ANNUAL REPORT

2020/21

mineral resources & energy

Department:
Mineral Resources and Energy
REPUBLIC OF SOUTH AFRICA

CONTENTS

CONTENTS

LIST OF TABLES

LIST OF TABLES

PART A

GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

Department of Mineral Resources and Energy

Physical address:	Matimba House/Trevenna Campus, Building 2C 192 Visagie Street/70 Meintjies, Sunnyside Corner Paul Kruger and Visagie Street/Meintjies & Francis Baard Street Pretoria
Postal address:	Private Bag X96/59 Pretoria 0001
Telephone number/s:	+27 (0)12 406 8000/7300 +27 (0)12 444 3000
Fax number:	+27 (0)12 323 5646
E-mail address:	enquiries@dmre.gov.za
Website:	www.dmre.gov.za

2. ABBREVIATIONS/ACRONYMS

ADAM	Approach to Distribution Asset Management
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AMCU	Association of Mine Workers and Construction Union
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CDM	Clean Development Mechanism
CEF	Central Energy Fund
CFO	Chief Financial Officer
CGS	Council for Geosciences
CISF	Centralised Interim Storage Facility
DBC	Departmental Bargaining Chamber
DBSA	Development Bank of South Africa
DDG	Deputy Director-General
DFFE	Department of Forestry, Fisheries and the Environment
DG	Director-General
DMRE	Department of Mineral Resources and Energy
DoE	Department of Energy
DoRA	Division of Revenue Act
DPME	Department of Monitoring and Evaluation
DSI	Department of Science and Innovation
Dtic	Department of Trade, Industry and Competition
EEDSM	Energy Efficiency and Demand-Side Management
ESIEID	Economic Sectors, Investment, Employment and Infrastructure Development
EXCO	Executive Management Committee
GDP	Gross Domestic Product
GHG	Greenhouse Gas
HDI	Historically Disadvantaged Individual
HDSA	Historically Disadvantaged South Africans
HR	Human Resources
HySA	Hydrogen South Africa
IAA	Internal Audit Activity
IAEA	International Atomic Energy Agency
IEC	Integrated Energy Centre
iGAS	South African Gas Development Company
INEP	Integrated National Electrification Programme
IPP	Independent Power Producer
IRP	Integrated Resource Plan
ISBN	International Standard Book Number
IYM	In-Year Monthly
LPG	Liquefied Petroleum Gas
M&E	Monitoring and Evaluation
MANCO	Management Committee
MHSC	Mine Health and Safety Council
MHSI	Mine Health and Safety Inspectorate
MINCOSA	Minerals Council South Africa
MoA	Memorandum of Agreement
MP	Member of Parliament
MPSA	Minister for Public Service and Administration
MTSF	Medium-Term Strategic Framework
MV	Medium Voltage
MW	Megawatt
NDP	National Development Plan

Necsa	South African Nuclear Energy Corporation
NERSA	National Energy Regulator of South Africa
NMOG	National Macro Organisation of Government
NNR	National Nuclear Regulator
NWU	North-West University
NRF	National Research Foundation
NRWDI	National Radioactive Waste Disposal Institute
NTI	New-To-Industry
NUM	National Union of Mineworkers
PetroSA	Petroleum Oil & Gas Corporation South Africa (SOC) Limited
PFMA	Public Finance Management Act
PPM	Parts Per Million
PSETA	Public Sector Education and Training Authority
RFI	Request for Information
RMIPPPP	Risk Mitigation Independent Power Producer Procurement Programme
SADC	Southern African Development Community
SADPMR	South African Diamond and Precious Metals Regulator
SEIAS	Socioeconomic Impact Assessment System
SAIREC	South African International Renewable Energy Conference
SA-JINR	South Africa-Joint Institute For Nuclear Research
SANEDI	South African National Energy Development Institute
SAPS	South African Police Service
SARS	South African Revenue Service
SA-ESRF	South Africa-European Synchrotron Radiation Facility
SCM	Supply Chain Management
SCOA	Standard Chart of Account
SDT	State Diamond Trader
SETAs	Sector Education and Training Authorities
SFF	Strategic Fuel Fund
SITA	State Information Technology Agency
SLP	Social and Labour Plan
SMART	Specific, Measurable, Attainable, Realistic and Timely
SMS	Senior Management Service
SMU	Sefako Makgatho Health Sciences University
SOE	State-Owned Entity
SOP	Standard Operating Procedure
SWH	Solar Water Heating
TCF	Trillion Cubic Feet
TWh	Terawatt hours
UASA	United Association of South Africa
UCT	University of Cape Town
UFS	University of the Free State
UIF	Unemployment Insurance Fund
UJ	University of Johannesburg
UKZN	University of KwaZulu-Natal
UP	University of Pretoria
US	University of Stellenbosch
WASA	Wind Atlas for South Africa
WINSA	Women in Nuclear South Africa
Wits	University of the Witwatersrand
WSP	Workplace Skills Plan

3. FOREWORD BY THE MINISTER

Mr SG Mantashe, MP
Minister of Mineral Resources and Energy

"Regional and international partnerships were strengthened to ensure that economic growth and development continue to underpin long-term sustainable prosperity for our people."

Introduction

It is my pleasure to present the 2020/21 Annual Report for the Department of Mineral Resources and Energy and to note that the revitalisation of mineral resources and energy is high on the agenda and regarded as an important vehicle to stimulate the economic growth. The Department has a mandate to regulate, transform and promote minerals and energy sectors, providing sustainable and affordable energy mix for growth and development and ensuring that all South Africans derive sustainable benefit from the country's mineral wealth.

Economic Recovery and Reconstruction Plan

South Africa has identified several interventions, as part of the economic recovery and reconstruction plan, to ensure that our economy recovers as quickly as possible following the devastating effects of the Covid-19 pandemic. One such intervention is identifying and recognising the crucial role that exploration plays in the development and sustainability of the sector.

We worked together to ensure that we resolve the electricity challenges. It is becoming increasingly clear that mining and many other industries cannot optimally operate without reliable electricity.

Regional and international partnerships were strengthened to ensure that economic growth and development continue to underpin long-term sustainable prosperity for our people. Collaborations and working together improved intra-African trade as a step-up integration mechanism between our regions, so as to further boost economic growth. The President of South Africa, Mr Cyril Ramaphosa, highlighted critical interventions by Government, that is, to build a capable state and to place our economy on the path to recovery; the need to fix the fundamentals; to pursue critical areas of growth; and to ensure excellence in Government's planning and execution.

The merger of the former Departments of mineral resources and energy into one Department of Mineral Resources and Energy, was purposely aimed at increasing the capacity and capability of the State to drive economic recovery.

Energy infrastructure underpins economic activity, and growth, therefore should be robust and extensive and employment to meet the industrial, commercial, and household needs. An unreliable electricity supply is the biggest threat to economic growth, job creation and development.

The President also spoke of the sovereign wealth fund and the specialised unit to deal with crime; matters close to our Department. We included in the Draft Upstream Petroleum Resource Development Bill, released for public comments in 2019, a proposal on a sovereign wealth fund to be created through royalties from our mineral resources.

Legislative Programme

The Department has created an enabling environment through investor friendly legislation. At the centre of our mandate is the responsibility to create an enabling environment for investments in both the mining and energy sectors. To this extent, the Department has finalised and introduced the **Gas Amendment Bill** in Parliament. This Bill aims to unlock investment into the gas sector and to facilitate the development of gas infrastructure.

As we seek to move towards cleaner fuels, we have also gazetted a **draft LPG Strategy** that seeks to address a suite of challenges prohibiting access and affordability of this energy source.

The **Upstream Petroleum Bill** has been approved by Cabinet and the process for its introduction to Parliament is underway. These Bills will unlock the potential for investments into both our on and offshore petroleum resources.

The Department has amended and gazetted the blending requirements on biofuels to expand its definition to include the second- and third-generation biofuels. As part of our contribution to **a just transition** and ensuring that we reduce the greenhouse gas emissions, we have also gazetted the **Clean Fuels Regulations** which aim to ensure a reduction of the sulphur content in standard grade diesel from 50 to 10 parts per million (ppm). Clean fuel regulations will be finalised and gazetted by the end of the first quarter of the 2021/22 financial year.

The Department is hard at work with the **Amendment of the Mine Health and Safety Act** that seeks to address challenges relating to health and safety of mine workers. This Bill will be published for stakeholder comments in the third quarter of the new financial year. The **National Nuclear Regulator Amendment Bill** has been approved by Cabinet and will be published for public comments. This Bill will also be tabled in Parliament in the new financial year. Work is at an advanced stage with the drafting of the **Radioactive Waste Management Fund Bill** that aims to enforce the polluter-to-pay principle for all nuclear waste generated.

According to Eskom, we face at least two years of potential load shedding. The President mentioned that the country needs to implement measures to address energy shortages that include the procurement of emergency power, the easing of requirements and processes for generation for own use, the issuing of Section 34 Determinations in line with the Integrated Resource Plan (IRP) 2019, and the enabling of municipalities in good financial standing to generate or buy their own power. In September 2020, the National Energy Regulator of South Africa (NERSA) concurred with a Section 34 Determination to procure 11 813 megawatts (MW) from a range of technologies.

Artisanal and Small-Scale Mining Policy

Many previously disadvantaged South Africans have begun to see **small-scale mining** as a way to a new life. It is essential that small-scale miners in South Africa become integrated into the greater South African mining community and that the sector becomes streamlined into the mainstream economy. As a result, the South African Government has taken active measures to promote the development of this sector.

The Department has drafted the **Artisanal and Small-Scale Mining Policy**. This policy will provide a focused regulatory regime for this segment of the sector. Further to this, it will create space for the coexistence of large-scale mining together with artisanal and small-scale mining, thus ensuring optimal exploitation of the country's mineral resources.

In October, Cabinet approved a **Chrome Beneficiation Paper** that recommended several interventions, ranging from providing a framework for negotiated pricing agreements for intensive energy users, an export tax on chrome ore exports, technology improvements, self- and co-generation, among others. The Department will advance localisation through mineral beneficiation. This will be done through the implementation of the ferrochrome smelters interventions approved by Cabinet during the period under review. This will not only increase the revenue gained from the exploitation of resources, but will also significantly increase the job creation. This industrialisation initiative will be rolled out to other mineral commodities.

Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP)

The **RMIPPPP** was released to the market in August 2020. The aim was to alleviate the electricity supply constraints and to reduce the extensive utilisation of diesel-based peaking electrical generators in the medium to long term.

The Department announced the preferred bidders for the RMIPPPP and provided an update on the procurement of additional power in line with IRP 2019. The RMIPPPP succeeded in attracting project proposals featuring a variety of technology combinations, namely Solar PV, Wind, Liquified natural gas, and battery storage.

These projects will inject a total private sector investment amount of R45 billion to the South African economy, with an average local content of 50% during the construction period. South African entity participation from these projects is 51% with black ownership at 41%. About 3 800 job opportunities will be created during the 18-month construction period and a further 13 500 during the 20-year Power Purchase Agreement term.

Petroleum Products

The worldwide economic shock caused by the Covid-19 pandemic had widespread and often dramatic effects on investments in the energy sector and consumption of energy. The effects on energy investment come from two directions. First, spending cuts due to lower aggregate demand and reduced earnings; these cuts were particularly severe in the oil industry, where prices have at one point collapsed. Second, the practical disruption to investment activity caused by lockdowns and restrictions on the movement of people. In general, oil is bearing the brunt of this shock because of the curtailment in mobility and aviation, which represent nearly 60% of global oil demand.

South Africa is a net importer of petroleum products and gained from lower international crude oil prices but also was significantly affected by a drop in demand. The decrease in demand ranged from about 90% for jet fuel to about 50% for diesel which was the least affected of the main fuels. The imbalance in demand resulted in refineries that were first scaling back production to balance stock and then shutting down fully as available ullage countrywide filled rapidly.

With regard to Liquified Natural Gas initiatives, the Department has committed to develop the gas industry into the South African economy. In this regard, environmental impact assessments have been undertaken for three Gas to Power Plants of 1 000 MW each to enable Gas to Power projects in Special Economic Zones.

In October 2020, Total SA announced a significant gas condensate discovery on the Luiperd prospect, located on Block 11B/12B in the Outeniqua Basin, 175 kilometers off the southern coast of South Africa.

Appreciation

I would like to express my gratitude to the Portfolio Committee on Mineral Resources and Energy, Deputy Minister (Dr Nobuhle Pamela Nkabane) and Director-General (Advocate Thabo Mokoena), Team Mineral Resources and Energy, State-Owned Entities reporting to the Department and all other stakeholders for their support in contributing towards the delivery of Department's mandate for a better South Africa.

Mr Samson Gwede Mantashe, MP
Minister of Mineral Resources and Energy

4. DEPUTY MINISTER'S STATEMENT

Dr Nobuhle Pamela Nkabane, MP
Deputy Minister of Mineral Resources and Energy

"The Department of Mineral Resources and Energy and the state-owned entities for which it is responsible collectively have a mandate to ensure that the supply of energy security is not only about the provision of electricity, liquid fuels and gas, but that it is also about their sustainable utilisation, affordability and accessibility by our people, businesses and industries."

From the onset of confronting the Covid-19 pandemic, our countrymen and women in the health sector steered us through the storm in their sterling effort of saving our lives. When the pandemic descended, our country went into lockdown to halt its spread, and at that time, our economy was already in recession. Subsequent downgrades by rating agencies sunk the economy further. Then the pandemic sounded a death knell to a climate beleaguered by the inhibiting high cost of electricity. Therefore, the reliance of the Economic Reconstruction and Recovery Plan on our ability to secure reliable and affordable supply of energy. The Department planned to transcend the pre-Covid-19 level to grow the economy on par with our country's development.

Response to Covid-19 Pandemic

Expanding the country's energy generation capacity was a priority intervention to support a rapid economic rebound that was central to saving lives and livelihoods. The Department of Mineral Resources and Energy heeded the call of the President by fully implementing the Integrated Resource Plan, the Economic Recovery Reconstruction Plan, ERRP and targeted to deliver a total of 16 313 MW, from a mix of energy sources.

The Department has gazetted amendments to Electricity Regulations on new generation capacity to enable municipalities in good financial standing to develop their own power generation projects. The amendments clarified the regime applicable to municipalities when requesting Determinations under Section 34 of the Electricity Amendment Act. Recognising Eskom's role in the electricity sector, Government worked tirelessly to achieve significant systems improvement through the Eskom maintenance programme. Work is underway to achieve operational and financial stability at the entity. The process to separate and unbundle Eskom is progressing well in line with the Roadmap.

These initiatives complemented the efforts to secure energy supply for society. The coronavirus pandemic exacerbated socioeconomic challenges that the country has been grappling with. However, these challenges also offered opportunities to rethink, reshape, as well as to ensure that the South African economy is catalysed to recover as quickly as possible, thereby saving lives and protecting livelihoods.

The common goal is to ensure that Africa has improved geological and mining information systems, strengthened human and institutional capacity for the optimal management of mineral resources. It is the strengthening of these elements that leads to an improved investment climate. This is because Africa is home to a vast majority of the world's mineral wealth and many parts of our land still offer an untapped market.

Electricity

In the electricity sector, demand has been significantly reduced as a result of lockdown measures, with knock-on effects on the power mix. Electricity demand has been depressed by 20% or more during periods of full lockdown in several countries, as upticks for residential demand are far outweighed by reductions in commercial and industrial operations. At a global level, demand reductions have lifted the share of renewables in the electricity supply, as their output is largely unaffected by demand.

Demand has fallen for all other sources of electricity, including coal, gas, and nuclear power. The International Energy Agency anticipates that for the year as a whole, output from renewable sources is expected to increase because of low operating costs and preferential access to many power systems. Nuclear power is expected to decline somewhat in response to lower electricity demand. In aggregate, this would mean that low-carbon sources far outstrip coal-fired generation globally, extending the lead established in 2019. In the case of South Africa, electricity consumption has significantly decreased. One of the positive outcomes of Covid-19 is the global carbon dioxide (CO_2) emissions reduction. CO_2 emissions are expected to decline by 8%, or almost 2.6 Giga tonnes (Gt), to the levels of ten years ago. Such a year-on-year reduction would be the largest ever, six times larger than the previous record reduction of 0.4 Gt in 2009 – caused by the global financial crisis – and twice as large as the combined total of all previous Global reductions since the end of World War II.

Small-Scale Mining Framework

We are focusing on the implementation of the Small-Scale Mining Framework to create the necessary policy and regulatory certainty required by the industry to unlock investment. We continue to promote the transformation of small-scale mining activities into commercially viable and sustainable projects capable of making a meaningful contribution to employment creation, poverty alleviation and increased economic activity to boost the capacity to create long-term jobs.

Nuclear Energy

The Department has issued a Section 34 determination for procurement of 2 500 MW nuclear energy to NERSA for concurrence, and the public hearings were conducted during the year under review. To enable execution of the Nuclear New Build Programme at the scale and pace that the country can afford to ensure the security of supply in line with the Integrated Resource Plan 2019, a non-binding Request for Information for the Nuclear New Build Programme was successfully concluded by the Department and investors, industry, and reactor suppliers showed tremendous interest to participate in this programme. This indicated that we are on the right track to achieve the target of additional 2 500 MW nuclear energy to be procured by 2024.

Consultations for the new Multi-purpose Reactor were concluded at the Forum of South African Directors-General (FOSAD CLUSTER). Investment for the success of this project is critical for the long-term sustainability and growth of South Africa's world-leading capability in the fields of nuclear research and development and nuclear medicine, where South Africa is one of the leading medical isotope suppliers in the world.

The Nuclear Spent Fuel Ministerial Task Team finalised the review of the pre-feasibility study for the Centralised Interim Storage Facility to be delivered by the National Radioactive Waste Disposal Institute (NRWDI). The facility is intended to enhance management of spent fuel away from the reactor sites in line with international convention and best practice, as well as to create jobs and stimulate the economy. The National Liaison Office facilitated capacity building to enhance the technical and operational capability of professionals in the industry.

Gender-Based Violence

The Covid-19 pandemic has caused untold human suffering and heighted gender-based inequalities, not only in South Africa but also around the world. The ongoing attacks on women and children led to His Excellency, President Cyril Ramaphosa declaring Gender Based Violence and femicide (GBVF) as a second pandemic following Covid-19. Gender-based violence, whether physical, sexual, emotional, or economic, was recognised globally as one of the most widespread and persistent violations of the rights of women and girls. It is a universal problem; it cuts across geography, class and culture.

Government has been making strides in combating violence against women and children. Cabinet has endorsed the National Strategic Plan on Gender Based Violence and Femicide, which every sector, organisation and community had to implement to fight this pandemic. The plan provided a cohesive strategic framework to guide the national response to this scourge and calls for Public Private Partnership. The introduction and approval of the National Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Strategic Framework by government, which the sector is expected to implement, gives guidance on how men and women can both be economically empowered.

Mining companies have policies, programmes and systems in place to address inequality, sexual harassment and violence in the workplace. The increase in female participation has been such that women now comprise a growing percentage of the industry's entire labour force. However, the increase in female participation has not necessarily translated in a significant improvement in the behaviour and attitude towards female miners. In fact, abuse, harassment, and intimidation by male colleagues remain a challenge that many women confront daily, at work as well as at home.

The fight against poverty and injustice will only bear fruit if we address the root causes of gender inequalities and GBV in our workplace, families, societies and nations. As a key economic sector, the Department pledged to enforce caring for surrounding mining communities and empower women economically. They need to be part of the entire mining and minerals value chain as a solution to be implement to solve the challenge of financial insecurity many women face.

Youth

Issues related to youth are critical as we work to transform the mining sector for the benefit of all South Africans. A key instrument we are using to transform the sector is the Mining Charter, as it creates regulatory certainty, sustainable growth and a competitive and transformed mining industry. The Charter is important to South Africa realising its long-term objectives of eliminating poverty, reducing inequality, and creating jobs. The Department intended to see more black people participating in the sector as owners and managers of mines as well as service providers. In this regard, the Department implemented youth upliftment programmes for new entrants identified throughout the mining value chain, as well as assist with issues of access to funding, geological information, compliance and access to markets.

The Department continued to reach out to young people through programmes like the Annual Learners Focus Week, where we target learners who are currently studying mathematics and science with the aim to encourage them to take up mining careers. We further provide learnerships and internships to learners and graduates as part of bridging the work experience gap needed in the employment market. Mining-related bursaries were offered to young people and will continue to do so for many other learners who deserve them.

Our country needs more people to be skilled as mining, mechanical, electrical and chemical engineers. We are also in need of surveyors, geologists, occupational hygienists, health and safety representatives and inspectors. These are but a few of the career opportunities that are available for all young people who are determined to change not only their lives but also those of their families, communities and ultimately the whole country.

The Department has engaged universities to understand what students are being taught at universities, as we seek to understand whether the knowledge transferred through our academic institutions addresses the needs of the sector and contribute towards ensuring that the sector remains globally competitive.

Simultaneously, the Department took note of the need to consider matters including tax and investment incentives as well as infrastructure development to support local mineral beneficiation, among others. Modernisation in the sector with a view to increase safety and efficiency as well as productivity was also considered. The sector needs young people to work with to find ways on how the country can be responsive to the changing demands of minerals, technology advances and innovation in production and exploration as the world moves towards the fourth industrial revolution.

The Department of Mineral Resources and Energy and the state-owned entities for which it is responsible collectively have a mandate to ensure that the supply of energy security is not only about the provision of electricity, liquid fuels and gas, but that it is also about their sustainable utilisation, affordability and accessibility by our people, businesses and industries. It is with this very clear understanding and appreciation of its urgency that we develop energy plans for the short, medium and long term that are supported by effective policies, strong institutions and human resources, effective governance as well as a regulatory framework that addresses the critical needs for skilling and skills transfer, youth unemployment and localisation of energy inputs so as to grow our local industries. This Annual Report details the progress we made in the past fiscal year, as well as the challenges encountered along the way.

The Mining and the Energy sector is the engine for economic development and is at the heart of businesses, household and individuals. I am pleased that the Department has managed to accomplish most of its targets during the trying times of the Covid-19 pandemic. I would like to extend my appreciation to the Minister of Mineral and Energy Resources, Mr Gwede Mantashe, for his welcoming and leadership, and the Portfolio Committee on Mineral Resources and Energy for effective and efficient political oversight.

Dr Nobuhle Pamela Nkabane, **MP**
Deputy Minister of Mineral Resources and Energy

5. REPORT OF THE ACCOUNTING OFFICER

Adv. Thabo Mokoena
Director-General

"The constrained supply of electricity in the country led the Department to make announcements regarding the small-scale embedded generation. The Department promulgated legislation to allow companies to generate electricity for own use and also encouraged the small-scale embedded generation projects."

Introduction

This Annual Report is an essential component of our Strategic Management Process as it seeks to provide feedback on the extent and manner in which the Department of Mineral Resources and Energy has implemented its programmes/projects during the 2020/21 financial year against the targets stated in the Strategic Plan and Annual Performance Plan linked to the Medium-Term Strategic Framework Government priorities and the Economic Reconstruction and Recovery Plan.

Overview of the Operations of the Department

At the height of the lockdowns in April, when more than four billion people worldwide were subject to some form of confinement, year-on-year demand for oil was down by around 25 mb/d. During the same period, in South Africa, oil demand equally plummeted and led to temporary shutdown of almost all refineries except Sasol and the Petroleum Oil & Gas Corporation South Africa (PetroSA). Most fuel retail service stations experienced significant revenue loss and were operating with fewer employees.

The constrained supply of electricity in the country led the Department to make announcements regarding the small-scale embedded generation. The Department promulgated legislation to allow companies to generate electricity for own use and also encouraged the small-scale embedded generation projects. Currently, a huge number of such small-scale embedded generation projects have been licensed by the National Electricity Regulator of South Africa.

Eighteen thousand megawatts (18 000 MW) of new generation capacity – from coal, diesel, renewables, and pumped storage, has been committed to and used on the grid. However, intermittent supply deficiency problems persisted. Due to unavailability of the bulk of the generation plant, because of breakdowns, Eskom was unable to reliably meet any peak electricity demand above 31 000 MW. Implementation of the Integrated Resource Plan (IRP) 2019 through Section 34 Ministerial Determinations provided for additional capacity of 2 000 MW of emergency power, 1 500 MW from coal, 2 500 MW from hydro, 6 000 MW from photovoltaic, 14 400 MW from wind, 2 088 MW from storage and 3 000 MW from gas.

This enabled opening of Bid Windows for the renewable energy power procurement and support further investment in the energy sector. The Department released a Request for Information (RFI) on power projects that can deliver power to the grid in the shortest possible time on a least-cost and a least-regret approach. The RFI helped to assess availability of immediate implementable generation options and the commercial terms expected by these projects. Four hundred and eighty-one responses were received, which included energy supply options and Demand- Side Management options for Gas, Liquid Fuels, Coal, Renewables, Storage and Nuclear.

Preliminary analysis is that some proposals can bring power to the grid in less than 24 months. It also suggests that longer-term contracting is required to ensure prices do not negatively affect the current tariffs.

NERSA received 132 applications in this category, with a total capacity of 59 MW. Of these, 75 applications with total capacity of 42 MW were approved. The remaining 57 applications with total capacity of 16 MW were processed. Licensing of generation for own use of above 1 MW, which is mainly to supplement power supply to commercial and industrial customers including the mines, have been eased.

The IRP 2019 provides for distributed generation for own use above 1 MW; removing the requirement for a Ministerial approval for deviation from the IRP, before NERSA processes a generation licence application. Installed capacity above 1 MW is unlimited. Since May 2019, NERSA has received 18 applications, totalling 116 MW, in this category. Cognisant of capacity challenges in most municipalities, also in the interest of security of supply, the Department is in the process of developing regulations to ensure regulatory certainty in line with the Electricity Regulation Act, for municipalities to procure or develop their own power generation. Advances in distributed generation technology make it viable for municipalities to buy power from sources other than Eskom or develop their own power projects for generation of own power.

Platinum Group Metals (PGMs)

The total annual PGMs production for 2020 declined by 15.5% to 226.5 tons, as compared to 2019, which recorded 268.1 tons. In 2020, the platinum market recorded a deficit of 932 kilo ounces the largest yearly deficit on record, albeit below the 1 202 kilo ounces deficit forecast in November 2020. Constrained demand for South African refined mine supply over the past decade has averaged 4.2 mega ounces, the same level forecasted for 2021. This relatively unchanged production level was accompanied by weak prices and declining margins.

With regards to sales mass, the PGMs sector recorded a decline of 20.6% to 192 tons compared to the 242.6 tons recorded in 2019/20. The annual local sales remained almost flat, declining by 3.0% to 15.1 tons in 2020 as compared to 15.6 tons in 2019. Annual export sales also declined by 21.8% to 177.5 tons in 2020 as compared to 227 tons in 2019.

On the positive side, 2020 was a good year in terms of revenue. The annual revenue for 2020 increased by 40%, raking in a total of R190.4 billion. Export sales revenue contributed R173.3 billion in 2020, representing a 39.1% increase from the R124.6 billion recorded in 2019. Of the total revenue, local sales revenue contributed R17.1 billion, while export sales revenue contributed R173.3 billion representing a 39.1% increase.

South Africa plays an important role in the 'Hydrogen Economy' as we aim to ensure clean and reliable alternative energy sources. Hydrogen energy is being considered as one of the most plausible choices for alternative energy and as an energy-carrier, due to the abundance of elemental hydrogen on the planet. In this regard, South Africa has established a research, development and innovation strategy on hydrogen, known as 'Hydrogen South Africa' (or HySA). The strategy aims to stimulate and guide innovation along the value chain of hydrogen and fuel cell technologies. This will ultimately position South Africa to derive local benefits from supplying high value added products, such as PGM catalysts and catalytic devices, to the growing international fuel cells and hydrogen markets. These local benefits include the creation of wealth and new industries, as well as jobs and the development of appropriate skills and human resource capital.

The South African Government is strongly committed to the HySA strategy's ultimate goal to eventually supply 25% of global platinum group metal-based catalyst demand for the hydrogen and fuel cell industry based on local technologies. In this respect, Mintek's fuel cell catalysts and membranes are currently being commercialised with the aim of supplying the global market.

In addition to catalysts, HySA research work also includes infrastructure and systems development. The Department appreciates the work of the various partners who are working towards ensuring that we develop hydrogen fuel cell and lithium battery storage technologies. Hydrogen fuel cells have already been successfully deployed to provide electricity in schools and to field hospitals, and the Department now looks forward to manufacturing and commercialisation as this will shine the light on the possibility of a new, renewable source of energy while also establishing new uses and markets for the PGMs.

Work has begun to form an integrated hydrogen ecosystem known as the 'Platinum Valley'. This initiative will identify concrete project opportunities to kick-start hydrogen cell manufacturing in promising hubs. We are positive that this will create an opportunity to build a local skills base and lead the country into a new era of energy generation and demand for the platinum group metals.

The Department will continue to work with all stakeholders to promote investment through a conducive policy and regulatory framework. This includes efforts to reduce current timeframes for mining, prospecting, water and environmental licenses. Our goal is to increase the country's share of the global exploration expenditure to at least 3% within the next five years. The Department welcomes and appreciates the cooperation and work done by all stakeholders in the development of a new competitive exploration strategy. This strategy will be the country's exploration blueprint to attract investment and drive growth in the contribution of mining to gross domestic product. This will be done by identifying barriers that inhibit exploration in South Africa and recommending a set of appropriate interventions to achieve a respectable minimum share of exploration budget from the total global expenditure.

We welcome, among others, the R6.8 billion expansion announcements by Sibanye-Stillwater into their K4 PGM mine and the Impala Platinum investment of R5.7 billion into the expansion of Two Rivers mine in Limpopo.

Exploration Regulatory Framework

The Department is also strengthening the regulatory framework to create an enabling environment for responsible exploration and development of the upstream petroleum industry. We are of the view that the exploration and development of the upstream petroleum sector is a potential game changer for South Africa to, among others, enhance investment, grow the country's economy, create employment and promote the country as a preferred investment destination. Consultations on the Upstream Petroleum Resources Development Bill have been resuscitated as these were foiled by lockdown restrictions to ensure speedy finalisation of the Bill. Finalisation will unlock our country's untapped potential in the upstream oil and gas reserves. To promote diversification of the economy, the sustainability, expansion and competitiveness of the mining sector, we are seriously committed to renew investment in exploration, which is the lifeblood of mining. The Department of Mineral Resources and Energy, together with the Council for Geosciences (CGS), is finalising the drafting of an Exploration Strategy to improve the quality of geoscience information available for a simplified investment decision.

We are planning to increase South Africa's share of global exploration expenditure to at least 3% within the next five years. To be precise, the Department in consultation with the industry aims to finalise the strategy before the end of the 2021 financial year. The plan draws from vast expertise including regulators, exploration proficiency and geo-scientists of the geological landscape of South Africa. The plan will identify barriers that inhibit exploration in South Africa and recommends a set of appropriate interventions to achieve a respectable minimum share of exploration budget from the total global expenditure.

Upon finalisation of the strategy, the Department will embark on a wide consultation with other critical stakeholders beyond those represented in the drafting team and ultimately consult Cabinet and the President. We are certain that this plan will enable us to take full advantage of the renewed growth in the global exploration environment and prepare South Africa for exploration opportunities that are currently on the horizon.

Mine Health and Safety

Equally valuable to the extraction of minerals is the priority of ensuring the health and safety of mineworkers. Mining by nature is complex, technical and often labour intensive. There is a greater need to ensure that the risks and hazards that are inherent to mining do not cause harm and/or threaten the lives of mineworkers and the surrounding communities.

The Department continued to work with social partners to implement plans to reduce the exposure to risks and hazards, to prevent and treat occupational diseases, eliminate fatalities and above all ensure all mineworkers return home from work unharmed every day.

The Department and mining companies had to adapt their operations to the new normal of the pandemic. Zero harm remained a priority, even more so during this time. However, we recognise the reality imposed by Covid-19 and continued to work with the sector in line with the gazetted Mining Guidelines, issued to manage the spread of the virus in the sector. Prior to the pandemic, the sector had been seeing a sustainable downward trend in occupational diseases, injuries and fatalities over the years.

Inspectors from the Department continued to monitor compliance through regular scheduled and unannounced visits. These intensified mine inspections and other measures aimed to safeguard the lives of employees and all those they will encounter during and beyond this period. As of 28 September 2020, the South African Mining Industry has reported a total of 16 651 positive Covid-19 cases, with 15 958 recoveries, and 182 deaths across the sector.

Technological innovation

We believe that the sustainable development of the country's mineral wealth and endowment is largely dependent on investment in research and technological innovation, to have a globally competitive sector. The sector displayed investment opportunities with regards to Rare Earth Elements powered by South African minerals and Mintek technology; world-class ferrochrome furnace development enabled by Mintek's smelting technology; unlocking the vanadium bearing titaniferous magnetite to produce iron, vanadium and titania slag in a state-of-the-art smelting facility in South Africa; and Minataur™ – a flexible, scalable gold refining technology for emerging gold producers.

Just Transition towards Low-Carbon Economy

In addition to the procurement of additional capacity, the Department is also attending to the commitments made in the Paris Agreement for a just transition towards low-carbon economy with the CGS looking at frontier coalfields and the establishment of additional generation capacity in support of carbon capture storage and utilisation. The CGS is further investigated on the potential of carbon utilisation in contributing to enhanced geothermal energy generation and improved extraction of coal bed methane. We know that there is no completely clean coal technology but, through investment in these technologies and approaches, we can have significantly cleaner coal in which we do not sterilise our resource, but we exploit it responsibly and sustainably.

Nuclear Energy

We are also committed to ensuring we have a sustainable and future-fit Eskom. The restructuring of Eskom is not at an end, we will work to deliberately improve our capacity to monitor the build programme and make load shedding something of the past.

Overview of the Financial Results of the Department

Departmental receipts

The following table provides a breakdown of the sources of revenue and performance for the 2020/21 financial year.

Table 1: Sources of revenue

Departmental receipts	2020/21			2019/20		
	Estimate R'000	Actual amount collected R'000	(Over)/under collection R'000	Estimate R'000	Actual amount collected R'000	(Over)/under collection R'000
Tax receipts	-	-	-	-	-	-
Sale of goods and services other than capital assets	16 458	12 732	3 726	-	-	-
Transfers received	1 500	-	1 500	-	-	-
Fines, penalties, and forfeits	1 400	2 878	(1 478)	-	-	-
Interest, dividends and rent on land	26 246	10 668	15 578	-	-	-
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	253 942	254 651	(709)	-	-	-
Total	**299 546**	**280 929**	**18 617**	**-**	**-**	**-**

Revenue received on financial transactions in assets and liabilities item relates to 90.65% of the Departments total revenue.

- **Sale of goods and services**

  The under-collection of R3.73 million is mainly due to lower than anticipated receipts for petroleum licence fees and environmental authorisation application fees, attributable to the outbreak of the Covid-19 pandemic and the subsequent lockdown regulations which restricted economic activity.

- **Transfers received**

  Co-funding of R1.50 million anticipated from an affiliated Sector Education and Training Authority for training programmes, was not received as the related training programmes could not be implemented owing to the pandemic.

- **Fines, penalties and forfeits**

  The increased amount of R1.48 million was mainly from environmental authorisation fines charged following compliance inspections at mines.

- **Interest, dividends rent on land**

  The deficit of R15.58 million relates to lower than anticipated funds received on prospecting application fees.

- **Financial transactions**

  The material amount of revenue received for the Department was a recovery of prior years' expenditure of R251.79 million from Eskom as a reimbursement of VAT from amounts transferred by the Department to Eskom during Eskom's tenure as the implementing agent of the Solar Water Heater Programme. This reimbursement resulted in a higher than anticipated revenue of R709 000.

Programme Expenditure

The following table provides a high-level comparison of 2020/21 and 2019/20 expenditure incurred by the Department against appropriated funds.

Table 2: Expenditure made by programmes for the period 1 April 2020 to 31 March 2021

Programme expenditure	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Administration	617 281	566 592	50 689	-	-	-
Minerals and Petroleum Regulation	529 949	508 438	21 511	-	-	-
Mining, Minerals and Energy Policy Development	919 289	899 356	19 933	-	-	-
Mine Health and Safety Inspectorate	211 680	196 349	15 331	-	-	-
Mineral and Energy Resources Programmes and Projects	4 180 694	3 912 610	268 084	-	-	-
Nuclear Energy Regulation and Management	1 108 157	1 101 604	6 553	-	-	-
Total	**7 567 050**	**7 184 949**	**382 101**	**-**	**-**	**-**

The Department spent 95% of its appropriated funds in the 2020/21 financial year resulting in a budget underspending of R382.1 million. Fifty-eight percent of the total budget underspending represents unspent funds of R220.16 million on the Integrated National Electrification Programme (INEP) non-grid electrification project due to the delayed implementation of off-grid electrification connections.

Programme 1: Administration

The programme spent 91.8% of its R617.28 million budget for the 2020/21 financial year. The underspending of R50.69 million was mainly on compensation of employees due to vacant posts that were not filled and budget underspending on leases and security/guarding services due to costs that were lower than anticipated. Savings were also realised on a range of items, mainly fleet, consultancy, courier services and machinery and equipment due to limitations placed on movements by lockdown regulations.

Programme 2: Minerals and Petroleum Regulation

The programme spent 95.9% of its R529.95 million budget for the 2020/21 financial year, resulting in a budget underspending of R21.51 million. The underspending was mainly on compensation of employees due to vacant posts that were not filled and on consultancy services due to delayed commencement of the sampling and testing of the petroleum products project, the establishment of the extent of transformation in the Liquefied Petroleum Gas industry and compliance to the Broad-Based Black Economic Empowerment policy framework projects due to procurement processes that took longer than anticipated. Savings were also realised, mainly on fleet, computer, office supplies and travel and subsistence due to lockdown regulations and remote working.

Programme 3: Mining, Minerals and Energy Policy Development

The programme spent 97.8% of its R919.29 million budget for the 2020/21 financial year. The underspending of R19.93 million was mainly on compensation of employees due to vacant posts that were not filled, and a 'venues and facilities' item owing to funds that were not paid over to the Department of Trade, Industry and Competition (**the dtic**) for an expo in Dubai pending finalisation of agreements by **the dtic** with all participating departments. A saving was realised in international membership fees as a result of foreign exchange difference.

Programme 4: Mine Health and Safety Inspectorate

The programme spent 92.8% of its allocated budget of R211.68 million for the 2020/21 financial year. The underspending of R15.33 million was mainly on compensation of employees attributable to vacancies that were not filled, savings on travel and subsistence and related administrative fees, office supplies and communication items due to the national lockdown and remote working, along with funds withheld from the Mining Qualifications Authority as a result of a payment holiday offered to the sector during the year under review.

Programme 5: Mineral and Energy Resources Programmes and Projects

The programme spent 93.6% of its R4.18 billion budget for the 2020/21 financial year resulting in an underspending of R268.08 million mainly due to the INEP non-grid project, which was R220.16 million underspent attributable to the delayed implementation of the 2020/21 off-grid electrification plan. Underspending on consultancy services was related to earmarked projects, namely the INEP non-grid oversight monitoring and evaluation, Energy Efficiency and Demand-Side Management (EEDSM) monitoring and evaluation, INEP Electrification Master Plan and Solar Water Heating (installation and technical feasibility) projects, which were not completed by year-end as anticipated. Savings were also achieved on travel and subsistence, venues and facilities, and contractors due to national lockdown regulations, and on operating payments due to warranty and storage fees withheld pending the outcome of legal processes. Underspending of R6.53 million on the management of ingress of water at mines project was due to non-receipt of claims for pumping subsidies from marginal mines. Additionally, planned disbursements of R3.6 million to Thabo Mofutsanyana, Emfuleni and Theewaterskloof municipalities from the EEDSM Municipal Grant, were not processed by year-end as planned.

Programme 6: Nuclear Energy Regulation and Management

The programme spent 99.4% of its R1.11 billion budget for the 2020/21 financial year. The underspending of R6.55 million was mainly on the international membership fees and consultancy services items due to lower payments and more favourable exchange rate than anticipated, and delayed projects.

Other Material Financial Matters

Special Adjustments Budget

In June 2020, a Supplementary Budget process was undertaken to redirect existing baselines to identified departments to implement designated actions mitigating the impact of the Covid-19 pandemic. Through this process, R1.574 billion of the Department's baseline was reduced mainly from electrification projects, INEP-Municipalities R500 million and INEP-Eskom R1.0 billion. Reduction on goods and services was R41.71 million and on EEDSM-Municipalities R21.80 million.

The above process was followed by the annual Adjusted Estimates of National Expenditure process in September 2020. During this process, government prioritised funding for the SAA Rescue Plan as well as implementing budget reductions/freeze on compensation of employees as announced by the Minister of Finance. For these priorities, an additional budget of R195.951 million was deducted from the Department of Mineral Resources and Energy (DMRE) baseline resulting in a revised baseline of R7.567 billion for the 2020/21 financial year.

Virements/Rollovers

The Department had virements totalling R64.72 million between programmes that experienced financial shortages and surpluses. The virement process was conducted during the 2020/21 financial year-end process in order to reprioritise funds from underspending programmes and surpluses, to programmes where financial shortages were experienced. The process was done in compliance with section 43 of the Public Finance Management Act.

In summary, the significant virements per programme were as follows:

- R9.10 million from Programme 3 to Programme 1 and 2
- R7.92 million from Programme 4 to Programme 1, 2 and 5
- R47.70 million to Programme 1, 2 and 6.

The reprioritisation of funds to Programme 1 mainly assisted with the shortfall on the operating leases item where commitments throughout the 2020/21 financial year were significantly higher than the allocated budget. Funds reprioritised to Programme 2 and 6 supplemented transfers to the South African Diamond and Precious Metals Regulator and the South African Nuclear Energy Corporation, respectively, to assist with financial shortages. Funds to Programme 5 assisted with a shortfall on compensation of employees.

No rollovers were requested by the Department during the 2020/21 financial year.

Unauthorised Expenditure

During the 2020/21 financial year, the DMRE did not incur any unauthorised expenditure; however, the Department is carrying a balance of R50.60 million in unauthorised expenditure accumulated from the 2010/11 and 2016/17 financial years.

Supply Chain Management

The Department did not have any unsolicited bid proposals for the year under review. There are systems in place to prevent irregular expenditure. Supply Chain Management ensures compliance with the relevant prescripts to ensure continuous improvement and adherence. As soon as the irregular transactions are identified, they are recorded on the register, reported to the Accounting Officer and National Treasury, and referred for investigation. Projects on the procurement plan were not finalised within targeted periods. This challenge was reported to the Accounting Officer on a quarterly basis. No consequence management was implemented. The DMRE will in the financial year 2021/22 file its first BBBEE Compliance Report after the merger and finalisation of the Annual Report 2020/21.

Events after the Reporting Date

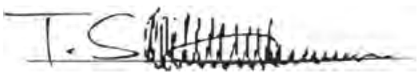
Following the 2020/21 financial audit the Auditor-General raised a finding in terms of a SCOA Classification circular, (Classification of Transfers and Subsidies versus Goods and Services or Capital assets 2018, paragraph 5.5) which states that "If the Department is responsible for a transaction or an activity and requested another entity (within or outside government) to perform such transaction or activity for the Department, the payment should be classified as goods and services." Transfer payments for the rehabilitation of derelict and ownerless mines of R121.289 million to Mintek, R21.160 million to CGS, R29.037 million for the ingress of water project to CGS and R43.214 million to PASA for the Shale Gas project were subsequently classified and adjusted as expenditure on goods and services respectively. The related budget adjustments to align budgets with expenditure could however not be implemented as the audit finding and adjustment was made after the closure of the 2020/21 financial year.

Acknowledgement/s or Appreciation

I would like to acknowledge our oversight structures, state-owned entities that report to the Minister of Mineral Resources and Energy, team Mineral Resources and Energy, stakeholders and the general public for their commitments, standing contributions and guidance towards the delivery of our mandate.

Conclusion

Finally, in a stable, predictable environment characterised by evolutionary change, evaluation of strategies can be seen as the last phase of strategic management process. However, in order to sustain a comparative advantage in a dynamic environment characterised by rapid change, the DMRE aims for continuous improvement through an effective and efficient leadership and management processes, which include good governance and political direction. I wish to thank the Minister for his leadership, commitment and guidance to the Department and entities reporting to the Department and the sector at large. I am confident that the Department will utilise opportunities and strengths to optimise performance and neutralise threats and avoid weaknesses.



Adv. Thabo Mokoena
Accounting Officer
Department of Mineral Resources and Energy

6. 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 the Annual Report as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the 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, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2021.

Yours faithfully

Adv. Thabo Mokoena
Accounting Officer

7. STRATEGIC OVERVIEW

The overarching purpose of the Department of Mineral Resources and Energy (DMRE) is to ensure that diverse resources are available in sustainable quantities and at affordable prices for the growth of the South African economy. In line with the National Development Plan Vision 2030, the Department contributes to the fight against poverty, unemployment and inequality, while taking into account environmental concerns and obligations.

Vision

A leader in the transformation of South Africa through economic growth and sustainable development in the mining and energy sectors.

Mission

To regulate, transform and promote 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.

