Goods and services | 4 588 | 50 | 4 638 | 4 201 |
| **Total** | **4 588** | **50** | **4 638** | **4 201** |

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Listed by programme level** | | | |
| Administration | | 4 176 | 3 753 |
| Mine Health and Safety | | 0 | 34 |
| Mineral Regulation | | 412 | 269 |
| Mineral Policy and Promotion | | 50 | 145 |
| **Total** | | **4 638** | **4 201** |

### 18.2 Payable not recognised

| | 2019/20 | | | 2018/19 |
|---|---|---|---|---|
| | 30 days R'000 | 30+ days R'000 | Total R'000 | Total R'000 |
| **Listed by economic classification** | | | | |
| **Goods and services** | 15 268 | 0 | 15 268 | 35 633 |
| Capital assets | - | 0 | - | - |
| **Total** | **15 268** | **0** | **15 268** | **35 633** |

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Listed by programme level** | | | |
| Administration | | 14 483 | 26 118 |
| Mine Health and Safety | | 232 | 3 547 |
| Mineral Regulation | | 429 | 4 656 |
| Mineral Policy and Promotion | | 124 | 1 312 |
| **Total** | | **15 268** | **35 633** |

## 19. Employee benefits

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Leave entitlement | | 30 468 | 24 562 |
| Service bonus | | 18 028 | 16 870 |
| Performance awards | | 4 977 | 9 251 |
| Capped leave | | 4 875 | 5 714 |
| Other | | - | - |
| **Total** | | **58 348** | **56 397** |

Included on the employee benefit is the performance awards calculated at rate of 0.75%. The leave entitlement includes the leave credits amounting to R529 000.00.

## 20. Lease commitments

### 20.1 Operating leases

| 2019/20 | Specialised military equipment R'000 | Land R'000 | Buildings and other fixed structures R'000 | Machinery and equipment R'000 | Total R'000 |
|---|---|---|---|---|---|
| Not later than one year | - | - | 45 399 | 11 652 | 57 051 |
| Later than one year and not later than five years | - | - | 40 805 | 16 881 | 57 686 |
| Later than five years | - | - | - | - | - |
| **Total lease commitments** | **-** | **-** | **86 204** | **28 533** | **114 737** |

| 2018/19 | Specialised military equipment R'000 | Land R'000 | Buildings and other fixed structures R'000 | Machinery and equipment R'000 | Total R'000 |
|---|---|---|---|---|---|
| Not later than one year | - | - | - | 8 358 | 8 358 |
| Later than one year and not later than five years | - | - | - | 11 484 | 11 484 |
| Later than five years | - | - | - | - | - |
| **Total lease commitments** | **-** | **-** | **-** | **19 842** | **19 842** |

The lease commitment for R69 167 is for the lease building for the Trevenna Campus and other machinery and equipment is made up of the Government Garage vehicles, printers and leased buildings on contracts under the Department of Public Works. The Department also has month-to-month contracts and is in the process of requesting new contracts.

## 21. Accrued departmental revenue

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Interest, dividends and rent on land | | 229 094 | 203 364 |
| Fines, penalties and forfeits | | 2 675 | - |
| **Total** | | **231 769** | **203 364** |

### 21.1 Analysis of accrued departmental revenue

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| | 21 | | |
| Opening balance | | 203 364 | 183 187 |
| Less: Amounts received | | 21 075 | 18 653 |
| Add: Amounts recognised | | 49 480 | 38 830 |
| **Total** | | **231 769** | **203 364** |

Impairment is an estimate of the reduction in the carrying value of the future economic benefits expected to be received from the financial assets. The Department use a three-year plus methodology to impair the long-outstanding receivables.

### 21.2 Impairment of accrued departmental revenue

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Estimate of impairment of accrued departmental revenue | | 174 425 | 113 110 |
| **Total** | | **174 425** | **113 110** |

Impairment is an estimate of the reduction in the carrying value of the future economic benefits expected to be received from the financial assets. The Department use a three-year plus methodology to impair the long-outstanding receivables.

## 22. Irregular expenditure

### 22.1 Reconciliation of irregular expenditure

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Opening balance | | 12 980 | 9 894 |
| Prior-period error | | | - |
| As restated | | 12 980 | 9 894 |
| **Add: Irregular expenditure – relating to prior year** | | **3 669** | **3 086** |
| Add: Irregular expenditure – relating to current year | | (12 980) | - |
| Less: Prior year amounts condoned | | (3 311) | - |
| **Closing balance** | | **358** | **12 980** |

Analysis of awaiting condonation per age classification

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Current year | | 358 | 3 086 |
| Prior years | | - | 9 894 |
| **Total** | | **358** | **12 980** |

The prior-year irregular expenditure was condoned by National Treasury and the full amount for the contract was condoned. The current year irregular expenditure is due to the change of tax status before and after the awarding of a tender. The incidence will be investigated.

### 22.2 Details of current and prior-year irregular expenditure – added current year (under determination and investigation)

| Incident | Disciplinary steps taken/criminal proceedings | 2019/20 R'000 |
|---|---|---|
| Lease contract | Condoned | 3 311 |
| Tax non-compliance tax status | | 358 |
| **Total** | | 3 669 |

The full amount of irregular expenditure was condoned by National Treasury and the amount for the contract was regularised. The current year irregular expenditure is due to the change of tax status before and after the awarding of a tender. The incidence will be investigated.

### 22.3 Details of irregular expenditure condoned

| Incident | Condoned by | 2019/20<br>R'000 |
|---|---|---|
| Lease contract | National Treasury | 3 311 |
| Lease contract | National Treasury | 12 980 |
| **Total** | | 16 291 |

The full amount of irregular expenditure was condoned by National Treasury and the amount for the contract was regularised.

## *23. Fruitless and wasteful expenditure*

### 23.1 Reconciliation of fruitless and wasteful expenditure

| | Note | 2019/20<br>R'000 | 2018/19<br>R'000 |
|---|---|---|---|
| Opening balance | | 9 364 | 6 135 |
| Prior-period error | | - | - |
| As restated | | 9 364 | 6 135 |
| Fruitless and wasteful expenditure – relating to prior year | | **452** | **3 229** |
| Fruitless and wasteful expenditure – relating to current year | | **99** | **-** |
| Less: Amounts recoverable | | **-** | **-** |
| Less: Amounts written off | | **-** | **-** |
| Closing balance | | **9 915** | **9 364** |

### 23.2 Details of current and prior-year fruitless and wasteful expenditure –added current year (under determination and investigation)

| Incident | Disciplinary steps taken/criminal proceedings | 2019/20<br>R'000 |
|---|---|---|
| Claims on travel and subsistence | Investigation to be conducted to determine who is the transgressor and the process of recovery. | 99 |
| Claims on travel and subsistence | Investigation to be conducted to determine who is the transgressor and the process of recovery. | 452 |
| **Total** | | 551 |

The wasteful expenditure is as a result of travel and substance claims. The Department will conduct further investigation to determine who is the transgressor and also implement the process of recovery based on the investigation.

## 24. Related-party transactions

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Payments made | | | |
| Transfers and subsidies | | 1 045 458 | 990 551 |
| **Total** | | **1 045 458** | **990 551** |

| Entity | Nature of relationship |
|---|---|
| Council for Geoscience | An entity under control of Minister |
| MINTEK | An entity under control of Minister |
| South African Diamond and Metals Regulator | An entity under control of Minister |
| Mine Health and Safety Council | An entity under control of Minister |
| State Diamond Trader | An entity under control of Minister |
| Department of Energy and its entities | An entity under control of Minister |

## 25. Key management personnel

| | Number of individuals | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| **Political office bearers** | | | |
| **Officials:** | 2 | 2 896 | 4 379 |
| Level 15–16 | 7 | 12 091 | 9 344 |
| Level 13–14 | 68 | 77 890 | 72 993 |
| Level 12 acting on Level 13 | 11 | 6 266 | 5 861 |
| Family members of key management personnel | 3 | 1 591 | - |
| **Total** | 91 | **100 734** | **92 577** |

The Department of Mineral Resources' key management personnel report starts at Level 13 and includes officials on Level 12, however acting on Level 13.