Values

Batho Pele (Sotho for "People first")	Represents a DMRE that is service orientated, strives for excellence in service delivery and commits to continuous service delivery improvement for the achievement of a better life for all, and that seeks to include all citizens through services and programmes.
Ethics	Represents our moral principles as reflected by the Code of Conduct for Public Servants, i.e. how we understand, know about and mean when we resolve what is right and what is wrong.
Honesty	Represents a facet of moral character and denotes positive, virtuous attributes such as integrity, truthfulness, and straightforwardness along with the absence of lying, cheating or theft.
Integrity	Represents consistency of actions, values, methods, measures, principles, expectations and outcomes, and is regarded as the honesty and truthfulness or accuracy of one's actions.
Accountability	Represents the acknowledgment and assumption of responsibility for our actions, decisions, policies, administration and governance.
Professionalism	Represents workers who enjoy considerable work autonomy and are commonly engaged in creative and intellectually challenging work that requires impressive competence in a particular activity.
Ubuntu	Represents our interconnectedness and our approach that is open, available and affirming of others.
My public servant – my future (we belong, we care, we serve)	Represents public servants at the centre of delivering quality services to the country's citizens in line with the dictates of the Constitution of the Republic.

8. LEGISLATIVE AND OTHER MANDATES

Constitutional Mandate

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

Legislative Mandate

The DMRE derives its founding mandate from the Minerals and Mining Policy for South Africa (White Paper, 1998), which 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.

The mining arm of the DMRE is primarily driven by the Mineral and Petroleum Development Act (Act No. 28 of 2002) and the Mine Health and Safety Act (Act No. 29 of 1996). The two Acts provide the regulatory framework for the promotion and regulation of the mining, minerals and petroleum industry. They also provide a regulatory framework for ensuring the equitable access to and sustainable development of the nation's mineral resources and related matters.

Policy Mandate

The White Paper on Energy Policy (1998), supplemented with the White Paper on Renewable Energy in 2003, sets out Government's overarching position on the supply and consumption of energy. Applicable policies and the principal Acts that drive the work of the DMRE include:

- Mines and Works Act, 1956 (Act No. 27 of 1956)
- Mining Titles Registration Act, 1967 (Act No. 16 of 1967)
- Central Energy Fund Act, 1977 (Act No. 38 of 1977)
- Petroleum Products Act, 1977 (Act No. 120 of 1977)
- Diamonds Act, 1986 (Act No. 56 of 1986)
- Mineral Technology Act, 1989 (Act No. 30 of 1989)
- Abolition of the National Energy Council Act, 1991 (Act No. 95 of 1991)
- Geoscience Act, 1993 (Act No. 100 of 1993)
- Nuclear Energy Act, 1993 (Act No. 131 of 1993)
- Mine Health and Safety Act, 1996 (Act No. 29 of 1996)
- National Environmental Management Act, 1998 (Act No. 107 of 1998)
- Nuclear Energy Act, 1999 (Act No. 46 of 1999)
- National Nuclear Regulator Act, 1999 (Act No. 47 of 1999)
- Abolition of Lebowa Mineral Trust Act, 2000 (Act No. 67 of 2000)
- Gas Act, 2001 (Act No. 48 of 2001)
- Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)
- Gas Regulator Levies Act, 2002 (Act No. 75 of 2002)
- Petroleum Pipelines Act, 2003 (Act No. 60 of 2003)
- Petroleum Pipelines Levies Act, 2004 (Act No. 28 of 2004)

- National Energy Regulator Act, 2004 (Act No. 40 of 2004)
- Precious Metals Act, 2005 (Act No. 37 of 2005)
- Electricity Regulation Act, 2006 (Act No. 4 of 2006)
- National Energy Act, 2008 (Act No. 34 of 2008)
- National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008)

9. ORGANISATIONAL STRUCTURE

Mr SG Mantashe, MP
Minister of Mineral Resources and Energy

Entities reporting to the Minister

Dr Nobuhle Pamela Nkabane, MP
Deputy Minister of Mineral Resources and Energy

Adv. Thabo Mokoena
Director-General

Ntokozo Ngcwabe
DDG: Mining, Mineral and Energy Policy Development

Zizamele Mbambo
DDG: Nuclear Energy

Tseliso Maqubela
DDG: Minerals and Petroleum Regulation

Jacob Mbele
DDG: Energy Programmes and Projects

Patricia Gamede
DDG: Corporate Services

David Msiza
CI: Mine Health and Safety Inspectorate

Yvonne Chetty
Chief Financial Officer

10. ENTITIES REPORTING TO THE MINISTER OF MINERAL RESOURCES AND ENERGY

Table 3: Entities that report to the Minister of Mineral Resources and Energy

No.	Name of entity	Legislative mandate	Financial relationship	Nature of business
1	**National Nuclear Regulator (NNR)**	The NNR is established in terms of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999). The act establishes the regulator as a competent authority for nuclear regulation in South Africa.	Transfer payments	The purpose of the NNR, as outlined in Section 5 of the National Nuclear Regulator Act, 1999 (Act No. 47 of 1999) is to essentially provide for the protection of persons, property and the environment against nuclear damage through the establishment of safety standards & regulatory practices.
2	**South African Nuclear Energy Corporation (Necsa) Group**	Necsa is established in terms of Section 3(1) of the Nuclear Energy Act, 1999 (Act No. 46 of 1999).	Transfer payments	Provides for the commercialisation of nuclear and related products and services, and delegates specific responsibilities to the corporation, including the implementation and execution of national safeguards and other international obligations. The Nuclear Energy Policy of 2008 reinforced Necsa's mandate relating to research and development, and Nuclear Fuel Cycle responsibilities.
3	**Central Energy Fund (CEF) Group**	Derived from the CEF Act (No. 38 of 1977) and the Ministerial directives issued thereafter. To finance and promote the acquisition of, research into and exploitation of oil, gas and renewable/clean energy-related products and technology.	Transfer payments	The Mandate of CEF is to contribute to the security of energy supply of South Africa and the Region through exploration, acquisition, development, marketing and strategic partnership.
4	**National Radioactive Waste Disposal Institute (NRWDI)**	NRWDI is a Nuclear Waste Disposal Institute established in terms of Section 3 of the National Radioactive Waste Disposal Institute Act, 2008 (Act No. 53 of 2008).	Transfer payments	The act provides for the establishment of an NRWDI in order to manage radioactive waste disposal on a national basis and to provide for its functions and for how it is to be managed.
5	**National Energy Regulator of South Africa (NERSA)**	NERSA is a regulatory authority established as a juristic person in terms of Section 3 of the National Energy Regulator Act, 2004 (Act No. 40 of 2004).	Transfer payments	NERSA's mandate is to regulate the electricity, piped-gas and petroleum pipeline industries in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006), Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Gas Act, 2001 (Act No. 48 of 2001) and the Petroleum Pipelines Act, 2003 (Act No. 60 of 2003).

No.	Name of entity	Legislative mandate	Financial relationship	Nature of business
6	**South African National Energy Development Institute (SANEDI)**	SANEDI is an applied energy research institute established in terms of Section 7(1) of the National Energy Act, 2008 (Act No. 34 of 2008).	Transfer payments	The role of SANEDI is to direct, monitor and conduct energy research and development, promote energy research and technology innovation as well as undertake measures to promote energy efficiency throughout the economy.
7	**Council for Geosciences**	The principal fixed mandate and the one under which the CGS was established is the Geoscience Act, Act 100 of 1993. It is also listed as a schedule 3A Public Entity in terms of the Public Finance Management Act, Act 1 of 1999. The second fixed mandate under which the CGS operates forms part of the National System of Innovation as stated in 'South Africa's National Research and Development Strategy' of 2002 as defined in the White Paper on Science and Technology of 1996.	Transfer payments	The establishment of the CGS are to develop and publish world-class geoscience knowledge products and to render geoscience-related services to the South African public and industry. This includes documentation of the geology of the earth's surface and continental crust, including all offshore areas within the territorial boundaries of South Africa; compilation of all geoscience data and information; basic geoscience research into the nature and origin of rocks, ores, minerals, formations, the history and evolution of life and the formation of the earth; the collection and curation of all geoscience data and knowledge on South Africa in the National Geoscience Repository; rendering of geoscience knowledge services and advice to the State; and the management of a number of national geoscience facilities on behalf of the country. These include the National Seismograph Network, the National Borehole-Core Repository, the National Geoscience Heritage Collections (Geoscience Museum), and the National Geoscience Library.
8	**State Diamond Trader**	The State Diamond Trader is a state-owned entity established in terms of Section 14 of the Diamonds Act 56, 1986, as amended ("the Act").	Transfer payments	The State Diamond Trader operates in the diamond industry with the aim to grow local diamond beneficiation. Its mandate is to buy and sell rough diamonds and to promote equitable access to and beneficiation of the country's diamond resources. It aims to grow South Africa's diamond cutting and polishing industry by enabling and increasing participation of Historically Disadvantaged South Africans in the diamond beneficiation industry. The entity is empowered by law to purchase up to 10% of the run-of-mine production from all diamond producers in South Africa. It sells to registered customers through an application and approval process.

No.	Name of entity	Legislative mandate	Financial relationship	Nature of business
9	**South African Diamond and Precious Metals Regulator**	The South African Diamond and Precious Metals Regulator was established in term of the Diamond Act, 56 of 1986, as amended and the Precious Metals Act, 36 of 2005.	Transfer payment	The South African Diamond and Precious Metals Regulator is responsible for the regulation of diamonds, gold and platinum group metals.
10	**Mintek**	Mintek is established in terms of the Mineral Technology Act, 30 of 1989.	Transfer payment	Mintek's mandate is to serve the national interest through research, development and technology transfer, to promote mineral technology and to foster the establishment and expansion of industries in the field of minerals and products derived therefrom.
11	**Mine, Health and Safety Council**	The Mine Health and Safety Council is a national public entity established in terms of the Mine Health and Safety Act, No. 29 of 1996, as amended.	Transfer payment	The main task of the Council is to advise the Minister of Mineral Resources on occupational health and safety legislation and research outcomes focused on improving and promoting occupational health and safety in South African mines. The Council also oversees the activities of its committees; promotes a culture of health and safety in the mining industry; arranges a summit every two years to review the state of occupational health and safety at mines; and liaises with the Mining Qualifications Authority and any other statutory bodies about mining health and safety.

PART B

PERFORMANCE INFORMATION

11. 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 pre-determined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on the Other Legal and Regulatory Requirements section of the Auditor's Report.

Please refer to the Report of the Auditor-General published in Part E.

12. OVERVIEW OF DEPARTMENTAL PERFORMANCE

The Department of Mineral Resources and Energy (DMRE) has tabled and published its 2020/21 Annual Performance Plan in April 2020 in line with the provisions of section 10(c) of the Money Bills Amendment Procedure and Related Matters Act of 2009. 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 Organization. National Treasury later 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's contribution towards Covid-19 response package was submitted to National Treasury in line with the guidelines. The net change to the baseline resulted in a downward revision of resource allocations and targets stated in the 2020/21 Annual Performance Plan.

The Covid-19 pandemic impact including the introduction of the Adjustment Budget by the Minister of Finance on 24 June 2020, which outlined fiscal measures to address the pandemic, Parliament requested departments to revise their Strategic and Annual Performance Plans for 2020. The Revised Framework for Strategic Plans and Annual Performance Plans makes provision for the Executive Authority to revise Annual Performance Plans. Considering the abovementioned context, annual targets and performance indicators of various programmes of the Department stated in the existing 2020/21 Annual Performance Plan were revised in consultation with programme managers. The revised 2020/21 Annual Performance Plan comprises of a table reflecting **existing** programme performance information and the **revised programme performance information** as articulated in the attached DMRE Revised Annual Performance Plan.

12.1 Service Delivery Environment

The Department of Mineral Resources and Energy was established on 29 May 2019 by the merger of the Department of Energy and the Department of Mineral Resources to better equip and capacitate the Department to respond to the strategic objectives derived from the National Development Plan (NDP), the Medium-Term Strategic Framework (MTSF) and the Economic Reconstruction and Recovery Plan. The match and placing process, which emanated from the National Macro Organisation of Government, was completed in November 2020. Officials were subsequently given placement letters in October 2020.

The Department has conducted change management sessions with various programmes and will continue to do so during the 2021/22 financial year. The Department will review the start-up organisational structure to align it with the strategic plan to ensure that the organisational structure is fit for purpose to implement its mandate.

The Covid-19 pandemic has had a serious impact on societies and has had an immeasurable impact on economies and industries around the world. The mining and energy industries, being industries that operate on a global scale and rely heavily on people employed, were not spared from this pandemic.

An effective and efficient response to the pandemic, in the form of lockdown restrictions aimed at flattening the curve, has resulted in an economic halt that had to be revived after the lockdown. The government, through the National Command Council, resolved to re-open the economy in a risk-adjusted approach. It became imperative that the complex initiatives of the DMRE, which were aimed at stimulating the economy, fit into this framework, as they deal with the Department's operational readiness, the South African mining industry's health and safety readiness, as well as interventions and responses within the broader mining and energy sectors.

The Department's complex initiatives and responses during the economic re-opening according to a risk-adjusted approach recognised that the minerals and energy sectors would be operating in an environment characterised by the following:

- The possibility of reduced global demand for commodities
- Global shrinking of the major economies that are the Department's trading partners
- The sector sub-optimally contributing to the country's gross domestic product (GDP)
- Major companies not being as elastic as they should be, and thus unable to absorb losses on a sustained basis
- The possible closure of operations by large mining companies
- Large mining companies scaling down on operations, resulting in job losses because of reduced commodity demand
- The sector being unattractive for new investments as the cost of financing by financial institutions will be high, given the country's junk status as no major new projects may take off in the short to medium term
- Mining rights holders reneging or defaulting on their mining rights commitments, which impacts on social labour plans
- The risk of mining operations increasing production to capture lost production and thus putting the health and safety of employees at risk.

Energy forms an integral part of the economy, and the energy sector is a key enabler for the attainment of national policy imperatives such as those expressed in the NDP, the MTSF and the Reconstruction and Recovery Plan. South Africa needs to grow its energy supply to support economic expansion and, in so doing, alleviate supply bottlenecks and supply or demand deficits in energy-dependent industries such as mining and manufacturing. This will increase the contribution of industry sectors and enable them to create economic benefits for the country, i.e. accelerated growth and job creation.

In recent years, the South African economy has seen the challenge of electricity demand and load shedding due to constrained generation capacity because of the existing lower availability factor of Eskom's existing power-generation plants. Load shedding has had a negative impact on energy-intensive industries and the economy at large. Electricity prices in South Africa have roughly tripled in real terms over the past decade.

The cost of electricity had also been increasing at rates above inflation, thus increasing the cost of doing business in the country. This has resulted in energy-intensive users such as smelters closing their local operations and moving to other countries to remain competitive. This has contributed to job losses and the undermining of the NDP as it envisages mineral beneficiation as a key economic driver of growth.

12.2 Service Delivery Improvement Plan

The Department has completed a Service Delivery Improvement Plan. The tables that follow highlight the service delivery plan and the achievements to date.

Table 4: Service Delivery Improvement Plan: Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Petroleum licensing	South African citizens Manufacturers, wholesalers and retailers	95% compliance rate by the Controller on finalising all applications within 90 days, excluding site and retail New-To-Industry (NTI) applications. 90% compliance rate by the Controller on finalising site and retail NTI applications within 60 days.	At least 50% of licence applications approved have a minimum of 50% Historically Disadvantaged South African (HDSA) ownership.	**Achieved** 95.24% of petroleum licence applications were approved with a minimum of 50% HDSA ownership.
Compliance with the Petroleum Product Act	South African citizens Manufacturers, wholesalers and retailers	100 retail site compliance inspections conducted. 750 fuel samples tested.	At least 1 500 retail site compliance inspections conducted. At least 1 080 fuel samples tested.	**Achieved** 644 petroleum site compliance inspections were conducted. **Partially Achieved** 965 fuel samples were tested.
Publishing of the South African Mining Industry (SAMI) as part of investment promotion	Investors • Mining industry • Institutions of higher learning	Annual publication in March.	Annual publication in November/December.	**Achieved**
Government Competency Certificate	Department of Mineral Resources and Energy • Mining Qualifications Authority • Mining industry • Mining professionals	Issuing Certificate of Competency to qualifying candidates.	Candidates issued with certificates after meeting qualifying requirements.	**Achieved**

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Universal access to energy	South African citizens	To electrify 137 000 households through grid connections and 15 000 households through non-grid connections throughout the country and to build three new substations throughout the country.	4 Quarterly Reports on additional households to be electrified with grid electrification toward the 2020/21 target of 137 000 in the National Electrification Plan.	**Achieved**
		To upgrade 4 substations throughout the country.	2 new substations to be built.	**Achieved**
			3 existing substations to be upgraded to achieve 2020/21 target.	**Achieved**
			50 km MV lines to be constructed to achieve 2020/21 target.	**Achieved**
			50 km of existing MV lines to be upgrade.	**Not achieved**
Access to energy	South African citizens in rural and township economies	To solicit funding, construct and donate an Integrated Energy Centre (IeC) (petroleum products service station) to a cooperative or community.	One IeC completed annually.	**Achieved** Money was solicited from IOC companies and Qamata IeC was launched in 2020.

Table 5: Service Delivery Improvement Plan

Current/actual arrangements	Desired arrangements	Actual achievements
Managers and other employees of the Department are responding to complaints and concerns received from the public.	Citizens should be told what quality of service they will receive and this should be treated with courtesy regional offices exist to support beneficiaries with information. Resolution of queries and general electrification assistance; access to the head office is also possible at all times.	All the queries were responded to by the Department, State-Owned Entitles and Local Government.
Website management is to be enhanced on a regular basis to optimise the correctness and accuracy information. Managers and other employees of the Department are responding to complaints and concerns received from the public.	Citizens should be given full, accurate information about services they are entitled too. Information posted on website. If the promised standard is not delivered, citizens should be offered apology.	Department website is updated on a regular basis. Explanation and responses offered to complaints and enquiries received.
Citizens are told how the Department is running its business operations, how much they cost and who is in charge. Information with regard to our offerings is posted on the website address: info@dmre.gov.za.	People's needs must be responded to. Contact with the Department is currently done via the website address email, telephone and or face to face consultation.	Full and accurate information posted on the website of the Department.

Current/actual arrangements	Desired arrangements	Actual achievements
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 the DMRE.	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 sending a few copies to South African embassies abroad, as well as other countries' embassies in South Africa.
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.	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.
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.

Current/actual arrangements	Desired arrangements	Actual achievements
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.

Table 6: Service Delivery Improvement Plan: Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Workshops, Izimbozo/Public participation programmes, community engagements	Workshops, Izimbizo/public participation programmes, community engagements.	Workshops, Izimbizo and community engagements were conducted.
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.

Table 7: Service Delivery Improvement Plan: Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Media, Presidential Anti-Corruption Hotline, telephone enquiries, correspondences, face-to-face meetings, stakeholder engagements during Izimbizo	Enquiries received through media, Presidential Anti-Corruption Hotline, telephone enquiries, correspondences, face-to-face meetings, questions raised during stakeholder engagements/ Izimbizo are responded to accurately and timeously.	Enquiries and complaints received were responded to.
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. The next SAMI will be revised to include: • Official responsible • Contact numbers of official (including contact numbers of the Office of the Director-General).
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. A candidate who is still unhappy is directed to lay a complaint with the senior management of the branch.

12.3 Organisational Environment

The merger of the Department of Mineral Resources and the Department of Energy into a new Department of Mineral Resources and Energy, effective from 1 April 2020, saw the majority of efforts during the 2020/21 financial year flowing into the matching and placement of staff, a process that was concluded at the end of the financial year. The approved organisational start-up structure comprises 1 647 posts, with a vacancy rate of 7.89% on active posts. The start-up structure, aimed at executing the Department's strategy, was implemented during the period of National Treasury's instruction to government departments to adjust their budgets with a view to respond to the President's Covid-19 response package.

The Department's contribution towards Covid-19 response package was submitted to National Treasury with the downward net change of the base line allocation. This resulted in a need to reprioritise funding in various economic classifications including compensation of employees for the Medium-Term Expenditure Framework. Filling of vacant positions has been prioritised for completion during this financial year. There is a need to review the start-up structure and embark on the restructuring of the organogram to align it with the 2020–2025 strategic plan and budget programme structure. This will present an opportunity to re-organise the current functions and resources necessary for execution of the strategic plan.

12.4 Key Policy Developments and Legislative Changes

The Draft Upstream Petroleum Resources Development Bill, 2019

The Bill seeks to separate petroleum provisions from the mineral provisions to address issues that are pertinent to the upstream petroleum sector. The Bill seeks to provide for participation in the development of petroleum resources, the participation of black persons and the acceleration of exploration activities in the country. It seeks to create an enabling environment to attract investment in the upstream petroleum sector by contributing to the country's economic growth, creating employment, establishing energy security and developing the oil and gas industry. The Department aims to request Cabinet's approval to introduce the Bill in Parliament in 2021 and once Cabinet approval has been sought, the Minister will introduce the Bill to Parliament.

The Gas Amendment Bill

The Draft Gas Amendment Bill seeks to amend the Gas Act, 2001 (Act No. 48 of 2001) by promoting the efficient, effective, sustainable and orderly development of the construction and operation of gas transmission, storage, distribution, liquefaction and regasification facilities, promoting the provision of efficient, effective and sustainable gas transmission, storage, distribution, liquefaction and re-gasification services, promoting competitive and sustainable trade in gas, promoting the safe, efficient, economic and environmentally responsible transmission, distribution, storage, liquefaction and re-gasification of gas, facilitating the development of integrated energy projects and the development of gas markets and gas facilities, and promoting Broad-Based Black Economic Empowerment.

The Bill was approved by Cabinet and will be introduced to Parliament in 2021 where it will undergo parliamentary consultation processes to ensure it is widely endorsed for implementation once passed into law. Policy certainty is an ongoing request from investors and businesses and provides the most significant opportunity to attract investment to the country. Policy certainty creates a business environment that is conducive to commitment and investment in the country over the short and the long term. In recent years investment has been highest in capital-intensive sectors such as mining and quarrying, transport, storage, communication, electricity, gas and water.

The Bill seeks to remedy the following challenges in the Act: Potential nuclear safety risk to occupational exposure of air crew as a result of insufficient regulation governing the South African aviation industry, with only flights that are above 49 000 feet covered by legislation. The lack of enabling provision for the transfer of a nuclear authorisation, which could result in the unintended situation of a lack of regulatory oversight, leading to potential nuclear safety risk. The lack of effective enforcement provisions for inspectors undertaking their duties over nuclear authorisation requirements, leading to an inadequately empowered regulator, as evidenced by perpetual non-compliance events. The need to update the National Nuclear Regulator (NNR) Act of 1999 to be consistent with International Atomic Energy Agency (IAEA) prescripts and best practice. This is informed by the fact that South Africa, as a member state of the IAEA, has subscribed to its prescripts and best practice. Of importance are increased safety levels following the nuclear accident in Japan in 2011 and two international review missions to South Africa, resulting in the incorporation of various safety recommendations. The Bill was tabled in Cabinet in March 2021 to seek approval and to be published for public comments.

The Clean Fuels II Regulations

As part of the improvement of the quality of the liquid fuels under the Cleaner Fuels Programme, government introduced the prohibition of the addition of lead (Pb) into all grades of petrol and the reduction of the sulphur content of standard grade diesel from 3 000 to 500 parts per million (ppm). The inaugural regulations regarding Petroleum Products Specifications and Standards (Cleaner Fuels One/CF1) were promulgated on the 23rd of June 2006 under the Petroleum Products Act, 1977 (Act No. 120 of 1977) and came into effect in January 2008.

Government has deemed it necessary that the fuel specifications be further improved in line with technological advancements and environmental benefits with the Clean Fuels II Regulations. These regulations seek to further reduce the sulphur content in diesel and petrol from 500 ppm to 10 ppm; to reduce the content levels of other elements such as olefin, manganese and aromatics; enable biofuels blending and labelling; and provide clarity on certain sections that have raised interpretation issues with stakeholders and propose a new implementation date.

The regulations will be gazetted for public comment.

Mandatory Biofuels Blending Regulations

The regulation for mandatory blending of minimum 2% bioethanol in petrol and minimum 5% biodiesel into diesel were gazetted in August 2012 and came into effect on 1 October 2015. The regulations make it mandatory for fuel manufacturers to blend their products with locally produced biofuels as of October 2015. The Department is currently in the process of amending the regulations to define regulated transfer price of biofuels as Basic Fuel Price and to expand the definition of biofuels to include second and third generation biofuels. It currently only caters for first generation.

The Mandatory Blending Regulations will set a national target of 4.5% biofuels penetration in South Africa's fuel pool. The potential benefits of a biofuels programme include socioeconomic benefits, where it will create and preserve jobs in the agricultural industry; in health, where it will be used for blending with conventional mineral fuels thus reducing air pollutants and greenhouse gas (GHG) emissions in the transport sector; for finance and security of supply, where it will reduce imports of transport fuels, dependency on external factors, and balance of payments; for improved technology, where it will be one of the options for cleaner transport fuels as outlined in the Green Transport Strategy of South Africa; and environmental benefits, where it will be used in the aviation industry in line with the objectives of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The regulations will be gazetted for public comment.

The Liquid Petroleum Gas (LPG) Rollout Strategy

The Department will gazette the LPG Rollout Strategy for public comment in 2021. This strategy follows the review of the LPG Strategy due to challenges that were identified, such as the LPG pricing framework, safety regarding the use of LPG, cylinder management, inadequate LPG import, storage and distribution infrastructure, and lack of transformation (restrictive features of the market). The successful implementation of the LPG Rollout Strategy hinges on dealing with the following main challenges: the removal of restrictive features in the LPG market; the provision of adequate and open access LPG importation infrastructure to accommodate imports; conducting safety awareness campaigns to deal with negative perceptions on the use of LPG; improved cylinder management and maintenance; fighting or curbing illegal activities such as the cross-border stealing of cylinders and illegal filling; and working together with other stakeholders such as the Competition Commission, the Department of Employment and Labour and LPG South Africa.

Development of the Artisanal and Small-Scale Mining Policy

Partnerships with aligned departments and entities will be formed to leverage on their resources and experiences for maximum impact; widen reach by providing technical, social regulatory support for community-based projects, and develop an artisanal and SSM policy. As we develop a comprehensive programme to support junior miners, we will finalise work underway with development finance institutions and the private sector. As of the 1st of April 2020, the Department has approved R38 million towards rehabilitation costs, exploration, and capitalisation of small-scale projects.

12.5 Progress towards Achievement of Institutional Impacts and Outcomes

Table: MTSF 2019–2024 Progress Report on Key Interventions

The following tables lists the key interventions deemed most appropriate to achieve the desired outputs and targets.

Table 8: MTSF progress on key interventions

Outcome	Interventions	Indicators	Targets	Progress
Investing in accelerated inclusive growth	Ensure the macroeconomic policy alignment and coherence	Framework for a just transition to a low carbon economy developed and implemented	Framework for a low carbon economy developed and implemented by 2022	Research and analytical report on indicators underpinning the development of a just transition in place.
	Accelerate delivery through transformative innovation – Operation Phakisa Mining Lab – galvanising growth, investment and employment creation along the mining value chain and mining-related communities	Percentage of investment attracted in the mining cluster Number of direct jobs created per investment	New investment attracted in the South African mining cluster by 2020 Increase in the number of direct jobs created as per new mining investment, with up to 4 000 additional jobs created over the MTSF	The Department participated in two events only – Africa Utility Week (Enlit) and Hydrogen Webinar hosted by Germany during the quarter under review. 3 800 jobs created through issued mining rights.
Industrialisation, localisation and exports	Create a conducive environment that enables national priority sectors to support industrialisation and localisation, leading to increased exports, employment, and youth- and women-owned SMME participation	Mining Masterplan developed	Mining master plans developed and implemented (to promote mining and oceans economy) by March 2021	Inception report on the development of the Masterplan has been developed and approved.
		National priority sectors grow contribution to GDP growth of 3% and exports increase by 4%	Exports for national priority sectors increased by 4%	

Outcome	Interventions	Indicators	Targets	Progress
Supply of energy secured	Improve energy availability factor to ensure constant supply of electricity	Increased energy availability factor	Increase energy availability factor to above 80% by 2024	The Department in March 2021 announced 11 preferred bidders under the 2 000 MW of RMIPPP. The projects are expected to reach financial close by not later than end July 2021. Power from these projects is expected to come online between 12 to 18 months post financial close which could result in first power being online as early as July/ August 2022.
	Increase reserve margin to counter load shedding	Increased electricity reserve margin	Increase electricity reserve margin to 15% by 2024	28 Bids for over 5 000 MW were received by closing date.
	Explore embedded generation options to augment Eskom capacity	Additional 1 000 megawatts by 2024 commissioned (200 MW by 2021)	Explore small-scale embedded generation options to augment generation capacity of Eskom by 1 000 MW by 2024	NERSA has concurred to second Section 34 Determination.
	Separation and unbundling of Eskom to eliminate cross-subsidisation and improve efficiency	Independent generation and transmission company under Eskom Holdings established	Separate transmission company established by 2024 Implementation of the Eskom Roadmap commitments by 2024	Continuous support of Department of Public Enterprises on the unbundling of Eskom.
	Diversify energy sources by implementing the approved Integrated Resource Plan	Share of alternative energy sources	Share of alternative energy sources at 11% by 2024	The Gas Amendment Bill has been submitted to Parliament and awaiting invitation for its presentation.
	Strengthen NERSA's regulatory oversight of Eskom and relevant municipalities	NERSA review completed with recommendations adopted by Cabinet and implemented	NERSA review completed with recommendations adopted by Cabinet and implemented by 2020	NERSA has concurred to second Section 34 Determination. Other section 34 determinations for coal, gas, renewable, energy and storage are awaiting NERSA's concurrence.

Outcome	Interventions	Indicators	Targets	Progress
Supply of energy secured	Security of supply and diversify liquid fuels	Strategy and plan on liquid fuels reviewed and updated	Strategy and plan for liquid fuels updated by 2022	A Joint Development Agreement (JDA) for the development and construction of Liquified Natural Gas (LNG) import infrastructure at the Port of Ngqura has been negotiated between Transnet, Central Energy Fund (CEF) and Coega Development Corporation (CDC) and is awaiting approval by the government structures. The Gas Amendment Bill has been submitted for consultation at Cluster and Cabinet level.
		Feasibility study completed	Feasibility study on new oil refinery completed by March 2021 and final investment decision made	The Department is awaiting a final decision from the investor as to whether it is still their intention to proceed with the investment or not. Feasibility study has been placed on hold attributed to the withdrawal of the investor.
	Implement the Nuclear New Build Programme	Additional 2 500 MW nuclear energy procured	2 500 MW nuclear energy procured by 2024	Business case report emanating from the RFI responses has been developed.
	Koeberg Nuclear Power Plant life extended beyond 2024 by 20 years	Koeberg Nuclear Power Plant life extension completed	Koeberg Nuclear Power Plant life extension completed by 20 years beyond 2024	Progress report for monitoring of Koeberg's Plant Life Extension Plan through established Technical Oversight Committee meetings is in place.
	Establishment of the Centralised Interim Storage Facility (CISF) for sustainable management of radioactive waste	CISF procured	CISF procured by 2024	Draft report on the scope for the feasibility studies for the CISF has been prepared. Assistance from Eskom (through the Framework Agreement) by sharing of knowledge on the studies that were conducted for the transient interim storage facility **(TISF)** has started. This will provide input on conducting feasibility studies for the CISF.
	Replacement of SAFARI-1 research reactor by new built for purpose reactor	New multi-purpose reactor procured	New multi-purpose reactor procured by 2024	Draft scope of feasibility study has been completed and finalisation thereof awaiting outcome of the Gateway Review.

Outcome	Interventions	Indicators	Targets	Progress
Green House Gas (GHG) emission reduced (Mitigation)	Implement 4 sectors GHG emission reduction implementation plan	Percentage reduction in total GHG emissions by 2024	GHG reporting and assessment framework developed, approved and implementation monitored	First draft greenhouse gas assessment and reporting framework has been completed.
Just transition to a low carbon economy (mitigation)	Energy plan finalised	Number of transition plans developed for high carbon emitting sectors	Energy transition plan finalised	Research and analytical report on indicators underpinning the development of just transition in place.
State of ecological infrastructure improved	Strategy developed for Acid Mine Drainage (AMD) mitigation	Number of strategies developed for AMD mitigation	1 strategy developed for AMD Mitigation	1 strategy was developed for AMD Mitigation.
	Mine water/ wastewater management plans implemented	Number of mine water/wastewater management plans implemented	3 mine water/ wastewater management plans implemented	1 mine water/wastewater management plan implemented.
Improved capacity to deliver basic services, quality infrastructure and integrated public transport to increase household access to basic services	Grid connections to households in terms of the National Electrification Plan	Number of households electrified through grid connection	957 000 additional connections by 2024	A total of 416 191 households achieved to date.
	Non-grid connections to households in terms of the National Electrification Plan	Number of households electrified through non-grid connection	75 000 additional connections by 2024	A total of 14 441 households achieved to date.
	Maintenance and refurbishment of municipal electricity networks supported	Percentage of municipal revenue allocated to maintenance and refurbishment	6%	NERSA's review completed with recommendations adopted by Cabinet and to be implemented in 2021 FY.
	NERSA to enforce compliance with the conditions of the licence on maintenance and refurbishment of municipal electricity networks supported			
	Develop and rollout municipal electricity asset management framework	Percentage of municipalities where the framework has been rolled out	50% of licenced municipalities by 2024	There are some delays from the Development Bank of South Africa (DBSA) to commence the development of the paper relating to the Approach to Distribution Asset Management (ADAM) Framework.

2024 Impact: equal opportunities, inclusion and redress

Outcome	Interventions	Indicators	Targets	Progress
A diverse socially cohesive society with a common national identity	Produce and coordinate implementation of a National Strategic Plan (NSP) to end gender-based violence (GBV)	Level of implementation of the NSP	100% implementation of NSP by 2020	The Department will hold hands as a sector to fight the scourge of GBV by empowering women economically and taking care of its mining community. For youth and people with disabilities to prioritise education and training focusing on education and training to transform the South African economy.

13. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

13.1 Programme 1: Administration

Purpose: To provide support services to the Department of Mineral Resources and Energy (DMRE) to enable it to fulfil its mandate and achieve its strategic objectives.

Sub-programmes:

- Ministry
- Departmental Management
- Audit Services
- Financial Administration
- Corporate Services
- Office Accommodation.

The following tables contain targets in accordance with the originally tabled Annual Performance Plan (APP) and the Revised APP.

Table 9: Programme 1: Outcomes, outputs, output indicators, targets and actual achievements (Originally tabled APP)

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Functional, efficient and integrated government.	Wasteful and fruitless expenditure eliminated.	% elimination of wasteful and fruitless expenditure.	N/A	N/A	100% elimination of wasteful and fruitless expenditure.	**Achieved**	None	None

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Functional, efficient and integrated government.	Reduced irregular expenditure.	% reduction of irregular expenditure.	N/A	N/A	100% reduction of irregular expenditure.	**Achieved**	N/A	None
	Unqualified audit opinion in department/s and entities.	% reduction of qualified audits.	N/A	N/A	100% reduction of qualified audits.	**Achieved**	N/A	None
To ensure effective and sound financial resource management.	Invoices from service providers paid within 30 days of receipt.	Percentage of approved invoices from service providers paid within 30 days of receipt.	**Partially achieved** 99.41% approved invoices were paid within 30 days of receipt.	**Partially achieved** 98.98% approved invoices were paid within 30 days of receipt.	100% approved invoices from service providers paid within 30 days of receipt.	**Partially achieved** 99% approved invoices were paid within 30 days of receipt.	1%	Co-dependency on branches to verify and sign off the invoices speedily for payment. Constant communication in this regard is made with end users.
Improved governance and accountability.	Consequences for corruption and misconduct enforced.	% resolution of reported incidents of corruption.	N/A	N/A	95% resolution of reported incidents of corruption.	**Achieved**	None	No reported cases of fraud and corruption for the period under review.
	Ethics committee established.	Establish ethics committees and adhere to terms of reference.	N/A	N/A	Establish ethics committees and adhere to terms of reference.	**Achieved**	None	None

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Functional, efficient and integrated government.	Oversee the development of departmental Strategic and Annual Performance Plans and monitor the implementation thereof.	Approval of Annual Performance Plans.	N/A	N/A	Approved Annual Performance Plan tabled in Parliament.	**Achieved**	None	APP Approved and tabled in Parliament on 15 March 2021.
		Number of Quarterly Performance Reports produced.	N/A	N/A	4 Quarterly Reports produced.	**Achieved**	None	None
		Annual Report tabled in Parliament.	N/A	N/A	Annual Report produced and approved.	**Achieved**	None	None
	Integrated programme performance report on the implementation of the 2019–2024 MTSF Priorities.	Number of quarterly reports which detail the implementation of the 2019–2024 MTSF Priorities.	**Achieved**	N/A	4 Quarterly Reports which detail the implementation of the 2019–2024 MTSF Priorities.	**Achieved**	None	None

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Functional, efficient and integrated government.	Enter shareholder compact with schedule 2A SOEs.	Approved shareholder compacts.	**Partially achieved** CEF, NNR, NERSA, and NRWDI were submitted to the Minister for approval by 31 March 2019.	**Partially achieved** SOEs Strategic Plans, Corporate Plans & Shareholder Compacts with the exception of CEF were received and approved.	Approved shareholder compacts.	**Achieved** Necsa Group shareholder compact were received and signed off by the Minister. CEF Group Corporate plan reviewed and Minister granted non-approval of the Corporate Plan.	None	None
	Approval of SOEs SOEs annual performance plan.	Approved Annual Performance Plan.	N/A	N/A	Approved Annual Performance Plan tabled in Parliament.	**Achieved** Annual Performance Plans approved by the Minister.	None	None

There were no revisions for Programme 1 during the year under review.

13.2 Programme 2: Minerals and Petroleum Regulation (MPR)

Purpose: To regulate the mining, minerals and petroleum industry.

Sub-programmes:

- Minerals and Petroleum Management
- Mineral Regulation and Administration
- Environmental Enforcement and Compliance
- Petroleum Compliance Monitoring, Enforcement and Fuel Pricing
- Petroleum Licensing and Fuel Supply.

Table 10: Programme 2: Outcomes, outputs, output indicators, targets and actual achievements (Originally tabled APP)

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Investing in accelerated inclusive growth.	Jobs created.	Number of direct jobs created per investment.	5 372	295	8 500	**Achieved** 3 800 jobs created through issued mining rights.	None	The target was revised to reflect the projected jobs created through the issue of mining rights only and not through other activities.
		Number of Social and Labour Plan (SLP) development projects completed.	106	99	120	**Partially achieved** 70 SLP projects were completed.	Annual target of 120 was under achieved by 50.	Dependent of the improvement of the economic situation following the lockdown.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Investing in accelerated inclusive growth.	Jobs created.	Number of black industrialists created through procurement.	10	10	10	**Partially achieved** 9 black industrialists were created through procurement.	Annual target of 10 was under achieved by 1.	Dependent of the improvement of the economic situation following the lockdown.
	Participation in District Planning Forums (joined up plans).	% of participation in District Planning Forums (joined up plans).	N/A	N/A	100% of participation in District Planning Forums (joined up plans).	**Not achieved** There was no participation (0%) in District Planning Forums.	The Forums could not be held due to the lockdown.	The Forums could not be held due to the lockdown.
Security of supply and diversified liquid fuels.	Strategy and plan on liquid fuels reviewed.	Strategy and plan on liquid fuels reviewed and updated.	N/A	N/A	Strategy and plan on liquid fuels reviewed and updated by 2022.	Not Applicable	Target was removed from the 2020/21 Annual Performance Plan.	The target for strategy and plan for liquid fuels was removed because is due to be updated in 2022.
	Feasibility study completed.	Feasibility study on new oil refinery completed and final investment decision made.	**Partially achieved** A decision on the new oil refinery has been taken.	N/A	Feasibility study on new oil refinery completed and final investment decision made.	**Not achieved** The feasibility study has not been initiated.	The Department is awaiting a final decision from the investor on whether they intend to proceed with investment. or not.	Dependent on the investor for continuation of the project.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Investing in accelerated inclusive growth.	Monitor and enforce compliance.	Number of SLP inspections conducted.	251	228	212	**Partially achieved** 204 SLP inspections were conducted.	Annual target of 212 was under achieved by 8 inspections.	This was due to lockdown during the previous quarters.
		Number of petroleum retail site compliance inspections conducted per year.	**Achieved** 1 590	**Achieved** 1 367 Retail site inspections were conducted.	1 500	**Partially achieved** 300 petroleum retail site compliance inspections were conducted. A cumulative figure of 448 was achieved.	N/A	The target was revised due to the impact of Covid-19 and travel restrictions.
	Fuel samples tested.	Number of fuel samples tested.	**Achieved** 1 080	**Achieved** 1 080 Fuel samples were collected and tested.	1 080	**Partially achieved** 965 fuel samples were tested.	Annual target of 1 080 was under achieved by 115 inspections.	This was due to lockdown during the previous quarters.
		Number of legal compliance inspections (mineral laws – MLA) conducted.	212	148	150	**Partially achieved** 134 legal compliance inspections. (MLA) were conducted.	Annual target of 150 under achieved by 16 inspections.	This is due to lockdown during the previous quarters.
	Transformed sector.	Number of mining economics (MWP/PWP) inspections conducted.	N/A	N/A	125	**Achieved** A cumulative 289 mining economics (MWP/PWP) inspections were conducted.	None	Due to typo error during the printing process there was a mistake in the quarterly target section where the annual target is reflected as 125, this was corrected to 500.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021). Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Investing in accelerated inclusive growth.	Transformed sector.	Number of environmental inspections conducted.	1 583	1 381	1 275	**Partially achieved** 968 environmental inspections were conducted.	Annual target of 1 275 was under achieved by 307 inspections.	This is due to lockdown during the previous quarters.
		% of petroleum licence applications approved with a minimum of 50% HDSA ownership.	**Achieved** 50%	**Achieved** 91.85% compliance – 733 applications with 50% and more HDSA involvement out of 798 applications approved.	50%	**Achieved** 95.24% of petroleum licence applications were approved with a minimum of 50% HDSA ownership.	N/A	N/A
		Number of rights and permits granted and/or issued to HDSA-controlled entities.	183	N/A	120	**Achieved** 125 rights and permits were granted and/or issued to HDSA controlled entities.	Annual target of 120 was exceeded by 5.	This was due to catch up plans that were put in place.
	Transformed sector.	Compliance monitoring audit of B-BBEE Act in the petroleum sector conducted bi-annually (charter sector code).	**Partially achieved** Final Draft Petroleum and Retail Audit Report complete.	N/A	100%	**Partially achieved** Bid Evaluation Committee approved.	Delays in requisite considerations and approvals due to intermittent reporting to work due to Covid-19.	Covid-19 challenges.

Table 11: Programme 2: Outcomes, outputs, output indicators, targets and actual achievements (Revised APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from Planned Target to Actual Achievement for 2020/21	Reasons for deviations
Investing in accelerated inclusive growth.	Jobs created.	Number of jobs to be created through issued mining rights.	5 372	295	4 000	**Achieved** 4 721 jobs were created through issued mining rights.	Annual target of 4 000 was exceeded by 721.	This is due to expected number of jobs to be created from mining rights issued, mainly in the Free State, Mpumalanga, and Northern Cape.
Security of supply and diversified liquid fuels.	Monitor and enforce compliance.	Number of petroleum retail site compliance inspections conducted per year.	**Achieved** 1 590	**Achieved** 1 367 Retail site inspections were conducted.	540	**Achieved** 644 petroleum site compliance inspections were conducted.	Annual target of 540 was exceeded by 104 inspections.	Due to the impact of Covid-19, travel restrictions.
Investing in accelerated inclusive growth.	Transformed sector.	Number of mining economics (MWP/PWP) inspections conducted.	125	**Achieved** 169 mining economics (MWP/PWP) inspections were conducted. A cumulative figure of 289 was achieved.	500	**Partially achieved** 401 mining economics (MWP/PWP) inspections were conducted.	Annual target of 500 was under achieved by 99 inspections.	This is due to lockdown during the previous quarters.

13.3 Programme 3: Mining, Minerals and Energy Policy Development (MMEPD)

Purpose: Formulate and maintain Integrated Minerals and Energy Policies to promote and encourage investments in the mining and energy industry.

Sub-programmes:

- Mining, Minerals and Energy Policy Development Management
- Minerals and Petroleum Policy
- Nuclear, Electricity and Gas Policy
- Economic Analysis and Statistics
- Economic Growth, Promotion and Global Relations
- Minerals and Energy Planning.