## 26. Provisions

| | Note | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|---|
| Environmental liability | | 328 191 | 416 333 |
| Long-service awards | | 280 | 260 |
| Change in provision due to estimate | | - | - |
| Total | | **328 471** | **416 593** |

### 26.1 Reconciliation of movement in provisions – 2019/20

| | Environmental liability R'000 | Long-service awards R'000 | Provision 3 R'000 | Total provisions R'000 |
|---|---|---|---|---|
| Opening balance | 416 333 | 260 | – | 416 593 |
| Increase in provision | - | 280 | – | 280 |
| Settlement in provision | - | (260) | – | (260) |
| Change in provision due to change on estimate | (88 142) | - | – | (88 142) |
| **Closing balance** | **328 191** | **280** | **–** | **328 471** |

The environmental liability provision for the 201920 financial year is at R328 191 000, with the overall settlement of R88 142 000 from the opening balance of R416 333 000.The long-service award provision has increased by R20 000 compared to the last financial year.

### Reconciliation of movement in provisions – 2018/19

| | Environmental liability R'000 | Long-service awards R'000 | Departmental legal cases R'000 | Total provisions R'000 |
|---|---|---|---|---|
| Opening balance | 297 859 | 323 | - | 298 182 |
| Increase in provision | - | 260 | - | 260 |
| Settlement of provision | - | (323) | - | (323) |
| Change is provision due estimate | 118 474 | - | - | 118 474 |
| **Closing balance** | **416 333** | **260** | **-** | **416 593** |

The environmental liability provision for the 2018/19 financial year is at R416 333 000 with the overall change in provision of R118 474 000 from the opening balance of R297 859 000 .The long-service award provision has decreased by R63 000 compared to last financial year

## *27. Non-adjusting events after reporting date*

| **Nature of event** | 2019/20 R'000 |
|---|---|
| Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made. | - |
| **Total** | - |

On 15 March 2020, the President of South Africa declared a national state of disaster in terms of the Disaster Management Act, 2002 after Covid-19 was declared a world pandemic by the World Health Organisation. National Treasury subsequently published the 2020 Special Adjustment Budget guidelines to give effect to the R130 billion baseline reprioritisation included in the President's Covid-19 response package. The Department of Mineral Resources and Energy's contribution to the Covid-19 response package is R1,574 billion – R41,701 million from goods and services and R1,532 billion from transfer payments. The budget cuts will necessitate adjustments to the Department's performance targets.

From 1 April 2020, the Department of Mineral Resources merged with the Department of Energy, and the Department of Mineral Resources and Energy was formed. The closing balances for the Department of Mineral Resources will form part of the opening balances of the Department of Mineral Resources and Energy.

The Director-General of Mineral Resources was appointed the Director-General of Mineral Resources and Energy. The acting capacity of the Chief Financial Officer for the Department of Mineral Resources ended on 31 March 2020.

## *28. Movable tangible capital assets*

### Movement in movable tangible capital assets per asset register for the year ended 31 March 2020

| | Opening balance R'000 | Value adjustments R'000 | Additions R'000 | Disposals R'000 | Closing balance R'000 |
|---|---|---|---|---|---|
| **Machinery and equipment** | 96 733 | -7 | **1 487** | **14 353** | **83 860** |
| Transport assets | 7 832 | - | - | 4 989 | 2 843 |
| Computer equipment | 46 326 | -7 | 970 | 2 943 | 44 346 |
| Furniture and office equipment | 35 474 | - | 128 | 3 314 | 32 288 |
| Other machinery and equipment | 7 101 | - | 389 | 3 107 | 4 383 |
| | | | | | |
| **Total movable tangible capital assets** | **96 733** | **-7** | 1 487 | 14 353 | 83 860 |

## 28.1 Additions

### Additions to movable tangible capital assets per asset register for the year ended 31 March 2020

| | 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** | 1 919 | | | **-432** | **1 487** |
| Transport assets | - | – | – | - | - |
| Computer equipment | 970 | – | – | - | 970 |
| Furniture and office equipment | 110 | – | – | 18 | 128 |
| Other machinery and equipment | 839 | – | | -450 | 389 |
| **Total additions to movable tangible capital assets** | **1 919** | – | – | **-432** | **1 487** |

## 28.2 Disposals

### Disposals of movable tangible capital assets per asset register for the year ended 31 March 2020

| | Sold for cash R'000 | Non-cash disposal R'000 | Total disposals R'000 | Cash received actual R'000 |
|---|---|---|---|---|
| **Heritage assets** | - | - | - | - |
| **Machinery and equipment** | 12 627 | 1 726 | 14 353 | 2 379 |
| Transport assets | 4 989 | - | 4 989 | 1 768 |
| Computer equipment | 1 832 | 1 111 | 2 943 | 134 |
| **Furniture and office equipment** | **2 801** | **513** | **3 314** | **31** |
| **Other machinery and equipment** | **3 005** | **102** | **3 107** | **446** |
| **Specialised military assets** | | | | |
| Specialised military assets | **-** | **-** | **-** | **-** |

| | Sold for cash R'000 | Non-cash disposal R'000 | Total disposals R'000 | Cash received actual R'000 |
|---|---|---|---|---|
| **Biological assets** | | | | |
| Biological assets | - | - | - | - |
| **Total disposal of movable tangible capital assets** | **12 627** | **1 726** | **14 353** | **2 379** |

### 28.3 Movement for 2018/19

**Movement in tangible capital assets per asset register for the year ended 31 March 2019**

| | Opening balance R'000 | Prior period error R'000 | Additions R'000 | Disposals R'000 | Closing balance R'000 |
|---|---|---|---|---|---|
| **Machinery and equipment** | **88 397** | **162** | **8 334** | **160** | **96 733** |
| Transport assets | 6 900 | - | 932 | - | 7 832 |
| Computer equipment | 40 905 | 88 | 5 493 | 160 | 46 326 |
| Furniture and office equipment | 35 211 | 69 | 194 | - | 35 474 |
| Other machinery and equipment | 5 381 | 5 | 1 715 | - | 7 101 |
| **Total movable tangible capital assets** | **88 397** | **162** | **8 334** | **160** | **96 733** |

#### 28.3.1 Prior-period error

| | Note | 2019/20 R'000 |
|---|---|---|
| Nature of prior period error | | |
| Relating to 2018/19 | | 162 |
| Assets adjustments | | 162 |
| Relating to | | |
| **Total prior period errors** | | **162** |

The prior-period errors are as a result of assets that were not accounted for and were found on the floor.

## 28.4 Minor assets

### Movement in minor assets per the asset register for the year ended as at 31 March 2020

| | Specialised military assets R'000 | Intangible assets R'000 | Heritage assets R'000 | Machinery and equipment R'000 | Biological assets R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| Opening balance | – | – | – | 18 700 | – | 18 700 |
| Value adjustments | – | – | – | 81 | – | 81 |
| Additions | – | – | – | 190 | – | 190 |
| Disposals | – | – | – | 1 411 | – | 1 411 |
| **Total minor assets** | – | – | – | **17 560** | – | **17 560** |

### Movement in minor assets per the asset register for the year ended as at 31 March 2019

| | Specialised military assets R'000 | Intangible assets R'000 | Heritage assets R'000 | Machinery and equipment R'000 | Biological assets R'000 | Total R'000 |
|---|---|---|---|---|---|---|
| Opening balance | – | – | – | 17 766 | – | 17 766 |
| Prior period error | – | – | – | 285 | – | 285 |
| Additions | | | | 649 | | 649 |
| Disposals | – | – | – | | – | - |
| **Total minor assets** | – | – | – | **18 700** | – | **18 700** |

### 28.4.1 Prior-period error

| | Note | 2019/20 R'000 |
|---|---|---|
| Nature of prior period error | | |
| Relating to 2018/19 | | 285 |
| Assets adjustments | | 285 |
| Relating to | | |
| **Total prior period errors** | | **285** |

The prior period errors are as a result of assets that were not accounted for and were found on the floor.