Table 12: Programme 3: Outcomes, outputs, output indicators, targets and actual achievements (Originally tabled APP)

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Investing in accelerated inclusive growth.	Framework for a just energy transition to a low carbon economy developed.	Framework for a just transition to a low carbon economy developed.	N/A	N/A	Submit LFRM, GIDP for Cabinet approval.	**Achieved** Consultations were held with the Department of Forestry, Fisheries and the Environment (DFFE) and Mpumalanga province to discuss collaboration on the just transition.	None	Due to the impact of Covid-19, the target was revised to Draft Report on full scoping on the first phase of the development of just of energy transition for Exco approval.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Investing in accelerated inclusive growth.	Framework for a just energy transition to a low carbon economy developed.	GHG reporting and assessment framework developed, approved and implementation monitored.	N/A	N/A	GHG reporting and assessment framework for energy and mining developed and submitted for Ministerial approval.	**Not achieved** Service provider has been appointed through the World Bank and this will accelerate the implementation of this deliverable.	The framework is currently being developed.	The target was revised to 'GHG reporting and assessment framework submitted for Ministerial approval' because the target does meet the SMART principle.
		Number of approved and listed carbon offset projects.	**Not achieved** Procurement of service provider under Partnership for Market Readiness did not materialise.	**Achieved**	4 approved and listed carbon offset projects.	**Achieved** 5 projects were processed and approved in the quarter.	21 carbon offset projects were approved and listed.	Revised to meet the SMART principle.
	Improved energy-related climate change response measures and environmental compliance.	Number of reports on energy-related climate change response measures monitored, quantified and reported.	N/A	N/A	1 report on energy-related climate change response measures monitored, quantified and reported.	**Achieved**	None	None
	Finalised clean development mechanism (CDM) projects.	Number of finalised CDM projects.	N/A	N/A	2 projects finalised.	**Achieved**	3 projects finalised.	The Department received 1 more than the anticipated request for approval from the public.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Investing in accelerated inclusive growth.	Attract investments into the minerals and energy industrial complex.	Number of investment promotion events held.	56	11	10 investment promotion events in the minerals and energy industrial complex held. (Original target)	**Achieved** 1. Investment Webinar hosted by the DMRE in partnership with the RSA Mission in Toronto and Faskens on 6 November 2020. 2. Continued work on finalising concept on DMRE participation in Dubai Expo 2020, including SOE meetings. 3. Preparation work on Africa Oil Week and Invest in Africa Mining Indaba, including finalising concept of DMRE Investment Book with Hyve International.	None	None

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Increased investment in the mineral and energy sectors.	Promotional activities to increase investment in the minerals and energy sectors.	Number of publications and economic reports supporting investment and sustainable resource use.	14	18	**25** publications and economic reports supporting investment and sustainable resource use.	**Partially achieved** Publications and economic reports produced.	N/A	There were challenges in relation to the SARS data system that delayed the completion of the energy statistics report. Different means of accessing data from SARS will be looked into going forward.
	Analysis of the minerals and energy sectors and provide advisory services to inform on topical issues.	Chrome Beneficiation Promotion Strategy.	N/A	N/A	Chrome Beneficiation Strategy submitted to Cabinet for approval.	**Achieved** Strategy approved by Cabinet in September 2020.	None	The target was revised to read as 'Approved Chrome Beneficiation Strategy developed' to meet the SMART principle.
	Bilateral Agreements implemented and new agreements.	Number of existing agreements implemented.	N/A	N/A	20 existing agreements implemented.	**Achieved** USA, Germany (Development Cooperation led by National Treasury), Germany (Energy Partnership led by DMRE), Canada, United Kingdom, Saudi Arabia, Denmark, CAR, Russia (ITEC), Ireland.	None	Revised to 10 existing bilaterals due to the impact of Covid-19 and limited international activities.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Increased investment in the mineral and energy sectors.	Bilateral Agreements implemented and new agreements.	New agreements concluded.	N/A	N/A	1 new bilateral agreement concluded and implemented.	**Achieved** New Agreement was only due in Q4.	None	None
		Number of multilateral strategic partnerships implemented.	3	10	10 multilateral strategic partnerships implemented.	**Achieved** BRICS; International Energy Agency; African Union; SADC; International Energy Forum.	None	Revised to 5 Multilateral strategic partnerships due to the impact of Covid-19 and limited international activities.
Roadmap for the growth and sustainability of the minerals sector.	Mining Masterplan finalised.	Mining Masterplan developed.	N/A	N/A	Mining Masterplans developed.	**Achieved** Draft Masterplan developed.	None	The target was revised to 'Approved beneficiation Masterplan' to meet the SMART principle.
Transformed minerals and upstream petroleum sector.	Legislation, policies developed/ reviewed or amended.	Number of legislative instruments developed/ reviewed or amended.	N/A	N/A	2 legislative instruments developed/ reviewed or amended. Artisanal and Small-Scale Mining Policy.	**Achieved** Draft Artisanal and Small-Scale Mining Policy developed and ready for gazetting.	None	None
			N/A	N/A	Geoscience Act Regulations gazetted for implementation.	**Achieved**	None	None

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Transformed minerals and upstream petroleum sector.	Improved nuclear policy and regulatory framework.	National Nuclear Regulator Amendment Bill.	**Not achieved**	**Partially achieved** The Draft Bill, sign-off on Socioeconomic Impact Assessment System (SEIAS) report by the Department of Monitoring and Evaluation (DPME) and Memorandum of Objects submitted to the State Law Advisor.	National Nuclear Regulator Amendment Bill submitted to Cabinet for public consultation. (Original target)	**Partially achieved** Extended stakeholder consultation between DMRE, SAHRPA, DoH and NNR on co-regulation of Group III and IV radioactive sources.	N/A	N/A
		Radioactive Waste Management Fund Bill.	**Partially achieved** Memorandum of Object on the Radioactive Waste Management Fund Bill submitted to DMRE Legal Services for onward submission to the Chief State Law Advisor.	**Partially achieved** Draft Bill, sign-off on Socioeconomic Impact Assessment System (SEIAS) report by DPME, Memorandum of Objects, responses to comments submitted to the State Law Advisor.	Radioactive Waste Management Fund Bill submitted to Cabinet	**Partially achieved**	N/A	The Cluster recommended changes to the Bill design. Bill design change has led to 1) redrafting of Bill – completed and 2) retabling before Cabinet – pending. Bill earmarked to be tabled before Cabinet in 2nd Quarter of 2021/22 FY.
	Regulations on the long-term operation of nuclear installations.	Regulations on the long-term operation of nuclear installations.	N/A	N/A	Draft regulations on the long-term operation of nuclear installations published for public comments.	**Achieved** Regulations gazetted	None	The target was revised to meet the SMART principle.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Transformed minerals and upstream petroleum sector.	Legislation to improve the electricity policy and regulatory framework.	Legislation to improve the electricity policy and regulatory framework.	**Not achieved**	**Partially achieved** The Draft Bill, sign-off on SEIAS report by DPME and Memorandum of Objects submitted to the State Law Advisor.	National Energy Regulator Amendment Bill submitted to Cabinet for public consultation.	**Achieved**	The Bill is currently with State Law advisors en route to Cabinet.	Delay in the consultative process.
		Electricity Pricing Policy reviewed.	**Partially achieved** Approved special pricing framework.	N/A	Electricity Pricing Policy reviewed and submitted to Cabinet.	**Partially achieved**	The policy was reviewed and found to be relevant and therefore not taken to Parliament.	The target was revised to meet the SMART principle.
Supply of electricity secured.	Legislation to improve the gas policy and regulatory framework.	Amended Gas Act.	N/A	N/A	Gas Amendment Bill submitted to Cabinet for tabling in Parliament.	**Achieved** Bill approved by Economic Cluster.	None	The target was revised to meet the SMART principle.
		Gas Infrastructure Master Plan.	**Not achieved**	**Partially achieved** Draft produced.	Draft Gas Master Infrastructure Plan submitted to Cabinet for public comment.	Deferred to 2021/22 APP.	None	Challenges posed by Covid-19.
		Integrated Energy Plan.	N/A	N/A	Draft Integrated Energy Plan Submitted to Cabinet for public consultation.	Deferred to 2022/23 APP.	None	Challenges posed by Covid-19.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Supply of electricity secured.	ADAM Framework finalised.	Framework for municipal infrastructure asset management.	**Partially achieved** Record of discussions with DBSA on rollout.	**Not achieved**	ADAM Framework submitted to Cabinet for approval.	**Not achieved**	N/A	Delay by DBSA to start the development of the paper on ADAM Framework, to start in the new financial year.

Table 13: Programme 3: Outcomes, outputs, output indicators, targets and actual achievements (Revised APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Investing in accelerated inclusive growth.	Framework for a just energy transition to a low carbon economy developed.	Framework for a just transition to a low carbon economy developed.	N/A	N/A	Draft report on full scoping on the first phase of the development of just energy transition for EXCO approval.	**Achieved**	None	None
		GHG Reporting and Assessment Framework developed, approved and implementation monitored.	N/A	N/A	GHG Reporting and Assessment Framework submitted for Ministerial approval.	**Not achieved**	The framework is currently being developed.	Service provider was only appointed in December 2020 due to delays in consultation with DFFE and securing funding. Inception Report has been finalised. This will continue in 2021/22.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Investing in accelerated inclusive growth.	Attract investments into the minerals and energy industrial complex.	Number of investment promotion events held.	56	11	5 investment promotion events in the minerals and energy industrial complex held.	**Achieved**	None	None
Increased investment in the mineral and energy sectors.	Promotional activities to increase investment in the minerals and energy sectors.	Number of publications and economic reports supporting investment and sustainable resource use.	14	18	15	**Partially achieved**	14 publications and reports produced.	There were challenges in relation to the SARS data system that delayed the completion of the energy statistics report. Different means of accessing data from SARS will be looked into going forward.
Number of publications and economic reports supporting investment and sustainable resource use.	Analysis of the minerals and energy sectors and provide advisory services to inform on topical issues.	Chrome Beneficiation Promotion Strategy.	N/A	N/A	Approved Chrome Beneficiation Strategy.	**Achieved**	None	None
	Bilateral agreements implemented and new agreements.	Number of existing agreements implemented.	N/A	N/A	10	**Achieved**	None	None
		Number of multilateral strategic partnerships implemented.	N/A	N/A	5	**Achieved**	None	None
Roadmap for the growth and sustainability of the minerals sector.	Mining Masterplan finalised.	Mining Masterplan developed.	N/A	N/A	Approved Beneficiation Masterplan.	**Achieved**	None	None

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Transformed minerals and upstream petroleum sector.	Legislation, policies developed/ reviewed or amended.	Number of legislative instruments developed/ reviewed or amended.	N/A	N/A	Final consultation report on policy for Artisanal and Small-scale miners.	**Achieved**	None	None
			N/A	N/A	Gazetted Geoscience Act Regulations.	**Achieved**	None	None
	Improved nuclear policy and regulatory framework.	National Nuclear Regulator Amendment Bill.	**Not achieved**	Partially Achieved Draft Bill, sign-off on SEIAS report by DPME and Memorandum of Objects submitted to the State Law Advisor.	Final National Nuclear Regulator Amendment Bill tabled to Cabinet for public consultation.	**Partially achieved**	The Amendment Bill successfully tabled at ESIEID Ministerial Cluster on 25 March 2021.	The Amendment Bill was on Cabinet's agenda for 31 March 2021, but the meeting was cancelled.
		Radioactive Waste Management Fund Bill.	**Partially achieved** Memorandum of Object on the Radioactive Waste Management Fund Bill submitted to DoE Legal Services for onward submission to the Chief State Law Advisor.	Partially Achieved Draft Bill, sign-off on SEIAS report by DPME, Memorandum of Objects, responses to comments submitted to the State Law Advisor.	Final Radioactive Waste Management Fund Bill tabled at Cabinet for public consultation.	**Partially achieved**	The Bill served at ESEID Ministerial Cluster.	The Cluster recommended changes to the Bill design. Bill design change has led to 1) redrafting of Bill – completed and 2) re-tabling before Cabinet – pending. Bill earmarked to be tabled before Cabinet in 2nd quarter of 2021/22 FY.

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Supply of electricity secured.	Regulations on the long-term operation of nuclear installations.	Regulations on the long-term operation of nuclear installations.	N/A	N/A	Gazetted Regulations on long-term operation of nuclear installations.	**Achieved**	None	None
	Legislation to improve the electricity policy and regulatory framework.	National Energy Regulator Amendment Bill submitted to Cabinet for public consultation.	**Not achieved**	Partially Achieved The Draft Bill, sign-off on SEAIS report by DPME and Memorandum of Objects submitted to the State Law Advisor.	Final Bill tabled in cabinet for enactment.	**Partially achieved**	The Bill is currently with State Law Advisors en route to Cabinet.	None
		Electricity Pricing Policy reviewed.	**Partially achieved** Approved special pricing framework.	N/A	Electricity Pricing Policy reviewed and submitted to Cabinet.	**Partially achieved**	The policy was reviewed and found to be relevant and therefore not taken to Parliament.	The target was revised to meet the SMART principle.
	Legislation to improve the gas policy and regulatory framework.	Amended Gas Act.	N/A	N/A	Final Gas Amendment Bill.	**Achieved** Bill approved by Economic Cluster.	None	None
		Gas Infrastructure Master Plan.	**Not achieved**	**Partially achieved** Draft produced.	Draft Gas Master Infrastructure Plan.	Deferred to 2021/22 APP.	None	Challenges posed by Covid-19.
		Integrated Energy Plan.	N/A	N/A	Draft Integrated Energy Plan.	Deferred to 2022/23 APP.	None	Challenges posed by Covid-19.
	ADAM Framework finalised.	Framework for municipal infrastructure asset management.	**Partially achieved** Record of discussions with DBSA on rollout.	**Not achieved**	ADAM Framework tabled at Ministerial Cluster.	**Not achieved**	N/A	Delay by DBSA to start the development of the paper on ADAM Framework, to start in the new financial year.

13.4 Programme 4: Mine Health and Safety Inspectorate (MHSI)

Purpose: Ensure health and safety of employees in the mine.

Sub-programmes:

- Mine, Health and Safety Management
- Mine, Health and Safety Regions
- Governance, Policy and Oversight (Head Office).

Table 14: Programme 4: Outcomes, outputs, output indicators, targets and actual achievements (Originally tabled APP)

Outcomes	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions to the Outputs/Output indicators/Annual Targets
Improved and streamlined regulatory, service delivery, operational health and safety processes and collaboration across regulators and relevant role players.	% improvement in mine health and safety parameters.	% reduction in occupational fatalities.	1%	17%	10%	**Not achieved**	2% regression	There were more 'multiple' fatalities reported by mines during the financial year. Fall of ground, general and equipment type of accidents remain major contributors to fatal accidents.
		% reduction in occupational injuries.	13%	2%	5%	**Achieved**	19% improvement	The reason for over achievement is that less injuries were reported during lockdown levels 2 and 1.

Outcomes	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions to the Outputs/Output indicators/Annual Targets
Improved and streamlined regulatory, service delivery, operational health and safety processes and collaboration across regulators and relevant role players.	% improvement in mine health and safety parameters.	% reduction in occupational diseases (Including TB).	13%	4%	10%	**Achieved**	32% improvement	The reason for over achievement is that less diseases were reported during lockdown levels 2 and 1.
		% of investigations completed (initiated vs completed).	97.88%	100%	80%	**Achieved**	20% improvement	The reason for over achievement is that some of investigations are less complex and do not require big gatherings. This measure was not totally impacted by lockdown regulations/ restrictions.
		% of inquiries completed (initiated vs completed).	84%	80%	80%	**Achieved**	7% improvement	There were less inquiries initiated and completed due to lockdown regulations/ restrictions.
		Number of qualitative inspections conducted (cumulative).	9 425	8 250	**8 000**	**Partially achieved** 6 036 inspections and audits conducted from April 2020 to December 2020 compared with 6 600 target for inspections & audits.	N/A	The target was revised since there was a need to increase the qualitative inspections in the mines to combat the spread of Covid-19 virus.

Table 15: Programme 4: Outcomes, outputs, output indicators, targets and actual achievements (Revised APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/2020	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Improved and streamlined regulatory, service delivery, operational health and safety processes and collaboration across regulators and relevant role players.	% improvement in mine health and safety parameters.	Number of qualitative inspections conducted (cumulative).	9 425	8 250	8 800	**Partially achieved**	770 inspections below reviewed target of 8 800. A total of 8 030 inspections (including individual audits) were conducted, resulting to 91% achievement.	The reason for partial achievement of 91% of the reviewed target is due to lockdown regulations/ restrictions. At the beginning of national lockdown, majority of mines, except coal mines, were not operating at all. As lockdown restrictions were being relaxed due to fewer positive Covid-19 cases reported, majority of mines were allowed to ramp up production and commence operating at a 50% capacity of total workforce.

13.5 Programme 5: Programmes and Projects

Purpose: To manage, coordinate and monitor Energy and Minerals Programmes and Projects.

Sub-programmes:

- Programmes and Projects Management
- Integrated National Electrification Programme
- Programmes and Projects Management Office
- Regional Programmes and Projects Management Office
- Electricity Infrastructure and Industry Transformation
- Energy Efficiency Projects
- Renewable Energy Projects
- Environmental Management Projects.

Table 16: Programme 5: Outcomes, outputs, output indicators, targets and actual achievements (Originally tabled APP)

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Supply of electricity secured.	Increased energy security.	Additional megawatt commissioned.	N/A	N/A	Emergency power contracting (Power Purchase Agreements in place).	**Not achieved** Power purchase agreement not in place.	Preferred bidders have been appointed for supply of 1 995 MW with signing of Power Purchase Agreements subject to preferred bidders reaching financial close within the agreed timeline.	There was a need to extend the bid submission date and the extended holiday period between December 2020 and January 2021 resulted in preferred bidders being announced in March 2021 as initially planned.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Improved energy efficiency across all sectors.	Energy savings verified and quantified.	Number of energy savings (TWh) realised and verified from Energy Efficiency and Demand-Side Management (EEDSM) projects.	**Partially achieved** 3.424 TWh savings; Verification of these savings will only be done in the 2019/20 financial year.	**Achieved** 6.3 TWh energy savings realised and verified from EEDSM projects.	0.5 TWh savings realised and verified from EEDSM projects.	**Achieved** 1.58 TWh against the annual target of 0.5TWh.	Additional 1.08 TWh accomplished due to additional projects.	The 1.58 TWh was achieved from 39 projects issued with section 12L tax certificates in the 2021.
			N/A	N/A	Energy consumption baselines from 15 new additional municipalities.	**Not achieved** 14 new additional municipalities were included in the EEDSM project.	1	Some municipalities were non-compliant with DORA requirements and therefore removed from the project.
		National Energy Efficiency Strategy for economy-wide developed.	**Partially achieved** The post-2015 National Energy Efficiency Strategy submission was approved in November 2018 but is not yet promulgated.	N/A	Reviewed post-2015 National Energy Efficiency Strategy.	**Not achieved** 2015 National Energy Efficiency Strategy finalised and in process of being submitted to Cabinet for consideration.	Cabinet submission approved by Minister.	Due to time that had lapsed since the development of revised strategy, there was a need for further internal and external consultations.

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Renewable energy deployment integrated into energy supply.	Improved access to hot water for poor households.	No. of SWHs installed quarterly in beneficiary households in participating municipalities.	**Not achieved**	**Partially achieved** The reports on the installation of NSWH were produced.	4 Quarterly Reports on installation of **87 000** procured SWH baseline systems in 18 municipalities.	**Achieved** 4 Quarterly Reports on installation of 87 000 procured SWH baseline systems in 18 municipalities.	None	The target was revised for fourth quarter to reflect quantity of solar water heaters to be installed during the financial year.
	Effective deployment of renewable energy.	Renewable Energy (RE) Sector Master Plan developed.	N/A	N/A	Renewable Energy (RE) Sector Masterplan finalised.	**Not Achieved** Master plan not finalised.	Renewable Energy (RE) Sector Master Plan not done.	The process of constituting the project team took longer due to need for alignment with other stakeholders (social partners).
		Number of quarterly reports on Verified Wind Atlas 3 for South Africa (WASA).	**Achieved**	**Achieved**	1 WASA 3 Results Report developed.	**Achieved** 1 WASA 3 report developed.	None	None

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Improve capacity to deliver basic services.	Households electrified through grid connection.	Number of additional households to be electrified with grid.	**Achieved** 4 Quarterly Reports produced.	**Achieved** 4 Quarterly Reports were produced on achieving 214 517 additional households with grid electricity against the target of 195 000 in the National Electrification Plan.	4 Quarterly Reports on the allocation of funding and the monitoring of implementation of grid electrification of additional households by Eskom and municipalities.	**Achieved** 4 Quarterly Reports on the allocation of funding and the monitoring of implementation of grid electrification of additional households by Eskom and municipalities.	None	The target was revised for the fourth quarter to reflect quantity of households electrified during the financial year.
		No. of households electrified through non-grid connection.	**Achieved** 4 Quarterly Reports produced.	**Not achieved** Zero additional households electrified with non-grid electrification in this fiscal year.	**15 000** additional households electrified through non-grid electricity.	**Not achieved** Zero additional households electrified with non-grid electrification in this fiscal year.	15 000	Delays in starting with implementation due the delays in the finalisation of the appointment of service providers.
State of geological infrastructure improved.	AMD mitigated.	Number of strategies developed for AMD mitigation.	N/A	N/A	1 strategy developed.	**Achieved** 1 strategy developed for AMD mitigation.	None	None
Improve capacity to deliver basic services.		Number of mine water/wastewater management plans implemented.	N/A	N/A	1	**Achieved** 1 mine water/ wastewater management plan implemented.	None	None

Table 17: Programme 5: Outcomes, outputs, output indicators, targets and actual achievements (Revised APP)

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Renewable energy deployment integrated into energy supply.	Improved access to hot water for poor households.	No. of SWHs installed quarterly in beneficiary households in participating municipalities.	**Not achieved** 19 beneficiary municipalities have entered the framework with the Department. Implementation agreement and revised implementation plan between CEF and DoE has been approved.	**Partially achieved**	Installation of 50 000 procured SWH baseline systems in 18 municipalities.	**Not achieved** A total of 3 106 has been installed in seven (7) municipalities.	46 894 SWH	Main reason for delays was because of need to procure additional installation materials not included as part of manufactured SWH. Additional material required because beneficiary houses are built to different standards while SWH are designed for current building standard.
	Effective deployment of renewable energy.	Renewable Energy (RE) Sector Master Plan developed.	N/A	N/A	Draft Renewable Energy (RE) Sector Master Plan finalised.	**Not achieved** Master plan not finalised.	Draft Renewable Energy (RE) Sector Master Plan not done.	The process of constituting project team took longer to conclude due to need for aligning with key stakeholders (social partners).

Outcome	Output	Output Indicator	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Actual Target 2020/21	Actual Achievement 2020/21	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Improve capacity to deliver basic services.	Households electrified through grid connection.	Number of additional households to be electrified with grid electrification to achieve the 2020/21 target.	**Achieved** 4 Quarterly Reports produced.	**Achieved** 4 Quarterly Reports produced on achieving 214 517 additional households with grid electricity, against target of 195 000 in the National Electrification Plan. 4 Quarterly Reports on the allocation of funding and monitoring of implementation of grid electrification of additional households by Eskom and Municipalities were produced.	137 000 additional households to be electrified with grid electrification to achieve the 2020/21 target.	**Achieved** 166 888 additional households to be electrified with grid electrification.	Additional 29 888 achieved against the planned annual target.	Additional connections above target are due to roll-over connections attributed to previous financial years.

13.6 Programme 6: Nuclear Energy Regulation and Management

Purpose: To manage the South African nuclear energy industry and control nuclear materials in terms of international obligations, nuclear legislation and policies to ensure the peaceful use of nuclear energy.

Sub-programmes:

- Nuclear Energy Management
- Nuclear Safety and Technology
- Nuclear Non-Proliferation and Radiation Security.

Table 18: Programme 6: Outcomes, outputs, output indicators, targets and actual achievements (Originally tabled APP)

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Supply of electricity secured.	Continuous supply of electricity for grid stability.	Additional 2 500 MW nuclear energy procured by 2024.	N/A	N/A	Roadmap for implementation of the 2 500 MW nuclear programme developed.	**Achieved**	None	None
	Policy guideline and support for the Plant Life Extension Programme developed.	Number of quarterly reports on Koeberg Nuclear Power Plant life extension.	N/A	N/A	4 Quarterly Monitoring Reports of Koeberg's Plant Life Extension Plan through established Technical Oversight Committee meetings.	**Achieved**	None	None

Outcome	Output	Output Indicators from 2020/21 APP	Audited Actual Performance 2018/19	Audited Actual Performance 2019/20	Planned Targets from 2020/21 APP	Actual Achievement 2020/21 *(February 2021) Achieved, partially achieved, or not achieved*	Deviations from Planned Targets to Actual Achievement 2020/21	Reasons for revisions or deviation
Supply of electricity secured.	Policy oversight and direction for the establishment of the Centralised Interim Storage Facility (CISF) Project.	Pre-feasibility Report submitted to Cabinet for approval to establish the CISF.	N/A	N/A	Pre-feasibility Report submitted to Cabinet for approval to establish the CISF.	**Achieved**	None	None
	New Multi-Purpose Reactor procured by 2024.	New Multi-Purpose Reactor procured by 2024.	N/A	N/A	Pre-feasibility study submitted to approval authority.	**Partially achieved**	None	Submission to Minister sharing the data collection report on the Pre-feasibility study prepared and sent to the Minister.
	Issued authorisations or denials.	% of authorisation applications processed within the 8-week time.	**Achieved** 78% of authorisation applications reviewed and submitted to the DG.	**Achieved** Authorisation applications were processed within 8 weeks.	70% of authorisation applications processed within the 8-week period.	**Achieved**	None	None
	Promulgated regulation on Physical Protective Measures for Nuclear Material.	Developed Regulation on Physical Protective Measures for Nuclear Material.	N/A	N/A	Submission of the draft regulation on Physical Protective Measures for Nuclear Material to the Minister for public consultation.	**Achieved**	None	None

There were no revisions for Programme 6 during the year under review.

14. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Targets not achieved and partially achieved are attributed to various factors, and in the main, to the impact of Covid-19. The Department will develop an intervention strategy to enhance performance in the control environment for attainment of outcomes that could not be achieved. This improvement plan will be monitored and evaluated on a quarterly basis to determine effective and efficient implementation of mitigation strategies by way of presenting progress reports at various management structures (e.g. EXCO, MANCO, AC).

15. PERFORMANCE IN RELATION TO STANDARDISED OUTPUTS AND OUTPUT INDICATORS FOR SECTORS WITH CONCURRENT FUNCTIONS

N/A

16. REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Table 19: Reporting on the institutional response to the Covid-19 pandemic

Budget Programme	Intervention	Geographic location (province/district/ local municipality) (where possible)	No. of beneficiaries (where possible)	Disaggregation of Beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
ERM	Distribution of personal protective equipment: • Cloth masks: 7 000 • Surgical masks: 10 000 • Hand sanitisers: 2 000 • Latex gloves: 3 000 • Face shields: 400.	All DMRE offices: • Head office: 2 buildings • 16 regional offices.	1 501 DMRE employees. Each employee was given 2 cloth masks and 1 x 500ml sanitiser with the option to refill as per the DPSA guideline. Frontline workers: Security Risk officials, wellness officials and those working with documents from time to time were given face shields and latex gloves.	N/A	CFO	R300 755.00	Number of wellness programmes implemented.	Reduce the spread of Covid-19 in the workplace.
	Screening for Covid-19 symptoms: • Digital Infrared Covid-19 Temperature scanners: 70.	All DMRE offices (Head Office and Regional Offices).	36 temperature scanners have been distributed. Each office was given two temperature scanners.	N/A	CFO	R122 760.20	Number of wellness programmes implemented.	• Managing the spread of Covid-19 • Effective management of communicable diseases in the workplace.

Budget Programme	Intervention	Geographic location (province/district/ local municipality) (where possible)	No. of beneficiaries (where possible)	Disaggregation of Beneficiaries (where possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
ERM	Employee Assistance Programme: • Critical Incident Stress Debriefing (Counselling Services).	All DMRE Offices (Head Office and Regional Offices).	1 501 DMRE officials and their immediate family had access to 24/7 trauma debriefing and counselling services at a toll free number paid for by the Department.	N/A	R300 000	R340 290.76	Number of wellness programmes implemented.	• Accessibility of counselling services • Improved health and productivity of employees.
	Establishment of Wellness Centers (Isolation Rooms): • 12 single beds • Sheets and sheets covers. • Pillows and pillow covers.	Head Office and Regional Offices.	10 DMRE offices: 1. Head office (Trevenna Campus) x 2 2. Braamfontein 3. Limpopo x 2 4. Rustenburg 5. Kimberley 6. Springbok 7. Emalahleni (Witbank) x 2 8. Welkom 9. Cape Town.			R63 769.66	Number of wellness programmes implemented.	• Improved health and productivity of employees.

A Covid-19 Steering Committee was established to oversee the compliance of Covid-19 regulations. Moreover, a compliance officer was appointment to report directly to the Director-General with regards to matters relating to Covid-19. Regrettably, a lack of resources such as laptops and 3G connectivity has and still compromise the duties of the Occupational Health and Safety Committee. Nonetheless, owing to observing the regulations, almost all the cases reported were attended to speedily, and decontamination of buildings were undertaken immediately.

17. LINKING PERFORMANCE WITH BUDGETS

17.1 Programme 1: Administration

Table 20: Sub-programme expenditure

Administration	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Ministry	40 833	27 500	13 333	-	-	-
Departmental Management	40 270	32 941	7 329	-	-	-
Audit Services	20 306	18 582	1 724	-	-	-
Finance Administration	98 231	86 912	11 319	-	-	-
Corporate Services	291 385	275 909	15 476	-	-	-
Office Accommodation	126 256	124 748	1 508	-	-	-
Total	**617 281**	**566 592**	**50 689**	**-**	**-**	**-**

17.2 Programme 2: Minerals and Petroleum Regulation

Table 21: Sub-programme expenditure

Minerals & Petroleum Regulation	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Minerals and Petroleum Management	15 723	11 640	4 083	-	-	-
Mineral Regulation and Administration	410 469	406 057	4 412	-	-	-
Environmental Enforcement and Compliance	18 841	18 415	426	-	-	-
Petroleum Compliance, Monitoring, Enforcement and Fuel Pricing	22 234	20 050	2 184	-	-	-
Petroleum Licensing and Fuel Supply	62 682	52 277	10 405	-	-	-
Total	**529 949**	**508 438**	**21 511**	**-**	**-**	**-**

17.3 Programme 3: Mining Minerals and Energy Policy Development

Table 22: Sub-programme expenditure

Mining Minerals and Energy Policy Development	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Mining Minerals and Energy Policy Development Management	22 719	11 359	11 360	-	-	-
Minerals and Petroleum Policy	27 473	23 894	3 579	-	-	-
Nuclear, Electricity and Gas Policy	11 147	10 787	360	-	-	-
Economic Analysis and Statistics	42 315	40 844	1 471	-	-	-
Economic Growth, Promotion and Global Relations	804 937	803 629	1 308	-	-	-
Mineral and Energy Planning	10 698	8 843	1 855	-	-	-
Total	**919 289**	**899 356**	**19 933**	**-**	**-**	**-**

17.4 Programme 4: Mine Health and Safety Inspectorate

Table 23: Sub-programme expenditure

Mine Health and Safety Inspectorate	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Mine Health and Safety Management	10 905	4 063	6 842	-	-	-
Mine Health and Safety Regions	186 295	180 038	6 257	-	-	-
Occupational Health	14 480	12 248	2 232	-	-	-
Total	**211 680**	**196 349**	**15 331**	**-**	**-**	**-**

17.5 Programme 5: Minerals and Energy Resources Programmes and Projects

Table 24: Sub-programme expenditure

Mineral and Energy Resources Programmes and Projects Management	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Programme and Projects Management	4 954	4 614	340	-	-	-
Integrated National Electrification Programme	3 611 092	3 378 371	232 721	-	-	-
Programme and Projects Management Office	62 450	59 070	3 380	-	-	-
Regional Programme and Projects Management Office	989	67	922	-	-	-
Electricity Infrastructure and Industry Transformation	6 184	5 675	509	-	-	-
Energy Efficiency Projects	248 624	228 863	19 761	-	-	-
Renewable Energy Projects	79 267	78 733	534	-	-	-
Environmental Management Projects	167 134	157 216	9 918	-	-	-
Total	**4 180 694**	**3 912 610**	**268 084**	**-**	**-**	**-**

17.6 Programme 6: Nuclear Energy Regulation and Management

Table 25: Sub-programme expenditure

Nuclear Energy Regulation Management	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Nuclear Energy Management	3 268	3 210	58	-	-	-
Nuclear Safety and Technology	1 095 072	1 089 134	5 938	-	-	-
Nuclear Non-Proliferation and Radiation Security	9 817	9 260	557	-	-	-
Total	**1 108 157**	**1 101 604**	**6 553**	**-**	**-**	**-**

17.7 Department of Mineral Resources and Energy

Table 26: Programme expenditure

Total for Department of Mineral Resources and Energy	2020/21			2019/20		
	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over)/under expenditure R'000
Administration	617 281	566 592	50 689	-	-	-
Minerals and Petroleum Regulation	529 949	508 438	21 511	-	-	-
Mining, Minerals and Energy Policy Development	919 289	899 356	19 933	-	-	-
Mine Health and Safety Inspectorate	211 680	196 349	15 331	-	-	-
Mineral and Energy Resources Programmes and Projects	4 180 694	3 912 610	268 084	-	-	-
Nuclear Energy Regulation Management	1 108 157	1 101 604	6 553	-	-	-
Total	**7 567 050**	**7 184 949**	**382 100**	**-**	**-**	**-**

18. TRANSFER PAYMENTS

The transfer of payments to municipalities has been made in accordance with the approved annual Division of Revenue Act of South Africa (DoRA) transfer requirements (Refer to note x to the Annual Financial Statements).

18.1 Transfers and Subsidies

Table 27: Transfer payments

Transfer payments	Adjusted budget 2020/21 R'000	Year to date transfer payments up to March 2021 R'000	Available balance 31 March 2021 R'000	Actual spending for the year as % of total budget allocation %
South African National Energy Development Institute	73 615	73 615	-	100.00%
South African Nuclear Energy Corporation	966 151	966 151	-	100.00%
National Radio-Active Waste Disposal Institute	49 397	49 397	-	100.00%
National Nuclear Regulator	40 467	40 467	-	100.00%
Council for Geosciences**	502 230	452 033	50 197	90.01%
MINTEK**	427 998	306 110	121 888	71.52%
SA Diamond & Precious Metals Regulator	76 054	76 054	-	100.00%
Petroleum Agency of South Africa**	134 532	91 318	43 214	67.88%
Mine Health & Safety Council (MHSC)	344	344	-	100.00%
Integrated National Electrification Programme (INEP) – Eskom	1 982 985	1 982 985	-	100.00%
INEP – Municipalities	1 358 752	1 358 752	-	100.00%
INEP – Non-grid	220 160	-	220 160	0.00%
EEDSM – Municipalities	196 195	192 597	3 598	98.17%
International Membership Fees	29 680	25 929	3 751	87.36%
Industrial Development Corporation (Small Scale Mining)	25 924	25 924	-	100.00%
Mining Companies (Marginal Mines)	6 533	-	6 533	0.00%
Households	5 663	5 603	60	98.94%
Sector Education and Training Authorities	3 313	-	3 313	0.00%
Total transfer payments	**6 099 993**	**5 647 279**	**452 714**	**92.58%**

** Following the closure of the 2020/21 financial year, all payments made to these entities during the period under review for implementing selected projects on behalf of the Department, were reclassified from the transfers and subsidies classification to the goods and services classification in compliance with the applicable Economic Reporting Framework. The selected projects are, Rehabilitation of Derelict and Ownerless Mines, Water Ingress/Improved Mine Water Management, and Shale Gas.

18.2 Transfer payments to public entities

Table 28: 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	Achievements of the public entity
South African Nuclear Energy Corporation (Necsa)	• Undertaking and promoting research and development in the field of nuclear science. • Processing source material, including uranium. • Cooperating with other institutions on nuclear-related matters.	966 151	807 947 (unaudited: excluding den D&D)	33 research papers were published and 8 innovations were disclosed to the National Intellectual Property Management Office. Coordinated activities for the NRF, DSI, TIA, SA-JINR (Russia) and SA-ESRF (France). IAEA and European Union projects. Neutron Radiography – International collaborations with two European Commission projects: Bakeng se Africa and SA-BrightnESS2. Universities – Further collaboration with UP, NWU, UJ, SMU, UKZN, Wits, UFS, US, UCT, North Carolina State University and the University of Texas, Delft University of Technology (Netherlands). OSCAR-5 reactor calculation system – Client support to the high flux reactor, Hoger Onderwijsreactor and the PALLAS reactor company in the Netherlands as well as he McMaster Nuclear Reactor at the McMaster University in Canada.
National Nuclear Regulator (NNR)	• Providing for the protection of persons, property and the environment against nuclear damage. • Exercising regulatory control related to the siting, design, construction, operation, manufacture of component parts, and decontamination, decommissioning and closure of nuclear installations. • Exercising regulatory control over the actions, to which the Act applies, through the granting of nuclear authorisations.	40 467	40 467	The NNR achieved an overall performance level of 99.6% for all planned activities during the 2020/21 financial year.

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	Achievements of the public entity
National Nuclear Regulator (NNR)	• Providing assurance of compliance with the conditions of nuclear authorisations through the implementation of a system of compliance inspections. • Fulfilling national obligations in respect of international legal instruments concerning nuclear safety. • Ensuring that provisions for nuclear emergency planning are in place.			
National Radio-Active Waste Disposal Institute (NRWDI)	• Plan, design, construct, operate, manage and monitor radioactive waste disposal facilities. • Design and implement disposal solutions for all classes of radioactive waste. • Maintain a national radioactive waste database and publish reports on the inventory and location of radioactive waste in South Africa.	49 397	47 353	NRWDI contributes to Nuclear Branch output, namely 'Pre-Feasibility Report submitted to Cabinet for the approval to establish the CISF'. The Pre-Feasibility Report was completed and submitted to the Department.

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	Achievements of the public entity
South African National Energy Development Institute (SANEDI)	• Direct, monitor and conduct energy research and development. • Undertake measures to promote energy efficiency throughout the economy.	73 615	74 050	Under cleaner mobility SANEDI embarked on a study to assess opportunities for the development of Lithium-Ion batteries in South Africa for the electric vehicle market. This is for realising UNIDO low carbon transport. Through data and knowledge management, the automotive and pulp and paper industries were supported through capacity building and research. Smart Grids Asset Management Research Project concluded. National municipal asset management database research was undertaken to investigate the key requirements of a National Asset Management Database. SANEDI conducted research on how renewable energy systems impact municipal revenue streams. Through 12L Tax Incentive, 39 companies issued with tax certificates and saved 1.6 TWh with a rebate value of R1.5 billion and avoided GHG of 1 338 525 tonnes of CO_2. SANEDI signed an agreement with the City of Cape Town in November 2020, allowing for the roll-out of a large-scale Cool Roof Project in various pre-identified low-income sites within the Cape Town metropolitan area. Energy efficient appliance standards & labelling (S&L) implemented by SANEDI is a priority initiative of the DMRE, to achieve energy consumption and cost savings, as well as the reduction of GHGs from appliances and lighting products in South Africa. The programme exists to support key Government entities invested in regulating the safety and performance of appliances and lighting, in accordance with developments in International, regional and national energy efficiency standards. SANEDI has partnered with Collaborative Labelling and Appliance Standards to implement some of the S&L Programme's key activities such as the research and the development of improved energy efficiency standards for selected products. Through National Energy Efficiency Strategy, an analysis of the residential energy sector in South Africa was realised.

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	Achievements of the public entity
Council for Geosciences (CGS)	• Gather, compile, develop and publish world-class geoscience data, knowledge and products. • Render geoscience related services to the South African public and industry.	452 033	478 044	Through the national Geoscience Mapping Programme, the CGS has managed to reach 9.03% (18 X 1:50 000 scale onshore geological maps) mapping coverage, which is an improvement from less than 5% map coverage before the programme commenced. Additionally, the CGS produced 17 value-add outputs against an annual target of 12. The products include geoscientific reports, models and updated research software. 109 publications (against a target of 77) were also achieved in the year under review. As part of the Geoscience for Mineral and Energy Resources Theme, the CGS investigated the rare-earth elements in the Molteno–Indwe coalfields, which potentially add an additional commodity to the energy basket of South Africa. The resource estimation is yet to be completed. The CGS has also completed the construction of the Van Ryn Canal to address challenges of water ingress in the East Rand (Gauteng province) and sealed the remaining of the 25 high-risk and unsafe mine holings to improve environmental safety. The CGS made concerted efforts to meet the target of the procurement spend on goods and services from small, micro and medium enterprises (QSE and EME’s) in terms of the PPPFA of 2017 in particular for specialised technical requirements of the CGS.

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	Achievements of the public entity
Council for Mineral Technology Research (MINTEK)	• Fundamental research and development in efficient mineral processing technologies and value-added products and services.	306 110	430 909	The DMRE Chrome Smelter Revival Proposal was approved by Cabinet. Mintek played a pivotal role in the drafting of the plan, as well as in various industry engagements. Implementation of the plan includes the approval to implement a tax on ore exports, as well as technological interventions. **SAVMIN™** After a successful demonstration campaign, Sibanye-Stillwater gave formal approval that the dismantling of the SAVMIN™ plant on its site may be commenced. This paves the way for the return of the pilot plant for assembly at Mintek. This demonstration campaign has yielded three patents and two front-end engineering designs for potential applications. The SAVMIN™ demonstration plant also hosted a technology demonstration open day and numerous visits of potential clients and important stakeholders such as the Parliamentary Portfolio Committee and the DMRE. These initiatives raised the profile of Mintek and confirmed Mintek's drive to support the minerals industry in South Africa by transferring new technology to the industry. The pilot plant is being assembled at Mintek in support of marketing activities while plans are being finalised with Eskom to install the pilot-plant to treat water from a cooling tower. A number of smaller commercial opportunities are also being pursued within South Africa and internationally. **Accreditation of the Facility** The Advanced Materials Division received a formal approval certificate from Lloyd Register (LR) of the ISO 13485:2016 certification of the Rapid Diagnostic Test Manufacturing facility. The formal notification included guidelines on the use of the LR logo and guidance on the new management system approval marks. In addition to this approved use of the LR mark, the granting of the certification further indicated that LR has approved Mintek's management system under the terms set out under the United Kingdom Accreditation Service accreditation. Therefore, with regard to the Rapid Diagnostic Manufacturing Facility, it is now licensed to manufacture (SAHPRA) and ISO 13485 accredited.

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	Achievements of the public entity
Council for Mineral Technology Research (MINTEK)				**External Evaluation of Covid-19 Rapid Test Prototypes** Prototype point-of-care rapid diagnostic test kits for both Covid-19 antibodies and antigens were developed in late 2020 and were in the final stages of certification when the South African 501Y.V2 strain emerged. It had been planned that the certification would be completed early in 2021 followed rapidly by manufacturing and distribution. However, following the emergence of the 501Y.V2 strain, it became necessary to re-evaluate all the Covid-19 point-of-care rapid diagnostic test kits to see if they detect the 501Y.V2 strain. Because the strain emerged in South Africa, globally there were no samples of the 501Y.V2 strain for such testing. Mintek immediately started refocused on the 501Y.V2 strain. The local consortium started the process of harvesting and collecting appropriate viral material in order to address this issue. Currently, the revised point-of-care rapid diagnostic test prototypes for the 501Y.V2 strain are being evaluated to ensure that they can detect this strain of the virus. **Nicksyn™** The Versatic 10 acid/Nicksyn™ has been selected as the process solution of choice for an international battery recycle project. An initial order of 200L of Nicksyn™ has been placed with the Mintek partner, Excel Industries in India. **Derelict & Ownerless Mines (D&O)** The work completed during the year included rehabilitation of asbestos mines in Limpopo province and closure of derelict mine shafts/holings in the Gauteng province. The year marked the successful completion of the rehabilitation of the Penge village and Dublin asbestos mines in the Limpopo province. 41 holings of derelict and ownerless gold mines in Gauteng have been sealed during the financial year. The over expenditure relate to cost incurred in finalisation of D&O projects where more funds were used than received in the current year. Funds rolled over from previous year was used to augment the shortfall.

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	Achievements of the public entity
SA Diamond & Precious Metals Regulator (SADPMR)	• Ensure competitiveness, sustainable development and job creation in the diamond and precious metals industry. • Ensure effective transformation of the diamond and precious metals sectors. • Ensure equitable access to resources for local beneficiation.	76 054	62 054	The SADPMR delivered on its mandate in terms of issue of licenses; inspections and maximising local beneficiation.
Petroleum Agency of South Africa	• Promote onshore and offshore exploration for, and production of petroleum. • Receive, evaluate and make recommendations to the Minister on applications for reconnaissance permits, technical cooperation permits and exploration and production rights for petroleum. • Monitor and report on compliance with such permits or rights and • Receive, maintain, store, interpret, evaluate, add value to and disseminate or deal in all geological or geophysical information relating to petroleum.	91 318	117 146	World-class discoveries in Block 11B/12B –large gas condensate discovery in Luiperd – together with the Brulpadda discovery in 2019/20, an estimated 3Tcf gas is now proven discoveries in South Africa. Tetra4 – Five onshore wells were drilled and the project is advanced to go onto production in January 2022 with export of helium. Shale gas resource evaluation advanced with basin modelling completed and ground water monitoring and seismicity networks advanced.
MHSC	• Advise on occupational health and safety in mines.	344	344	7 advisory notes were sent to the Minister for the year ending March 2021.

18.3 Transfer payments to all organisations other than public entities

The following table reflects the transfer payments made for the period 1 April 2020 to 31 March 2021.

Table 29: Transfer payments to organisations other than public entities

Name of transferee	Purpose for which the funds were used	Amount budgeted for R'000	Amount transferred R'000	Reasons why funds were not transferred
Non-grid service providers	Non-grid electricity connections.	220 110	-	Due to delays in finalising procurement processes for the appointment of service providers to execute the 2020/21 implementation plan.
African Petroleum Producers Organisation (APPO)	Fees to support the organisation.	3 205	3 598	Not applicable.
Generation IV International Forum	Fees to support the organisation.	825	627	Not applicable.
International Atomic Energy Agency	Fees to support the organisation.	24 007	20 236	Obligation determined by foreign entity was lower than anticipated.
International Energy Forum	Fees to support the organisation.	376	396	Not applicable.
International Renewable Energy Agency	Fees to support the organisation.	1 267	1 073	Not applicable.
Industrial Development Corporation (Small Scale Mining)	Small Scale Mining Fund contribution.	25 924	25 924	Not applicable.
Mining Companies (Marginal Mines)	Management of ingress of water at mines.	6 533	-	Applications were not received from marginal mines for pumping subsidies.
Households	Leave gratuities and retirement benefits, pension liabilities for early retirement benefits, claims against government (loss of office).	5 663	5 603	Not applicable.
Sector Education and Training Authorities	Annual contributions to SETAs in accordance with the Department of Public Service and Administration Circular HRD 1 of 2013.	3 313	-	Opted for the announced payment holiday due to the negative impact of the Covid-19 pandemic on training programmes.