## *29. Intangible capital assets*

**Movement in intangible capital assets per asset register for the year ended 31 March 2020**

| | Opening balance R'000 | Value adjustments R'000 | Additions R'000 | Disposals R'000 | Closing balance R'000 |
|---|---|---|---|---|---|
| Software | 4 113 | – | 43 | – | 4 156 |
| Total intangible capital assets | **4 113** | – | 43 | – | **4 156** |

### 29.1 Additions

**Additions to intangible capital assets per asset register for the year ended 31 March 2020**

| | Cash R'000 | Non-cash R'000 | (Development work in progress – current costs) R'000 | Received current year, not paid (Paid current year, received prior year) R'000 | Total R'000 |
|---|---|---|---|---|---|
| Software | **43** | – | – | – | **43** |
| **Total additions to intangible capital assets** | **43** | **–** | **–** | **–** | **43** |

### 29.2 Movement for 2018/19

**Movement in intangible capital assets per asset register for the year ended 31 March 2019**

| | Opening balance Cash R'000 | Prior period error R'000 | Additions R'000 | Disposals R'000 | Closing balance R'000 |
|---|---|---|---|---|---|
| Software | 4 113 | – | – | – | 4 113 |
| **Total intangible capital assets** | **4 113** | **–** | **–** | **–** | **4 113** |

## 30 Immovable tangible capital assets

### Movement in immovable tangible capital assets per asset register for the year ended 31 March 2020

| | Opening balance R'000 | Value adjustments R'000 | Additions R'000 | Disposals R'000 | Closing balance R'000 |
|---|---|---|---|---|---|
| **Building and other fixed structures** | **53 071** | **–** | **276** | **–** | **53 347** |
| Other fixed structures | 53 071 | – | 276 | – | 53 347 |
| Total immovable tangible capital assets | **53 071** | **–** | **276** | **–** | **53 347** |

### 30.1 Additions

### Additions to immovable tangible capital assets per asset register for the year ended 31 March 2020

| | 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 |
|---|---|---|---|---|---|
| **Building and other fixed structures** | **276** | – | – | – | **276** |
| Other fixed structures | 276 | – | – | – | 276 |
| Total immovable tangible capital assets | **276** | – | – | – | **276** |

### 30.2 Movement for 2018/19

### Movement in immovable tangible capital assets per asset register for the year ended 31 March 2019

| | Opening balance R'000 | Prior period error R'000 | Additions R'000 | Disposals R'000 | Closing balance R'000 |
|---|---|---|---|---|---|
| **Building and other fixed structures** | **52 435** | **–** | **636** | **–** | **53 071** |
| Other fixed structures | 52 435 | – | 636 | – | 53 071 |
| **Total immovable tangible capital assets** | **52 435** | **–** | **636** | **–** | **53 071** |

*31. Prior-period error*

### 31.1 Prior-period error on environment liability and provision for 2018/19

| Liabilities: (e.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.) | Amount before error correction R'000 | Prior Period Error R'000 | Restated Amount R'000 |
|---|---|---|---|
| **Provision** | **297 599** | **118 734** | **416 333** |
| Contingent liabilities | 1 702 673 | 1 705 327 | 3 408 000 |
| **Net effect** | **2 000 272** | **1 824 061** | **3 824 333** |

The prior-period error on environmental liability is due to the change on provisions and contingent liability for the 2018/19 financial year and also errors identified on the current financial year

# Annexures to the Annual Financial Statements for the year ended 31 March 2020

## Annexure 1B: Statement of transfers to departmental agencies and accounts

| | TRANSFER ALLOCATION | | | | TRANSFER | | 2018/19 |
|---|---|---|---|---|---|---|---|
| Departmental agency/ account | Adjusted appropriation R'000 | Roll-overs R'000 | Adjustments R'000 | Total available R'000 | Actual transfer R'000 | Percentage of available funds transferred Percentage | Final appropriation R'000 |
| Council for Geoscience | 414 062 | – | – | 414 062 | 414 062 | 100% | 405 983 |
| South African Diamond and Precious Metal Regulator | 61 544 | – | – | 61 544 | 61 544 | 100% | 59 105 |
| Mining Qualification Authority | 1 996 | – | – | 1 996 | 1 996 | 100% | 1 973 |
| Mine Health and Safety Council | 4 386 | | | 4 386 | 4 386 | 100% | 4 803 |
| **Total** | **481 988** | – | – | **481 988** | **481 988** | | **471 864** |

## Annexure 1D: Statement of transfers/subsidies to public corporations and private enterprises

| | TRANSFER ALLOCATION | | | | EXPENDITURE | | | | 2018/19 |
|---|---|---|---|---|---|---|---|---|---|
| | Adjusted appropriation R'000 | Roll-overs R'000 | Adjustments R'000 | Total available R'000 | Actual transfer R'000 | Percentage of available funds transferred Percentage | Capital R'000 | Current R'000 | Final appropriation R'000 |
| **Public corporations** | | | | | | | | | |
| **Transfers** | **457 705** | **–** | **(21 683)** | **436 022** | **436 022** | **100%** | **32 516** | **403 506** | **425 368** |
| MINTEK | 436 022 | – | – | 436 022 | 436 022 | **100%** | 32 516 | **403 506** | 420 368 |
| Industrial Development Corporation of South Africa | **21 683** | – | (21 683) | – | – | **0%** | **-** | **-** | **5 000** |
| **Subtotal** | **457 705** | – | (21 683) | **436 022** | **436 022** | **100%** | **32 516** | **403 506** | **425 368** |
| Subsidies | | | | | | | | | |
| **Total** | **457 705** | – | (21 683) | **436 022** | **436 022** | **100%** | **32 516** | **403 506** | **425 368** |
| **Private enterprises** | | | | | | | | | |
| **Transfers** | | | | | | | | | |
| Petroleum SA | 127 446 | – | – | 127 446 | 127 448 | | | 127 448 | 98 439 |
| **Subtotal** | 127 446 | – | – | 127 446 | 127 448 | **100.0%** | - | 127 448 | 98 439 |
| **TOTAL** | 585 151 | – | (21 683) | 563 468 | 563 470 | **100.0%** | 32 516 | 530 954 | 523 807 |

## Annexure 1G: Statement of transfer to households

| | TRANSFER ALLOCATION | | | | TRANSFER | | 2018/19 |
|---|---|---|---|---|---|---|---|
| Households | Adjusted Appropriation Act R'000 | Roll-overs R'000 | Adjustments R'000 | Total available R'000 | Actual transfer R'000 | Percentage of available funds transferred Percentage | Final appropriation R'000 |
| **Transfers** | | | | | | | |
| Severance package (employer service benefits) | 774 | – | – | 774 | 773 | 100% | - |
| Leave gratuity (employer service benefits) | 2 194 | – | – | 2 194 | 2 182 | 99% | 2 195 |
| Claims against the state (cash) | 7 | – | – | 7 | 118 | 1686% | - |
| Donation and gifts (cash) | 321 | | | 321 | 120 | 37% | 311 |
| **Total** | **3 296** | – | – | **3 296** | **3 193** | | **2 506** |

## Annexure 1J: Statement of gifts, donations and sponsorships made

| Nature of gift, donation or sponsorship | 2019/20 R'000 | 2018/19 R'000 |
|---|---|---|
| **Made in kind** | | |
| Payments made as an act of grace to household | 120 | 40 |
| **Total** | **120** | **40** |

## Annexure 3B: Statement of contingent liabilities as at 31 March 2020

| NATURE OF LIABILITY | Opening balance 1 April 2019 R'000 | Liabilities incurred during the year R'000 | Opening balance 1 April 2017 R'000 | Liabilities paid/ cancelled/reduced during the year R'000 | Closing balance 31 March 2020 R'000 |
|---|---|---|---|---|---|
| Claims against the Department | 140 790 | 32 191 | – | – | 172 981 |
| **Subtotal** | **140 790** | **32 191** | – | – | **172 981** |
| Environmental liability | 1 705 327 | 1 702 673 | – | – | 3 408 000 |
| **Subtotal** | **1 846 117** | **1 734 864** | - | – | **3 580 981** |
| **Total** | **1 846 117** | **1 734 864** | – | – | **3 580 981** |