19. CONDITIONAL GRANTS

19.1 Conditional grants and earmarked funds paid

The following table describes each of the conditional grants and earmarked funds paid by the Department.

Conditional Grant 1: National Electrification Programme Municipalities (equitable share)

Department/municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Electricity connections
Expected outputs of the grant	52 369
Actual outputs achieved	60 219 including rollovers
Amount per amended DoRA (R'000)	1 358 752
Amount transferred (R'000)	1 358 752
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/ municipality (R'000)	685 989 spent at the end of March 2021 in line with departmental financial year. 1 080 895 spent at the end of June 2021 in line with municipal financial year.
Reasons for the funds unspent by the entity	Late appointment of service providers by municipalities, business forums demands and outstanding invoices for completed work but not paid at the end of the financial year.
Monitoring mechanism by the transferring Department	Technical audits and monthly reports

Conditional Grant 2: National Electrification Programme (Eskom)

Department/municipality to whom the grant has been transferred	Eskom
Purpose of the grant	Electricity connections
Expected outputs of the grant	78 238
Actual outputs achieved	106 669 including rollovers
Amount per amended DoRA (R'000)	1 982 985
Amount transferred (R'000)	1 982 985
Reasons if amount as per DoRA not transferred	N/A
Amount spent by the Department/public corporation (R'000)	1 276 168
Reasons for the funds unspent by the entity	Community unrests, delays in the approval of the labour contracts and limited number of contractors. Unpaid invoices for completed work at the end of the financial year.
Monitoring mechanism by the transferring Department	Quarterly reports submitted by Eskom, verification reports

Conditional Grant 3: Energy Efficiency and Demand-Side Management (EEDSM) Programme (equitable share)

Department/municipality to whom the grant has been transferred	Several municipalities
Purpose of the grant	Implementation of energy efficiency technologies
Expected outputs of the grant	Reduction of electricity consumption on municipal infrastructure. That is, verified energy savings from the implemented energy efficiency measures municipal infrastructure.
Actual outputs achieved	1.58 TWh against the annual target of 0.5TWh
Amount per amended DoRA (R'000)	196 195
Amount transferred (R'000)	192 597
Reasons if amount as per DoRA not transferred	Underpayments to Thabo Mofutsanyana, Emfuleni and Theewaterskloof municipalities.
Amount spent by the Department/ municipality (R'000)	192 597
Reasons for the funds unspent by the entity	Two of the municipalities changed their banks details without updating it on the system, resulting in the transfers being rejected by the payment systems. Another municipality's transfer was rejected by the payment system, however no reason was provided. The monitoring and verification funds for EEDSM was not spent because the service providers were still busy with the expected deliverables (i.e. work in progress) as at 31 March 2021.
Monitoring mechanism by the transferring Department	The Department developed a monitoring and evaluation tool indicating the pay-back period to achieve kWh savings; energy savings (kWh) achieved by each municipality; and R (million)/kWh

19.2 Conditional grants and earmarked funds received

No conditional grants and earmarked funds were received.

20. DONOR FUNDS

20.1 Donor Funds Received

Donor fund: General budget support – European Union (EU)

Name of donor	General Budget Support Programme (GBS) EU
Full amount of the funding	R60 million
Period of the commitment	2019/20 to 2022/23
Purpose of the funding	To improve the energy performance of government buildings.
Expected outputs	Improvement of government capacity and skills on data collection and modelling of energy performance of buildings; and improvement of building energy performance and investment support to implement integrated renewable energy and energy efficiency technologies in government buildings.
Actual outputs achieved	None (as a result of delays in implementation). Only preparatory work could be done.
Amount received in current period (R'000)	R21.66 million
Amount spent by the Department (R'000)	R8.7 million (transfer to SANEDI as an implementing partner)
Reasons for the funds unspent	Delays in the procurement process for the establishment of a panel of service providers in the DMRE, which was concluded in February 2021. Furthermore, this is attributable to putting new procurement systems together following the merger of the two Departments (i.e. Bid Specification Committee and Bid Adjudication Committee).
Monitoring mechanism by the donor	The DMRE has a Standard Operating Procedure (SOP) manual in which monitoring and evaluation (M&E) is clearly outlined. Monitoring will be used a continuous managerial function that provides project managers, decision-makers and main stakeholders with regular feedback and early indications of progress or lack thereof. Among others, collection of data and information on processes, technologies, proposed energy savings measures, and provision of a list of indicators will be used to measure the success of the projects. Evaluation will focus on a systematic assessment of the projects' performance, challenges and impacts in relation to energy savings, environmental and financial sustainability of these projects.

Name of donor	General Budget Support Programme (GBS) EU
Full amount of the funding	R60 million
Period of the commitment	2019/20 to 2022/23
Purpose of the funding	To achieve a net-zero energy waste water treatment plants in South Africa (WWTPs)
Expected outputs	Enhancing the capacity of municipalities to improve energy performance of WWTPs; achieving net-zero energy WWTPs through the deployment of integrated biogas cogeneration, combined heat and power, and energy efficient technologies; achieve financial and environmental sustainability of the three WWTPs; and develop a monitoring and evaluation system for the quantification of achieved energy savings and GHG emissions.
Actual outputs achieved	None
Amount received in current period (R'000)	R31.75 million
Amount spent by the Department (R'000)	R8 million (transferred to SANEDI as implementing partner)
Reasons for the funds unspent	Delays in the procurement process to establish a panel of service providers in the DMRE, which was concluded in February 2021. Delays also attributable to putting new procurement systems together following the merger of the two Departments (i.e. Bid Specification Committee and Bid Adjudication Committee).
Monitoring mechanism by the donor	The DMRE has an SOP manual in which M&E is clearly outlined. Monitoring will be used a continuous managerial function that provides project managers, decision-makers and main stakeholders with regular feedback and early indications of progress or lack thereof. Among others, collection of data and information on processes, technologies, proposed energy savings measures, and provision of a list of indicators will be used to measure the success of the projects. Evaluation will focus on a systematic assessment of the project performance, challenges and impacts in relation to energy savings, environmental and financial sustainability of these projects.

PART C
GOVERNANCE

21. INTRODUCTION

Commitment by the Department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which is funded by the tax payer.

22. RISK MANAGEMENT AT THE DMRE

During the year under review and in line with the requirements of Section 38(i) (a) of the Public Finance Management Act (PFMA) read together with the Public Sector Risk Management Framework, the Department of Mineral Resources and Energy (DMRE) executed the risk management function by way of implementing the activities that follow:

The DMRE has adopted and approved risk management regulatory frameworks to guide the process of identifying, assessing and managing risks and uncertainties that may inhibit the attainment of objectives stated in the strategic plan and Annual Performance Plan. These regulatory frameworks are the Risk Management Strategy, Risk Management Policy, Risk Management Committee Charter, and Fraud Prevention Plan.

Risk assessment workshops were conducted with various branches to identify, assess, treat and monitor risks that may prevent the accomplishment of targets stated in the Strategic Plan, Annual Performance Plan and Annual Operational Plan. The identified risks were documented and listed on the Global Risk Register, Strategic Risk Register and Branch Risk Registers.

The Risk Register involves a list of threats and opportunities based on events that might enhance, prevent, or accelerate the achievement of objectives. At the end of the risk assessment process, the Risk Register was presented at Exco for discussion, adoption and recommendation to the Accounting Officer for approval.

Risk action plans against established risk metrics or mitigation strategies were monitored by management on a quarterly basis by way of presentation of the Risk Management Report at Manco and the Audit Committee to determine effective implementation of control measures and make recommendations for improvement, including consideration of emerging risks that may affect the organisation.

Commitment from the top has been found to be important in influencing the success level of the risk management system. Top management support was a critical success factor during the transition period and merger of the two departments during the period under review. The successful implementation of risk mitigation strategies and achievement of targets stated in the 2020/21 Annual Performance Plan targets are heavily dependent on the commitment of Top Management and other employees of the Department.

Considering the abovementioned context, the DMRE is gradually moving towards a higher level of risk maturity as programme managers are beginning to take responsibility for managing risks that may have material impact on the achievement of objectives stated in the annual plans. They are taking steps to enhance control measures and inculcate a culture of risk management in their day-to-day activities.

23. FRAUD AND CORRUPTION AT THE DMRE

The Department has a Fraud Prevention Plan in place. It sets out actions that are required to minimise the occurrence of irregularities, malpractices, fraudulent and corrupt practices. Leadership and management are responsible for good corporate governance that is characterised by the ethical values of responsibility, accountability, fairness and transparency. These good governance practices include whistleblowing when wrongdoing is detected, vetting of existing and newly appointed officials including service providers, quality assurance and testing by internal and external audits, and accountability at management and oversight structures. All reported cases of alleged, irregular, and/or fraudulent practices received from the Presidential Hotline, members of the public, and media during the year under review were investigated and resolved.

24. MINIMISING CONFLICT OF INTEREST

Minimising conflict of interests in line with the requirements of the Public Service Regulations, 2016, the DMRE implemented the following mechanisms:

Senior managers, middle managers and officials from the Finance as well as Supply Chain Management Departments, also referred to as designated employees, were required to disclose their financial interest as required by the financial disclosure framework.

The principle of consequence management was applied to management and other employees who failed to comply with the disclosure and conflict of interest directive; and attendees of various management structures were required to disclose and append signatures on the record of attendance register. The conflict-of-interest disclosure register is signed by all attendees in various management structures. A departmental gift register is in place as a mechanism for recording and managing gifts received by management and other employees of the Department.

The following table depicts a number of employees who complied with the disclosure and conflict of interest framework during the year under review:

Table 30: Overview of employees complying with disclosure and Conflict of Interest Framework

Employee Categories	SMS	MMS 12	MMS 11	SCM/ FINANCE
Registered employees	149	180	137	129
Employees that disclosed	147	170	133	125
Employees that did not disclose	2	10	4	4
Unregistered employees	0	1	3	0

25. CODE OF CONDUCT

Departmental employees are informed about the Code of Conduct for public servants and what is ethically and morally expected from them during the execution of their duties and responsibilities. Internal communication and or awareness in this regard is provided during the induction and orientation programme as well as during the risk assessment workshops.

26. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department has the responsibility to create a conducive working environment and promote health and safety by ensuring adherence to the Occupational Health and Safety Act. In the year under review, the Department had to align with National Health Protocols and Directives pertaining to the management of Covid-19. Although the Department adhered to all National Directives pertaining to Covid-19, the DMRE was not spared from this pandemic in that 99 officials tested positive for this virus while, sadly, four lost their lives. This had a negative impact on service delivery because as and when an official tests positive, the immediate contacts, who in most instances are fellow colleagues, are also affected as they must quarantine for a number of days, which also affects them psychologically and emotionally. The Employee Assistance Programme (EAP) Services are, however, always available to mitigate the psychological and emotional aspects in this regard.

27. PORTFOLIO COMMITTEES

Table 31: Portfolio Committee on Mineral Resources and Energy meetings April 2020–March 2021

Date	Agenda
07/05/2020	Strategic Plan and the 2020−2021 Annual Performance Plan.
19/05/2020	NRWDI, NNR and MHSC on their Annual Performance Plans for 2020/21 & budgets.
19/05/2020	SANEDI, MINTEK & Necsa on their Annual Performance Plans for 2020/21 & budgets.
20/05/2020	SA Diamond and Precious Metals Regulator (SADPMR), State Diamond Trader (SDT) & NERSA on Strategic Plan 2020, Annual Performance Plan & Budget Vote.
26/05/2020	Joint Meeting of Portfolio Committee on Mineral Resources and Energy and Steering Committee on Land Reform, Environment, Mineral Resources and Energy on their response and strategies regarding Covid-19, including regulations thereof.
02/06/2020	Progress report on the Implementation of the National Solar Water Heater Programme to the Parliamentary Portfolio Committee on Mineral Resources and Energy.
10/06/2020	Agreement between the Republic of South Africa and the European Atomic Energy Community for Co-operation in the Peaceful Uses of Nuclear Energy.
19/06/2020	MINCOSA, NUM, AMCU & UASA on Covid-19 related work in the mining industry.
23/06/2020	DMRE and the business rescue practitioners, respectively, on the status of the Optimum mine.
07/07/2020	2020 Special Adjustment Budget.
18/08/2020	Restructuring and reviewal of entities.
21/08/2020	Update by Minister and DMRE on the restructuring and reviewal of its entities (MINTEK).
01/08/2020	The Portfolio Committee deliberated on the Independent Electricity Management Operator Bill.
02/09/2020	DMRE 2nd, 3rd & 4th Quarter Performance DMRE: Legislative Programme
13/10/2020	Agreement between the Republic of South Africa and the European Atomic Energy Community for Co-operation in the Peaceful Uses of Nuclear Energy.
20/10/2020	Update by CGS on the Molteno Project.
21/10/2020	1st tabling of draft oversight visit to mines.
27/10/2020	Update by the DMRE on Covid-19 in the mining sector.
28/10/2020	Harmony Gold on illegal mining.
03/11/2020	AGSA on the audit outcomes of the DMRE and its entities for 2019/20.
04/11/2020	DMRE on Annual Reports for DOE, DMR & entities for 2019/20, respectively.
10/11/2020	Tabling of 1st draft Budgetary Review Recommendation Report for consideration.
17/11/2020	Derelict and ownerless mines including rehabilitation of asbestos mines.
18/11/2020	Update on the developments relating to the Ketlaphela state-owned pharmaceutical company.
24/11/2020	SDT on challenges in the diamond sector.
25/11/2020	DMRE on the financial sustainability of the SDT, SADPMR and the NNR.
10/02/2021	Update by the DMRE on the adherence of Covid-19 regulations and protocols.
23/02/2021	Update by the DMRE on the Nuclear New Build request for information.
24/02/2021	DMRE on the impact of the State Of the Nation Address on its activities. DMRE on the licensing regime (both minerals and energy), especially the South African Mineral Resources Administration System (including NERSA).

Date	Agenda
02/03/2021	DMRE and the Central Energy Fund (CEF) on the merger of PetroSA, iGas and Strategic Fuel Fund. Briefing by the CEF on Project Ikhwezi, including briefing on all forensic reports within the CEF Group (completed and in progress).
03/03/2021	Licensing regime
09/03/2021	Briefing by the Mining Affected Communities in Action and the Women Affected by Mining United in Action on: Overview of the two entities, current challenges experienced and possible recommendations. Briefing by Eskom on its clean coal initiatives and projects.
10/03/2021	Briefing by the DMRE on its 1st, 2nd and 3rd Quarterly Performance Reports for 2020/21.

Table 32: Select committee meetings

Date	Agenda
22/05/2020	DMRE Strategic, Annual Performance Plan and Budget briefing.
28/07/2020	Mine Health and Safety Council on the implementation of Covid-19-related safety regulations at mines and the Department's response to any non-compliance by mines.
20/10/2020	Briefing by the Minerals Council South Africa on the response of the mining industry to Covid-19 and a detailed discussion on infection statistics with reference to testing, infection rates, death and recoveries.

28. SCOPA RESOLUTIONS

No SCOPA meetings were undertaken.

29. PRIOR MODIFICATIONS TO AUDIT REPORTS

None

30. INTERNAL CONTROL UNIT

The Internal Control and Reporting Unit ensures that internal controls are in place to provide reasonable assurance that the Department has accounted for all financial transactions, free of errors and fraud. This unit also ensures that the transactions are accurate, valid and complete, as well as being compliant with applicable laws and regulations to ensure reliable financial reporting. In addition, the Internal Control Subdirectorate ensures that the Department complies with Treasury Regulations in terms of reporting, and coordinates audits by AGSA.

31. INTERNAL AUDIT AND AUDIT COMMITTEES

31.1 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 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 Internal Audit Activity continues to function in a manner which monitors that:

- Risks are appropriately identified and managed
- Interaction with the various governance groups occurs as required
- Significant financial, managerial, and operating information is accurate, reliable, and timely
- All departmental 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 impacting the Department are recognised and addressed appropriately.

The primary objective of the IAA is to assist the Accounting Officer and the Audit 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
- Input, which helps employees to improve their overall job performance and adherence to established controls
- Keeps 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 the oversight structures such as the Audit Committee and relevant parliamentary structures with the required information to exercise their monitoring and oversight role and responsibility.

Based on the review of the work of the IAA, the Audit Committee is satisfied that the internal audit activity 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 Committee has no reason to doubt that the Internal Auditors operated objectively and independently.

Internal Audit performed the following audit work during the year under review:

- Financial Audits: Chief Financial Officer branch
- Performance Audits: all branches
- Operational Audits: all branches
- Information Communication Technology Audit: Corporate Services Branch.

32. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

32.1 Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13 and 27.1.10.

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

The Audit Committee discharged all its responsibilities as defined in its charter, which includes the evaluation of:

- 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 statutory, legal and regulatory provisions
- The activities of the Internal Audit function, 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.

32.2 Key activities and objectives of the Audit Committee

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

The primary objective of the Audit Committee is to provide support to the senior management of the Department in fulfilling their responsibility relating to financial and operating reporting processes, the system of internal controls, governance, risk management, audit process and monitoring compliance with applicable laws, regulations, relevant prescripts and directives.

The following table discloses relevant information on the audit committee members:

Table 33: Audit Committee members

Name	Qualifications	Internal or external	Date appointed	Date resigned	No. of meetings attended*
Mr Luyanda Mangquku (Chairperson)	• Chartered Accountant CA(SA) • Master's in Business Leadership • Honours – Bachelor of Accounting Science • B-Compt Degree	External	01/11/2020	N/A	6
Ms Zanele Monnakgotla	• Master's in Finance • LLM in TAX • LLB • BCom	External	01/11/2020	N/A	6
Mr Faizal Docrat	• CISM • CISA • CGEIT • MBA • MAP • CRM-Prac COPE • CD (SA)	External	01/11/2020	N/A	6

32.3 The Effectiveness of Internal Controls

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
- Failed petroleum samples disposed without approval by project manager from the Department
- Discrepancies between assets register and actual assets
- Suspense account not cleared monthly
- Insufficient budget allocation on operating lease
- Project management methodology not approved
- Project risk assessment not conducted
- In the information and communications technology environment, as with most critical audits for the year, the audit could not proceed as planned; resulting in Internal Audit not being able to provide the required assurance
- Delays in effecting consequence management, from investigations conducted.

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.

The following Internal Audit work was completed during the year under review:

- Review of the Annual Financial Statements
- Audit of Performance Information, Quarter 1–4
- Review of compliance to the NMOG processes
- Audit of Procurement process
- Expenditure Management

- Audit on DoE Wide Projects Management Cycle
- Review of Risk Management Process
- Review of compliance to the Covid-19 regulations and guidelines
- Asset Management Review
- Review of Logical Access (UAM)
- Follow up Audit on the Non-Grid Audit of Solar Home Systems project implementation Audit
- Follow up on finding register for the agreed action plans, Quarter 1–4.

32.4 In-Year Management and Monthly/Quarterly Report

The Accounting Officer has tabled the In-year Management (IYM) and monthly/quarterly reports to the Minister and to the Audit Committee, as required by the Treasury Regulations. The Audit Committee is satisfied with the content and quality of the IYM reports.

32.5 Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the external auditors the audited financial statements to be included in the Annual Integrated 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 external auditors
- Reviewed, and where appropriate, recommended changes to the Annual Financial Statements as presented by the Department for the year ending 31 March 2021.

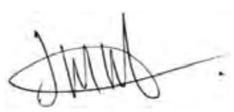
32.6 Audit Committee Report

The Audit Committee believes that more could have been done to ensure that the National Macro Organisation of Government (NMOG) process is a greater success with much more efficient integration of functions and resources.

The Audit 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.

32.7 B-BBEE Compliance Performance Information

N/A



Mr Luyanda Mangquku, CA (SA)
Audit Committee Chairperson
Department of Mineral Resources and Energy

2 September 2021


Diesel

PART D

HUMAN RESOURCE MANAGEMENT

33. INTRODUCTION

The financial year commenced with the planned merger of the Department of Energy and the Department of Mineral Resources into the new Department of Mineral Resources and Energy with effect from 1 April 2020. However, the process was impacted by the national lockdown due to the Covid-19 pandemic which commenced on 27 March 2020 and spanned well into the second quarter of the year under review. The planned process of the implementation of the DMRE start-up structure and the matching and placement of employees were severely delayed to late in 2020, affecting most other processes.

34. THE STATUS OF HUMAN RESOURCES IN THE DEPARTMENT

During the better part of the year, the Department was busy with the matching and placing of officials from the former DoE and DMR against positions on the start-up structure of the DMRE, the process was partly finalised in October 2020. The delay in finalising the matching and placing had a negative impact on service delivery, especially in instances where roles and/or reporting lines changed. Key processes affected were the development of the Workplace Skills Plan, Human Resources (HR) plan, as well as departmental support services policies. Significant budget cuts further made the year challenging as efforts to fill vacancies only commenced in the beginning of 2021.

Although the Department could not advertise positions until the finalisation of matching and placing, the vacancy rate remained below 10% at 8.7%. This was a good sign that the Department did not experience an unhealthy number of exits during the period. The delayed matching and placing resulted in the late establishment of committees such as the Departmental Bargaining Chamber, the result of which is the delayed approval of HR policies, however, the Department did not suffer a significant impact in this regard because HR operates in a highly regulated space with national prescripts and guidelines to direct relevant decisions.

Covid-19 was managed very well in the Department through the steering committee and the Compliance Officer who is a qualified medical doctor.

35. WORKFORCE PLANNING AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED WORKFORCE

The Department's HR Plan plays a vital role in the achievement of the DMRE's overall strategic objectives and visibly illustrates that the HR function fully understands and supports the direction in which the Department is moving. In essence, the HR Plan aims to capture 'the people element' of what the DMRE is endeavouring to achieve in the medium to long term, ensuring that it has the required number/profile of jobs and employees with the required skills and competencies that are available when and where they are needed to deliver on the DMRE's mandate and its strategic objectives.

The performance period 1 April 2020 to 31 March 2021 has been completed and this report presents the HR planning implementation progress, monitoring and evaluation results for the period. This report considered the structures, data collection, analysis and processes. It also provides an assessment and reflection of progress made in achieving the Department's HR planning objectives as presented in the HR Plan.

There are 11 HR Plan Objectives approved and set out in the Integrated HR Plan 2020/25. Of these, six were applicable for the review period. One was achieved and five partially achieved mainly due to delays (missing deadlines), though all are in progress. The remaining objectives are spread over the next four years as part of the plan.

36. HUMAN RESOURCE PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT

The following were the key HR priorities for the year under review:

- Development of HR policies for the DMRE
- Matching and placing of employees against positions in the start-up structure of the new Department
- Implementation of change management interventions to manage the people side of change after the merger of the two departments
- Establishment of HR statutory committees
- Approval and implementation of an Employment Equity Plan
- Development of Integrated Human Resource Plan for the Department.

37. EMPLOYEE PERFORMANCE MANAGEMENT

A total of 813 performance agreements/workplans for 2020/21 were submitted in the last quarter of the financial year. Performance assessments for 2019/20 were conducted in the fourth quarter of 2020/21 and employees who qualified received performance incentives.

38. EMPLOYMENT RELATIONS MANAGEMENT

During 2020/21, two disciplinary cases and one grievance were finalised. Two disputed cases were finalised, while five disputed cases are still pending the Labour Court's judgement. Only two employees were on precautionary suspension.

39. EMPLOYEE WELLNESS PROGRAMMES

Wellness operational plans were implemented effectively, leading to the achievement of five planned wellness programmes. These were the Employee Assistance Programme, HIV/AIDS awareness, condom distribution, cancer awareness and occupational health and safety inspections. It is worth noting that the Employee Assistance Programme (EAP) is a pillar in the midst of the Covid-19 pandemic, as employees are utilising the services of the EAP, e.g. virtual counselling sessions, awareness through notification and notice to the DMRE group.

40. OTHER ACHIEVEMENTS AND CHALLENGES FACED BY THE DEPARTMENT, AS WELL AS FUTURE HUMAN RESOURCE PLANS/GOALS

The Department is faced with the challenge of amalgamating two different organisational cultures from the two former departments. The organisational structure is not fully compatible with the mandate of the Department as it was developed before the strategic plan of the Department was finalised. The plan is to conduct a full review of the organisational structure to develop a fit-for-purpose structure that is aligned to the DMRE strategic objectives and responsive to the mandate of the Department. The Department will embark on an exercise to define a conducive organisational culture aligned with the values of the Department for effective strategy implementation.

Training and development continued for the year under review with 53 new bursaries granted, adding to 64 current bursaries, making a total of 117 bursary holders, 44 interns' contracts were extended for a period of a year, with effect from 1 April 2021 to 31 March 2022. Five initiatives were successfully implemented. These initiatives were internal bursaries, internships, the graduate placement programme, stakeholder partnerships, and establishment of the Education Training and Development Committee. Other initiatives such as the Human Resources implementation plan, marketing of DMRE career opportunities, Workplace Skills Plan, management and leadership development, workplace learning, e- learning and computer training were not achieved due to a delay in finalising the matching and placing process of employees as a result of the merger between the two Departments or mineral resources and energy.

After the merger process, the Departmental Task Team tasked to oversee the merger process was dissolved. However, the Departmental Bargaining Chamber (DBC) was established, which noted the DMRE policies and deferred these to the Policy Task Team for discussion. The DBC is made of employer representatives and organised labour representatives (National Education, Health and Allied Workers' Union, Public Servants Association of South Africa and the Police and Prisons Civil Rights Union).

Maintaining the departmental vacancy rate at an acceptable level of 10% was exceeded by an achievement of 8.7%. All outstanding long service awards were finalised during the reporting period. The process of filling the vacant posts resumed and at the end of the financial year seven posts were filled. All transfer and secondment requests were handled accordingly during the reporting period.

Delays in finalising the matching and placement of staff affected the execution of HR functions detrimentally, and directorates are feeling the strain of trying to keep up with deadlines. Office accommodation remains a challenge and currently the Department operates from two different buildings, resulting in officials having to travel for the signing of documents, attendance of meetings, etc.

Since budget constraints will continue to exist, it will impact on the Department's ability to have the necessary HR for optimal service delivery, thus placing pressure on existing staff who must now deal with an additional workload.

This said, the Department will have to guard against issues like low staff morale which could result in employees being less productive or even leave the services of the Department for a more conducive working environment.

Moving forward, the implementation of the Department's HR Plan and the conducting of a Culture and Climate Survey will hopefully assist in addressing issues relating to staff retention and low productivity before these impact on the achievement of the Department's strategic objectives.

41. HUMAN RESOURCES OVERSIGHT STATISTICS

41.1 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 amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 34: Personnel expenditure by programme for the period 1 April 2020 to 31 March 2021

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
DME: Administration	566 592	305 898	232	2 133	54.00	529
DME: Minerals and Petroleum Regulation	508 362	264 013	-	6 763	51.90	600
DME: Mining Minerals and Energy Policy Development	899 356	96 730	260	-	10.80	714
DME: Mine Health and Safety Inspectorate	196 325	171 888	-	9	87.60	646
DME: Programmes and Projects	3 912 571	96 351	-	6 439	2.50	806
DME: Nuclear Energy Regulation and Management	1 101 604	22 059	-	2 077	2.00	817
Total as on Financial Systems (BAS)	7 184 810	956 939	492	17 421	13.30	611

Table 35: Personnel costs by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Skilled (Levels 3-5)	74 621.00	7.80	257	290 354.00
Highly skilled production (Levels 6-8)	181 243.00	18.90	419	432 561.00
Highly skilled supervision (Levels 9-12)	498 368.00	52.10	617	807 728.00
Senior management (Levels >= 13)	177 641.00	18.60	140	1 268 864.00
Contract (Levels 1-2)	15.00	-	1	15 000.00
Contract (Levels 3-5)	582.00	0.10	3	194 000.00
Contract (Levels 6-8)	4 307.00	0.50	11	391 545.00
Contract (Levels 9-12)	12 331.00	1.30	16	770 688.00
Contract (Levels >= 13)	9 620.00	1.00	5	1 924 000.00
Periodical Remuneration	209.00	-	16	13 063.00
Abnormal Appointment	3 966.00	0.40	82	48 366.00
Total	**962 903.00**	**100.60**	**1 567**	**614 488.00**

Table 36: Salaries, overtime, home owners allowance and medical aid by programme for the period 1 April 2020 to 31 March 2021

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
DME: Administration	263 567	86.20	2 371	0.80	9 237	3.00	15 372	5.00
DME: Minerals & Petroleum Regulation	225 517	85.40	434	0.20	7 140	2.70	14 234	5.40
DME: Mining Minerals & Energy Policy Development	84 800	87.70	6	-	2 544	2.60	3 103	3.20
DME: Mine Health & Safety Inspectorate	150 725	87.70	47	-	2 594	1.50	5 344	3.10
DME: Programmes & Projects	84 780	88.00	-	-	1 944	2.00	2 974	3.10
DME: Nuclear Energy Regulation & Management	19 713	89.40	-	-	949	4.30	416	1.90
Total as on Financial Systems (BAS)	829 101	86.60	2,859	0.30	24 409	2.60	41 442	4.30

Table 37: Salaries, overtime, home owners allowance and medical aid by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (Levels 3-5)	54 174.00	72.30	1 025.00	1.40	4 210.00	5.60	8 500.00	11.30
Highly skilled production (Levels 6-8)	141 272.00	77.30	1 113.00	0.60	6 992.00	3.80	14 064.00	7.70
Highly skilled supervision (Levels 9-12)	423 021.00	81.60	678.00	0.10	9 310.00	1.80	15 967.00	3.10
Senior management (Levels >= 13)	156 783.00	86.60	-	-	3 741.00	2.10	1 722.00	1.00
Contract (Levels 1-2)	15.00	100.00	-	-	-	-	-	-
Contract (Levels 3-5)	523.00	89.10	-	-	-	-	-	-
Contract (Levels 6-8)	3 604.00	75.30	-	-	36.00	0.80	222.00	4.60
Contract (Levels 9-12)	11 032.00	84.90	7.00	0.10	35.00	0.30	141.00	1.10
Contract (Levels >= 13)	8 855.00	90.50	-	-	106.00	1.10	74.00	0.80
Periodical Remuneration	3.00	1.30	-	-	-	-	-	-
Abnormal Appointment	3 966.00	97.20	-	-	-	-	-	-
Total	**803 249.00**	**81.20**	**2 824.00**	**0.30**	**24 428.00**	**2.50**	**40 690.00**	**4.10**

41.2 Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies. The tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff who are additional to the establishment.

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes that follow).

The two merged 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 38: Employment and vacancies by programme as on 31 March 2021

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate (includes frozen posts)	Number of employees additional to the establishment
DMRE: Administration	567	526	7	22
DMRE: Mine Health & Safety Inspectorate	279	243	13	0
DMRE: Minerals & Petroleum Regulation	463	424	8	4
DMRE: Mining Minerals & Energy Policy Development	141	129	9	0
DMRE: Nuclear Energy Regulation & Management	32	27	16	0
DMRE: Programmes & Projects	126	119	6	3
Total	**1 608**	**1 468**	**8.7**	**29**

Table 39: Employment and vacancies by salary band as on 31 March 2021

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate (includes frozen posts)	Number of employees additional to the establishment
Skilled (Levels 3-5)	325	310	5	1
Highly Skilled Production (Levels 6-8)	398	378	5	7
Highly Skilled Supervision (Levels 9-12)	715	635	11	9
Senior Management (Levels >= 13)	170	145	15	12
Total	**1 608**	**1 468**	**8.7**	**29**

Table 40: Employment and vacancies by critical occupations as on 31 March 2021

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate (includes frozen posts)	Number of employees additional to the establishment
Administrative related	218	196	10	8
Biologists, botanists, zoologists and related professionals	102	97	5	0
Cartographers and surveyors	1	1	0	0
Cleaners in offices, workshops, hospitals etc.	2	2	0	0
Client information clerks (switchboard reception information clerks)	23	23	0	0
Communication and information related	25	22	12	0
Community development workers	1	1	0	0
Economists	46	39	15	1
Engineering sciences related	1	1	0	0
Finance and economics related	19	17	11	0
Financial and related professionals	47	46	2	1
Financial clerks and credit controllers	24	24	0	0
General legal, administration and related professionals	1	1	0	0
Head of Department/Chief Executive Officer	1	1	0	0
Historians and political scientists	1	1	0	1
Housekeepers, laundry and related workers	2		100	0
Human resources and organisational development and related professionals	53	48	9	0
Human resources clerks	18	17	6	0
Human resources related	5	5	0	0
Information technology related	9	8	11	0
Language practitioners, interpreters and other communication-related professionals	7	6	14	0
Legal related	13	9	31	0
Librarians and related professionals	2	2	0	0
Library, mail and related clerks	75	71	5	1
Logistical support personnel	15	14	7	0
Material-recording and transport clerks	35	35	0	0
Messengers, porters and deliverers	9	8	11	1
Meteorologists	2	2	0	0
Natural sciences related	66	58	12	1
Nature conservation and oceanographical related technical	1	1	0	0
Other administration and related clerks and organisers	111	105	5	2
Other administrative, policy and related officers	76	72	5	0
Other information technology personnel	32	28	13	1
Other occupations	4	3	25	2
Risk management and security services	20	19	5	0
Safety, health and quality inspectors	166	137	18	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate (includes frozen posts)	Number of employees additional to the establishment
Secretaries and other keyboard-operating clerks	111	109	2	2
Security officers	85	81	5	0
Senior managers	146	127	13	8
Social sciences related	3	2	33	0
Statisticians and related professionals	7	7	0	0
Trade/industry advisers and other related professionals	22	21	5	0
Youth workers	1	1	0	0
Total	**1 608**	**1 468**	**8.7**	**29**

Notes

1. The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
2. 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.
   d. In respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

41.3 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 (SMS) by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 41: SMS post information as on 31 March 2021

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100%	0	0
Salary Level 16	3	3	100%	0	0
Salary Level 15	9	9	100%	0	0
Salary Level 14	38	32	84%	6	16%
Salary Level 13	119	100	84%	19	16%
Total	**170**	**145**	**85%**	**25**	**15%**

Table 42: SMS post information as on 30 September 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/Head of Department	1	1	100%	0	0
Salary Level 16	3	1	33%	1	33%
Salary Level 15	9	9	100%	0	0
Salary Level 14	38	34	89%	4	11%
Salary Level 13	119	98	82%	19	16%
Total	**170**	**143**	**84%**	**24**	**14%**

Table 43: Advertising and filling of SMS posts for the period 1 April 2020 to 31 March 2021

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 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	0	0	1
Total	**0**	**0**	**1**

Table 44: Reasons for not complying 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 2020 and 31 March 2021*

Reasons for vacancies not advertised within six months
The Department was still finalising the matching and placing process, which had a direct impact on the vacancy status of the Department.
Reasons for vacancies not filled within 12 months
The Department was still finalising the matching and placing process, which had a direct impact on the vacancy status of the Department.

Table 45: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2020 to 31 March 2021

Reasons for vacancies not advertised within 12 months
N/A

41.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her 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 evaluated during the year under review. The table also provides statistics on the number of posts upgraded or downgraded.

Table 46: Job evaluation by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Skilled (Levels 3-5)	325	0	0	0	0	0	0
Highly Skilled Production (Levels 6-8)	398	0	0	0	0	0	0
Highly Skilled Supervision (Levels 9-12)	715	0	0	0	0	0	0
Senior Management (Levels >= 13)	170	0	0	0	0	0	0
Total	**1 608**	**0**	**0**	**0**	**0**	**0**	**0**

The following table provides a summary of the number of employees whose positions were upgraded due to their post 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 47: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2020 to 31 March 2021

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

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 48: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2020 to 31 March 2021

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Library, mail and related clerks	1	7	8	Accelerated grade progression
Other information technology personnel	1	6	7	Grade progression
Motor vehicle drivers	1	7	8	Grade progression
Administrative related	1	9	10	Grade progression
Total number of employees whose salaries exceeded the level determined by job evaluation				4
Percentage of total employed				0.3%

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

Table 49: Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2020 to 31 March 2021

Gender	African	Asian	Coloured	White	Total
Female	2	0	0	1	3
Male	1	0	0	0	1
Total	**3**	**0**	**0**	**1**	**4**
Employees with a disability	0	0	0	0	0

41.5 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 that follow).

Table 50: Annual turnover rates by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Number of employees at beginning of period	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Skilled (Levels 3-5)	264	0	8	3
Highly Skilled Production (Levels 6-8)	431	0	14	3
Highly Skilled Supervision (Levels 9-12)	641	6	38	6
Senior Management Service Band A	102	0	4	4
Senior Management Service Band B	33	0	2	6
Senior Management Service Band C	10	0	0	0
Senior Management Service Band D	1	0	0	0
Contract (Levels 1-2)	1	1	1	100
Contract (Levels 3-5)	3	1	1	33
Contract (Levels 6-8)	11	4	4	36
Contract (Levels 9-12)	19	0	0	0
Contract Band A	1	1	1	100
Contract Band B	1	0	0	0
Contract Band C	1	0	0	0
Contract Band D	3	0	1	33
Total	**1 522**	**13**	**74**	**5**

Table 51: Annual turnover rates by critical occupation for the period 1 April 2020 to 31 March 2021

Critical occupation	Number of employees at beginning of period	Appointments	Terminations	Turnover rate
Administrative related	198	0	8	4
Agricultural, animal, oceanography, forestry and other science-related professionals	1	0	0	0
Biologists, botanists, zoologists and related professionals	97	0	3	3
Cartographers and surveyors	1	0	0	0
Cleaners in offices, workshops, hospitals etc.	2	1	1	50
Client information clerks (switchboard, reception information clerks)	25	0	0	0
Communication and information related	18	0	0	0
Community development workers	1	0	0	0
Economists	40	1	1	3
Finance and economics related	16	0	1	6
Financial and related professionals	49	0	2	4
Financial clerks and credit controllers	30	0	0	0
General legal, administration and related professionals	4	0	0	0
Head of Department/Chief Executive Officer	2	0	1	50
Historians and political scientists	1	0	0	0
Human resources and organisational development and related professionals	49	0	2	4
Human resources clerks	20	0	0	0
Human resources related	6	0	0	0
Information technology related	7	0	0	0
Interns	0	1	0	0
Language practitioners, interpreters and other communication-related professionals	9	0	1	11
Legal related	9	0	3	33
Librarians and related professionals	2	0	0	0
Library mail and related clerks	82	0	5	6
Logistical support personnel	13	0	0	0
Material-recording and transport clerks	35	0	2	6
Messengers, porters and deliverers	2	0	0	0
Meteorologists	2	0	0	0
Motor vehicle drivers	1	0	0	0
Natural sciences related	57	1	1	2
Nature conservation and oceanographical related technical	1	0	0	0
Other administration and related clerks and organisers	105	3	6	6
Other administrative, policy and related officers	76	0	1	1
Other information technology personnel	31	0	3	10
Other occupations	4	0	1	25
Risk management and security services	20	0	1	5
Safety health and quality inspectors	150	5	17	11
Secretaries and other keyboard-operating clerks	112	0	4	4
Security officers	83	0	2	2
Senior managers	129	1	7	5
Social sciences related	2	0	0	0
Statisticians and related professionals	7	0	0	0
Trade/industry advisers and other related professionals	22	0	1	5
Youth workers	1	0	0	0
Total	**1 522**	**13**	**74**	**5**

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

Table 52: Reasons why staff left the Department for the period 1 April 2020 to 31 March 2021

Termination type	Number	% of total resignations
Death	8	11
Resignation	34	46
Expiry of contract	6	8
Dismissal	1	1
Retirement	19	26
Transfers	6	8
Total	**74**	**100**
Total number of employees who left as a % of total employment	**5%**	

Table 53: Promotions by critical occupation for the period 1 April 2020 to 31 March 2021

Occupation	Employees at 1 April 2020	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	198	0	0	127	64
Agricultural, animal, oceanography, forestry and other science-related professionals	1	0	0	1	100
Biologists, botanists, zoologists and related professionals	97	0	0	72	74
Cartographers and surveyors	1	0	0	0	0
Cleaners in offices, workshops, hospitals etc.	2	0	0	0	0
Client information clerks (switchboard, reception information clerks)	25	0	0	19	76
Communication and information related	18	0	0	6	33
Community development workers	1	0	0	1	100
Economists	40	0	0	25	63
Finance and economics related	16	0	0	11	69
Financial and related professionals	49	0	0	33	67
Financial clerks and credit controllers	30	0	0	15	50
General legal, administration and related professionals	4	0	0	2	50
Head of Department/Chief Executive Officer	2	0	0	0	0
Historians and political scientists	1	0	0	1	100
Human resources and organisational development and related professionals	49	0	0	33	67
Human resources clerks	20	0	0	16	80
Human resources related	6	0	0	4	67

Occupation	Employees at 1 April 2020	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Information technology related	7	0	0	6	86
Language practitioners, interpreters and other communication-related professionals	9	0	0	5	56
Legal related	9	0	0	3	33
Librarians and related professionals	2	0	0	1	50
Library mail and related clerks	82	0	0	65	79
Logistical support personnel	13	0	0	11	85
Material-recording and transport clerks	35	0	0	25	71
Messengers, porters and deliverers	2	0	0	1	50
Meteorologists	2	0	0	2	100
Motor vehicle drivers	1	0	0	1	100
Natural sciences related	57	1	2	41	72
Nature conservation and oceanographical related technical	1	0	0	0	0
Other administration and related clerks and organisers	105	0	0	57	54
Other administrative, policy and related officers	76	0	0	55	72
Other information technology personnel.	31	0	0	22	71
Other occupations	4	0	0	0	0
Risk management and security services	20	0	0	17	85
Safety health and quality inspectors	150	1	1	79	53
Secretaries and other keyboard-operating clerks	112	0	0	44	39
Security officers	83	0	0	72	87
Senior managers	129	1	1	60	47
Social sciences related	2	0	0	2	100
Statisticians and related professionals	7	0	0	5	71
Trade/industry advisers and other related professionals	22	0	0	8	36
Youth workers	1	0	0	1	100
Total	**1 522**	**3**	**0**	**949**	**62**

Table 54: Promotions by salary band for the period 1 April 2020 to 31 March 2021

Salary band	Employees at 1 April 2020	Promotions to another salary level	Salary level promotions as a % of employees by salary band	Progressions to another notch within a salary level	Notch progression as a % of employees by salary band
Skilled (Levels 3-5)	264	0	0	202	77
Highly Skilled Production (Levels 6-8)	431	0	0	245	57
Highly Skilled Supervision (Levels 9-12)	641	2	0	422	66
Senior Management (Levels >= 13)	146	1	1	73	50
Contract (Levels 1-2)	1	0	0	0	0
Contract (Levels 3-5)	3	0	0	0	0
Contract (Levels 6-8)	11	0	0	5	46
Contract (Levels 9-12)	19	0	0	2	11
Contract (Levels >=13)	6	0	0	0	0
Total	**1 522**	**3**	**0**	**949**	**62**

41.6 Employment Equity

Table 55: Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2021

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	70	1	1	5	45	0	2	2	126
Professionals	147	0	2	7	191	3	5	8	363
Technicians and associate professionals	224	2	1	9	234	3	1	2	476
Clerks	100	2	0	1	263	16	0	16	398
Service shop and market sales workers	67	3	0	4	25	1	0	0	100
Plant and machine operators and assemblers	1	0	0	0	0	0	0	0	1
Labourers and related workers	2	0	0	0	2	0	0	0	4
Total	**611**	**8**	**4**	**26**	**760**	**23**	**8**	**28**	**1 468**
Employees with disabilities	4	0	0	3	6	0	0	1	14

Table 56: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	5	1	0	0	4	0	1	0	11
Senior management	73	0	2	5	46	0	1	3	130
Professionally qualified and experienced specialists and mid-management	291	3	2	16	289	2	6	7	616
Skilled technical and academically qualified workers, junior management, supervisors, foremen	112	1	0	4	270	16	0	16	419
Semi-skilled and discretionary decision-making	109	3	0	1	137	5	0	2	257
Contract (top management)	3	0	0	0	0	0	0	0	3
Contract (senior management)	1	0	0	0	1	0	0	0	2
Contract (professionally qualified)	11	0	0	0	5	0	0	0	16
Contract (skilled technical)	5	0	0	0	6	0	0	0	11
Contract (semi-skilled)	1	0	0	0	2	0	0	0	3
Total	**611**	**8**	**4**	**26**	**760**	**23**	**8**	**28**	**1 468**

Table 57: Recruitment for the period 1 April 2020 to 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally qualified and experienced specialists and mid-management	6	0	0	0	0	0	0	0	6
Contract (senior management)	1	0	0	0	0	0	0	0	1
Contract (skilled technical)	2	0	0	0	2	0	0	0	4
Contract (semi-skilled)	0	0	0	0	2	0	0	0	2
Total	**9**	**0**	**0**	**0**	**4**	**0**	**0**	**0**	**13**
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 58: Promotions for the period 1 April 2020 to 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	3	0	1	0	5
Senior management	32	0	2	1	30	0	1	3	69
Professionally qualified and experienced specialists and mid-management	199	1	0	6	209	1	5	3	424
Skilled technical and academically qualified workers, junior management, supervisors, foremen	81	0	0	1	151	4	0	8	245
Semi-skilled and discretionary decision-making	89	2	0	1	105	3	0	2	202
Contract (professionally qualified)	2	0	0	0	0	0	0	0	2
Contract (skilled technical)	2	0	0	0	3	0	0	0	5
Total	**406**	**3**	**2**	**9**	**501**	**8**	**7**	**16**	**952**
Employees with disabilities	4	0	0	1	5	0	0	1	11

Table 59: Terminations for the period 1 April 2020 to 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management	4	0	0	1	1	0	0	0	6
Professionally qualified and experienced specialists and mid-management	23	0	0	6	8	0	0	1	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen	4	1	0	1	3	0	0	0	9
Semi-skilled and discretionary decision-making	6	0	0	0	6	0	0	1	13
Contract (top management), permanent	1	0	0	0	0	0	0	0	1
Contract (senior management)	1	0	0	0	0	0	0	0	1
Contract (skilled technical)	1	0	0	0	3	0	0	0	4
Contract (semi-skilled)	0	0	0	0	1	0	0	0	1
Contract (unskilled)	1	0	0	0	0	0	0	0	1
Total	**41**	**1**	**0**	**8**	**22**	**0**	**0**	**2**	**74**
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 60: Disciplinary action for the period 1 April 2020 to 31 March 2021

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Precautionary suspension	2	0	0	0	0	0	0	0	2

Table 61: Skills development for the period 1 April 2020 to 31 March 2021

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	0	0	6	0	0	0	8
Professionals	17	0	0	1	18	0	0	0	36
Technicians and associate professionals	4	0	0	0	6	0	0	1	11
Clerks	2	0	0	0	9	0	0	0	11
Service and sales workers	9	0	0	0	0	0	0	0	9
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trade workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations (interns)	18	1	1	0	24	1	0	0	45
Elementary occupations (learnerships)	14	0	0	0	26	0	0	0	40
Employees with disabilities	0	0	0	0	0	0	0	0	0
Total	**66**	**1**	**1**	**1**	**89**	**1**	**0**	**1**	**160**

41.7 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 62: Signing of performance agreements by SMS members as on 31 March 2021

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	0	0%
Salary Level 16	3	3	0	0%
Salary Level 15	9	9	5	56%
Salary Level 14	38	32	19	59%
Salary Level 13	119	100	47	47%
Total	**170**	**145**	**71**	**49%**

Table 63: Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2021

Reasons
The technical glitches associated with the merger.

Table 64: Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2021

Reasons
None. Failure to submit was beyond the employees' control.

41.8 Performance Rewards

To encourage good performance, the Department has 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 that follow).

Table 65: Performance rewards by race, gender and disability for the period 1 April 2021 to 31 March 2021

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	911	1 361	70	**7 609.19**	8 353.00
Male	377	607	62	3 140.79	8 332.00
Female	534	754	71	4 468.40	8 369.00
Asian	8	12	67	**72.79**	9 099.00
Male	4	4	100	38.77	9 692.00
Female	4	8	50	34.02	8 506.00
Coloured	22	31	67	**207.20**	9 418.00
Male	7	8	88	103.04	14 720.00
Female	15	23	65	104.16	6 944.00
White	37	50	74	**302.44**	8 174.00
Male	19	23	83	177.09	9 321.00
Female	18	27	67	125.35	6 964.00
Employees with disabilities	11	14	79	70.03	6 372.00
Total	**989**	**1 468**	**67**	**8 261.65**	**8 353.00**

Table 66: Performance rewards by salary band for personnel below SMS for the period 1 April 2020 to 31 March 2021

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Skilled (Levels 3-5)	209	310	67	911.24	4 362	0.1%
Highly skilled production (Levels 6-8)	314	378	83	2 069.41	6 591	0.2%
Highly skilled supervision (Levels 9-12)	433	635	68	4 888.91	11 291	0.5%
Total	**956**	**1 323**	**72**	**7 869.56**	**8 233**	0.8%

Table 67: Performance rewards by critical occupation for the period 1 April 2020 to 31 March 2021

Critical occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee (R)
Financial clerks and credit controllers	20	24	83.30	82.38	4 119.00
Human resources clerks	15	17	88.20	81.16	5 411.00
Security officers	75	81	92.60	331.40	4 420.00
Messengers, porters and deliverers	0	8	0.00	0.00	0.00
Human resources and organisational development and related professionals	41	48	85.40	347.72	8 481.00
Risk management and security services	19	19	100.00	148.55	7 819.00
Meteorologists	0	2	0.00	0.00	0.00
Safety health and quality inspectors	111	137	81.00	1 239.11	11 163.00
Social sciences related	2	2	100.00	19.06	9 532.00
Finance and economics related	12	17	70.60	158.61	13 218.00
Logistical support personnel	10	14	71.40	64.46	6 446.00
Natural sciences related	29	58	50.00	260.85	8 995.00
Other administration and related clerks and organisers	76	105	72.40	443.08	5 831.00
Other occupations	0	3	0.00	0.00	0.00
Legal related	7	9	77.80	58.42	8 346.00
Nature conservation and oceanographical related technical	0	1	0.00	0.00	0.00
Agricultural, animal, oceanography, forestry and other science	1	1	100.00	7.10	7 096.00
Financial and related professionals	32	46	69.60	250.14	7 817.00
Administrative related	108	196	55.10	1 184.44	10 967.00
Biologists, botanists, zoologists and related professionals	65	97	67.00	643.07	9 893.00
Communication and information related	9	22	40.90	121.19	13 465.00
Historians and political scientists	0	1	0.00	0.00	0.00
Secretaries and other keyboard-operating clerks	82	109	75.20	493.33	6 017.00
Library, mail and related clerks	62	71	87.30	302.62	4 884.00
Cleaners in offices, workshops, hospitals etc.	0	2	0.00	0.00	0.00
Human resources related	4	5	80.00	30.96	7 739.00
Trade/industry advisers and other related professionals	13	21	61.90	238.90	18 377.00
Head of Department/Chief Executive Officer	0	1	0.00	0.00	0.00
Language practitioners. interpreters and other communication-related professionals	4	6	66.70	28.76	7 190.00
General legal administration and related professionals	4	1	400.00	31.89	7 973.00
Material-recording and transport clerks	29	35	82.80	146.96	5 069.00
Youth workers	0	1	0.00	0.00	0.00
Other administrative policy and related officers	58	72	80.60	587.19	10 124.00
Statisticians and related professionals	6	7	85.70	55.71	9 285.00

Critical occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee (R)
Senior managers	27	127	21.30	339.23	12 564.00
Client information clerks (switchboard and reception information clerks)	12	23	52.20	47.68	3 974.00
Economists	26	39	66.70	286.07	11 003.00
Cartographers and surveyors	1	1	100.00	8.93	8 931.00
Other information technology personnel	22	28	78.60	166.08	7 549.00
Motor vehicle drivers	0	0	0.00	0.00	0.00
Community development workers	1	1	100.00	7.23	7 231.00
Librarians and related professionals	2	2	100.00	13.62	6 812.00
Information technology related	4	8	50.00	35.75	8 937.00
Total	**989**	**1 468**	**67**	**8 261.65**	**8 354.00**

Table 68: Performance-related rewards (cash bonus), by salary band for SMS for the period 1 April 2020 to 31 March 2021

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Band A	23	100	23.00	222.72	9 683.50	0.02%
Band B	6	32	18.80	62.08	10 346.70	0.01%
Band C	4	9	44.40	107.29	26 822.20	0.01%
Band D	0	4	0.00	0.00	0.00	0.00%
Total	**33**	**145**	**22.80**	**392.09**	**11 881.50**	0.04%

41.9 Foreign Workers

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

Table 69: Foreign workers by salary band for the period 1 April 2020 to 31 March 2021

Salary band	1 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Senior management (Levels 13-16)	1	100	1	100	0	0
Total	**1**	**100**	**1**	**100**	**0**	**0**

Table 70: Foreign workers by major occupation for the period 1 April 2020 to 31 March 2021

Major occupation	1 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and managers	1	100	1	100	0	0
Total	**1**	**100**	**1**	**100**	**0**	**0**

41.10 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 71: Sick leave for the period 1 January 2020 to 31 December 2020

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Contract (Levels 13-16)	2	100	1	0	2	8.00
Contract (Levels 6-8)	17	88	4	1	4	23.00
Contract (Levels 9-12)	32	97	4	1	8	75.00
Highly skilled production (Levels 6-8)	973	82	197	33	5	1 558.00
Highly skilled supervision (Levels 9-12)	1 074	82	230	38	5	3 177.00
Senior management (Levels 13-16)	233	93	38	6	6	1 099.00
Skilled (Levels 3-5)	605	79	126	21	5	591.00
Total	**2 936**	**82**	**600**	**100**	**5**	**6 531.00**

Table 72: Disability leave (temporary and permanent) for the period 1 January 2020 to 31 December 2020

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Highly skilled production (Levels 6-8)	8	100	1	17	8	12.00
Highly skilled supervision (Levels 9-12)	180	100	2	33	90	592.00
Senior management (Levels 13-16)	3	100	1	17	3	16.00
Skilled (Levels 3-5)	75	100	2	33	38	71.00
Total	**266**	**100**	**6**	**100**	**44**	**691.00**

The following table summarises the utilisation of annual leave. The wage agreement concluded with trade unions at the Public Service Co-Ordinating Bargaining Council in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 73: Annual leave for the period 1 January 2020 to 31 December 2020

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Contract (Levels 13-16)	30	5	6
Contract (Levels 3-5)	22	7	3
Contract (Levels 6-8)	155	11	14
Contract (Levels 9-12)	171	9	19
Highly skilled production (Levels 6-8)	6 273	15	427
Highly skilled supervision (Levels 9-12)	9 527	15	637
Senior management (Levels 13-16)	1 835	13	144
Skilled (Levels 3-5)	3 476	13	262
Total	**21 489**	**14**	**1 512**

Table 74: Capped leave for the period 1 January 2020 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 31March 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)	34	3	11	14
Highly skilled supervision (Levels 9-12)	0	0	0	20
Senior management (Levels 13-16)	0	0	0	37
Skilled (Levels 3-5)	0	0	0	24
Total	**34**	**3**	**11**	**21**

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

Table 75: Leave payouts for the period 1 April 2020 to 31 March 2021

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual – Discounting with resignation (workdays)	1 295.00	21	61 667.00
Annual – Discounting: Contract expiry (workdays)	4.00	1	4 000.00
Annual – Gratuity: Death/retirement/medical retirement (workdays)	1 065.00	19	56 053.00
Capped Gratuity: Death/retirement/medical retirement (workdays)	980.00	14	70 000.00
Total	**3 343.00**	**55**	**60 782.00**

41.11 HIV/AIDS and Health Promotion Programmes

Table 76: Steps taken to reduce the risk of occupational exposure to disease

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
The Department does not have employees identified to be at high risk of contracting HIV and related diseases due to the nature of their work. However, the Department has put in place measures in case employees are exposed to such risks.	Condom distribution (male and female).
	Educational and awareness programme.
	HIV/AIDS Counselling through the Employee Assistance Programme.

Table 77: Details of health promotion and HIV/AIDS programmes

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes	N/A	Mr Lufuno Nemudzivhadi: Director ERM
2. Does the Department have a dedicated unit or have you designated specific staff members to promote health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available.	Yes	N/A	6 officials (Mr L Nemudzivhadi, Ms G Makhubele, Ms S Chamane, Ms V Mohai, Mr L Katjedi and Mr M Mashamaite)
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes	N/A	Employee Assistance Programme: Counselling, legal advice, awareness, trauma debriefing
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes	N/A	Steering Committee and SHERQ was appointed to oversee compliance on occupational health and safety and Covid-19
5. Has the Department reviewed the employment policies and practices of your Department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes	N/A	Policies are under discussion at the Departmental Bargaining Chamber: Policy Task Team
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes	N/A	Reduced absenteeism as employees referred to health practitioner for further assessment at the earliest stage
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes	N/A	There is an HIV&AIDS Policy that guides the Department on HIV&AIDS programmes
8. Has the Department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes	N/A	Quarterly/annual reports

41.12 Labour Relations

Table 78: Collective agreements for the period 1 April 2020 and 31 March 2021

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 79: Misconduct and disciplinary hearings finalised for the period 1 April 2020 to 31 March 2021

Outcomes of disciplinary hearings	Number	% of total
Dismissal	1	33%
Verbal warning	1	33%
Three months suspension without pay	1	33%
Total	**3**	**33%**

Table 80: Types of misconduct addressed at disciplinary hearings for the period 1 April 2020 to 31 March 2021

Type of misconduct	Number	% of total
Inappropriate handling of firearm	1	33%
Poor supervision, absent without leave and failure to report	1	33%
Fraud	1	33%
Total	**3**	**100%**

Table 81: Grievances logged for the period 1 April 2020 to 31 March 2021

Grievances	Number	% of total
Number of grievances not resolved	13	93%
Number of grievances resolved	1	7%
Total number of grievances lodged	**14**	**100%**

Table 82: Disputes logged with councils for the period 1 April 2020 to 31 March 2021

Disputes	Number	% of total
Completed	2	29%
Not completed	5	71%
Total	**7**	**100%**

Table 83: Strike actions for the period 1 April 2020 to 31 March 2021

None	0
Amount recovered as a result of no work no pay (R'000)	0

Table 84: Precautionary suspensions for the period 1 April 2020 to 31 March 2021

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	260
Cost of suspension (R'000)	**R1 157 713.48**

41.13 Skills Development

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

Table 85: Training needs identified for the period 1 April 2020 to 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes and other short courses*	Other forms of training	Total
Legislators, senior officials and managers	Female	81	0	36	0	36
	Male	99	0	32	0	32
Professionals	Female	289	0	189	0	189
	Male	231	0	143	0	143
Technicians and associate professionals	Female	177	0	112	0	112
	Male	162	0	115	0	115
Clerks	Female	288	0	169	0	169
	Male	122	0	172	0	172
Service and sales workers	Female	21	0	14	0	14
	Male	75	0	48	0	48
Elementary occupations (learnerships)	Female	26	0	0	0	0
	Male	14	0	0	0	0
Elementary occupations (internships)	Female	25	0	0	0	0
	Male	20	0	0	0	0
Sub total	Female	907	0	520	0	520
	Male	723	0	510	0	510
Total		**1 630**	**0**	**1 030**	**0**	**1 030**

* Departmental training needs were identified, but the Department did not submit a Workplace Skills Plan (WSP) for the following reason: The training needs were captured on the departmental Excel sheet that needs to be populated on the Public Sector Education and Training Authority (PSETA) WSP. The data were not populated on the PSETA online system as PSETA did not create an entry for the new Department (Department of Mineral Resources and Energy.)

Table 86: Training provided for the period 1 April 2020 to 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	81	0	2	4	6
	Male	99	0	0	2	2
Professionals	Female	289	0	20	11	31
	Male	231	0	0	8	8
Technicians and associate professionals	Female	177	0	0	6	6
	Male	162	0	0	1	1
Clerks	Female	288	0	0	10	10
	Male	122	0	0	2	2
Service and sales workers	Female	21	0	0	8	8
	Male	75	0	0	1	1
Elementary occupations (learnerships)	Female	26	26	0	0	26
	Male	14	14	0	0	14
Elementary occupations (internships)	Female	25	0	0	25	25
	Male	20	0	0	20	20
Sub total	Female	907	0	2	0	112
	Male	723	0	20	0	48
Total		**1 630**	**40**	**22**	**98**	**160**

41.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 87: Injury on duty for the period 1 April 2020 to 31 March 2021

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary total disablement	3	100
Permanent disablement	0	0
Fatal	0	0
Total	**3**	

41.15 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 that is of a technical or intellectual nature, but excludes an employee of a Department.

Table 88: Report on consultant appointments using appropriated funds for the period 1 April 2020 to 31 March 2021

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Appointment of a service provider for the procurement of petroleum products licensing system phase 4 development, maintenance and support services from Magix for a period of three years.	1	12 months	R1 698 688.00 (Year 1)
Appointment of empanelled service providers to conduct Technical Feasibility Assessment for the Department of Energy under the National Solar Water Heater Programme for a period of three months under the 2018/19 financial year. (Three different service providers were appointed with varying number of consultants). (Three different service providers were appointed and with different number of consultants)	2 3 3	3 months	R2 146 076.03 R2 136 189.65 R1 868 080.00
Appointment of a service provider to review a discussion paper on decommissioning policy, for a period of four weeks.	2	4 weeks	R367 505.50
Appointment of a service provider for the production of the 2018/19 for the Department of Energy Annual Report.	4	1 month	R121 325.18
Appointment of a service provider for Technical Audits and Measurement and Verification of energy savings achieved from the implementation of the 2019/20 Municipal Energy Efficiency and Demand Side Management projects and selected government buildings for a period of 12 months. Three different service providers were appointed with varying number of consultants.	3 4 3	12 months	R922 200.00 R1 680 970.00 R1 100 000.00
Appointment of a service provider for 2019/20 internal audit plan (Co-Sourcing Audits).	2	1 month	R355 409.34
Appointment of a service provider to facilitate strategic planning session DMRE for a period of 20 days.	1	20 days	R494 500.00
Appointment of a service provider to do verification; professional/ agency that will assess the Department of Energy and issue a Broad-Based Black Economic Empowerment compliance report for the Department for a period of four weeks.	1	4 weeks	R86 250.00
Renewal of the Microsoft Enterprise software licensing agreement by a period of three years (2019–2021).	1	1 year	R3 575 886.16 (Year 1)
Total	**9**		**R16 553 079.86**

Table 89: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 to 31 March 2021

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A			

Table 90: Report on consultant appointments using donor funds for the period 1 April 2020 to 31 March 2021

Project title	Total number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
N/A			
Total number of projects	**Total individual consultants**	**Total duration (work days)**	**Total contract value in Rand**
N/A			

Table 91: Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 to 31 March 2021

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A			

41.16 Severance Packages

Table 92: Granting of employee-initiated severance packages for the period 1 April 2020 to 31 March 2021

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
N/A				

PART E

FINANCIAL INFORMATION

Report of the auditor-general to Parliament on vote no. 34: Department of Mineral Resources and Energy

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Department of Mineral Resources and Energy set out on pages 153 to 265, which comprise the appropriation statement, statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as 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 and Energy as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act 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 my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Irregular expenditure

7. As disclosed in note 24 to the financial statements, the department incurred irregular expenditure of R7 458 000 in the current year, as it did not follow a procurement process. In addition, the department's internal control processes identified irregular expenditure of R4 005 000 in the current year relating to the prior year.

Other matter

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 266 to 338 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

10. 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.

11. 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

12. 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.

13. 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

14. In accordance with the Public Audit Act 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.

15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. 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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.

16. 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 programmes presented in the department's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 5 – mineral and energy resources programmes and projects	73–78

17. 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.

18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 5 – mineral and energy resources programmes and projects

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 73 to 78 for information on the achievement of planned targets for the year and management's explanations provided for the under/over-achievement of targets.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 5: mineral and energy resources programmes and projects. 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

22. 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.

23. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements, performance report and annual report

24. 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. Material misstatements of current assets, expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified opinion.

Expenditure management

25. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R20 695 000, as disclosed in note 25 to the financial statements, as required by Section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by additional storage costs for solar water heater units that were manufactured but were not installed.

26. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by Treasury Regulation 8.2.3.

Consequence management

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred unauthorised, irregular, and fruitless and wasteful expenditure, as required by Section 38(1)(h)(iii) of the PFMA.

Revenue management

28. Effective and appropriate steps were not taken to collect all money due, as required by Section 38(1)(c)(i) of the PFMA.

29. Interest was not charged on debts relating to annual petroleum fees, as required by treasury regulation 11.5.1.

Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's 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 do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

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 evidenced by the material adjustments that were made to the financial statements.

36. Management did not review and monitor compliance with applicable legislation, as instances of material non-compliance were 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 conducted during the year under review on the department's rehabilitation of derelict and ownerless mines. The audit covered the period 2017-18 to 2020-21, and the report is expected to be tabled by January 2022.

Auditor - General

Pretoria
15 September 2021

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 the 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 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

Appropriation per programme

Voted funds and direct charges	2020/21							2019/20	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Programme									
1: Administration	589 061	-	28 220	617 281	566 592	50 689	91.8%	-	-
2: Minerals and Petroleum Regulation	526 449	-	3 500	529 949	508 438	21 511	95.9%	-	-
3: Mining, Minerals and Energy Policy Development	928 389	-	(9 100)	919 289	899 356	19 933	97.8%	-	-
4: Mine Health and Safety Inspectorate	219 598	-	(7 918)	211 680	196 349	15 331	92.8%	-	-
5: Mineral and Energy Resources Programmes and Projects	4 228 396	-	(47 702)	4 180 694	3 912 610	268 084	93.6%	-	-
6: Nuclear Energy Regulation and Management	1 075 157	-	33 000	1 108 157	1 101 604	6 553	99.4%	-	-
Total	**7 567 050**	**-**	**-**	**7 567 050**	**7 184 949**	**382 101**	**95.0%**	**-**	**-**
Reconciliation with Statement of Financial Performance									
Add:									
- Departmental receipts				280 929				-	
- NRF receipts				-				-	
- Aid assistance				53 410				-	
Actual amounts per Statement of Financial Performance (Total Revenue)									
Add:				**7 901 389**				-	
- Aid assistance					16 700				-
- Prior year unauthorised expenditure approved without funding									
Actual amounts per Statement of Financial Performance									
Expenditure					**7 201 649**				-

Appropriation per economic classification

	2020/21							2019/20	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	**1 499 015**	**(4 613)**	**(50 367)**	**1 444 035**	**1 528 836**	**(84 801)**	**105.9%**	**-**	**-**
Compensation of employees	1 017 606	-	(3 367)	1 014 239	956 939	57 300	94.4%	-	-
Salaries and wages	892 053	(12 987)	(3 302)	875 764	829 101	46 663	94.7%	-	-
Social contributions	125 553	12 987	(65)	138 475	127 837	10 638	92.3%	-	-
Goods and services	481 409	(4 613)	(47 000)	429 796	571 897	(142 101)	133.1%	-	-
Administrative fees	8 061	(4 113)	(200)	3 748	1 567	2 181	41.8%	-	-
Advertising	4 833	(251)	(100)	4 482	2 876	1 606	64.2%	-	-
Minor assets	2 493	(1 123)	(100)	1 270	682	588	53.7%	-	-
Audit costs: External	9 778	1 680	-	11 458	11 114	344	97.0%	-	-
Bursaries: Employees	3 042	(300)	-	2 742	2 441	301	89.0%	-	-
Catering: Departmental activities	2 686	(1 144)	-	1 542	288	1 254	18.6%	-	-
Communication (G&S)	16 954	5 606	(1 700)	20 860	17 861	2 999	85.6%	-	-
Computer services	43 517	(2 005)	700	42 212	40 618	1 594	96.2%	-	-
Consultants: Business and advisory services	125 624	(36 338)	(45 220)	44 066	232 160	(188 094)	526.8%	-	-
Legal services	3 608	4 724	(700)	7 632	7 038	594	92.2%	-	-
Contractors	8 592	(4 644)	(1 300)	2 648	539	2 109	20.4%	-	-
Agency and support/ outsourced services	10 335	(705)	(9 500)	130	-	130	-	-	-
Entertainment	200	(100)	-	100	-	100	-	-	-
Fleet services (including government motor transport)	13 666	221	(700)	13 187	11 206	1 981	85.0%	-	-

	2020/21							2019/20	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Inventory: Food and food supplies	2	-	-	2	-	2	-	-	-
Consumable supplies	4 820	2 590	(700)	6 710	5 342	1 368	79.6%	-	-
Consumable: Stationery, printing and office supplies	9 136	(2 561)	(1 200)	5 375	2 491	2 884	46.3%	-	-
Operating leases	92 755	11 771	27 520	132 046	129 906	2 140	98.4%	-	-
Property payments	15 633	8 420	-	24 053	23 745	308	98.7%	-	-
Travel and subsistence	74 344	(12 397)	(10 300)	51 647	45 898	5 749	88.9%	-	-
Training and development	10 743	(8 057)	(1 500)	1 186	492	694	41.5%	-	-
Operating payments	13 477	27 869	(300)	41 046	33 935	7 111	82.7%	-	-
Venues and facilities	6 579	6 369	(1 700)	11 248	1 651	9 597	14.7%	-	-
Rental and hiring	531	(125)	-	406	46	360	11.4%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**6 049 626**	**-**	**50 367**	**6 099 993**	**5 647 279**	**452 714**	**92.6%**	**-**	**-**
Provinces and municipalities	1 554 947	-	-	1 554 947	1 551 349	3 598	99.8%	-	-
Municipalities	1 554 947	-	-	1 554 947	1 551 349	3 598	99.8%	-	-
Municipal bank accounts	1 554 947	-	-	1 554 947	1 551 349	3 598	99.8%	-	-
Departmental agencies and accounts	731 420	-	14 000	745 420	691 910	53 510	92.8%	-	-
Departmental agencies	731 420	-	14 000	745 420	691 910	53 510	92.8%	-	-
Foreign governments and international organisations	29 680	-	-	29 680	25 929	3 751	87.4%	-	-
Public corporations and private enterprises	3 731 283	-	33 000	3 764 283	3 372 488	391 795	89.6%	-	-
Public corporations	3 370 058	-	33 000	3 403 058	3 281 170	121 888	96.4%	-	-

	2020/21							2019/20	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Subsidies on products and production (pc)	2 132 973	-	-	2 132 973	2 011 085	121 888	94.3%	-	-
Other transfers to public corporations	1 237 085	-	33 000	1 270 085	1 270 085	-	100.0%	-	-
Private enterprises	361 225	-	-	361 225	91 318	269 907	25.3%	-	-
Subsidies on products and production (pe)	141 065	-	-	141 065	91 318	49 747	64.7%	-	-
Other transfers to private enterprises	220 160	-	-	220 160	-	220 160	-	-	-
Households	2 296	-	3 367	5 663	5 603	60	98.9%	-	-
Social benefits	1 877	-	3 367	5 244	5 437	(193)	103.7%	-	-
Other transfers to households	419	-	-	419	166	253	39.6%	-	-
Payments for capital assets	**18 409**	**(15)**	**-**	**18 394**	**4 152**	**14 242**	**22.6%**	**-**	**-**
Buildings and other fixed structures	2 126	-	-	2 126	-	2 126	-	-	-
Buildings	2 126	-	-	2 126	-	2 126	-	-	-
Machinery and equipment	16 283	(585)	-	15 698	4 152	11 546	26.4%	-	-
Other machinery and equipment	16 283	(585)	-	15 698	4 152	11 546	26.4%	-	-
Software and other intangible assets	-	570	-	570	-	570	-		
Payments for financial assets	**-**	**4 628**	**-**	**4 628**	**4 683**	**(55)**	**101.2%**	**-**	**-**
	7 567 050	**-**	**-**	**7 567 050**	**7 184 950**	**382 100**	**95.0%**	**-**	**-**

Programme 1: Administration

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
1: Ministry	48 069	(7 236)	-	40 833	27 500	13 333	67.3%	-	-
2: Department Management	49 130	(8 790)	(70)	40 270	32 941	7 329	81.8%	-	-
3: Audit Services	19 936	370	-	20 306	18 582	1 724	91.5%	-	-
4: Finance Administration	89 365	8 796	70	98 231	86 912	11 319	88.5%	-	-
5: Corporate Services	286 305	4 380	700	291 385	275 909	15 476	94.7%	-	-
6: Office Accommodation	96 256	2 480	27 520	126 256	124 748	1 508	98.8%	-	-
	589 061	**-**	**28 220**	**617 281**	**566 592**	**50 689**	**91.8%**	**-**	**-**
Economic classification									
Current payments	**568 185**	**(1 637)**	**25 110**	**591 658**	**555 388**	**36 270**	**93.9%**	**-**	**-**
Compensation of employees	335 510	-	(3 110)	332 400	305 898	26 502	92.0%	-	-
Salaries and wages	294 248	(5 620)	(3 110)	285 518	263 567	21 951	92.3%	-	-
Social contributions	41 262	5 620	-	46 882	42 331	4 551	90.3%	-	-
Goods and services	232 675	(1 637)	28 220	259 258	249 490	9 768	96.2%	-	-
Administrative fees	2 697	(1 438)	-	1 259	1 027	232	81.6%	-	-
Advertising	1 777	797	-	2 574	2 444	130	95.0%	-	-
Minor assets	2 113	(1 128)	-	985	680	305	69.0%	-	-
Audit costs: External	9 778	-	-	9 778	9 445	333	96.6%	-	-
Bursaries: Employees	3 042	(300)	-	2 742	2 441	301	89.0%	-	-

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Catering: Departmental activities	514	(118)	-	396	56	340	14.1%	-	-
Communication (G&S)	6 708	7 500	-	14 208	13 824	384	97.3%	-	-
Computer services	43 517	(5 481)	700	38 736	38 139	597	98.5%	-	-
Consultants: Business and advisory services	6 304	(2 768)	-	3 536	2 133	1 403	60.3%	-	-
Legal services	1 120	(666)	-	454	424	30	93.3%	-	-
Contractors	2 418	(1 802)	-	616	333	283	54.1%	-	-
Agency and support/ outsourced services	781	(705)	-	76	-	76	-	-	-
Entertainment	195	(100)	-	95	-	95	-	-	-
Fleet services (including government motor transport)	5 676	1 328	-	7 004	5 709	1 295	81.5%	-	-
Consumable supplies	2 552	2 733	-	5 285	4 958	327	93.8%	-	-
Consumable: Stationery, printing and office supplies	3 909	(1 650)	-	2 259	1 873	386	82.9%	-	-
Operating leases	92 027	11 061	27 520	130 608	129 052	1 556	98.8%	-	-
Property payments	15 628	8 420	-	24 048	23 745	303	98,7%	-	-
Travel and subsistence	16 799	(7 600)	-	9 199	8 807	392	95.7%	-	-
Training and development	8 077	(7 620)	-	457	232	225	50.8%	-	-
Operating payments	6 185	(2 170)	-	4 015	3 408	607	84.9%	-	-
Venues and facilities	858	50	-	908	740	168	81.5%	-	-
Rental and hiring	-	20	-	20	17	4	82.5%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**3 505**	**-**	**3 110**	**6 615**	**5 369**	**1 246**	**81.2%**	**-**	**-**

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 209	-	-	1 209	-	1 209	-	-	-
Departmental agencies	1 209	-	-	1 209	-	1 209	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 296	-	3 110	5 406	5 369	37	99.3%	-	-
Social benefits	1 877	-	3 110	4 987	5 203	(216)	104.3%	-	-
Other transfers to households	419	-	-	419	166	253	39.6%	-	-
Payments for capital assets	**17 371**	**-**	**-**	**17 371**	**4 142**	**13 229**	**23.8%**	**-**	**-**
Buildings and other fixed structures	2 126	-	-	2 126	-	2 126	-	-	-
Buildings	2 126	-	-	2 126	-	2 126	-	-	-
Machinery and equipment	15 245	(570)	-	14 675	4 142	10 533	28.2%	-	-
Other machinery and equipment	15 245	(570)	-	14 675	4 142	10 533	28.2%	-	-
Software and other intangible assets	-	570	-	570	-	570	-	-	-
Payments for financial assets	**-**	**1 637**	**-**	**1 637**	**1 693**	**(56)**	**103.4%**	**-**	**-**
	589 061	**-**	**28 220**	**617 281**	**566 592**	**50 689**	**91.8%**	**-**	**-**

Subprogramme 1.1: Ministry

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**47 830**	**(7 287)**	**(180)**	**40 363**	**27 271**	**13 092**	**67.6%**	**-**	**-**
Compensation of employees	34 141	(170)	(180)	33 791	22 061	11 730	65.3%	-	-
Goods and services	13 689	(7 117)	-	6 572	5 210	1 362	79.3%	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**-**	**-**	**180**	**180**	**178**	**2**	**98.9%**	**-**	**-**
Households	-	-	180	180	178	2	98.9%	-	-
Payments for capital assets	**239**	**-**	**-**	**239**	**-**	**239**	**-**	**-**	**-**
Machinery and equipment	239	-	-	239	-	239	-	-	-
Payments for financial assets	**-**	**51**	**-**	**51**	**51**	**-**	**99.4%**	**-**	**-**
Total	**48 069**	**(7 236)**	**-**	**40 833**	**27 500**	**13 333**	**67.3%**	**-**	**-**

Subprogramme 1.2: Department Management

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**49 130**	**(8 790)**	**(230)**	**40 110**	**32 786**	**7 324**	**81.7%**	**-**	**-**
Compensation of employees	43 002	(7 300)	(230)	35 472	29 297	6 175	82.6%	-	-
Goods and services	6 128	(1 490)	-	4 638	3 488	1 150	75.2%	-	-
Transfers and subsidies	**-**	**-**	**160**	**160**	**155**	**5**	**96.8%**	**-**	**-**
Households	-	-	160	160	155	5	96.8%	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**49 130**	**(8 790)**	**(70)**	**40 270**	**32 941**	**7 329**	**81.8%**	**-**	**-**

Subprogramme 1.3: Audit Services

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**19 936**	**370**	**-**	**20 306**	**18 582**	**1 724**	**91.5%**	**-**	**-**
Compensation of employees	15 703	370	-	16 073	16 015	58	99.6%	-	-
Goods and services	4 233	-	-	4 233	2 567	1 666	60.7%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**19 936**	**370**	**-**	**20 306**	**18 582**	**1 724**	**91.5%**	**-**	**-**

Subprogramme 1.4: Finance Administration

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**82 093**	**7 336**	**-**	**89 429**	**85 345**	**4 084**	**95.4%**	**-**	**-**
Compensation of employees	61 047	7 100	-	68 147	66 713	1 434	97.9%	-	-
Goods and services	21 046	236	-	21 282	18 631	2 651	87.5%	-	-
Transfers and subsidies	**-**	**-**	**70**	**70**	**61**	**9**	**87.7%**	**-**	**-**
Households	-	-	70	70	61	9	87.7%	-	-
Payments for capital assets	**7 272**	**-**	**-**	**7 272**	**48**	**7 224**	**0.7%**	**-**	**-**
Machinery and equipment	7 272	-	-	7 272	48	7 224	0.7%	-	-
Payments for financial assets	**-**	**1 460**	**-**	**1 460**	**1 457**	**3**	**99.8%**	**-**	**-**
Total	**89 365**	**8 796**	**70**	**98 231**	**86 912**	**11 319**	**88.5%**	**-**	**-**

Subprogramme 1.5: Corporate Services

Economic classification	2020/21 Adjusted appropriation R'000	2020/21 Shifting of funds R'000	2020/21 Virement R'000	2020/21 Final appropriation R'000	2020/21 Actual expenditure R'000	2020/21 Variance R'000	2020/21 Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	2019/20 Actual expenditure R'000
Current payments	**272 940**	**4 254**	**(2 000)**	**275 194**	**266 656**	**8 538**	**96.9%**	**-**	**-**
Compensation of employees	181 617	-	(2 700)	178 917	171 811	7 106	96.0%	-	-
Goods and services	91 323	4 254	700	96 277	94 845	1 432	98.5%	-	-
Transfers and subsidies	**3 505**	**-**	**2 700**	**6 205**	**4 975**	**1 230**	**80.2%**	**-**	**-**
Departmental agencies and accounts	1 209	-	-	1 209	-	1 209	-	-	-
Households	2 296	-	2 700	4 996	4 975	21	99.6%	-	-
Payments for capital assets	**9 860**	**-**	**-**	**9 860**	**4 094**	**5 766**	**41.5%**	**-**	**-**
Buildings and other fixed structures	2 126	-	-	2 126	-	2 126	-	-	-
Machinery and equipment	7 734	(570)	-	7 164	4 094	3 070	57.1%	-	-
Software and other intangible assets	-	570	-	570	-	-	-	-	-
Payments for financial assets	**-**	**126**	**-**	**126**	**185**	**(59)**	**146.5%**	**-**	**-**
Total	**286 305**	**4 380**	**700**	**291 385**	**275 909**	**15 476**	**94.7%**	**-**	**-**

Subprogramme 1.6: Office Accommodation

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**96 256**	**2 480**	**27 520**	**126 256**	**124 748**	**1 508**	**98.8%**	**-**	**-**
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	96 256	2 480	27 520	126 256	124 748	1 508	98.8%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**96 256**	**2 480**	**27 520**	**126 256**	**124 748**	**1 508**	**98.8%**	**-**	**-**

Programme 2: Minerals and Petroleum Regulation

	2020/21							2019/20	
Subprogramme	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1: Minerals and Petroleum Management	17 023	-	(1 300)	15 723	11 640	4 083	74.0%	-	-
2: Mineral Regulation and Administration	407 480	(4 011)	7 000	410 469	406 057	4 412	98.9%	-	-
3: Environmental Enforcement and Compliance	15 520	3 321	-	18 841	18 415	426	97.7%	-	-
4: Petroleum Compliance Monitoring, Enforcement and Fuel Pricing	23 534	900	(2 200)	22 234	20 050	2 184	90.2%	-	-
5: Petroleum Licensing and Fuel Supply	62 892	(210)	-	62 682	52 277	10 405	83.4%	-	-
	526 449	**-**	**3 500**	**529 949**	**508 438**	**21 511**	**95.9%**	**-**	**-**
Economic classification									
Current payments	**326 613**	**-**	**(10 590)**	**316 023**	**337 378**	**(21 355)**	**106.8%**	**-**	**-**
Compensation of employees	277 318	-	(90)	277 228	264 013	13 215	95.2%	-	-
Salaries and wages	243 167	(4 750)	(90)	238 327	225 517	12 810	94.6%	-	-
Social contributions	34 151	4 750	-	38 901	38 496	405	99.0%	-	-
Goods and services	49 295	-	(10 500)	38 795	73 365	(34 570)	189.1%	-	-

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Administrative fees	1 063	(472)	-	591	144	447	24.3%	-	-
Advertising	572	2	(100)	474	27	447	5.7%	-	-
Minor assets	161	-	(100)	61	1	60	1.5%	-	-
Catering: Departmental activities	833	(478)	-	355	5	350	1.4%	-	-
Communication (G&S)	6 123	(1 487)	(1 100)	3 536	2 547	989	72.0%	-	-
Computer services	-	2 666	-	2 666	1 975	691	74.1%	-	-
Consultants: Business and advisory services	11 839	(921)	(1 500)	9 418	49 977	(40 559)	530.7%	-	-
Legal services	1 234	960	-	2 194	1 857	337	84.7%	-	-
Contractors	24	10	-	34	-	34	1.4%	-	-
Fleet services (including government motor transport)	4 580	1 125	-	5 705	5 063	642	88.7%	-	-
Consumable supplies	1 213	(156)	(700)	357	17	340	4.9%	-	-
Consumable: Stationery, printing and office supplies	1 750	(84)	(800)	866	259	607	30.0%	-	-
Operating leases	163	689	-	852	809	43	94.9%	-	-
Property payments	5	-	-	5	-	5	-	-	-
Travel and subsistence	15 939	(1 247)	(4 400)	10 292	9 796	496	95.2%	-	-
Training and development	775	-	(700)	75	-	75	-	-	-
Operating payments	1 416	(396)	-	1 020	840	180	82.3%	-	-
Venues and facilities	1 583	(211)	(1 100)	272	47	225	17.5%	-	-
Rental and hiring	22	-	-	22	-	22	-	-	-
Transfers and subsidies	**199 791**	**-**	**14 090**	**213 881**	**171 051**	**42 830**	**80.0%**	**-**	**-**

	2020/21							2019/20	
Subprogramme	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Departmental agencies and accounts	62 054	-	14 000	76 054	76 054	-	100.0%	-	-
Departmental agencies	62 054	-	14 000	76 054	76 054	-	100.0%	-	-
Foreign governments and international organisations	3 205	-	-	3 205	3 598	(393)	112.3%	-	-
Public corporations and private enterprises	134 532	-	-	134 532	91 318	43 214	67.9%	-	-
Private enterprises	134 532	-	-	134 532	91 318	43 214	67.9%	-	-
Subsidies on products and production (pe)	134 532	-	-	134 532	91 318	43 214	67.9%	-	-
Households	-	-	90	90	81	9	90.0%	-	-
Social benefits	-	-	90	90	81	9	90.0%	-	-
Payments for capital assets	**45**	**-**	**-**	**45**	**10**	**35**	**21.6%**	**-**	**-**
Machinery and equipment	45	-	-	45	10	35	21.6%	-	-
Other machinery and equipment	45	-	-	45	10	35	21.6%	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	526 449	**-**	**3 500**	**529 949**	**508 438**	**21 511**	**95.9%**	**-**	**-**

Subprogramme 2.1: Minerals and Petroleum Management

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**17 023**	**-**	**(1 300)**	**15 723**	**11 640**	**4 083**	**74.0%**	**-**	**-**
Compensation of employees	10 523	-	-	10 523	9 201	1 322	87.4%	-	-
Goods and services	6 500	-	(1 300)	5 200	2 439	2 761	46.9%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**17 023**	**-**	**(1 300)**	**15 723**	**11 640**	**4 083**	**74.0%**	**-**	**-**

Subprogramme 2.2: Mineral Regulation and Administration

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**210 849**	**(4 000)**	**(7 000)**	**199 849**	**238 685**	**(38 836)**	**119.4%**	**-**	**-**
Compensation of employees	187 674	(4 000)	-	183 674	180 852	2 822	98.5%	-	-
Goods and services	23 175	-	(7 000)	16 175	57 834	(41 659)	357.5%	-	-
Transfers and subsidies	**196 586**	**-**	**14 000**	**210 586**	**167 372**	**43 214**	**79.5%**	**-**	**-**
Departmental agencies and accounts	62 054	-	14 000	76 054	76 054	0	100.0%	-	-
Public corporations and private enterprises	134 532	-	-	134 532	91 318	43 214	67.9%	-	-
Payments for capital assets	**45**	**(11)**	**-**	**34**	**-**	**34**	**-**	**-**	**-**
Machinery and equipment	45	(11)	-	34	-	34	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**407 480**	**(4 011)**	**7 000**	**410 469**	**406 057**	**4 412**	**98.9%**	**-**	**-**

Subprogramme 2.3: Environmental Enforcement and Compliance

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**15 520**	**3 310**	**-**	**18 830**	**18 405**	**425**	**97.7%**	**-**	**-**
Compensation of employees	12 769	3 100	-	15 869	15 825	44	99.7%	-	-
Goods and services	2 751	210	-	2 961	2 579	382	87.1%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**11**	**-**	**11**	**10**	**1**	**88.2%**	**-**	**-**
Machinery and equipment	-	11	-	11	10	1	88.2%	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**15 520**	**3 321**	**-**	**18 841**	**18 415**	**426**	**97.7%**	**-**	**-**

Subprogramme 2.4: Petroleum Compliance Monitoring, Enforcement and Fuel Pricing

	2020/21							2019/20	
Economic classification	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	20 329	900	(2 200)	19 029	16 452	2 577	86.5%	-	-
Compensation of employees	9 072	900	-	9 972	9 629	343	96.6%	-	-
Goods and services	11 257	-	(2 200)	9 057	6 823	2 234	75.3%	-	-
Transfers and subsidies	**3 205**	**-**	**-**	**3 205**	**3 598**	**(393)**	**112.3%**	**-**	**-**
Foreign governments and international organisations	3 205	-	-	3 205	3 598	(393)	112.3%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**23 534**	**900**	**(2 200)**	**22 234**	**20 050**	**2 184**	**90.2%**	**-**	**-**

Subprogramme 2.5: Petroleum Licensing and Fuel Supply

Economic classification	2020/21 Adjusted appropriation R'000	2020/21 Shifting of funds R'000	2020/21 Virement R'000	2020/21 Final appropriation R'000	2020/21 Actual expenditure R'000	2020/21 Variance R'000	2020/21 Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	2019/20 Actual expenditure R'000
Current payments	**62 892**	**(210)**	**(90)**	**62 592**	**52 196**	**10 396**	**83.4%**	**-**	**-**
Compensation of employees	57 280	-	(90)	57 190	48 505	8 685	84.8%	-	-
Goods and services	5 612	(210)	-	5 402	3 690	1 712	68.3%	-	-
Transfers and subsidies	**-**	**-**	**90**	**90**	**81**	**9**	**90.0%**	**-**	**-**
Households	-	-	90	90	81	9	90.0%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**62 892**	**(210)**	**-**	**62 682**	**52 277**	**10 405**	**83.4%**	**-**	**-**

Programme 3: Mining, Minerals and Energy Policy Development

	2020/21							2019/20	
Subprogramme	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1: Mining, Minerals and Energy Policy Development Management	17 499	7 520	(2 300)	22 719	11 359	11 360	50.0%	-	-
2: Minerals and Petroleum Policy	25 302	3 471	(1 300)	27 473	23 894	3 579	87.0%	-	-
3: Nuclear, Electricity and Gas Policy	14 992	(3 845)	-	11 147	10 787	360	96.8%	-	-
4: Economic Analysis and Statistics	16 865	25 750	(300)	42 315	40 844	1 471	96.5%	-	-
5: Economic Growth, Promotion and Global Relations	832 773	(27 736)	(100)	804 937	803 629	1 308	99.8%	-	-
6: Mineral and Energy Planning	20 958	(5 160)	(5 100)	10 698	8 843	1 855	82.7%	-	-
	928 389	**-**	**(9 100)**	**919 289**	**899 356**	**19 933**	**97.8%**	**-**	**-**
Economic classification									
Current payments	**142 461**	**15**	**(9 202)**	**133 274**	**142 668**	**(9 394)**	**107.0%**	**-**	**-**
Compensation of employees	105 313	-	(102)	105 211	96 730	8 481	91.9%	-	-
Salaries and wages	92 138	(540)	(102)	91 496	84 800	6 696	92.7%	-	-
Social contributions	13 175	540	-	13 715	11 930	1 785	87.0%	-	-
Goods and services	37 148	15	(9 100)	28 063	45 939	(17 876)	163.7%	-	-
Administrative fees	2 503	(1 800)	(200)	503	60	443	12.0%	-	-