## Annexure 4: Claims Recoverable

| Government entity | CONFIRMED BALANCE OUTSTANDING | | UNCONFIRMED BALANCE OUTSTANDING | | TOTAL | | CASH IN TRANSIT AT YEAR END 2019/20 | |
|---|---|---|---|---|---|---|---|---|
| | 31/03/2020 R'000 | 31/03/2019 R'000 | 31/03/2020 R'000 | 31/03/2019 R'000 | 31/03/2020 R'000 | 31/03/2019 Amount | Receipt date up to six working days after year end | Amount R'000 |
| **Department** | | | | | | | | |
| Department of Energy | – | – | 1 458 | 1 827 | 1 458 | 1 827 | – | – |
| Department of Transport, Safety and Liaison | – | – | 21 | - | 21 | - | – | – |
| Department of Education | | | 69 | - | 69 | - | | |
| **Total** | **–** | **–** | **1 548** | **1 827** | **1 548** | **1 827** | | |

## Annexure 5: Inter-government payables

| Government entity | CONFIRMED BALANCE OUTSTANDING | | UNCONFIRMED BALANCE OUTSTANDING | | TOTAL | | CASH IN TRANSIT AT YEAR END 2019/20 | |
|---|---|---|---|---|---|---|---|---|
| | 31/03/2020 R'000 | 31/03/2019 R'000 | 31/03/2020 R'000 | 31/03/2019 R'000 | 31/03/2020 R'000 | 31/03/2019 Amount | Receipt date up to six working days after year end | Amount R'000 |
| **Departments** | | | | | | | | |
| Current | – | – | | – | – | – | – | – |
| Department of Justice | | | 3 707 | 141 | 3 707 | 141 | | |
| Department of Public Works | | | 1 478 | 4 335 | 1 478 | 4 335 | | |
| Gauteng Government Garage | | | 906 | 2 904 | 906 | 2 904 | | |
| Office of the Public Service Commission | | | - | 7 | - | 7 | | |
| South African Police Services | – | – | - | 56 | - | 56 | | |
| **Subtotal** | – | – | 6 091 | 7 443 | 6 091 | 7 443 | | |
| **Total intergovernmental payables** | **–** | **–** | **6 091** | **7 443** | **6 091** | **7 443** | | |

## Annexure 6: Consumables

| Consumables for the year ended 31 March 2020 | Consumables R'000 | Total R'000 |
|---|---|---|
| Opening balance | 358 | 358 |
| Add/(Less): Adjustments to prior year balances | 2 | 2 |
| Add: Additions/purchases – Cash | 3 455 | 3 455 |
| Add: Additions - Non-cash | 195 | 195 |
| (Less): Disposals | - | - |
| (Less): Issues | (3 503) | (3 503) |
| Add/(Less): Received current, not paid | - | - |
| (Paid current year, received prior year) | | |
| Add/(Less): Adjustments | (3) | (3) |
| **Closing balance** | **504** | **504** |

| Consumables for the year ended 31 March 2019 | Consumables R'000 | TOTAL R'000 |
|---|---|---|
| Opening balance | 310 | 310 |
| Add/(Less): Adjustments to prior year balances | 10 | 10 |
| Add: Additions/purchases – Cash | 4 684 | 4 684 |
| Add: Additions - Non-cash | (4 713) | (4 713) |
| (Less): Disposals | - | - |
| (Less): Issues | - | - |
| Add/(Less): Received current, not paid | 72 | 72 |
| (Paid current year, received prior year) | | |
| Add/(Less): Adjustments | (5) | (5) |
| **Closing balance** | **358** | **358** |

# NOTES:

# NOTES:

# NOTES:

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