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Advertising	1 670	(1 280)	-	390	-	390	-	-	-
Minor assets	115	-	-	115	-	115	-	-	-
Catering: Departmental activities	805	(506)	-	299	146	153	48.9%	-	-
Communication (G&S)	1 398	(550)	-	848	432	416	51.0%	-	-
Computer services	-	200	-	200	185	15	92.7%	-	-
Consultants: Business and advisory services	8 844	(4 710)	(3 800)	334	29 037	(28 037)	8 693.7%	-	-
Legal services	305	4 300	-	4 605	4 378	227	95.1%	-	-
Contractors	2 654	(1 219)	(1 300)	135	25	111	18.1%	-	-
Consumable supplies	239	(52)	-	187	17	170	8.8%	-	-
Consumable: Stationery, printing and office supplies	1 372	(1 050)	-	322	49	273	15.1%	-	-
Travel and subsistence	9 090	(3 468)	(2 900)	2 722	2 360	362	86.7%	-	-
Training and development	888	(438)	-	450	260	190	57.8%	-	-
Operating payments	4 946	4 024	(300)	8 670	8 573	97	98.9%	-	-
Venues and facilities	1 966	6 727	(600)	8 093	403	7 690	5.0%	-	-
Rental and hiring	353	(163)	-	190	14	176	7.3%	-	-
Transfers and subsidies	**785 829**	**-**	**102**	**785 931**	**756 687**	**29 244**	**96.3%**	**-**	**-**
Departmental agencies and accounts	481 070	-	-	481 070	452 033	29 037	94.0%	-	-
Departmental agencies	481 070	-	-	481 070	452 033	29 037	94.0%	-	-
Foreign governments and international organisations	825	-	-	825	627	198	76.0%	-	-
Public corporations and private enterprises	303 934	-	-	303 934	303 934	-	100.0%	-	-

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Public corporations	303 934	-	-	303 934	303 934	-	100.0%	-	-
Other transfers to public corporations	303 934	-	-	303 934	303 934	-	100.0%	-	-
Households	-	-	102	102	93	9	91.6%	-	-
Social benefits	-	-	102	102	93	9	91.6%	-	-
Payments for capital assets	**99**	**(15)**	**-**	**84**	**-**	**84**	**-**	**-**	**-**
Machinery and equipment	99	(15)	-	84	-	84	-	-	-
Other machinery and equipment	99	(15)	-	84	-	84	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	928 389	**-**	**(9 100)**	**919 289**	**899 356**	**19 933**	**97.8%**	**-**	**-**

Subprogramme 3.1: Mining, Minerals and Energy Policy Development Management

Economic classification	2020/21 Adjusted appropriation R'000	2020/21 Shifting of funds R'000	2020/21 Virement R'000	2020/21 Final appropriation R'000	2020/21 Actual expenditure R'000	2020/21 Variance R'000	2020/21 Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	2019/20 Actual expenditure R'000
Current payments	**17 420**	**7 520**	**(2 300)**	**22 640**	**11 359**	**11 281**	**50.2%**	**-**	**-**
Compensation of employees	10 574	-	-	10 574	8 479	2 095	80.2%	-	-
Goods and services	6 846	7 520	(2 300)	12 066	2 879	9 187	23.9%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**79**	**-**	**-**	**79**	**-**	**79**	**-**	**-**	**-**
Machinery and equipment	79	-	-	79	-	79	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**17 499**	**7 520**	**(2 300)**	**22 719**	**11 359**	**11 360**	**50.0%**	**-**	**-**

Subprogramme 3.2: Minerals and Petroleum Policy

Economic classification	2020/21							2019/20	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	**25 302**	**3 471**	**(1 402)**	**27 371**	**23 800**	**3 571**	**87.0%**	**-**	**-**
Compensation of employees	19 086	(370)	(102)	18 614	15 268	3 346	82.0%	-	-
Goods and services	6 216	3 841	(1 300)	8 757	8 532	225	97.4%	-	-
Transfers and subsidies	**-**	**-**	**102**	**102**	**93**	**9**	**91.6%**	**-**	**-**
Households	-	-	102	102	93	9	91.6%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**25 302**	**3 471**	**(1 300)**	**27 473**	**23 894**	**3 579**	**87.0%**	**-**	**-**

Subprogramme 3.3: Nuclear, Electricity and Gas Policy

Economic classification	2020/21 Adjusted appropriation R'000	2020/21 Shifting of funds R'000	2020/21 Virement R'000	2020/21 Final appropriation R'000	2020/21 Actual expenditure R'000	2020/21 Variance R'000	2020/21 Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	2019/20 Actual expenditure R'000
Current payments	**14 167**	**(3 845)**	**-**	**10 322**	**10 160**	**162**	**98.4%**	**-**	**-**
Compensation of employees	9 564	370	-	9 934	9 859	75	99.2%	-	-
Goods and services	4 603	(4 215)	-	388	301	87	77.7%	-	-
Transfers and subsidies	**825**	**-**	**-**	**825**	**627**	**198**	**76.0%**	**-**	**-**
Foreign governments and international organisations	825	-	-	825	627	198	76.0%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**14 992**	**(3 845)**	**-**	**11 147**	**10 787**	**360**	**96.8%**	**-**	**-**

Subprogramme 3.4: Economic Analysis and Statistics

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**16 865**	**25 750**	**(300)**	**42 315**	**40 844**	**1 471**	**96.5%**	**-**	**-**
Compensation of employees	6 707	31 000	-	37 707	37 350	357	99.1%	-	-
Goods and services	10 158	(5 250)	(300)	4 608	3 494	1 114	75.8%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**16 865**	**25 750**	**(300)**	**42 315**	**40 844**	**1 471**	**96.5%**	**-**	**-**

Subprogramme 3.5: Economic Growth, Promotion and Global Relations

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**47 749**	**(27 721)**	**(100)**	**19 928**	**47 662**	**(27 734)**	**239.2%**	**-**	**-**
Compensation of employees	45 063	(26 500)	-	18 563	17 568	995	94.6%	-	-
Goods and services	2 686	(1 221)	(100)	1 365	30 095	(28 730)	2 204.7%	-	-
Transfers and subsidies	**785 004**	**-**	**-**	**785 004**	**755967**	**29 037**	**96.3%**	**-**	**-**
Departmental agencies and accounts	481 070	-	-	481 070	452 033	29 037	94.0%	-	-
Public corporations and private enterprises	303 934	-	-	303 934	303 934	0	100.0%	-	-
Payments for capital assets	**20**	**(15)**	**-**	**5**	**-**	**5**	**-**	**-**	**-**
Machinery and equipment	20	(15)	-	5	-	5	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**832 773**	**(27 736)**	**(100)**	**804 937**	**803 629**	**1 308**	**99.8%**	**-**	**-**

Subprogramme 3.6: Mineral and Energy Planning

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**20 958**	**(5 160)**	**(5 100)**	**10 698**	**8 843**	**1 855**	**82.7%**	**-**	**-**
Compensation of employees	14 319	(4 500)	-	9 819	8 205	1 614	83.6%	-	-
Goods and services	6 639	(660)	(5 100)	879	637	242	72.5%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**20 958**	**(5 160)**	**(5 100)**	**10 698**	**8 843**	**1 855**	**82.7%**	**-**	**-**

Programme 4: Mine Health and Safety Inspectorate

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Subprogramme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1: Mine Health and Safety Management	44 388	(31 500)	(1 983)	10 905	4 063	6 842	37.3%	-	-
2: Mine Health and Safety Regions	160 730	31 500	(5 935)	186 295	180 038	6 257	96.6%	-	-
3: Occupational Health	14 480	-	-	14 480	12 248	2 232	84.6%	-	-
	219 598	**-**	**(7 918)**	**211 680**	**196 349**	**15 331**	**92.8%**	**-**	**-**
Economic classification									
Current payments	**216 338**	**(2 991)**	**(7 983)**	**205 364**	**192 956**	**12 408**	**94.0%**	**-**	**-**
Compensation of employees	179 583	0	(1 283)	178 300	171 888	6 412	96.4%	-	-
Salaries and wages	157 515	(2 000)	(1 218)	154 297	150 725	3 572	97.7%	-	-
Social contributions	22 068	2 000	(65)	24 003	21 162	2 841	88.2%	-	-
Goods and services	36 755	(2 991)	(6 700)	27 064	21 068	5 996	77.8%	-	-
Administrative fees	505	-	-	505	104	401	20.6%	-	-
Advertising	86	50	-	136	-	136	-	-	-
Minor assets	84	-	-	84	1	83	1.6%	-	-
Catering: Departmental activities	93	(30)	-	63	7	56	11.8%	-	-
Communication (G&S)	1 321	-	(600)	721	3	718	0.5%	-	-
Computer services	-	510	-	510	237	273	46.5%	-	-
Consultants: Business and advisory services	2 260	(1 490)	(500)	270	9	261	3.5%	-	-
Legal services	949	130	(700)	379	379	-	99.9%	-	-
Contractors	364	5	-	369	83	286	22.6%	-	-

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Entertainment	5	-	-	5	-	5	-	-	-
Fleet services (including government motor transport)	3 378	(2 291)	(700)	387	366	21	94.5%	-	-
Inventory: Food and food supplies	2	-	-	2	-	2	-	-	-
Consumable supplies	567	55	-	622	346	276	55.7%	-	-
Consumable: Stationery, printing and office supplies	1 361	220	(400)	1 181	190	991	16.0%	-	-
Operating leases	565	-	-	565	11	554	2.0%	-	-
Travel and subsistence	23 544	(1)	(3 000)	20 543	19 049	1 494	92.7%	-	-
Training and development	869	1	(800)	70	-	70	0.2%	-	-
Operating payments	548	-	-	548	282	266	51.4%	-	-
Venues and facilities	248	(150)	-	98	-	98	-	-	-
Rental and hiring	6	-	-	6	-	6	-	-	-
Transfers and subsidies	**2 448**	**-**	**65**	**2 513**	**403**	**2 110**	**16.0%**	**-**	**-**
Departmental agencies and accounts	2 448	-	-	2 448	344	2 104	14.1%	-	-
Departmental agencies	2 448	-	-	2 448	344	2 104	14.1%	-	-
Households	-	-	65	65	59	6	91.0%	-	-
Social benefits	-	-	65	65	59	6	91.0%	-	-
Payments for capital assets	**812**	**-**	**-**	**812**	**-**	**812**	**-**	**-**	**-**
Machinery and equipment	812	-	-	812	-	812	-	-	-
Other machinery and equipment	812	-	-	812	-	812	-	-	-
Payments for financial assets	**-**	**2 991**	**-**	**2 991**	**2 990**	**1**	**100.0%**	**-**	**-**
	219 598	**-**	**(7 918)**	**211 680**	**196 349**	**15 331**	**92.8%**	**-**	**-**

Subprogramme 4.1: Mine Health and Safety Management

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**41 128**	**(31 500)**	**(1 983)**	**7 645**	**3 719**	**3 926**	**48.6%**	**-**	**-**
Compensation of employees	39 209	(31 500)	(1 283)	6 426	3 022	3 404	47.0%	-	-
Goods and services	1 919	-	-	1 219	697	522	57.2%	-	-
Transfers and subsidies	**2 448**	**-**	**-**	**2 448**	**344**	**2 104**	**14.1%**	**-**	**-**
Departmental agencies and accounts	2 448	-	-	2 448	344	2 104	14.1%	-	-
Payments for capital assets	**812**	**-**	**-**	**812**	**-**	**812**	**-**	**-**	**-**
Machinery and equipment	812	-	-	812	-	812	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**44 388**	**(31 500)**	**(1 983)**	**10 905**	**4 063**	**6 842**	**37.3%**	**-**	**-**

Subprogramme 4.2: Mine Health and Safety Regions

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**160 730**	**28 509**	**(6 000)**	**183 239**	**176 989**	**6 250**	**96.6%**	**-**	**-**
Compensation of employees	128 361	31 500	-	159 861	158 284	1 577	99.0%	-	-
Goods and services	32 369	(2 991)	(6 000)	23 378	18 705	4 673	80.0%	-	-
Transfers and subsidies	**-**	**-**	**65**	**65**	**59**	**6**	**91.0%**	**-**	**-**
Households	-	-	65	65	59	6	91.0%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**2 991**	**-**	**2 991**	**2 990**	**1**	**100.0%**	**-**	**-**
Total	**160 730**	**31 500**	**(5 935)**	**186 295**	**180 038**	**6 257**	**96.6%**	**-**	**-**

Subprogramme 4.3: Occupational Health

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**14 480**	**-**	**-**	**14 480**	**12 248**	**2 232**	**84.6%**	**-**	**-**
Compensation of employees	12 013	-	-	12 013	10 582	1 431	88.1%	-	-
Goods and services	2 467	-	-	2 467	1 667	800	67.6%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**14 480**	**-**	**-**	**14 480**	**12 248**	**2 232**	**84.6%**	**-**	**-**

Programme 5: Mineral and Energy Resources Programmes and Projects

	2020/21							2019/20	
Subprogramme	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1: Programmes and Projects Management	2 989	1 965	-	4 954	4 614	340	93.1%	-	-
2: Integrated National Electrification Programme	3 593 992	17 100	-	3 611 092	3 378 371	232 721	93.6%	-	-
3: Programmes and Projects Management Office	56 965	4 267	1 218	62 450	59 070	3 380	94.6%	-	-
4: Regional Programme and Projects Management Office	20 671	(19 682)	-	989	67	922	6.7%	-	-
5: Electricity Infrastructure and Industry Transformation	8 284	(2 100)	-	6 184	5 675	509	91.8%	-	-
6: Energy Efficiency Projects	298 294	(750)	(48 920)	248 624	228 863	19 761	92.1%	-	-
7: Renewable Energy Projects	80 067	(800)	-	79 267	78 733	534	99.3%	-	-
8: Environmental Management Projects	167 134	-	-	167 134	157 216	9 918	94.1%	-	-
	4 228 396	**-**	**(47 702)**	**4 180 694**	**3 912 610**	**268 084**	**93.6%**	**-**	**-**
Economic classification									
Current payments	**217 283**	**-**	**(47 702)**	**169 581**	**275 059**	**(105 478)**	**162.2%**	**-**	**-**
Compensation of employees	96 913	-	1 218	98 131	96 351	1 780	98.2%	-	-
Salaries and wages	84 904	(87)	1 218	86 035	84 780	1 255	98.5%	-	-

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Social contributions	12 009	87	-	12 096	11 571	525	95.7%	-	-
Goods and services	120 370	-	(48 920)	71 450	178 708	(107 258)	250.1%	-	-
Administrative fees	1 173	(348)	-	825	199	626	24.1%	-	-
Advertising	485	130	-	615	162	453	26.3%	-	-
Minor assets	20	5	-	25	-	25	-	-	-
Audit costs: External	-	1 680	-	1 680	1 669	11	99.3%	-	-
Catering: Departmental activities	399	(12)	-	387	70	317	18.1%	-	-
Communication (G&S)	1 080	97	-	1 177	814	363	69.2%	-	-
Computer services	-	100	-	100	81	19	80.7%	-	-
Consultants: Business and advisory services	93 162	(26 328)	(39 420)	27 414	148 927	(121 513)	543.3%	-	-
Contractors	3 132	(1 639)	-	1 493	96	1 397	6.5%	-	-
Agency and support/ outsourced services	9 554	-	(9 500)	54	-	54	-	-	-
Fleet services (including government motor transport)	32	58	-	90	68	22	75.7%	-	-
Consumable supplies	248	10	-	258	4	254	1.6%	-	-
Consumable: Stationery, printing and office supplies	685	19	-	704	82	622	11.6%	-	-
Operating leases	-	8	-	8	23	(15)	281.8%	-	-
Travel and subsistence	8 012	129	-	8 141	5 673	2 468	69.7%	-	-
Training and development	134	-	-	134	-	134	-	-	-
Operating payments	382	26 060	-	26 442	20 508	5 934	77.6%	-	-
Venues and facilities	1 722	31	-	1 753	333	1 420	19.0%	-	-
Rental and hiring	150	-	-	150	-	150	-	-	-

	2020/21							2019/20	
Subprogramme	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**4 011 031**	**-**	**-**	**4 011 031**	**3 637 551**	**373 480**	**90.7%**	**-**	**-**
Provinces and municipalities	1 554 947	-	-	1 554 947	1 551 349	3 598	99.8%	-	-
Municipalities	1 554 947	-	-	1 554 947	1 551 349	3 598	99.8%	-	-
Municipal bank accounts	1 554 947	-	-	1 554 947	1 551 349	3 598	99.8%	-	-
Departmental agencies and accounts	94 775	-	-	94 775	73 615	21 160	77.7%	-	-
Departmental agencies	94 775	-	-	94 775	73 615	21 160	77.7%	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	1 643	-	-	1 643	1 502	141	91.4%	-	-
Public corporations and private enterprises	2 359 666	-	-	2 359 666	2 011 085	348 581	85.2%	-	-
Public corporations	2 132 973	-	-	2 132 973	2 011 085	121 888	94.3%	-	-
Subsidies on products and production (pc)	2 132 973	-	-	2 132 973	2 011 085	121 888	94.3%	-	-
Private enterprises	226 693	-	-	226 693	-	226 693	-	-	-
Subsidies on products and production (pe)	6 533	-	-	6 533	-	6 533	-	-	-
Other transfers to private enterprises	220 160	-	-	220 160	-	220 160	-	-	-
Payments for capital assets	**82**	**-**	**-**	**82**	**-**	**82**	**-**	**-**	**-**
Machinery and equipment	82	-	-	82	-	82	-	-	-
Other machinery and equipment	82	-	-	82	-	82	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	4 228 396	**-**	**(47 702)**	**4 180 694**	**3 912 610**	**268 084**	**93.6%**	**-**	**-**

Subprogramme 5.1: Programmes and Projects Management

	2020/21							2019/20	
Economic classification	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	**2 989**	**1 965**	**-**	**4 954**	**4 614**	**340**	**93.1%**	**-**	**-**
Compensation of employees	2 569	1 850	-	4 419	4 158	261	94.1%	-	-
Goods and services	420	115	-	535	456	79	85.3%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**2 989**	**1 965**	**-**	**4 954**	**4 614**	**340**	**93.1%**	**-**	**-**

Subprogramme 5.2: Integrated National Electrification Programme

Economic classification	2020/21							2019/20	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	**32 095**	**17 100**	**-**	**49 195**	**36 634**	**12 561**	**74.5%**	**-**	**-**
Compensation of employees	15 609	17 100	-	32 709	32 586	123	99.6%	-	-
Goods and services	16 486	-	-	16 486	4 048	12 438	24.6%	-	-
Transfers and subsidies	**3 561 897**	**-**	**-**	**3 561 897**	**3 341 737**	**220 160**	**93.8%**	**-**	**-**
Provinces and municipalities	1 358 752	-	-	1 358 752	1 358 752	-	100.0%	-	-
Public corporations and private enterprises	2 203 145	-	-	2 203 145	1 982 985	220 160	90.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3 593 992**	**17 100**	**-**	**3 611 092**	**3 378 371**	**232 721**	**93.6%**	**-**	**-**

Subprogramme 5.3: Programmes and Projects Management Office

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**31 041**	**4 267**	**1 218**	**36 526**	**33 146**	**3 380**	**90.7%**	**-**	**-**
Compensation of employees	25 833	4 382	1 218	31 433	31 147	286	99.1%	-	-
Goods and services	5 208	(115)	-	5 093	1 999	3 094	39.3%	-	-
Transfers and subsidies	**25 924**	**-**	**-**	**25 924**	**25 924**	**-**	**100.0%**	**-**	**-**
Public corporations and private enterprises	25 924	-	-	25 924	25 924	-	100.0%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**56 965**	**4 267**	**1 218**	**62 450**	**59 070**	**3 380**	**94.6%**	**-**	**-**

Subprogramme 5.4: Regional Programme and Projects Management Office

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**20 671**	**(19 682)**	**-**	**989**	**67**	**922**	**6.7%**	**-**	**-**
Compensation of employees	19 682	(19 682)	-	-	-	-	-	-	-
Goods and services	989	-	-	989	67	922	6.7%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**20 671**	**(19 682)**	**-**	**989**	**67**	**922**	**6.7%**	**-**	**-**

Subprogramme 5.5: Electricity Infrastructure and Industry Transformation

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**8 284**	**(2 100)**	**-**	**6 184**	**5 675**	**509**	**91.8%**	**-**	**-**
Compensation of employees	7 582	(2 100)	-	5 482	5 201	281	94.9%	-	-
Goods and services	702	-	-	702	474	228	67.6%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**8 284**	**(2 100)**	**-**	**6 184**	**5 675**	**509**	**91.8%**	**-**	**-**

Subprogramme 5.6: Energy Efficiency Projects

	2020/21							2019/20	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**100 456**	**(750)**	**(48 920)**	**50 786**	**34 764**	**16 022**	**68.5%**	**-**	**-**
Compensation of employees	8 809	(750)	-	8 059	7 807	252	96.9%	-	-
Goods and services	91 647	-	(48 920)	42 727	26 957	15 770	63.1%	-	-
Transfers and subsidies	**197 838**	**-**	**-**	**197 838**	**194 099**	**3 739**	**98.1%**	**-**	**-**
Provinces and municipalities	196 195	-	-	196 195	192 597	3 598	98.2%	-	-
Foreign governments and international organisations	1 643	-	-	1 643	1 502	141	91.4%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**298 294**	**(750)**	**(48 920)**	**248 624**	**228 863**	**19 761**	**92.1%**	**-**	**-**

Subprogramme 5.7: Renewal Energy Projects

Economic classification	2020/21							2019/20	
	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	**6 452**	**(800)**	**-**	**5 652**	**5 118**	**534**	**90.6%**	**-**	**-**
Compensation of employees	5 734	(800)	-	4 934	4 675	259	94.7%	-	-
Goods and services	718	-	-	718	444	274	61.8%	-	-
Transfers and subsidies	**73 615**	**-**	**-**	**73 615**	**73 615**	**-**	**100.0%**	**-**	**-**
Departmental agencies and accounts	73 615	-	-	73 615	73 615	-	100.0%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**80 067**	**(800)**	**-**	**79 267**	**78 733**	**534**	**99.3%**	**-**	**-**

Subprogramme 5.8: Environmental Management Projects

Economic classification	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Current payments	**15 295**	**-**	**-**	**15 295**	**155 040**	**(139 745)**	**1 013.7%**	**-**	**-**
Compensation of employees	11 095	-	-	11 095	10 778	317	97.1%	-	-
Goods and services	4 200	-	-	4 200	144 262	(140 062)	3 434.8%	-	-
Transfers and subsidies	**151 757**	**-**	**-**	**151 757**	**2 176**	**149 581**	**1.4%**	**-**	**-**
Departmental agencies and accounts	21 160	-	-	21 160	-	21 160	(0.0)%	-	-
Public corporations and private enterprises	130 597	-	-	130 597	2 176	128 421	1.7%	-	-
Payments for capital assets	**82**	**-**	**-**	**82**	**-**	**82**	**-**	**-**	**-**
Machinery and equipment	82	-	-	82	-	-	-	-	-
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**167 134**	**-**	**-**	**167 134**	**157 216**	**9 918**	**94.1%**	**-**	**-**

Programme 6: Nuclear Energy Regulation and Management

	2020/21							2019/20	
Subprogramme	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
1: Nuclear Energy Management	3 063	205	-	3 268	3 210	58	98.2%	-	-
2: Nuclear Safety and Technology	1 062 277	(205)	33 000	1 095 072	1 089 134	5 938	99.5%	-	-
3: Nuclear Non-Proliferation and Radiation Security	9 817	-	-	9 817	9 260	557	94.3%	-	-
	1 075 157	**-**	**33 000**	**1 108 157**	**1 101 604**	**6 553**	**99.4%**	**-**	**-**
Economic classification									
Current payments	**28 135**	**-**	**-**	**28 135**	**25 387**	**2 748**	**90.2%**	**-**	**-**
Compensation of employees	22 969	-	-	22 969	22 059	910	96.0%	-	-
Salaries and wages	20 081	10	-	20 091	19 713	378	98.1%	-	-
Social contributions	2 888	(10)	-	2 878	2 347	531	81.5%	-	-
Goods and services	5 166	-	-	5 166	3 328	1 838	64.4%	-	-
Administrative fees	120	(55)	-	65	33	32	51.4%	-	-
Advertising	243	50	-	293	243	50	82.8%	-	-
Catering: Departmental activities	42	-	-	42	3	39	6.7%	-	-
Communication (G&S)	324	46	-	370	241	129	65.0%	-	-
Consultants: Business and advisory services	3 215	(121)	-	3 094	2 077	1 017	67.1%	-	-
Contractors	-	1	-	1	1	-	85.0%	-	-

Subprogramme	2020/21 Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	Actual expenditure R'000
Fleet services (including government motor transport)	-	1	-	1	1	-	66.4%	-	-
Consumable supplies	1	-	-	1	-	1	-	-	-
Consumable: Stationery, printing and office supplies	59	(16)	-	43	39	4	89.7%	-	-
Operating leases	-	13	-	13	11	2	87.4%	-	-
Travel and subsistence	960	(210)	-	750	213	537	28.4%	-	-
Operating payments	-	351	-	351	325	26	92.5%	-	-
Venues and facilities	202	(78)	-	124	127	(3)	102.1%	-	-
Rental and hiring	-	18	-	18	16	2	88.6%	-	-
Transfers and subsidies	**1 047 022**	**-**	**33 000**	**1 080 022**	**1 076 217**	**3 805**	**99.6%**	**-**	**-**
Departmental agencies and accounts	89 864	-	-	89 864	89 864	-	100.0%	-	-
Departmental agencies	89 864	-	-	89 864	89 864	-	100.0%	-	-
Foreign governments and international organisations	24 007	-	-	24 007	20 202	3 805	84.2%	-	-
Public corporations and private enterprises	933 151	-	33 000	966 151	966 151	-	100.0%	-	-
Public corporations	933 151	-	33 000	966 151	966 151	-	100.0%	-	-
Other transfers to public corporations	933 151	-	33 000	966 151	966 151	-	100.0%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	1 075 157	**-**	**33 000**	**1 108 157**	**1 101 604**	**6 553**	**99.4%**	**-**	**-**

Subprogramme 6.1: Nuclear Energy Management

Economic classification	2020/21 Adjusted appropriation R'000	2020/21 Shifting of funds R'000	2020/21 Virement R'000	2020/21 Final appropriation R'000	2020/21 Actual expenditure R'000	2020/21 Variance R'000	2020/21 Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	2019/20 Actual expenditure R'000
Current payments	**3 063**	**205**	**-**	**3 268**	**3 210**	**58**	**98.2%**	**-**	**-**
Compensation of employees	2 633	205	-	2 838	2 814	24	99.2%	-	-
Goods and services	430	-	-	430	396	34	92.1%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3 063**	**205**	**-**	**3 268**	**3 210**	**58**	**98.2%**	**-**	**-**

Subprogramme 6.2: Nuclear Safety and Technology

Economic classification	2020/21 Adjusted appropriation R'000	2020/21 Shifting of funds R'000	2020/21 Virement R'000	2020/21 Final appropriation R'000	2020/21 Actual expenditure R'000	2020/21 Variance R'000	2020/21 Expenditure as % of final appropriation %	2019/20 Final appropriation R'000	2019/20 Actual expenditure R'000
Current payments	**15 255**	**(205)**	**-**	**15 050**	**12 917**	**2 133**	**85.8%**	**-**	**-**
Compensation of employees	11 155	(205)	-	10 950	10 225	725	93.4%	-	-
Goods and services	4 100	-	-	4 100	2 692	1 408	65.7%	-	-
Transfers and subsidies	**1 047 022**	**-**	**33 000**	**1 080 022**	**1 076 217**	**3 805**	**99.6%**	**-**	**-**
Departmental agencies and accounts	89 864	-	-	89 864	89 864	-	100.0%	-	-
Foreign governments and international organisations	24 007	-	-	24 007	20 202	3 805	84.2%	-	-
Public corporations and private enterprises	933 151	-	33 000	966 151	966 151	-	100.0%	-	-
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1 062 277**	**(205)**	**33 000**	**1 095 072**	**1 089 134**	**5 938**	**99.5%**	**-**	**-**

Subprogramme 6.3: Nuclear Non-Proliferation and Radiation Security

	2020/21							2019/20	
Economic classification	Adjusted appropriation R'000	Shifting of funds R'000	Virement R'000	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final appropriation R'000	Actual expenditure R'000
Current payments	**9 817**	**-**	**-**	**9 817**	**9 260**	**557**	**94.3%**	**-**	**-**
Compensation of employees	9 181	-	-	9 181	9 021	160	98.3%	-	-
Goods and services	636	-	-	636	239	397	37.6%	-	-
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**9 817**	**-**	**-**	**9 817**	**9 260**	**557**	**94.3%**	**-**	**-**

NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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

Details of these transactions can be viewed in the note on transfers and subsidies, disclosure notes and Annexures to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after virement)

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

3. Detail on payments for financial assets

Details 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	Expenditure as % of final appropriation %
Administration	617 281	566 592	50 689	8.2%

Underspending of R26.50 million on compensation of employees was mainly due to vacant posts that were not filled pending the conclusion of the National Macro Organisation of Government (NMOG). The budget balance of R9.77 million in goods and services was due to security or guarding services and operating leases which were lower than anticipated and underspending on fleet and consultancy services mainly due to limitations engendered by lockdown regulations. Procurement of machinery and equipment was lower than anticipated attributable to remote working by staff, hence a budget balance of R13.23 million in the payments for capital assets classification. A further saving of R1.25 million was achieved in the transfers and subsidies category as a result of funds withheld from an affiliated SETA due to a payment holiday implemented by the DHET during the year under review.

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %
Minerals and Petroleum Regulation	529 949	508 438	21 511	4.1%

The underspending was mainly on compensation of employees, R13.22 million, due to delays in filling vacant positions. Underspending on consultancy services due to delayed projects, namely Sampling and testing of Petroleum Products and Establishment of the extent of transformation in the Liquefied Petroleum Gas industry and compliance to the B-BBEE policy framework, as well as savings achieved on travel and subsistence, communication, office supplies and computer services as a consequence of the Covid-19 pandemic and related lockdown regulations, contributed to the variance of R8.64 million in the goods and services category. The transfers and subsidies classification was over spent by R384 thousand due to an obligation to a multilateral organisation, African Petroleum Producers Organisation (APPO), carried over from the 2019/20 financial year.

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %
Mining, Minerals and Energy Policy Development	919 289	899 356	19 933	2.2%

The variance of 2.2% was mainly due to the venues and facilities item due to an amount of R10 million which was not disbursed as planned to **the dtic**, as a designated Department for co-ordinating a Strategic Project (Dubai Expo), pending finalisation of procedural processes in terms of Service Level Agreements with all participating departments. Compensation of employees was underspent by R8.48 million due to vacant posts that were not filled. A saving of R207 thousand was achieved mainly on international membership fees due to a lower than anticipated payment to the Generation IV International Forum.

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %
Mine Health and Safety Inspectorate	211 680	196 350	15 330	7.2%

The 7.2% underspending was on compensation of employees, R6.41 million, due to vacancies that were not filled, on goods and services where savings of R6 million were achieved from a number of items mainly travel and subsistence, office supplies, communication and administrative fees as activities were curtailed by lockdown regulations, and on transfer payments due to the withholding of a R2.11 million payment to the Mining Qualifications Authority as a result of a payment holiday to SETAs announced by the DHET. Due to less requests for office equipment than anticipated, R812 thousand was saved on payments for capital assets.

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %
Mineral and Energy Resources Programmes and Projects	4 180 694	3 912 610	268 084	6.4%

The implementation of the 2020/21 Non-grid Electrification Plan, which was scheduled to deliver 23 525 connections by 31 March 2021, was delayed by the global outbreak of Covid-19, resulting in the programme underspending on its allocated budget by 6.4%. In addition, consultancy services and operating payments items were significantly underspent due to delays in implementing earmarked projects namely, INEP non-grid oversight monitoring and evaluation, EEDSM monitoring and evaluation, INEP Electrification Master Plan and SWH Installation and Technical Feasibility projects. Consequently, verification processes performed after completion of connections by service providers were not finalised resulting in unspent funds under the travel and subsistence item. A motivation in support of a request to roll over a total of R247.64 million of the unspent budget from 2020/21 to the 2021/22 financial year has been submitted to National Treasury for approval.

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %
Nuclear Energy Regulation and Management	1 108 157	1 101 604	6 553	0.6%

Underspending of 0.6% was mainly due to lower payments and favourable exchange rates than anticipated in relation to membership fees to the International Atomic Energy Agency (IAEA) which resulted in a saving of R3.81 million. The delayed commencement of a Gateway review of the pre-feasibility study on the new Multi-Purpose Reactor Project, contributed to a budget underspending of R1.84 million under goods and services and R910 thousand was unspent on compensation of employees due to vacancies that were not filled.

4.2 Per economic classification

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %
Current payments	**1 444 035**	**1 528 836**	**(84 801)**	**(5.9)%**
Compensation of employees	1 014 239	956 939	57 300	5.6%
Goods and services	429 796	571 897	(142 101)	33.1%
Interest and rent on land	-	-	-	-
Transfers and subsidies	**6 099 993**	**5 647 279**	**452 714**	**7.4%**
Provinces and municipalities	1 554 947	1 551 349	3 598	0.2%
Departmental agencies and accounts	745 420	691 910	53 510	7.2%
Public corporations and private enterprises	3 764 283	3 372 488	391 795	10.4%
Foreign governments and international organisations	29 680	25 929	3 751	12.6%
Households	5 663	5 603	60	1.1%
Payments for capital assets	**18 394**	**4 152**	**14 242**	**77.4%**
Buildings and other fixed structures	2 126	-	2 126	100.0%
Machinery and equipment	15 698	4 152	11 546	73.6%
Intangible assets	570	-	570	100.0%
Payments for financial assets	**4 628**	**4 683**	**(55)**	**(1.2)%**
Total	**7 567 050**	**7 184 950**	**382 100**	**5.0%**

The Department's underspending of 5% for the financial year ended 31 March 2021 was mainly due to the following:

Compensation of employees

Unspent funds on this classification were mainly due to a delay in filling vacant posts pending the conclusion of the National Macro Organisation of Government (NMOG). which was later compounded by a longer than anticipated recruitment process.

Goods and services

Material variances on goods and services were mainly on consultancy services, travel and subsistence, operating payments and venues and facilities items. This was largely due to delays in implementing a number of projects namely, INEP non-grid oversight monitoring and evaluation, EEDSM monitoring and evaluation, INEP Electrification Master Plan, SWH installation and technical feasibility, Gateway review of the pre-feasibility study on the new Multi-Purpose Reactor Project, sampling and testing of petroleum products and establishment of the extent of transformation in the Liquefied Petroleum Gas industry and compliance to the B-BBEE policy framework, following the outbreak of the Covid-19 pandemic and subsequent national lockdown. Savings were also achieved on a number of items due to limitations placed on domestic and foreign travel and remote working by staff.

Following the 2020/21 financial audit the Auditor-General raised a finding in terms of a SCOA Classification circular (Classification of Transfers and Subsidies versus Goods and Services or Capital assets 2018, paragraph 5.5), which states that "If the Department is responsible for a transaction or an activity and requested another entity (within or outside Government) to perform such transaction or activity for the Department, the payment should be classified as goods and services. Transfer payments for the rehabilitation of derelict and ownerless mines of R121.289 million to Mintek, R21.160 million to CGS, R29.037 million for the ingress of water project to CGS and R43.214 million to PASA for the Shale Gas project were subsequently classified and adjusted as expenditure on goods and services respectively. The related budget adjustments to align budgets with expenditure could however not be implemented as the audit finding and adjustment was made after the closure of the 2020/21 financial year.

Transfer payments

The variance in this classification was mainly due to the underspending of R220.2 million under the INEP Non-grid Households Project caused by delays in contracting a panel of service providers for off-grid connections. Subsequently, challenges were experienced by service providers in sourcing the required materials. Contract extension approval has been granted by the Accounting Officer, enabling the completion of the project in the 2021/22 financial year. An allocation earmarked for the management of ingress of water at mines of R6.53 million was not disbursed as planned due to the non-receipt of claims for pumping subsidies from marginal mines. A total of R3.6 million of grants to municipalities under the EEDSM municipal programme due to underpayments to Thabo Mofutsanyana, Emfuleni and Theewaterskloof municipalities while a saving of R3.8 million was achieved as a result of lower than projected international membership fees. Lastly, a total of R3.31 million projected for payment to SETAs was not disbursed owing to an announced payment holiday by DHET.

Following the 2020/21 financial audit the Auditor-General raised a finding in terms of a SCOA Classification circular (Classification of Transfers and Subsidies versus Goods and Services or Capital assets 2018, paragraph 5.5), which states that "If the Department is responsible for a transaction or an activity and requested another entity (within or outside Government) to perform such transaction or activity for the Department, the payment should be classified as goods and services." Transfer payments for the rehabilitation of derelict and ownerless mines of R121.289 million to Mintek, R21.160 million to CGS, R29.037 million for the ingress of water project to CGS and R43.214 million to PASA for the Shale Gas project were subsequently classified and adjusted as expenditure on goods and services respectively. The related budget adjustments to align budgets with expenditure could however not be implemented as the audit finding and adjustment was made after the closure of the 2020/21 financial year.

Payments for capital assets

Savings on capital assets were mainly due to fewer requests for office furniture and computer equipment than anticipated, owing to remote working by staff.

4.3 Per conditional grant

	Final appropriation R'000	Actual expenditure R'000	Variance R'000	Expenditure as % of final appropriation %
Integrated National Electrification Programme	1 358 752	1 358 752	-	0.00%
Energy Efficiency and Demand Side Management Programme	196 195	192 597	3 598	1.83%

EEDSM Municipal Grants: R3.6 million underspending due to funds withheld from non-compliant municipalities.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21 R'000
Revenue		
Annual appropriation	1	7 567 050
Statutory appropriation		-
Departmental revenue	2	280 929
NRF receipts		-
Aid assistance	3	53 410
Total revenue		**7 901 389**
Expenditure		
Current expenditure		
Compensation of employees	4	956 939
Goods and services	5	571 896
Interest and rent on land		-
Aid assistance	3	-
Total current expenditure		**1 528 835**
Transfers and subsidies		
Transfers and subsidies	7	5 647 279
Aid assistance	3	16 700
Total transfers and subsidies		**5 663 979**
Expenditure for capital assets		
Tangible assets	8	4 152
Intangible assets		-
Total expenditure for capital assets		**4 152**
Unauthorised expenditure approved without funding	9	**-**
Payments for financial assets	6	**4 683**
Total expenditure		**7 201 649**
Surplus/(Deficit) for the year		**699 740**
Reconciliation of net surplus/(deficit) for the year		
Voted funds		382 101
Annual appropriation		382 101
Conditional grants		-
Departmental revenue and NRF receipts	15	280 929
Aid assistance	3	36 710
Surplus/(Deficit) for the year		**699 740**

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2020/21 R'000
Assets		
Current assets		**495 382**
Unauthorised expenditure	9	50 604
Cash and cash equivalents	10	300 824
Pre-payments and advances	11	72 829
Receivables	12	71 125
Non-current assets		**2 317**
Investments	13	2 205
Receivables	12	112
Total assets		**497 699**
Liabilities		
Current liabilities		**427 189**
Voted funds to be surrendered to the Revenue Fund	14	382 101
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund	15	7 418
Payables	16	960
Aid assistance unutilised	3	36 710
Non-current liabilities		
Payables		-
Total liabilities		**427 189**
Net assets		**70 510**
Represented by:		
Capitalisation reserve		2 205
Recoverable revenue		68 305
Total		**70 510**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21 R'000
Capitalisation reserves		
Opening balance	13	2 205
Closing balance		**2 205**
Recoverable revenue		
Opening balance		**3 660**
Transfers:		64 645
- Irrecoverable amounts written off		-
- Debts revised		(49)
- Debts recovered (included in departmental receipts)		(3 320)
- Debts raised		68 014
Closing balance		**68 305**
Total		**70 510**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2020/21 R'000
Cash flows from operating activities		
Receipts		**7 901 389**
Annual appropriated funds received	1	7 567 050
Departmental revenue received	2	279 673
Interest received	2.3	1 256
Aid assistance received	3	53 410
Net (increase)/decrease in working capital		(76 705)
Surrendered to Revenue Fund	17	(549 275)
Current payments		(1 528 835)
Payments for financial assets		(4 683)
Transfers and subsidies paid	3.3 and 7	(5 663 979)
Net cash flow available from operating activities	17	**77 912**
Cash flows from investing activities		
Payments for capital assets	8	(4 152)
(Increase)/decrease in non-current receivables		5 892
Net cash flows from investing activities		**1 740**
Cash flows from financing activities		
Increase/(decrease) in net assets		64 645
Increase/(decrease) in non-current payables		-
Net cash flows from financing activities		**64 645**
Net increase/(decrease) in cash and cash equivalents		144 297
Cash and cash equivalents at beginning of period		156 527
Unrealised gains and losses within cash and cash equivalents		-
Cash and cash equivalents at end of period	18	**300 824**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 (PFMA), 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 Modified Cash Standard (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 the 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/receipt.

6. Comparative information

6.1 Prior period comparative information

The comparatives are not shown as it is the first reporting year of the merged Department. Closing balances of the former Departments are accounted for in the financial statements of the merged Department.

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/from the relevant revenue fund at the reporting date is recognised as a payable/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/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 ex-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 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. Operating lease payments received are recognised as departmental revenue.

The operating lease commitments are recorded in the notes to the 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. Finance lease payments received are recognised as departmental revenue.

The finance lease commitments are recorded in the notes to the 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 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. Pre-payments and advances

Pre-payments and advances are recognised in the Statement of Financial Position when the Department receives or disburses the cash.

Pre-payments 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, the 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 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 financial statements.

16.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the 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 Accountant-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 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 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 Accountant-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 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 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 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 Capital commitments

Capital commitments are recorded at cost in the notes to the financial statements.

18. Unauthorised expenditure

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

- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- 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 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 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 de-recognised when settled or subsequently written-off as irrecoverable.

20. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is reduced 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 estimates and errors

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with 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 financial statements.

23. Principal-agent arrangements

The Department is not a party to a principal-agent arrangement. There is no arrangement for principal-agent for the Department and it is not responsible for any principal-agent arrangements. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24. Departures from the MCS requirements

Management has concluded that the financial statements present fairly the Department's primary and secondary information; that the Department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the Department has departed, the nature of the departure and the reason for departure.

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 capitalisation reserves when identified in the current period and are transferred to the National/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/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 Minister/MEC's portfolio are recorded in the notes to the 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 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 commencement thereof 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 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 benefit 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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:

	2020/21		
	Final appropriation R'000	Actual funds received R'000	Funds not requested/ not received R'000
Administration	617 281	589 061	28 220
Minerals and Petroleum Regulation	529 949	526 449	3 500
Mining, Minerals and Energy Policy Development	919 289	928 389	(9 100)
Mine Health and Safety Inspectorate	211 680	219 598	(7 918)
Mineral and Energy Resources Programmes and Projects	4 180 694	4 228 396	(47 702)
Nuclear Energy Regulation and Management	1 108 157	1 075 157	33 000
Total	**7 567 050**	**7 567 050**	**-**

2 Departmental revenue

	Note	2020/21 R'000
Tax revenue		
Sales of goods and services other than capital assets	2.1	12 732
Fines, penalties and forfeits	2.2	2 878
Interest, dividends and rent on land	2.3	10 668
Sales of capital assets		-
Transactions in financial assets and liabilities **	2.4	254 651
Transfer received		-
Total revenue collected		280 929
Less: Own revenue included in appropriation		-
Departmental revenue collected		**280 929**

** The Department received R251 million from Eskom as a refund for implementation of Solar Water Heating Programme. The refund has been recorded under transaction in financial assets and liability. The remaining balance of R67.6 million will be refunded during the 2021/22 financial year.

2.1 Sales of goods and services other than capital assets

	Note	2020/21
	2	R'000
Sales of goods and services produced by the department		12 732
Sales by market establishment		549
Administrative fees		11 040
Other sales		1 143
Sales of scrap, waste and other used current goods		-
Total		**12 732**

2.2 Fines, penalties and forfeits

	Note	2020/21
	2	R'000
Fines		2 398
Penalties		480
Forfeits		-
Total		**2 878**

2.3 Interest, dividends and rent on land

	Note	2020/21
	2	R'000
Interest		1 256
Dividends		-
Rent on land		9 412
Total		**10 668**

2.4 Transactions in financial assets and liabilities

	Note	2020/21
	2	R'000
Loans and advances		-
Receivables		2 006
Forex gain		-
Stale cheques written back		-
Other receipts including recoverable revenue		252 645
Gains on Foreign Exchange Contingency Reserve Account (GFECRA)		-
Total		**254 651**

3 Aid assistance

	Note	2020/21 R'000
Opening balance		-
Prior period error		-
As restated		-
Transferred from Statement of Financial Performance		36 710
Transfers to or from retained funds		-
Paid during the year		-
Closing balance		**36 710**

The Department received a total of R53.41 million from the GBS fund for two donor funded projects, i.e. achieving net-zero energy waste water treatment plants in South Africa and improving the energy performance of government buildings, being implemented in collaboration with one of the Department's entities, SANEDI. A total of R16.70 million was transferred to SANEDI while the balance of R36.71 million reflected above, remained in the Department for the DMRE's portion of responsibilities under the co-implementation agreement.

3.1 Analysis of balance by source

	Note	2020/21 R'000
Aid assistance from Reconstruction and Development Programme (RDP)		36 710
Aid assistance from other sources		-
Criminal Assets Recovery Account (CARA)		-
Closing balance	**3**	**36 710**

DMRE's portion related to the implementation of donor funded projects was allocated amongst the two projects as follows:

- R23.75 million for achieving a net-zero energy waste water treatment plants in South Africa (WWTPs) project; and
- R12.96 million for improving energy performance of government buildings project.

3.2 Analysis of balance

	Note	2020/21 R'000
Aid assistance receivable		-
Aid assistance pre-payments (not expensed)		-
Aid assistance unutilised		36 710
Aid assistance repayable		-
Closing balance	**3**	**36 710**

3.3 Aid assistance expenditure per economic classification

	Note	2020/21 R'000
Current		-
Capital	8	-
Transfers and subsidies		16 700
Total aid assistance expenditure		**16 700**

An amount of R16.70 million was transferred to SANEDI for donor projects implemented in conjunction with the DMRE. The total was earmarked for projects as follows:

- R8 million for achieving a net-zero energy waste water treatment plants in South Africa (WWTPs) project; and
- R8.7 million for improving energy performance of government buildings project.

4 Compensation of employees

4.1 Salaries and wages

	Note	2020/21 R'000
Basic salary		660 586
Performance award		7 945
Service based		531
Compensative/circumstantial		9 485
Periodic payments		39
Other non-pensionable allowances		150 516
Total		**829 102**

4.2 Social contributions

	Note	2020/21 R'000
Employer contributions		
Pension		85 791
Medical		41 442
UIF		-
Bargaining council		157
Official unions and associations		-
Insurance		447
Total		127 837
Total compensation of employees		**956 939**
Average number of employees		1 468

5 Goods and services

	Note	2020/21 R'000
Administrative fees		1 568
Advertising		2 876
Minor assets	5.1	682
Bursaries (employees)		2 441
Catering		288
Communication		17 861
Computer services**	5.2	40 618
Consultants: Business and advisory services		232 160
Legal services		7 038
Contractors		539
Audit: External	5.3	11 114
Fleet services		11 206
Consumables	5.4	7 833
Operating leases		129 906
Property payments	5.5	23 745
Rental and hiring		46
Travel and subsistence*	5.6	45 897
Venues and facilities		1 651
Training and development		492
Other operating expenditure	5.7	33 935
Total		**571 896**

* Travel and subsistence amount includes claims for inspectorate of mines.

** Computer services amount includes software licences, service level agreement, firewalls and backups.

5.1 Minor assets

	Note 5	2020/21 R'000
Tangible assets		682
Machinery and equipment		682
Intangible assets		-
Total		**682**

5.2 Computer services

	Note 5	2020/21 R'000
SITA computer services		16 661
External computer service providers		23 957
Total		**40 618**

Computer services amount includes software licences, service level agreement, firewalls and backups.

5.3 Audit cost: External

	Note 5	2020/21 R'000
Regularity audits		11 051
Performance audits		-
Investigations		-
Environmental audits		-
Computer audits		63
Total		**11 114**

5.4 Consumables

	Note 5	2020/21 R'000
Consumable supplies		5 342
Uniform and clothing		340
Household supplies		2 692
Building material and supplies		11
Communication accessories		-
IT consumables		240
Other consumables		2 059
Stationery, printing and office supplies		2 491
Total		**7 833**

5.5 Property payments

	Note 5	2020/21 R'000
Municipal services		10 659
Property management fees		-
Property maintenance and repairs		-
Other		13 086
Total		**23 745**

5.6 Travel and subsistence

	Note 5	2020/21 R'000
Local		44 764
Foreign		1 133
Total		**45 897**

Travel and subsistence amount includes claims for inspectorate of mines.

5.7 Other operating expenditure

	Note 5	2020/21 R'000
Professional bodies, membership and subscription fees		10 428
Resettlement costs		443
Other		23 064
Total		**33 935**

6 Payments for financial assets

	Note	2020/21 R'000
Material losses through criminal conduct		-
Theft		-
Other material losses		-
Extension of loans for policy purposes		-
Other material losses written off		-
Debts written off	6.1	4 683
Total		**4 683**

6.1 Debts written off

	Note 6	2020/21 R'000
Nature of debts written off		
Irregular expenditure written off		-
Total		-
Recoverable revenue written off		-
Total		-
Other debt written off		
Office accommodation debt written off		1 457
Staff debts		3 167
Unused credit written off		59
Total		4 683
Total debt written off		**4 683**

6.2 Details of theft

	Note 6	2020/21 R'000
Nature of theft		
Total		**-**

7 Transfers and subsidies

	Note	2020/21 R'000
Provinces and municipalities	35, Annexure 1A	1 551 349
Departmental agencies and accounts	Annexure 1B	691 910
Foreign governments and international organisations	Annexure 1D	25 929
Public corporations and private enterprises	Annexure 1C	3 372 488
Households	Annexure 1E	5 603
Total		**5 647 279**

8 Expenditure for capital assets

	Note	2020/21 R'000
Tangible assets		4 152
Machinery and equipment	8.1	4 152
Intangible assets		
Software	8.1	-
Total		**4 152**

8.1 Analysis of funds utilised to acquire capital assets – 2020/21

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	4 152	-	4 152
Buildings and other fixed structures	-	-	-
Machinery and equipment	4 152	-	4 152
Intangible assets	-	-	-
Software	-	-	-
Total	**4 152**	**-**	**4 152**

9 Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	Note	2020/21 R'000
Opening balance		50 604
Prior period error		-
As restated		50 604
Closing balance		50 604
Analysis of closing balance		
Unauthorised expenditure awaiting authorisation		50 604
Unauthorised expenditure approved without funding and not derecognised		-
Total		**50 604**

During the 2020/21 financial year the DMRE did not incur any unauthorised expenditure, however, the Department is carrying a balance of R50.60 million, consisting of R14.86 million and R35.74 million in unauthorised expenditure accumulated from the 2010/11 and 2016/17 financial years respectively.

The process for condonation of the R14.86 million form 2010/11 financial year is being facilitated by National Treasury. The Minister of Finance has since recommended to Parliament that this unauthorised expenditure of R14.86 million is condoned and a decision in this regard is pending.

An investigation has commenced to determine the circumstances pertaining to the R35.74 million unauthorised expenditure. The outcome of the investigation will inform the application for condonation to National Treasury and Parliament.

9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	Note	2020/21 R'000
Current		34 740
Capital		(461)
Transfers and subsidies		16 325
Total		**50 604**

9.3 Analysis of unauthorised expenditure awaiting authorisation per type

	Note	2020/21 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote		35 744
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division		14 860
Total		**50 604**

The unauthorised expenditure incurred in 2016/17 for R35.744 million relates to overspending in the main division of the vote in Programme 1: Administration.

Unauthorised expenditure incurred in 2010/11 for R14.860 million relates to overspending of the vote or main division of the vote.

An investigation on the unauthorised expenditure incurred in the prior year is currently underway.

10 Cash and cash equivalents

	Note	2020/21 R'000
Consolidated Paymaster General Account		298 157
Cash on hand		72
Investments (Domestic)		2 595
Investments (Foreign)		-
Total		**300 824**

11 Pre-payments and advances

	Note	2020/21 R'000
Staff advances		-
Travel and subsistence		281
Pre-payments (Not expensed)	11.2	72 548
Total		**72 829**

11.1 Advances paid (Not expensed)

	Note 14	Balance as at 1 April 2020 R'000	Less: Amount expensed in current year R'000	Add or Less: other R'000	Add: Current year advances R'000	Balance as at 31 March 2021 R'000
National departments		604	(604)	-	-	-
Provincial departments		-	-	-	-	-
Public entities		-	-	-	-	-
Other entities		-	-	-	-	-
Total		**604**	**(604)**	**-**	**-**	**-**

11.2 Pre-payments (Not expensed)

	Note 14	Balance as at 1 April 2020 R'000	Less: Amount expensed in current year R'000	Add or Less: other R'000	Add: Current year pre-payments R'000	Balance as at 31 March 2021 R'000
Goods and services		65 789	(39)	-	6 798	72 548
Interest and rent on land		-	-	-	-	-
Transfers and subsidies		-	-	-	-	-
Capital assets		-	-	-	-	-
Other		-	-	-	-	-
Total		**65 789**	**(39)**	**-**	**6 798**	**72 548**

12 Receivables

	Note	2020/21 Current R'000	2020/21 Non-current R'000	2020/21 Total R'000
Claims recoverable	12.1	68 193	-	68 193
Recoverable expenditure	12.2	29	-	29
Staff debt	12.3	1 933	112	2 045
Other receivables	12.4	970	-	970
Total		**71 125**	**112**	**71 237**

12.1 Claims recoverable

	Note	2020/21 R'000
National departments	12 and Annexure 4	591
Public entities	12 and Annexure 4	67 602
Total		**68 193**

12.2 Recoverable expenditure (disallowance accounts)

	Note 12	2020/21 R'000
Disallowance damage and losses		27
Sal: Tax debt		2
Total		**29**

12.3 Staff debt

	Note 12	2020/21 R'000
Staff debtors		2 045
Total		**2 045**

12.4 Other receivables

	Note 12	2020/21 R'000
Disallowance miscellaneous		624
Telephone control		346
Total		**970**

12.5 Impairment of receivables

	Note 12	2020/21 R'000
Estimate of impairment of receivables		524
Total		**524**

The methodology followed took into account all balances three years and older to calculate impairment of staff debts.

13 Investments

	Note	2020/21 R'000
Non-current		
Shares and other equity		
South African Nuclear Energy Corporation Limited		2 205
Total		2 205
Securities other than shares		-
Total		-
Total non-current		**2 205**
Analysis of non-current investments		
Opening balance		2 205
Non-cash movements		-
Closing balance		**2 205**

The Department holds 2 205 000 shares in its entity, the South African Nuclear Energy Corporation Limited (Necsa). Investments are recorded at cost in terms of the accounting policy.

13.1 Impairment of investment

	Note	2020/21 R'000
Estimate of impairment of receivables		-
Total		**-**

The Necsa investment was considered for an impairment and the value remained unchanged over the reporting period.

14 Voted funds to be surrendered to the Revenue Fund

	Note	2020/21 R'000
Opening balance		270 254
Prior period error		-
As restated		270 254
Transfer from Statement of Financial Performance (as restated)		382 101
Add: Unauthorised expenditure for current year		-
Voted funds not requested/not received		-
Transferred to retained revenue to defray excess expenditure		-
Paid during the year		(270 254)
Closing balance		**382 101**

The primary source of funds for the Department was its appropriated funds of R7.57 billion from which R7.18 billion was utilised resulting in an unspent budget of R382.1 million to be surrendered to the National Revenue Fund.

15 Departmental revenue and NRF receipts to be surrendered to the Revenue Fund

	Note	2020/21 R'000
Opening balance		5 510
Prior period error		-
As restated		5 510
Transfer from Statement of Financial Performance (as restated)		280 929
Paid during the year		(279 021)
Closing balance		**7 418**

16 Payables – current

	Note	2020/21 R'000
Clearing accounts	16.1	427
Other payables	16.2	533
Total		**960**

16.1 Clearing accounts

	Note 16	2020/21 R'000
Sal: Income tax		405
Sal: Reversal control		22
Total		**427**

16.2 Other payables

	Note 16	2020/21 R'000
Sal: Pension fund		10
Disallowance miscellaneous		523
Total		**533**

17 Net cash flow available from operating activities

	Note	2020/21 R'000
Net surplus/(deficit) as per Statement of Financial Performance		699 740
Add back non-cash/cash movements not deemed operating activities		(621 828)
(Increase)/decrease in receivables		(70 733)
(Increase)/decrease in pre-payments and advances		(6 252)
Increase/(decrease) in payables – current		280
Proceeds from sale of capital assets		-
Proceeds from sale of investments		-
(Increase)/decrease in other financial assets		-
Expenditure on capital assets		4 152
Surrenders to Revenue Fund		(549 275)
Surrenders to RDP Fund/Donor		-
Voted funds not requested/not received		-
Own revenue included in appropriation		-
Other non-cash items		-
Net cash flow generated by operating activities		**77 912**

18 Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2020/21 R'000
Consolidated Paymaster General Account		298 157
Cash on hand		72
Cash with commercial banks (Local)		2 595
Cash with commercial banks (Foreign)		-
Total		**300 824**

19 Contingent liabilities and contingent assets

19.1 Contingent liabilities

		Note	2020/21 R'000
Liable to	**Nature**		
Motor vehicle guarantees	Employees	Annexure 3A	176
Housing loan guarantees	Employees	Annexure 3A	142
Other guarantees		Annexure 3A	20 000
Claims against the department		Annexure 3B	199 889
Environmental rehabilitation liability		Annexure 3B	-
Other*		Annexure 3B	-
Total			**220 207**

* The Labour Appeal Court (LAC) declared the salary increases for the 2020/21 financial year unlawful and invalid. The LAC ruling has been appealed and referred to the Constitutional Court. The ruling by the Constitutional Court will confirm if the Department will be obliged to pay the salary increases in dispute.

19.2 Contingent assets

	Note	2020/21 R'000
Nature of contingent asset		
Possible rental overpayments for Matimba building		12 662
Total		**12 662**

The possible overpayments for the Matimba building was revealed in a forensic investigation report which was concluded during the 2019 year and subsequently the report was submitted to the Department of Public Works and Infrastructure (DPWI) for confirmation of the findings. The Department is disputing the current square meterage of the Matimba building. During the engagements, DPWI advised that the Department should not pay the full lease amount but only pay for the square meters indicated in the forensic report which is in line with the 'trite law', pay for services utilised. The Department implemented the recommendation as outlined in the forensic report. Subsequent payments were made in line with the square meters deemed to be correct as reported in the forensic report. Engagements with DPWI are continuing to establish an amicable solution in this regard. There is a commitment by the DPWI to facilitate a response to the Department as soon as the Department has finalised its position and expression on the forensic report findings and recommendations.

20 Accruals and payables not recognised

20.1 Accruals

Listed by economic classification	2020/21 R'000		
	30 Days	30+ Days	Total
Goods and services	11 456	630	12 086
Interest and rent on land	-	-	-
Transfers and subsidies	-	-	-
Capital assets	-	-	-
Other	-	-	-
Total	**11 456**	**630**	**12 086**

Listed by programme level	Note	2020/21 R'000
Programme 1: Administration		4 081
Programme 2: Minerals and Petroleum Regulation		7 276
Programme 3: Mining, Minerals and Energy Policy Development		603
Programme 4: Mine Health Safety Inspectorate		-
Programme 5: Mineral and Energy Resources Programme and Projects		120
Programme 6: Nuclear Energy Regulation and Management		6
Total		**12 086**

20.2 Payables not recognised

Listed by economic classification	2020/21 R'000		
	30 Days	30+ Days	Total
Goods and services	60 941	17 234	78 175
Capital assets	9	-	9
Other	-	-	-
Total	**60 950**	**17 234**	**78 184**

Listed by programme level	Note	2020/21 R'000
Programme 1: Administration		2 580
Programme 2: Minerals and Petroleum Regulation		675
Programme 3: Mining, Minerals and Energy Policy Development		138
Programme 4: Mine Health Safety Inspectorate		11
Programme 5: Mineral and Energy Resources Programme and Projects		74 780
Programme 6: Nuclear Energy Regulation and Management		-
Total		**78 184**
Included in the above totals are the following:		
Confirmed balances with other departments	Annexure 5	539
Confirmed balances with other government entities	Annexure 5	-
Total		**539**

21 Employee benefits

	Note	2020/21 R'000
Leave entitlement		81 490
Service bonus		26 048
Performance awards*		5 071
Capped leave		6 191
Other**		65
Total		**118 866**

* At this stage the Department is not able to reliably measure the long term portion of the long-service awards. The leave entitlement does not include the leaves with credit balances. The leave with credit balances amounts to R133 424.78.

** Other comprises accruals for compensation of employees e.g. overtime, night shifts etc.

22 Lease commitments

22.1 Operating leases

2020/21	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	-	-	89 157	11 747	100 904
Later than one year and not later than five years	-	-	46 914	2 041	48 955
Later than five years	-	-	4 927	-	4 927
Total lease commitments	**-**	**-**	**140 998**	**13 788**	**154 786**

The Department has month-to-month contracts and is in the process of requesting new contracts.

23 Accrued departmental revenue

	Note	2020/21 R'000
Tax revenue		-
Sales of goods and services other than capital assets		10 454
Fines, penalties and forfeits		-
Interest, dividends and rent on land		241 315
Sales of capital assets		-
Transactions in financial assets and liabilities		-
Transfers received		-
Other		-
Total		**251 769**

23.1 Analysis of accrued departmental revenue

	Note	2020/21 R'000
Opening balance		237 672
Less: Amounts received		12 402
Less: Services received in lieu of cash		-
Add: Amounts recognised		26 499
Less: Amounts written off/reversed as irrecoverable		-
Less: Amounts transferred to receivables for recovery		-
Other (Specify)		-
Closing balance		**251 769**

* The amount recognised of R26 499 000 is made up of prospecting and annual license fees raised in the 2020/21 financial year. The prospecting fees balance amounts to R24 318 000 and the annual license fees amount to R2 181 000.

23.2 Impairment of accrued departmental revenue

	Note	2020/21 R'000
Estimate of impairment of accrued departmental revenue		246 050
Total		**246 050**

The provision for revenue impairment covers balances from three years and plus on impairment of department accrued revenue. The department also incorporated the following factors, expired, cancelled contracts or licence due to withdrawals, abandonment, relinquished rights and contracts where no payment was received.

24 Irregular expenditure

24.1 Reconciliation of irregular expenditure

	Note	2020/21 R'000
Opening balance		272 958
Prior period error		-
As restated		272 958
Add: Irregular expenditure – relating to prior year		4 005
Add: Irregular expenditure – relating to current year		7 458
Less: Prior year amounts condoned		-
Less: Current year amounts condoned		-
Less: Prior year amounts not condoned and removed		-
Less: Current year amounts not condoned and removed		-
Less: Amounts recoverable (current and prior year)	15	-
Less: Amounts written off		-
Closing balance		**284 421**
Analysis of closing balance		
Current year*		7 458
Prior years		276 963
Total		**284 421**

* Current year balances emanate from previous financial years due to non-compliance of tax clearance certificate and also not following procurement processes.

The expenditure incurred in the current year relates to an irregular contract from the prior year.

An investigation of the irregular expenditure incurred in the prior year is currently underway.

24.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/ criminal proceedings	2020/21 R'000
Ex-post facto payment for cleaning services and pest control		430
Ex-post facto payment for installation of security system		3 423
Ex-post facto payment for off-site storage services of the departmental records		123
Ex-post facto payment for APN Billing prior financial years (2017/18 and 2019/20)		4 005
Ex-post facto payment for APN Billing 2020/21 financial year		3 482
Total		**11 463**

25 Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure

	Note	2020/21 R'000
Opening balance		299 323
Prior period error		-
As restated		299 323
Fruitless and wasteful expenditure – relating to prior year		-
Fruitless and wasteful expenditure – relating to current year		20 695
Less: Amounts recoverable		-
Less: Amounts written off		-
Closing balance		**320 018**

The expenditure incurred in the current year relates to a contract from the prior year.

A forensic investigation into the fruitless and wasteful expenditure incurred is being handled by National Treasury, which is currently underway. An external service provider has been appointed to conduct this investigation.

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

Incident	Disciplinary steps taken/ criminal proceedings	2020/21 R'000
Other: Storage services for solar water heater units		20 695
Total		**20 695**

26 Related party transactions

	Note	2020/21 R'000
Payments made		
Compensation of employees		-
Goods and services		214 700
Interest and rent on land		-
Total		**214 700**

	Note	2020/21 R'000
Guarantees issued/received		
Guarantees issued – Necsa		20 000
Total		**20 000**

Related party relationships and the nature thereof:

Central Energy Fund Group	State Owned Entity of Department
South African Nuclear Energy Corporation Limited Group	State Owned Entity of Department
National Energy Regulator of South Africa	State Owned Entity of Department
National Nuclear Regulator	State Owned Entity of Department
National Radioactive Waste Disposal Institute	State Owned Entity of Department
South African National Energy Development Institute	State Owned Entity of Department
Council for Geosciences	An entity under control of Minister
Mintek	An entity under control of Minister
South African Diamond and Precious 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
Rehabilitation Trust Account	An entity under control of Minister
Independent Power Producers Office	An entity under control of Minister

The Strategic Fuel Fund and Necsa offered services to the Department for storage of solar water heater units. At year-end and at the time of reporting there were no payments to the entities for the services. The lease agreements for two SoEs are yet to be renewed. All systems that were stored at PetroSA had been removed and delivered to the respective municipalities.

There is a Memorandum of Agreement (MoA) between Department of Energy, the National Treasury and the Development Bank of Southern Africa Limited (DBSA) for co-ordinated support, management and facilitation of the implementation of the Independent Power Producer (IPP) Procurement Programmes and interventions through the IPP Office, within the context of their respective statutory mandates, policy objectives, powers, functions, duties and accountability.

The Department influences the operations of the IPP Office due to the nature of service of the IPP Office which is derived from the mandate of the Department and its operations have a significant impact on the said mandate. However, there are no financial transactions between the Department and the IPP Office. The IPP Office's financial statements will be consolidated in the national consolidation for entities, and subject to its own independent audit.

The Joint Implementation Committee (JIC) that oversees the implementation of the Independent Power Producer Procurement Programme (IPPPP) and governance of the IPP Office commissioned an independent study on the institutionalisation of the IPP Office in October 2019. The Study has delivered two of the intended three phases to date, namely an Options Mapping exercise and recommendation (completed in June 2020), and the development of a substantive Business Case for the agreed recommendation (completed in January 2021). The JIC will consider the third phase documents, which include the Draft Establishment Legislation and Implementation Plan, by end of May 2021 and initiate consultations on the final proposal in preparation for formal PFMA Section 54 application with National Treasury.

The production of PPE is one of the commercial endeavours undertaken by Mintek to ensure financial sustainability. The PPE products are bi-products of Mintek Research platform.

Department of Mineral and Resources and Energy Rehabilitation Trust is a related party to the Department. The Department serves on the board of the Trust and also provides administrative services to the Trust.

27 Key management personnel

	Note	2020/21 R'000
Political office bearers	1	2 402
Officials:		
Level 15 and 16	13	20 578
Level 14	37	47 757
Family members of key management personnel		
Total		**70 737**

Key management personnel are officials having the authority and responsibility (levels 14-16) for planning, directing and controlling the activities of the Department.

28 Impairment (other than receivables, accrued departmental revenue, loans and investments)

	Note	2020/21 R'000
Pre-payment for training and warranty for solar water heaters		3 837
Total		**3 837**

The amount disclosed has been impaired due to the missing components that was identified when the solar water heater units were being removed from the supplier's premises. Litigation against this supplier is currently underway, at this stage it is uncertain if the supplier will replace the missing components, as there has been an indication of a possible liquidation. The remaining amount that has been raised as a pre-payment, as some suppliers have started delivering their training obligation to the Department.

29 Provisions

	Note	2020/21 R'000
Please specify		
Long-service		-
Environmental liability		-
Unfair labour practice		-
Total		**-**

29.1 Reconciliation of movement in provisions – 2020/21

	Environ-mental liability R'000	Long-service awards R'000	Unfair labour practice	Provision 3 R'000	Total provisions R'000
Opening balance	-	280		-	280
Increase in provision	-	-		-	-
Settlement of provision	-	(280)		-	(280)
Unused amount reversed	-	-		-	-
Reimbursement expected from third party	-	-		-	-
Change in provision due to change in estimation of inputs	-	-		-	-
Closing balance	**-**	**-**		**-**	**-**

30 Non-adjusting events after reporting date

	Note	2020/21 R'000
Nature of event		
Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made.		-
Total		**-**

31 Movable tangible capital assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2021:

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Heritage assets	222	-	-	-	222
Heritage assets	222	-	-	-	222
Machinery and equipment	149 024	-	4 161	-	153 185
Transport assets	9 072	-	-	-	9 072
Computer equipment	83 924	-	581	-	84 505
Furniture and office equipment	45 159	-	96	-	45 255
Other machinery and equipment	10 869	-	3 484	-	14 353
Total movable tangible capital assets	**149 246**	**-**	**4 161**	**-**	**153 407**

Movable tangible capital assets under investigation:

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment*	10	167

* The above-mentioned capital assets were reported missing and under investigations. The matter was reported to the Accounting Officer, the SAPS and the State Security Agency. The investigations are still in progress.

31.1 Additions

Additions to movable tangible capital assets per asset register for the year ended 31 March 2021:

	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
Heritage assets					
Heritage assets	-	-	-	-	-
Machinery and equipment	4 152	-	-	9	4 161
Transport assets	-	-	-	-	-
Computer equipment	581	-	-	-	581
Furniture and office equipment	87	-	-	9	96
Other machinery and equipment	3 484	-	-	-	3 484
Total additions to movable tangible capital assets	**4 152**	**-**	**-**	**9**	**4 161**

31.2 Minor assets

Movement in minor assets per the asset register for the year ended as at 31 March 2021:

	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	-	-	185	25 357	-	25 542
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	630	-	630
Disposals	-	-	-	-	-	-
Total minor assets	**-**	**-**	**185**	**25 987**	**-**	**26 172**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	69	-	69
Number of minor assets at cost	-	-	83	15 330	-	15 413
Total number of minor assets	**-**	**-**	**83**	**15 399**	**-**	**15 482**

Minor capital assets under investigation:

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment*	2	1

* The above-mentioned minor assets were reported missing and are under investigation. The matter was reported to the Accounting Officer, the SAPS and the State Security Agency. The investigations are still in progress.

32 Intangible capital assets

Movement in intangible capital assets per asset register for the year ended 31 March 2021:

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	140 564	-	-	-	140 564
Total intangible capital assets	**140 564**	**-**	**-**	**-**	**140 564**

33 Immovable tangible capital assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2021:

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
Buildings and other fixed structures	53 347	-	-	-	53 347
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	53 347	-	-	-	53 347
Heritage assets					
Heritage assets	-	-	-	-	-
Land and subsoil assets					
Land	-	-	-	-	-
Mineral and similar non-regenerative resources	-	-	-	-	-
Total immovable tangible capital assets	**53 347**	**-**	**-**	**-**	**53 347**

34 Mergers

The Department of Mineral and Resources merged with the Department of Energy and the Department of Mineral Resources and Energy was formed from 1 April 2020 in line with Proclamation No. 25 of 2019. The closing balances of the former Departments merged to form opening balances of the Department of Mineral Resources and Energy.

34.1 Statement of Financial Position

	Note	Balance before 1 April 2020	Balance before 1 April 2020		Balance after 1 April 2020
		Combining Department of Mineral Resources	Combining Department of Energy	Adjustments	Combined DMRE
		R'000	R'000	R'000	R'000
Assets					
Current assets		17 490	256 611	-	274 101
Unauthorised expenditure		-	50 604	-	50 604
Fruitless and wasteful expenditure		-	-	-	-
Cash and cash equivalents		17 201	139 327	-	156 528
Other financial assets		-	-	-	-
Pre-payments and advances		102	66 475	-	66 577
Receivables		187	205	-	392
Loans		-	-	-	-
Aid assistance receivable		-	-	-	-
Non-current assets		5 973	2 236	-	8 209
Investments		-	2 205	-	2 205
Receivables		5 973	31	-	6 004
Loans		-	-	-	-
Other financial assets		-	-	-	-
Total assets		**23 463**	**258 847**	**-**	**282 310**

	Note	Balance before 1 April 2020 Combining Department of Mineral Resources R'000	Balance before 1 April 2020 Combining Department of Energy R'000	Adjustments R'000	Balance after 1 April 2020 Combined DMRE R'000
Liabilities					
Current liabilities		19 863	256 582	-	276 445
Voted funds to be surrendered to the Revenue Fund		13 928	256 327	-	270 255
Departmental revenue and NRF receipts to be surrendered to the Revenue Fund		5 303	207	-	5 510
Bank overdraft		-	-	-	-
Payables		632	48	-	680
Aid assistance repayable		-	-	-	-
Aid assistance unutilised		-	-	-	-
Non-current liabilities		-	-		-
Payables		-	-	-	-
Total liabilities		**19 863**	**256 582**	**-**	**276 445**
Net assets		**3 600**	**2 265**	**-**	**5 865**

34.2 Notes

	Note	Balance before 1 April 2020 Combining Department of Mineral Resources R'000	Balance before 1 April 2020 Combining Department of Energy R'000	Adjustments R'000	Balance after 1 April 2020 Combined DMRE R'000
Contingent liabilities**		3 587 072	150 510	(3 408 000)	329 582
Contingent assets		-	49 161	-	49 161
Capital commitments		4 716	87	-	4 803
Accruals		15 268	26 884	-	42 152
Payables not recognised		4 638	9 519	-	14 157
Employee benefits		58 348	30 142	-	88 490
Lease commitments – Operating lease		114 737	107 355	-	222 092
Accrued departmental revenue		231 769	5 903	-	237 672
Irregular expenditure		358	272 599	-	272 957
Fruitless and wasteful expenditure		9 915	289 408	-	299 323
Impairment		174 425	-	-	174 425
Provisions**		328 471	-	(328 191)	280
Movable tangible capital assets		83 860	65 228	-	149 088
Immovable tangible capital assets		53 347	-	-	53 347
Intangible capital assets*		4 156	137 371	(963)	140 564

* Intangible capital assets amounting to R963 thousand was for software licenses which was misallocated to the intangible assets register.

** The environmental rehabilitation liability has been removed from the Annual Financial Statements in compliance with the Accounting Standards.

35 Statement of conditional grants and other transfers paid to municipalities

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
Name of municipality	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
AbaQulusi Municipality	10 000	-	-	10 000	10 000	-	-	-	19 000
Albert Luthuli Municipality	12 700	-	-	12 700	12 700	-	-	-	15 000
Alfred Duma Municipality	4 000	-	-	4 000	4 000	-	-	-	11 000
Alfred Nzo Municipality	4 500	-	-	4 500	4 500	-	-	-	6 000
Ba-Phalaborwa Municipality	9 500	-	-	9 500	9 500	-	-	-	7 000
Beaufort West Municipality	5 214	-	-	5 214	5 214	-	-	-	15 400
Bela-Bela Municipality	12 148	-	-	12 148	12 148	-	-	-	6 000
Bergrivier Municipality	3 000	-	-	3 000	3 000	-	-	-	6 000
Big 5 Hlabisa Municipality	7 000	-	-	7 000	7 000	-	-	-	16 000
Bitou Municipality	4 000	-	-	4 000	4 000	-	-	-	12 828
Blouberg Municipality	6 000	-	-	6 000	6 000	-	-	-	17 000
Blue Crane Route Municipality	3 500	-	-	3 500	3 500	-	-	-	410
Breede Valley Municipality	17 000	-	-	17 000	17 000	-	-	-	10 000
Buffalo City Municipality	6 300	-	-	6 300	6 300	-	-	-	-
Bushbuckridge Municipality	4 500	-	-	4 500	4 500	-	-	-	11 008
Cape Agulhas Municipality	2 500	-	-	2 500	2 500	-	-	-	6 000
Cederberg Municipality	17 000	-	-	17 000	17 000	-	-	-	9 642
City of Cape Town Municipality	9 000	-	-	9 000	9 000	-	-	-	11 065

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
Name of municipality	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
City of Ekurhuleni	9 000	-	-	9 000	9 000	-	-	-	-
City of Johannesburg Municipality	9 000	-	-	9 000	9 000	-	-	-	10 000
City of Matlosana Municipality	30 846	-	-	30 846	30 846	-	-	-	6 960
City of Mbombela Municipality	34 204	-	-	34 204	34 204	-	-	-	35 010
City of Tshwane Municipality	9 000	-	-	9 000	9 000	-	-	-	11 000
Collins Chabane Municipality	10 660	-	-	10 660	10 660	-	-	-	10 000
Dawid Kruiper Municipality	7 800	-	-	7 800	7 800	-	-	-	17 200
Dihlabeng Municipality	4 060	-	-	4 060	4 060	-	-	-	11 013
Dikgatlong Municipality	2 500	-	-	2 500	2 500	-	-	-	1 500
Dipaleseng Municipality	12 700	-	-	12 700	12 700	-	-	-	10 000
Ditsobotla Municipality	-	-	-	-	-	-	-	-	-
Dr Beyers Naudé Municipality	-	-	-	-	-	-	-	-	-
Dr JS Moroka Municipality	-	-	-	-	-	-	-	-	-
Dr Nkosazana Dlamini Zuma Municipality	8 400	-	-	8 400	8 400	-	-	-	8 000
Drakenstein Municipality	17 000	-	-	17 000	17 000	-	-	-	20 000
Edumbe Municipality	12 783	-	-	12 783	12 783	-	-	-	15 000

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Division of Revenue Act R'000	Actual transfer R'000
Elias Motsoaledi Municipality	15 000	-	-	15 000	15 000	-	-	-	19 000
Elundini Municipality	20 239	-	-	20 239	20 239	-	-	-	21 000
Emadlangeni Municipality	1 800	-	-	1 800	1 800	-	-	-	-
Emakhazeni Municipality	10 000	-	-	10 000	10 000	-	-	-	10 000
Emalahleni (EC)	7 224		-	7 224	7 224	-	-	-	-
Emalahleni Municipality	35 938	-	-	35 938	35 938	-	-	-	35 010
Emfuleni Municipality	9 171	-	-	9 171	8 572	-	-	-	11 000
Emthanjeni Municipality	4 610	-	-	4 610	4 610	-	-	-	1 500
Endumeni Municipality	3 600	-	-	3 600	3 600	-	-	-	7 000
Engcobo Municipality	23 056	-	-	23 056	23 056	-	-	-	21 656
Enoch Mgijima Municipality	3 500	-	-	3 500	3 500	-	-	-	5 448
Ephraim Mogale Municipality	3 600		-	3 600	3 600	-	-	-	-
Ethekwini Municipality	9 000	-	-	9 000	9 000	-	-	-	-
Fezile Dabi Municipality	2 700	-	-	2 700	2 700	-	-	-	6 000
Gamagara Municipality	24 500	-	-	24 500	24 500	-	-	-	35 387
Ga-Segonyana Municipality	43 985	-	-	43 985	43 985	-	-	-	57 560
George Municipality	10 500	-	-	10 500	10 500	-	-	-	17 044
Govan Mbheki Municipality	25 000	-	-	25 000	25 000	-	-	-	16 000
Great Kei Municipality	-	-	-	-	-	-	-	-	6 400
Greater Giyani Municipality	11 724	-	-	11 724	11 724	-	-	-	14 910

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Division of Revenue Act R'000	Actual transfer R'000
Greater Kokstad Municipality	360	-	-	360	360	-	-	-	13 000
Greater Letaba Municipality	10 600	-	-	10 600	10 600	-	-	-	9 285
Greater Tzaneen Municipality	10 000	-	-	10 000	10 000	-	-	-	20 000
Greater Tubatse/ Fetakgomo Municipality	-	-	-	-	-	-	-	-	10 000
Hantam Municipality	1 500	-	-	1 500	1 500	-	-	-	700
Harry Gwala Municipality	-	-	-	-	-	-	-	-	7 000
Hassequa Municipality	5 600	-	-	5 600	5 600	-	-	-	4 173
Ilembe Municipality	700	-	-	700	700	-	-	-	8 000
Inkosi Ilangalibalele Municipality	3 965		-	3 965	3 965	-	-	-	7 000
Intsika Yethu Municipality	4 817	-	-	4 817	4 817	-	-	-	12 033
Inxuba Yethemba Municipality	4 500	-	-	4 500	4 500	-	-	-	10 773
JB Marks Municipality	4 500		-	4 500	4 500	-	-	-	-
Jozini Municipality	10 000		-	10 000	10 000	-	-	-	5 000
Kai !Garib Municipality	3 006		-	3 006	3 006	-	-	-	-
Kamiesberg Municipality	-	-	-	-	-	-	-	-	-
Kannaland Municipality	-	-	-	-	-	-	-	-	2 901
Kareeberg Municipality	1 500	-	-	1 500	1 500	-	-	-	-

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Division of Revenue Act R'000	Actual transfer R'000
Karoo Hoogland Municipality	-	-	-	-	-	-	-	-	2 000
Kgatelopele Municipality	1 800	-	-	1 800	1 800	-	-	-	2 000
Khai-Ma Municipality	-	-	-	-	-	-	-	-	720
Kheis Municipality	2 700		-	2 700	2 700	-	-	-	-
King Sabata Dalindyebo Municipality	2 500	-	-	2 500	2 500	-	-	-	23 000
Knysna Municipality	-	-	-	-	-	-	-	-	4 000
Kopanong Municipality	2 159	-	-	2 159	2 159	-	-	-	3 200
Kouga Municipality	5 200	-	-	5 200	5 200	-	-	-	7 202
Kou-Kamma Municipality	3 037	-	-	3 037	3 037	-	-	-	1 550
KwaDukuza Municipality	5 000	-	-	5 000	5 000	-	-	-	10 000
Laingsburg Municipality	3 600	-	-	3 600	3 600	-	-	-	2 372
Langeberg Municipality	-	-	-	-	-	-	-	-	5 000
Lejweleputswa Municipality	7 624	-	-	7 624	7 624	-	-	-	3 200
Lekwa Municipality	10 000	-	-	10 000	10 000	-	-	-	4 050
Lekwa-Teemane Municipality	-	-	-	-	-	-	-	-	4 000
Lephalale Municipality	7 000	-	-	7 000	7 000	-	-	-	-
Lesedi Municipality	34 949	-	-	34 949	34 949	-	-	-	20 000
Letsemeng Municipality	9 547	-	-	9 547	9 547	-	-	-	5 200
Madibeng Municipality	13 200		1 000	14 200	14 200	-	-	-	-

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
Name of municipality	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Mafikeng Municipality	7 500	-	-	7 500	7 500	-	-	-	-
Mafube Municipality	10 232	-	-	10 232	10 232	-	-	-	7 000
Magareng Municipality	-		-	-	-	-	-	-	1 500
Makhado Municipality	10 340	-	-	10 340	10 340	-	-	-	20 000
Maluti a Phofung Municipality	10 000	-	-	10 000	10 000	-	-	-	19 000
Mamusa Municipality	13 440	-	-	13 440	13 440	-	-	-	12 710
Mandeni Municipality	5 000	-	-	5 000	5 000	-	-	-	9 500
Mantsopa Municipality	2 724	-	-	2 724	2 724	-	-	-	525
Maphumulo Municipality	7 000		-	7 000	7 000	-	-	-	9 180
Masilonyana Municipality	-	-	-	-	-	-	-	-	-
Matatiele Municipality	32 591	-	-	32 591	32 591	-	-	-	70 177
Matjhabeng Municipality	-	-	2 300	2 300	2 300	-	-	-	20 545
Matzikama Municipality	850	-	-	850	850	-	-	-	5 000
Mbhashe Municipality	6 492	-	-	6 492	6 492	-	-	-	15 081
Mbizana Municipality	26 202	-	-	26 202	26 202	-	-	-	31 240
Merafong City Municipality	26 773	-	-2 000	24 773	24 773	-	-	-	15 600
Metsimaholo Municipality	9 092	-	-	9 092	9 092	-	-	-	10 000
Mhlontlo Municipality	12 300	-	-	12 300	12 300	-	-	-	11 508
Midvaal Municipality	15 600	-	-	15 600	15 600	-	-	-	34 158
Mkhambathini Municipality	5 000	-	-	5 000	5 000	-	-	-	5 467

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Division of Revenue Act R'000	Actual transfer R'000
Mkhondo Municipality	10 000	-	-	10 000	10 000	-	-	-	14 000
Mnquma Municipality	9 270	-	-	9 270	9 270	-	-	-	1 500
Modimolle/Mookgopong Municipality	21 000	-	-	21 000	21 000	-	-	-	23 000
Mogalakwena Municipality	12 000	-	-	12 000	12 000	-	-	-	14 000
Mogale City Municipality	23 850	-	-	23 850	23 850	-	-	-	17 500
Mohokare Municipality	4 977	-	-	4 977	4 977	-	-	-	2 211
Molemole Municipality	11 700		-	11 700	11 700	-	-	-	-
Moqhaka Municipality	-	-	-	-	-	-	-	-	-
Mossel Bay Municipality	9 000	-	-	9 000	9 000	-	-	-	7 000
Mpofana Municipality	4 000	-	-	4 000	4 000	-	-	-	5 000
Msinga Municipality	-	-	-	-	-	-	-	-	20 000
Msukaligwa Municipality	-	-	-	-	-	-	-	-	10 000
Msunduzi Municipality	-	-	-	-	-	-	-	-	8 000
Mthonjaneni Municipality	11 159	-	-	11 159	11 159	-	-	-	15 000
Mtubatuba Municipality	7 000	-	-	7 000	7 000	-	-	-	17 000
Musina Municipality	-	-	-	-	-	-	-	-	3 100
Nala Municipality	6 800	-	-2 300	4 500	4 500	-	-	-	12 890
Naledi Municipality	7 514	-	-	7 514	7 514	-	-	-	26 960
Nama Khoi Municipality	-	-	-	-	-	-	-	-	-
Ndwendwe Municipality	7 000	-	-	7 000	7 000	-	-	-	-

Name of municipality	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
	DoRA and other transfers	Roll overs	Adjustments	Total available	Actual transfer	Funds withheld	Re-allocations by National Treasury or National Department	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Nelson Mandela Bay Municipality	6 300	-	-	6 300	6 300	-	-	-	-
Newcastle Municipality	7 000	-	-	7 000	7 000	-	-	-	20 000
Ngqushwa Municipality	5 005	-	-	5 005	5 005	-	-	-	5 160
Ngquza Hill Municipality	2 340	-	-	2 340	2 340	-	-	-	3 182
Ngwathe Municipality	9 000	-	-	9 000	9 000	-	-	-	11 000
Nkandla Municipality	8 000	-	-	8 000	8 000	-	-	-	17 000
Nkomazi Municipality	4 947	-	-	4 947	4 947	-	-	-	18 566
Nongoma Municipality	8 400	-	-	8 400	8 400	-	-	-	8 000
Nquthu Municipality	7 000	-	-	7 000	7 000	-	-	-	19 000
Ntabankulu Municipality	14 910	-	-	14 910	14 910	-	-	-	30 000
Nyandeni Municipality	5 150	-	-	5 150	5 150	-	-	-	15 010
Okhahlamba Municipality	7 000	-	-	7 000	7 000	-	-	-	10 000
Oudtshoorn Municipality	3 000	-	-	3 000	3 000	-	-	-	6 000
Overstrand Municipality	6 000	-	-	6 000	6 000	-	-	-	7 000
Phokwane Municipality	3 400	-	-	3 400	3 400	-	-	-	14 458
Phumelela Municipality	16 020		-	16 020	16 020	-	-	-	5 160
Pixley Ka Seme Municipality	-	-	-	-	-	-	-	-	8 468
Polokwane Municipality	39 000	-	-	39 000	39 000	-	-	-	46 118
Port St Johns Municipality	7 006	-	-	7 006	7 006	-	-	-	9 202
Prince Albert Municipality	-	-	-	-	-	-	-	-	1 100

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Division of Revenue Act R'000	Actual transfer R'000
Ramotshere Moiloa Municipality	-	-	-	-	-	-	-	-	1 053
Rand West City Municipality	13 600	-	-	13 600	13 600	-	-	-	30 850
Ray Nkonyeni Municipality	5 000	-	-	5 000	5 000	-	-	-	17 000
Raymond Mhlaba Municipality	16 554	-	-	16 554	16 554	-	-	-	16 000
Renosterberg Municipality	-	-	-	-	-	-	-	-	5 000
Rustenburg Municipality	6 500	-	-	6 500	6 500	-	-	-	15 410
Sakhisizwe Municipality	2 076		-	2 076	2 076	-	-	-	2 234
Saldanha Bay Municipality	3 000	-	-	3 000	3 000	-	-	-	1 000
Senqu Municipality	-	-	-	-	-	-	-	-	3 200
Setsoto Municipality	-	-	-	-	-	-	-	-	2 600
Siyancuma Municipality	15 000	-	-	15 000	15 000	-	-	-	15 924
Siyathemba Municipality	4 200	-	-	4 200	4 200	-	-	-	8 860
Sol Plaatjie Municipality	10 000	-	-	10 000	10 000	-	-	-	24 498
Stellenbosch Municipality	12 000	-	-	12 000	12 000	-	-	-	15 640
Steve Tshwete Municipality	5 000	-	-	5 000	5 000	-	-	-	8 000

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Division of Revenue Act R'000	Actual transfer R'000
Sundays River Valley Municipality	-	-	-	-	-	-	-	-	15 000
Swartland Municipality	9 252	-	-	9 252	9 252	-	-	-	9 000
Swellendam Municipality	2 000	-	-	2 000	2 000	-	-	-	3 000
Thaba Chweu Municipality	2 000	-	-	2 000	2 000	-	-	-	9 620
Thabazimbi Municipality	5 180	-	-	5 180	5 180	-	-	-	9 000
Thabo Mofutsanyane Municipality	4 500	-	-	4 500	2 500	-	-	-	8 000
Theewaterskloof Municipality	8 600	-	-	8 600	7 601	-	-	-	5 019
Thembelihle Municipality	-	-	-	-	-	-	-	-	5 280
Thembisile Hani Municipality	3 600	-	-	3 600	3 600	-	-	-	5 000
Thulamela Municipality	12 000	-	-	12 000	12 000	-	-	-	25 430
Tokologo Municipality	-	-	-	-	-	-	-	-	-
Tsantsabane Municipality	-	-	-	-	-	-	-	-	2 000
Tswaing Municipality	15 020		-	15 020	15 020	-	-	-	-
Ubuhlebezwe Municipality	9 000	-	-	9 000	9 000	-	-	-	13 000
Ubuntu Municipality	5 500	-	-	5 500	5 500	-	-	-	5 005
Ulundi Municipality	10 000	-	-	10 000	10 000	-	-	-	18 000
Umdoni Municipality	-	-	-	-	-	-	-	-	15 000
uMfolozi Municipality	9 000		-	9 000	9 000	-	-	-	-

	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Division of Revenue Act R'000	Actual transfer R'000
uMhlabuyalingana Municipality	10 500	-	-	10 500	10 500	-	-	-	19 000
uMhlathuze Municipality	4 500	-	-	4 500	4 500	-	-	-	-
uMlalazi Municipality	5 000	-	-	5 000	5 000	-	-	-	7 000
uMngeni Municipality	5 000	-	-	5 000	5 000	-	-	-	6 000
uMshwathi Municipality	7 997	-	-	7 997	7 997	-	-	-	5 000
uMsinga Municipality	13 000		-	13 000	13 000	-	-	-	-
Umsobomvu Municipality	6 510	-	-	6 510	6 510	-	-	-	10 000
uMuziwabantu Municipality	4 000	-	1 000	5 000	5 000	-	-	-	-
Umvoti Municipality	12 000	-	-	12 000	12 000	-	-	-	19 000
Umzimkhulu Municipality	6 000	-	-	6 000	6 000	-	-	-	13 000
Umzimvubu Municipality	20 706	-	-	20 706	20 706	-	-	-	24 907
Umzumbe Municipality	8 000	-	-	8 000	8 000	-	-	-	15 000
uPhongolo Municipality	7 000	-	-	7 000	7 000	-	-	-	8 500
Victor Khanye Municipality	9 942		-	9 942	9 942	-	-	-	-
Ventersdorp/Tlokwe Municipality	-	-	-	-	-	-	-	-	38 255
Walter Sisulu Municipality	-	-	-	-	-	-	-	-	8 514
Witzenberg Municipality	-	-	-	-	-	-	-	-	3 000
Zululand Municipality	-	-	-	-	-	-	-	-	6 000
Total	**1 554 947**	**-**	**-**	**1 554 947**	**1 551 349**	**-**	**-**	**-**	**2 074 885**

36 Covid-19 response expenditure

	Note Annexure 11	2020/21 R'000
Compensation of employees		-
Goods and services		3 878
Transfers and subsidies		-
Expenditure for capital assets		-
Other		-
Total		**3 878**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

Annexure 1A: Statement of Conditional Grants and Other Transfers Paid to Municipalities

	Grant allocation				Transfer			Spent				2019/20	
Name of municipality	DoRA and other transfers R'000	Roll overs R'000	Adjust-ments R'000	Total available R'000	Actual transfer R'000	Funds withheld R'000	Re-allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000	% of available funds spent by municipality %	Division of Revenue Act R'000	Actual transfer R'000
Energy Efficiency and Demand Side Management (EEDSM)	196 195	-	-	196 195	192 597	-	-	-	-	-	-	227 065	-
Integrated National Electrification Programme (INEP)	1 358 752	-	-	1 358 752	1 358 752	-	-	-	-	-	-	1 859 820	-
Total	**1 554 947**	**-**	**-**	**1 554 947**	**1 551 349**	**-**	**-**	**-**	**-**	**-**	**-**	**2 086 885**	**-**

Annexure 1B: Statement of Transfers to Departmental Agencies and Accounts

	Transfer allocation				Transfer		2019/20
	Adjusted appropriation	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Final appropriation
Departmental agency/account	R'000	R'000	R'000	R'000	R'000	%	R'000
Chemical Industry SETA	-	-	-	-	-	-	585
Energy and Water SETA	1 209	-	-	1 209	-	0%	585
National Nuclear Regulator	40 467	-	-	40 467	40 467	100%	43 096
National Radioactive Waste Disposal Institute	49 397	-	-	49 397	49 397	100%	47 499
South African National Energy Development Institute	73 615	-	-	73 615	73 615	100%	74 151
Council for Geosciences	502 230	-	-	502 230	452 033	90%	414 062
South African Diamond and Precious Metals Regulator	76 054	-	-	76 054	76 054	100%	61 544
Mining Qualifications Authority	2 104	-	-	2 104	-	0%	1 996
Mine Health and Safety Council	344	-	-	344	344	100%	4 386
Total	**745 420**	**-**	**-**	**745 420**	**691 910**		**647 904**

Annexure 1C: Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

Name of public corporation/private enterprise	Transfer allocation				Expenditure				2019/20
	Adjusted appropriation act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	Capital R'000	Current R'000	Final appropriation R'000
Public corporations									
Transfers	3 403 058	-	-	3 403 058	3 281 170	96.4%	2 039 996	1 362 462	4 450 506
Eskom (INEP and EEDSM)	1 982 985	-	-	1 982 985	1 982 985	100.0%	1 982 985	-	3 124 053
South African Nuclear Energy Corporation Limited	966 151	-	-	966 151	966 151	100.0%	16 217	949 933	890 431
Mintek	427 998	-	-	427 998	306 110	71.5%	40 794	386 605	436 022
Industrial Development Corporation	25 924	-	-	25 924	25 924	100.0%	-	25 924	-
Sub-total	3 403 058	-	-	3 403 058	3 281 170	96.4%	2 039 996	1 362 462	4 450 506
Subsidies	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Private enterprises									
Transfers	361 215	-	-	361 215	91 318	25.3%	-	134 532	140 563
Non-grid households	220 150	-	-	220 150	-	-	-	-	13 115
PetroSA	134 532	-	-	134 532	91 318	67.9%	-	134 532	127 448
Mining companies	6 533	-	-	6 533	-	-		-	-
Sub total	361 215	-	-	361 215	91 318	25.3%	-	134 532	140 563
Total	**3 764 273**	**-**	**-**	**3 764 273**	**3 372 488**	**89.6%**	**2 039 996**	**1 496 994**	**4 591 069**

Annexure 1D: Statement of Transfers to Foreign Government and International Organisations

	Transfer allocation				Expenditure		2019/20
	Adjusted appropriation act	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Final appropriation
Foreign government/international organisation	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
International Atomic Energy Agency (IAEA) – IRRS	24 007	-	-	24 007	20 236	84%	20 067
The African Petroleum Producer Association (APPA)	3 205	-	-	3 205	3 597	112%	2 554
Generation International Forum (GIF)	825	-	-	825	627	76%	630
International Renewable Energy Agency (IRENA)	1 267	-	-	1 267	1 073	85%	1 336
International Energy Forum	376	-	-	376	396	105%	-
	29 680	-	-	29 680	25 929		24 587
Subsidies	-	-	-	-	-	-	-
Total	**29 680**	**-**	**-**	**29 680**	**25 929**		**24 587**

Annexure 1E: Statement of Transfers to Households

Households	Transfer allocation				Expenditure		2019/20
	Adjusted appropriation act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	Final appropriation R'000
Transfers							
Leave gratuity paid to employees	4 191	-	-	4 191	4 386	105%	3 565
Refund and remission of grace	-	-	-	-	-	-	40
Severance package	1 053	-	-	1 053	1 051	100%	3 175
Donations and gifts	419	-	-	419	166	40%	194
Claims against the State	-	-	-	-	-	-	1 006
	5 663	-	-	5 663	5 603		7 980
Subsidies	-	-	-	-	-	-	-
Total	**5 663**	**-**	**-**	**5 663**	**5 603**		**7 980**

Annexure 1F: Statement of Aid Assistance Received

Name of donor	Purpose	Opening balance R'000	Revenue R'000	Expenditure R'000	Paid back on/by 31 March R'000	Closing balance R'000
Received in cash						
General Budget Support	Achieving net-zero energy waste water treatment plants in South Africa	-	31 750	8 000	-	23 750
General Budget Support	Improving energy performance of government buildings	-	21 660	8 700	-	12 960
Sub-total		-	53 410	16 700	-	36 710
Received in-kind		-	-	-	-	-
Sub-total		-	-	-	-	-
Total		**-**	**53 410**	**16 700**	**-**	**36 710**

Annexure 1G: Statement of Gifts, Donations and Sponsorships Made

Nature of gift, donation or sponsorship	2020/21 R'000	2019/20 R'000
Made in-kind		
Purchase of electrical appliances, food package and exhibition materials etc. for events	-	19
Procurement of Ministerial corporate gifts	-	2
Purchase of gifts for long-service awards	224	39
Purchase of flowers, fruit baskets, gift cards for employees at hospitals, and for memorial services	-	4
Payments made as an act of grace to household	-	120
Total	**224**	**184**

Annexure 2A: Statement of Investments in and Amounts Owing by/to National/Provincial Public Entities

Name of public entity	State entity's PFMA schedule type (state year-end if not 31 March)	% Held 20/21	% Held 19/20	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	Yes/No
National/ Provincial public entity												
South African Nuclear Energy Corporation Limited	Schedule 2	100	100	2 205	2 205	2 205	2 205	(96 467)	183 118	(77 196)	47 601	No
Central Energy Fund Group	Schedule 2	100	100	1	1	-	-	10 437 154	13 698 038	(297 323)	(386 124)	No
Sub-total				2 206	2 206	2 205	2 205	10 340 687	13 881 156	(374 519)	(338 523)	
Other				-	-	-	-	-	-	-	-	
Total				**2 206**	**2 206**	**2 205**	**2 205**	**10 340 687**	**13 881 156**	**(374 519)**	**(338 523)**	

Annexure 2B: Statement of Investments in and Amounts Owing by/to Entities (Continued)

Name of public entity	Nature of business	Cost of investment R'000		Net asset value of investment R'000		Amounts owing to entities R'000		Amounts owing by entities R'000	
		2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Controlled entities									
Central Energy Fund Group	Financing and promotion of the acquisition of research into and exploitation of energy related products and technology	-	-	10 437 154	13 698 038	-	-	-	-
Total		**-**	**-**	**10 437 154**	**13 698 038**	**-**	**-**	**-**	**-**

Annexure 3A: Statement of Financial Guarantees Issued as at 31 March 2021 – Local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2020 R'000	Guarantee draw-downs during the year R'000	Guarantees repayments/ cancelled/ reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2021 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2021 R'000
Standard Bank	Motor vehicles	176	176	-	-	-	176	-	-
Sub-total		176	176	-	-	-	176	-	-
Standard Bank	Housing	36	36	-	-	-	36	-	-
Absa	Housing	27	27	-	-	-	27	-	-
Peoples Bank	Housing	17	17	-	-	-	17	-	-
Old Mutual	Housing	62	62	-	-	-	62	-	-
Sub-total		142	142	-	-	-	142	-	-
	Other								
Absa	Necsa	20 000	20 000	-	-	-	20 000	-	-
	Sub-total	20 000	20 000	-	-	-	20 000	-	-
Total		**20 318**	**20 318**	**-**	**-**	**-**	**20 318**	**-**	**-**

Annexure 3B: Statement of Contingent Liabilities as at 31 March 2021

Nature of liability	Opening balance 1 April 2020 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (provide details hereunder) R'000	Closing balance 31 March 2021 R'000
Claims against the department					
Claims against the department	303 491	39 439	143 041	-	199 889
Sub-total	303 491	39 439	143 041	-	199 889
Environmental liability					
Environmental liability	-	-	-	-	-
Sub-total	-	-	-	-	-
Other					
Unfair labour practice	-	-	-	-	-
Sub-total	-	-	-	-	-
Total	**303 491**	**39 439**	**143 041**	**-**	**199 889**

Annexure 4: Claims Recoverable

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000
Departments						
Department of Energy	-	-	-	1 458	-	1 458
Department of Labour	-	-	40	-	40	-
Department of Transport						
Safety & Liaison	-	-	-	21	-	21
Department of Trade						
Industry & Competition	-	-	107	-	107	-
Department of Education	-	-	69	69	69	69
	-	-	216	1 548	216	1 548
Other government entities						
South Africa Post Office	-	59	-	-	-	59
CEF Group	-	-	376	-	376	-
Eskom	67 602	-	-	-	67 602	-
	67 602	59	376	-	67 978	59
Total	**67 602**	**59**	**591**	**1 548**	**68 194**	**1 607**

Annexure 5: Inter-Government Payables

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2020/21 *	
	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	Payment date up to six (6) working days before year-end	Amount R'000
Departments								
Current								
Gauteng Provincial Government (G-Fleet)	-	339	-	-	-	339	-	-
Department of Rural Development and Land Reform	1	-	-	-	1	-	-	-
Department of Justice and Constitutional Development	-	-	-	3 707	-	3 707	-	-
Gauteng Department of Transport (G-FLEET)	240	-	-	906	240	906	-	-
Department of Public Works and Infrastructure	264	-	-	1 478	264	1 478	-	-
South African Police Service	34	-	-	-	34	-	-	-
Sub-total	539	339	-	6 091	539	6 430	-	-
Non-current	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Total	**539**	**339**	**-**	**6 091**	**539**	**6 430**	**-**	**-**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2020/21 *	
	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	Payment date up to six (6) working days before year-end	Amount R'000
Other government entities								
Current	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Non-current	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-
Total inter-government payables	**539**	**339**	**-**	**6 091**	**539**	**6 430**	**-**	**-**

Annexure 6: Inventories

Inventories for the year ended 31 March 2021	Quantity	Solar water geyser unit R'000	Total R'000
Opening balance	-	-	-
Add/(Less): Adjustments to prior year balances	27 250	214 159	214 159
Add: Additions/Purchases – Cash	-	-	-
Add: Additions – Non-cash	31 858	228 151	228 151
(Less): Disposals	-	-	-
(Less): Issues	(3 106)	(21 839)	(21 839)
Closing balance	**56 002**	**420 471**	**420 471**

The Department procured 87 206 solar water geyser units from various manufactures/suppliers from the financial years 2016/17 to 2017/18 and the expenditure was expensed in the same period/s. The units were kept in storage at the manufacturer's premises, at which point all the risk and rewards of ownership are with the manufactures/suppliers until the Department takes delivery. The Department took the units to its custody in the financial years, 2020/21, 2019/20 and 2018/19 as stated in the table above. Thus, transferring the risk and reward to the Department. The solar geyser units in the custody of the Department are currently accounted for as inventory in the financial statements, pending installation of the units while being stored in Government premises and various municipalities with less storage costs. As of 1 April 2020 to 31 March 2021, the Department had removed 31 858 solar geyser units or baseline systems from the manufacturers' premises to the value of approximately R228 million. As at 31 March 2021, there were 25 419 units/components still in the custody of the manufacturers/suppliers (Refer note 27). However, post financial year (2020/21) additional solar geyser units were removed from manufacturers premises leaving a total of 21 071 as at 14 May 2021. The value of the additional systems removed post financial year is approximately R21 million.

It should be reported that of the baseline systems that were removed from manufacturers during this financial year (31 March 2021) with completed installed baseline systems total of 3 106. However 3 284 complete baseline systems were issued from municipal storage and installed in households while 3 478 are partially installed as at 14 May 2021. The partial installation is as a result of house installation kits being in the process of being procured by CEF Group as per the Joint Implementation Agreement (JIA). Furthermore, it is noteworthy to indicate that the households installation kits were note part of the manufacturing scope and as such were not included in what the manufacturers delivered to the DMRE hence this referred additional consumables procurement.

At this period, the total of complete installation figures in various municipalities and their respective suppliers were as follows: Mahikeng (2 142) from Nebula Solar (Pty) Ltd, JB Marks (165) from Solarray Pressdynamik JV Manthem, Matlosana (162) from Nebula Solar (Pty) Ltd, Polokwane (198) from KEAP Energy (Pty) Ltd, Mossel Bay (201) from Ikhwezi Solar (Pty) Ltd, Tshwane (52) from Crest Operations (Pty) Ltd, Bitou (186) from Ikhwezi Solar (Pty) Ltd. Following the Monitoring and Verification process of all systems installed by end of financial year, some of the figures had to be revised as a result of the systems required further work by the service provider and as such were taken off the list of fully completed installed systems. An aggregated total of 3 478 solar geysers were still partially installed as at 14 May 2021 pending delivery of the consumables/households installation kits.

The Department learnt that one of the suppliers experienced theft and losses of components of the geyser units before transferring custody to Department. The Department took custody of the geysers, however, the units are not accounted for in the above amount, as the missing components/units could not be quantified and valued. Investigations are underway to determine quantities, values as well as usability of the geysers. The supplier had a contract to supply 5 100 units with a total contract value of R38 037 228. The matter has been referred to the State Attorney for recovery of losses.

Furthermore, in December 2020 as the Department was informed by this supplier that the company is under liquidation and the creditors will contact the Department directly. The status of the company's liquidation was communicated to Office of the State Attorney. A counsel specialising in liquidations matters has been appointed via the Office of the State Attorney to support the DMRE in addressing the matter.

The Department was also informed of theft at Bitou Municipality, however, a full report is yet to be submitted to determine the extent of the loss as the municipality was still investigating the matter and engaging with the storage supplier and security services units appointed by the municipality to guard the goods. The details will be provided on receipt of the report. Bitou Municipality has submitted a report on the alleged stolen goods and the DMRE has yet to verify and reconcile all the figures as installation had already commenced and is nearing completion once the consumables are delivered to enable installation of the partially installed units which currently is at 1 972 with only 186 complete installed. The outcome of the audit with the submitted report will be reported in the next quarter once all processes have been completed.

The solar geyser units/systems stored at the Strategic Fuel Fund are as follows: The SFF storage facility stored the SWH units from the following Manufacturers/Suppliers for these municipalities: Actom (Pty) Ltd with 3 099 complete systems; and Itakane 38 t/a iSolar (Pty) Ltd incomplete units with the following components (5 100 tanks, 4 288 panels and 2 199 cisterns). The liquidation matter currently pursued via the State Attorney.

All solar geyser units/systems that were stored at PetroSA have been removed and delivered to Mossel Bay and Bitou Municipalities. No systems were removed from the Necsa storage facility as at the end of the financial year.

Annexure 8A: Inter-Entity Advances Paid (Note 14)

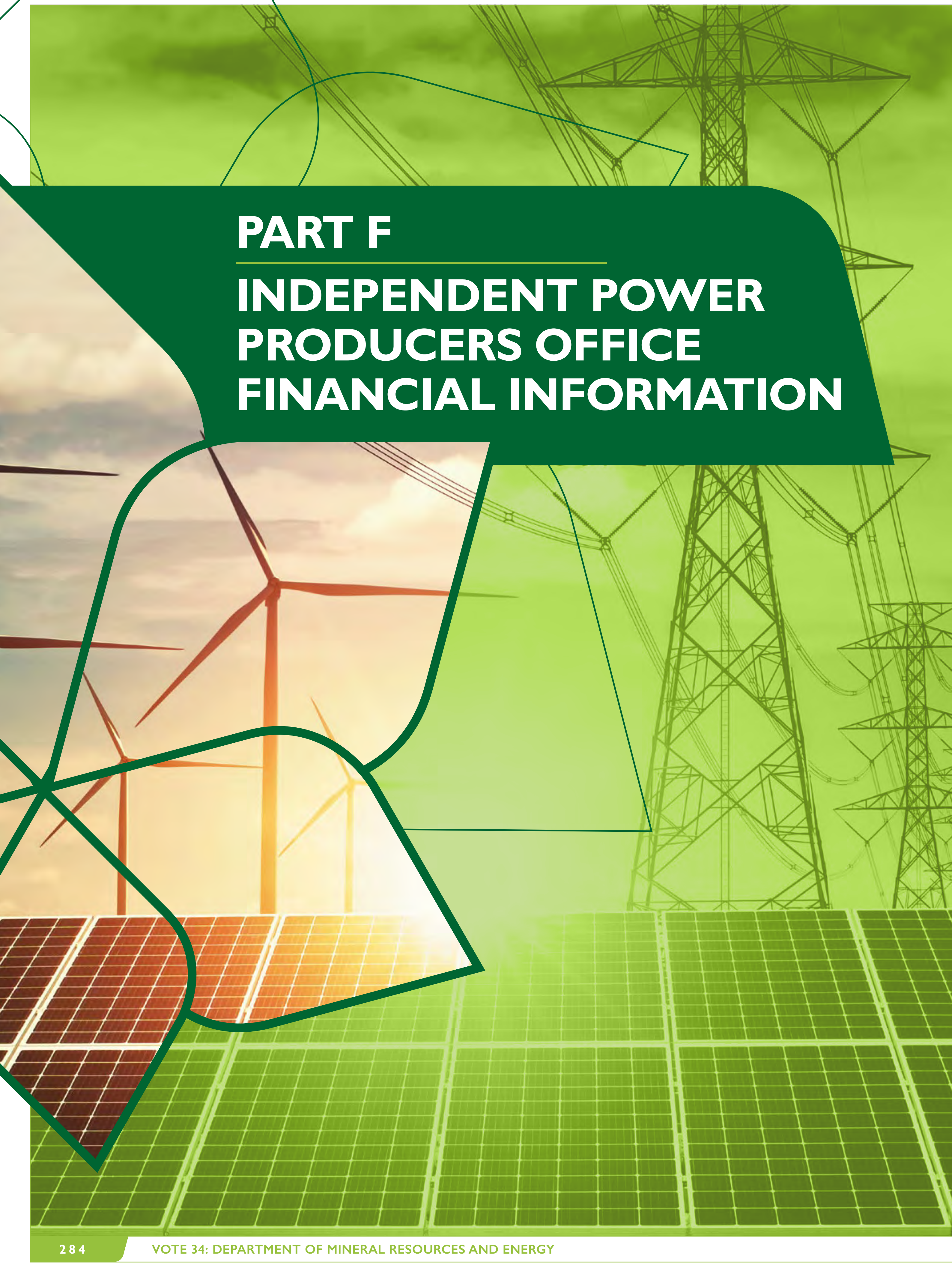
Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000	31/03/2021 R'000	31/03/2020 R'000
National departments						
Department of International Relation and Cooperation	-	604	-	-	-	604
Sub-total	-	604	-	-	-	604
Provincial departments						
Sub-total	-	-	-	-	-	-
Public entities						
Sub-total	-	-	-	-	-	-
Other entities						
Sub-total	-	-	-	-	-	-
Total	**-**	**604**	**-**	**-**	**-**	**604**

Annexure 11: Covid-19 Response Expenditure

Expenditure per economic classification	202/21				
	Q1 R'000	Q2 R'000	Q3 R'000	Q4 R'000	Total R'000
Goods and services	547	1 462	1 288	581	3 878
Consumables	547	1 183	1 279	578	3 587
Minor assets	-	160	9	3	172
Services	-	119	-	-	119
Total Covid-19 response expenditure	**547**	**1 462**	**1 288**	**581**	**3 878**

PART F

INDEPENDENT POWER PRODUCERS OFFICE FINANCIAL INFORMATION



GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Independent Power Producers Office ("IPP Office") manages the Independent Power Producers Procurement Programmes and related interventions and mandates, on behalf of the Department of Mineral Resources and Energy
Business address	The IPP Office Building 9, Byls Bridge Office Park Cnr Jean & Olievenhoutbosch Ave Centurion 0157
Legal Form	Unincorporated and unlisted entity (i.e. not a juristic person) managing the Independent Power Producers Procurement Programme of the Department of Mineral Resources and Energy
Auditors	Auditor-General of South Africa Registered Auditor
Preparer	The annual financial statements were compiled under the supervision of Harvest Chartered Accountant Inc
Approval	The annual financial statements were duly approved by the members of the Joint Implementation Committee (JIC) as indicated on the approval of the annual financial statements page below.

CONTENTS

JOINT IMPLEMENTATION COMMITTEE RESPONSIBILITY FOR FINANCIAL REPORTING

The Joint Implementation Committee is responsible for the preparation, integrity and objectivity of the Annual Financial Statements that fairly present the state of affairs of the IPP Office.

In preparing the Annual Financial Statements, the following has been adhered to:

- The Public Finance Management Act, No. 1 of 1999 (PFMA);
- International Financial Reporting Standards (IFRS).

To enable the Joint Implementation Committee to meet their financial reporting responsibilities:

- Management designed and implemented standards and systems of internal control to provide reasonable assurance as to the integrity and reliability of the Annual Financial Statements and to safeguard, verify and maintain the accountability of the IPP Office's assets;
- Appropriate accounting policies, supported by reasonable and prudent judgements and estimates were applied on a consistent and going concern basis.

The Joint Implementation Committee have a reasonable expectation that the IPP Office has adequate resources to operate in the foreseeable future and have adopted the going concern basis in preparing the Annual Financial Statements.

The Annual Financial Statements for the year ended 31 March 2021, that appear on pages 294 to 338, were approved by the Joint Implementation Committee via Round-Robin Resolution on 04 March 2022 and are signed on its behalf by:

Adv. Thabo Mokoena
Director General:
Department of Mineral Resource and Energy
(Duly authorised representative)

Tumisang Moleke
Chief Director: Public Private Partnerships Unit
National Treasury
(Duly authorised representative)

Catherine Koffman
Group Executive: Project Preparation
Development Bank of Southern Africa Limited
(Duly authorised representative)

Report of the auditor-general to the Joint Implementation Committee on the Independent Power Producers Office Report on the audit of the financial statements

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Independent Power Producers Office set out on pages 294 to 338, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as 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 Independent Power Producers Office as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and Public Finance Management Act of South Africa, 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 my report.

4. I am independent of the Independent Power Producers Office in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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 code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Accounting framework applied in the preparation of the financial statements

7. The legal status of the Independent Power Producers Office has not been determined and as such an accounting framework against which the annual financial statements were prepared was in accordance with the memorandum of agreement (MOA) entered into between the Department of Mineral Resources and Energy, the Development Bank of Southern Africa and National Treasury. The accounting framework to be applied by the IPPO as per the MOA, is the International Financial Reporting Standards (IFRS).

Responsibilities of the Joint Implementation Committee for the financial statements

8. The Joint Implementation Committee is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS and the requirements of the PFMA and for such internal control as the Joint Implementation Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the Joint Implementation Committee is responsible for assessing the Independent Power Producers Office'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 Independent Power Producers Office or to cease operations, or has no realistic alternative but to do so.

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

10. 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.

11. 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 compliance with legislation

Introduction and scope

12. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the Independent Power Producers Office's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

13. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

14. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 40(1)(c)(i) of the PFMA.

15. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework (IFRS) as required by section 40(1)(a) of the PFMA. Material misstatements on the incorrect application of IFRS 9: Financial Instruments, IFRS 15: Revenue from Contracts with Customers and IFRS 16: Leases identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

Expenditure Management

16. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Consequence management

17. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) and section 38(1)(h)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

Other information

18. The Joint Implementation Committee is responsible for the other information. The other information comprises the information included in the Joint Implementation Committees' report. The other information does not include the financial statements and the auditor's report.

19. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

20. 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, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. We have read the other information and we have not identified any inconsistencies in this regard.

Internal control deficiencies

21. I considered internal control relevant to my audit of the financial statements 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.

22. Leadership did not exercise adequate oversight on the financial statements before submitting them for audit, by ensuring that financial statements submitted for audit were prepared in accordance with the applicable financial reporting framework and did not contain material misstatements.

23. Leadership did not exercise adequate oversight to ensure there is compliance with the applicable legislation by ensuring that the financial statements are submitted within two months from year end as required by the PFMA.

24. Management did not review and monitor compliance with treasury regulation 8.2.3. to ensure that payments are made within 30 days of receipt of invoice.

25. Leadership did not exercise oversight over the development and implementation of consequence management related policies. Disciplinary steps were not taken against officials who had incurred irregular expenditure.

Auditor-General

Pretoria
10 March 2022

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 the procedures performed on the Independent Power Producers Office'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 Independent Power Producers Office's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Joint Implementation Committee
   - conclude on the appropriateness of the Joint Implementation Committee'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 Independent Power Producers Office 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 the Independent Power Producers Office 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 Joint Implementation Committee 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 provide the Joint Implementation Committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

JOINT IMPLEMENTATION COMMITTEES' (JIC) REPORT

The JIC consists of a total of three (3) members, being one member from each of the three parties to the Memorandum of Agreement established between the Department of Mineral Resources and Energy (DMRE), National Treasury (NT), and the Development Bank of Southern Africa Limited (DBSA).

The current members are:

I. Tumisang Moleke – National Treasury

II. Catherine Koffman – Development Bank of Southern Africa Limited

III. Adv. Thabo Mokoena – Department of Mineral Resources and Energy

The members have pleasure in presenting this report on the Annual Financial Statements of the IPP Office for the year ended 31 March 2021.

Financial results and activities

I. The financial results of the IPP Office are fully disclosed on pages 294 to 338. The key financial indicators for the year under review are:

II. Net profit of R49,963 million (31 March 2020: Net loss of R200,265 million)

III. Net interest income decreased by 54% to R11,674 million (31 March 2020: R25,604 million)

IV. Expected credit losses on financial assets at amortised cost amount to R4,462 million (31 March 2020: R123,866 million)

V. Operating income increased by 117% to R 38,289 million (31 March 2020: Operating loss of R225,870 million)

VI. Cash flow used in operations improved by 39% to R 56,197 million (31 March 2020: R92,195 million)

VII. Total Assets increased by 18% to R 469,624 million (31 March 2020: R397,727 million)

Business and registered address

The IPP Office's business and registered address details appear on page 285.

Changes in accounting policies

The accounting policies applied during the year ended 31 March 2021 are in all material aspects consistent with those applied in the Annual Financial Statements for the year ended 31 March 2020.

Events after the reporting period

The members are not aware of any matters or circumstances arising since the end of the financial year which will have a significant effect on the operations or the financial position of the IPP Office other than that disclosed in note 22 of the Annual Financial Statements on page 330.

Related party transactions

Details of the IPP Office's related party transactions are set out in note 19 of the Annual Financial Statements on page 323.

Information presented in terms of Section 55(2)(b) of the PFMA

I. **Particulars of material losses through criminal conduct and any irregular expenditure or fruitless and wasteful expenditure:** Other than the irregular expenditure reported in note 23 of the Annual Financial Statements on page 332, there were no instances where the IPP Office suffered material losses.

II. **Particulars of any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure:** there were no instances where the IPP Office sustained material losses.

III. **Particulars of any losses recovered or written off:** No material losses were recovered or written off other than in the ordinary course of business.

IV. **Particulars of any financial assistance received from the State and commitments made by the State on behalf of the IPP Office:** No financial assistance was received by the IPP Office.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

Figures in Rand	Note	2021	2020
Assets			
Non-Current Assets			
Property and equipment	2	9 130 325	14 144 507
Right-of-use assets	3	19 760 925	17 847 381
Intangible assets	4	1 815 243	2 335 489
		30 706 493	**34 327 377**
Current Assets			
Trade and other receivables	5	149 655 215	5 102 222
Other financial assets	6	80 000	80 000
Prepayments	7	324 781	349 181
Cash and cash equivalents	8	288 857 043	357 868 527
		438 917 039	**363 399 930**
Total Assets		**469 623 532**	**397 727 307**
Equity and Liabilities			
Equity			
Retained income		401 110 196	351 146 799
Liabilities			
Non-Current Liabilities			
Lease liabilities	27	11 156 158	-
Current Liabilities			
Trade and other payables	10	46 384 966	25 029 809
Lease liabilities	27	8 794 923	21 550 699
Contract liabilities	28	1 925 120	-
Provisions	9	252 169	-
		57 357 178	**46 580 508**
Total Liabilities		**68 513 336**	**46 580 508**
Total Equity and Liabilities		**469 623 532**	**397 727 307**

STATEMENT OF FINANCIAL PERFORMANCE AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rand	Note	2021	2020
Revenue	11	74 815 487	-
Other operating income	12	8 625 348	14 614 373
Movement in credit loss allowances	29	119 403 397	(94 389 929)
Transaction Adviser Costs	13	(30 748 874)	(68 540)
Employee Costs	14	(75 127 631)	(70 671 392)
Depreciation, amortisation and impairment expense	15	(26 761 664)	(36 128 400)
Other operating expenses		(31 916 887)	(39 225 947)
Operating profit (loss)	29	**38 289 176**	**(225 869 835)**
Interest income calculated at the effective interest rate	16	12 925 605	29 211 914
Interest expense calculated at the effective interest rate	17	(1 251 384)	(3 607 304)
Total comprehensive income (loss) for the year		**49 963 397**	**(200 265 225)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rand	Retained income	Total equity
Balance at 1 April 2019	**551 412 026**	**551 412 026**
Loss for the year	(200 265 225)	(200 265 225)
Balance at 1 April 2020	**351 146 799**	**351 146 799**
Profit for the year	49 963 397	49 963 397
Balance at 31 March 2021	**401 110 196**	**401 110 196**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rand	Note	2021	2020
Cash flows from operating activities			
Cash used in operations	18	(56 197 476)	(92 195 481)
Net cash utilised in operating activities		**(56 197 476)**	**(92 195 481)**
Cash flows from investing activities			
Purchase of property and equipment	2	-	(26 139)
Proceeds on disposal of property and equipment	2	-	139 855
Purchase of intangible assets	4	(218 108)	(18 955)
Interest received		12 925 605	33 633 475
Net cash from investing activities		**12 707 497**	**33 728 236**
Cash flows from financing activities			
Principal payment on lease liability		(21 550 699)	(28 208 398)
Principal payment lease liability (extension)		(2 719 422)	-
Interest paid on lease liability		(1 251 384)	(3 607 304)
Net cash utilised in financing activities		**(25 521 505)**	**(31 815 702)**
Total cash movement for the year		**(69 011 484)**	**(90 282 947)**
Cash at the beginning of the year		357 868 527	448 151 474
Total cash at end of the year	8&30	**288 857 043**	**357 868 527**

ACCOUNTING POLICIES

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Boards (IASB).

Basis of measurement

The annual financial statements have been prepared on the historical cost basis except for financial instruments held at fair value through profit or loss.

The annual financial statements were prepared on a going concern basis.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Significant estimates include:

Scope of the reporting entity

The Independent Power Producers Office ("IPP Office"), which manages the Independent Power Producer Procurement Programme (IPPPP) of the Department of Mineral Resources and Energy (DMRE), is managed as a stand-alone unincorporated and unlisted entity with its own management structure and management accounts. It was formed through a tripartite Memorandum of Agreement (MOA) between the DMRE (as programme owner), the National Treasury as represented by the Government Technical Assistance Centre (GTAC) (as the treasury function), and the Development Bank of Southern Africa Limited (DBSA) (as the administrative agent and host of the IPP Office). The Joint Implementation Committee (JIC), which consists of representatives of the three parties is the governance oversight structure of the IPP Office. The management of the IPP Office is responsible for preparing the annual financial statements in accordance with generally accepted accounting principles applied in accordance with the policies of the DBSA, namely IFRS. These annual financial statements provide financial information of the financial position, performance and cash flow for the IPP Office as a ring-fenced silo or reporting entity. To give effect to this principle, the ring-fenced assets and liabilities of the IPP Office can be described as follows:

- Cash equivalents and short-term investments of the IPP Office are held and administered by the GTAC and the DBSA, but in ring-fenced bank accounts used solely for receipt of income and reimbursement of expenditure associated with the IPP Office and incurred by the IPP Office in the execution of its mandates.
- The procurement of assets, goods and services is done through the DBSA (acting as an agent of the IPP Office) on behalf of the IPP Office and payment of suppliers for such items is made from the ring-fenced bank accounts. Notwithstanding their legal form, all related expenditure and asset purchases are in substance under the control of and exclusively for the benefit, use and consumption of the IPP Office and its staff in the execution of its mandate. All property, plant and equipment, including leased assets, procured on behalf of the IPP Office is held at the IPP Office's premises. The IPP Office is also responsible for asset management and ensuring and maintaining adequate insurance cover for all assets and liabilities of the IPP Office.

- Where trade receivables or other financial assets arise relating to revenue, other income or amounts receivable associated to the IPP Office, the cash subsequently received is deposited into the ring-fenced bank accounts for future use by the IPP Office, and no other party has any legal claims against such amounts held on behalf of the IPP Office.
- The IPP Office is responsible for record-keeping, in its own separate set of accounts, of all transactions, including the resulting assets, liabilities, income and expenditure, entered into on its behalf in the execution of its mandate. Control over and accountability for these assets and liabilities is therefore assumed, for the purposes of these financial statements to vest in the management of the IPP Office. Consequently:
  1) The readily available cash resources held by GTAC and the DBSA on behalf of the IPP Office are classified in these financial statements as cash and cash equivalents (rather than receivables) and finance income and bank charges relating to these accounts are recognised as income or expenditure of the IPP Office.
  2) Assets, goods and services (and related expenditure) procured under the legal name of the DBSA are recognised as assets or expenditure of the IPP Office, and where supplier payment is outstanding, the related trade payable is recognised as a liability in the financial statements of the IPP Office. Prepayments relating to the procurement of assets, goods and services on behalf of the IPP Office are also recognised as that of the IPP Office.
  3) Any accruals, provisions and contingent liabilities arising from transactions entered into in the execution of the IPP Office mandate are also recognised or disclosed as liabilities of the IPP Office.
  4) The IPP Office reimburses DBSA for employee costs in respect of staff employed by the DBSA to work fulltime at the IPP Office and these costs are recognised as employee costs of the IPP Office.
  5) Revenue and other income, including finance income, arising from the mandate and activities of the IPP Office and related trade receivables and other financial assets are also recognised in the financial statements of the IPP Office.

The effect of these judgements is that the IPP Office is treated as a stand-alone entity for financial reporting purposes, similar to a government business enterprise. Any further clarification of the entity's legal status or amendments to its role and mandate in the future may impact these judgements accordingly, which may necessitate adjustments to these financial statements.

Going concern

The IPP Office has been assessed as a going concern as at 31 March 2021. This assessment is supported by the budget for the next 12 months. The budgets prove that there will be adequate cash resources to cover all expenses for the budget period. The budget further confirms that there will be adequate cash resources on 31 March 2022 to cover expenses of the IPP Office for the foreseeable future. The budget for the 2022 financial year was approved by the JIC. Management is not aware of any conditions which exist to negatively impact the entity's ability to continue to operate as a going concern. The financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Depreciation and amortisation

Management estimates the useful life and residual values of property, plant and equipment, and intangible assets based on the information available at the time of making the estimate. Management revises these estimates on an annual basis where new information becomes available. Changes in accounting estimates are accounted for on a prospective basis in the year of assessment.

Residual values of property, plant and equipment and intangible assets

A residual value of 2.56% has been determined for computer equipment and furniture and fixtures. This estimate is based on the realisable value obtained when similar assets were recently sold. All intangible assets owned by the IPPO are unique to the IPPO. Once these items are regarded as obsolete, they have no value to the IPPO as they cannot be used anymore or sold. They are then impaired to a nil value before being removed in totality from the entities books at a later stage once the necessary authorisation has been granted.

Useful lives of property, plant and equipment and intangible assets

During the financial year, management determined that the useful life of certain items of intangible assets, computer equipment and furniture and fittings should be increased. This is due to management realising that they would be able to utilise these assets for a longer period than envisioned as they were still in good condition. Assets such as furniture and computer equipment are continuously inspected by the departments responsible for their physical management throughout the year for any defects that would render them unusable. If any defects are found, this is recorded within each departments respective Asset Register and this information would then be passed onto the finance department to make any necessary adjustments to the fixed asset register.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the depreciation expense in the current financial year by R3 631 869.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions.

An impairment charge of R212 275 arose on the intangible assets, resulting in their carrying amount of R212 275 being written down to a recoverable amount of nil. The recoverable amount is the assets' value in use. Based on historical returns the realisable value was considered to be immaterial. These items had either expired, were no longer needed or there was no further use for them thus there are no future cash flows expected to be derived from these assets. There was no discount rate used to calculate the value in use as the value of the estimated cash flows was nil. These cash flow estimates are specific to the IPP Office. When assessing intangible assets for impairment, consideration is not given to whether these asset may have a fair value due to the fact that the intangible assets owned by the IPPO are unique to the IPPO and cannot be sold.

Provisions and contingencies

Management's judgement is required when recognising and measuring provisions. Provisions are discounted where the effect of discounting is material. Contingent liabilities may arise from the ordinary course of business in relation to claims against the IPP Office. By their nature, contingencies will be resolved only when one or more uncertain future events occurs or fails to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Revenue from contracts with customers

The following judgements were applied that significantly impact the recognition of revenue from contracts with customers:

Identification of the customer and the contract

The IPP Office manages the Independent Power Producers Procurement Programmes and related interventions and mandates, on behalf of the DMRE. In doing so, the IPP Office becomes entitled to its revenue primarily through the agreements signed between Independent Power Producers and the DMRE. Although the IPP Office is not a signatory to these agreements, the agreements provide for development fee revenue and economic development performance penalties to be paid by Independent Power Producers to the ring-fenced bank account of the IPP Office. The IPP Office has determined these agreements to be the relevant contracts that give rise to revenue from customers, and establish the Independent Power Producers as the customers of the IPP Office.

Determining performance obligations

In delivering on its mandate for the procurement and contract management of Independent Power Producers, the IPP Office conducts the following core activities:

- Conceptualise and conduct the procurement programmes;

- Prepare and negotiate the Power Purchase Agreements;
- Prepare and negotiate the other Agreements and facilitate the satisfaction of any conditions precedent to financial close; and
- Monitor, evaluate, as well as contract manage the implementation of the Implementation Agreement.

Upon consideration of these activities, the IPP Office has defined its performance obligations to customers as:

- The provision of tender documents to interested parties;
- Preparing all documentation required to enable financial close for successful bidders; and
- Monitoring, evaluation and contract management of implementation agreements signed by successful Independent Power Producers.

Determining the timing of satisfaction of performance obligations

Tender document sales revenue is recognised when tender documents are delivered to interested parties. When successful bidders reach the financial close milestone, the IPP Office recognises development fee revenue. The IPP Office has determined that the monitoring, evaluation and contract management of implementation agreements is an insignificant performance obligation. Its performance obligation to Independent Power Producers in respect of development fee revenue is substantially delivered upon successful financial close. Following the evaluation process and the announcement of the preferred bidders by the Minister of Mineral Resources and Energy the preferred bidders are required to pay a predetermined amount per MW into the ring-fenced account at GTAC.

Determining the transaction price and allocating the transaction price to performance obligations

Since each performance obligation has a distinct revenue stream, no significant judgements and estimation was required to determine the transaction price and allocate it to performance obligations. The accounting policy note for revenue describes the accounting for each revenue stream.

Measurement of expected credit losses (ECL)

Management exercises judgement in determining whether a debtor is credit impaired. At any time, the entity's debtor's book consists of a small number of debtors to whom the IPP Office has direct access to communicate. In determining the impairment of the debtor, management considers the behaviour of each debtor, circumstances and knowledge gathered from interactions with the debtor, along with the timing and amount of the payments expected to be made by each debtor. These considerations are taken into account in the assessment of the following:

- whether the credit risk of the financial asset has significantly increased since initial recognition and incorporation of forward looking information in the measurement of expected credit losses; and
- establishing the appropriate weightings for inclusion in the ECL calculation.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

1.3 Property and equipment

Property and equipment are tangible assets which the IPP Office holds for its own use and which are expected to be used for more than one year.

An item of property and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the IPP Office, and the cost of the item can be measured reliably.

Property and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the IPP Office and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Leasehold improvements	Straight line	Expiry of MOA
Furniture and fixtures	Straight line	5 to 11 years
Motor vehicles	Straight line	7 years
Security systems	Straight line	7 years
Computer equipment	Straight line	4 to 11 years
Work-in-progress	Straight line	*

* Assets under construction (work-in-progress) are not depreciated. Depreciation of assets under construction (work-in- progress) will commence when the asset is available for use and is transferred from work-in-progress to the relevant asset category.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an intangible asset, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Research and development costs

Research and development costs relate to the CRM system (see below). Research costs are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the IPP Office can demonstrate:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recognised in profit or loss. During the period of development, the asset is tested for impairment annually.

CRM system

The Microsoft Dynamics CRM System was developed by a third party based on the IPP Office's needs and specifications to assist with the procurement function. There are no restrictions on the use of the system by the IPP Office and ownership of the system has been transferred to the IPP Office.

The CRM system is recognised as an intangible asset and the development cost of the system is capitalised when incurred. Subsequent costs are capitalised if they meet the criteria for recognition of development cost.

Website

A website was developed to assist the IPP Office in the procurement and bidding process. The website provides background information on the IPP Office and information on bid windows. The costs associated with the development of the website to generate future economic benefits cannot be distinguished from the costs relating to the dissemination of information and therefore costs associated with development and maintenance of the website are recognised as an expense when incurred.

Amortisation of the software commences when the asset is available for use as intended by management. Amortisation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
CRM systems	Straight line	4 to 8 years
Computer software	Straight line	1 to 11 years

1.5 Financial instruments

Financial instruments held by the IPP Office are classified in accordance with the provisions of IFRS 9 Financial Instruments. An entity shall recognise a financial asset or a financial liability when, and only when, the entity becomes party to the contractual provisions of the instrument.

Classification at initial recognition

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the entity's business model for managing them. The IPP Office's financial assets give rise to cash flows that are "solely payments of principal and interest" on the principal amount outstanding. Additionally, the entity's financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. At initial recognition, all financial assets are therefore classified as subsequently measured at amortised cost. IPP Office's financial liabilities are classified at initial recognition as subsequently measured at amortised cost.

Initial measurement

The IPP Office initially measures financial instruments at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The only exception is trade receivables for which the entity has applied the practical expedient under IFRS 15. These trade receivables are measured at the transaction price determined under IFRS 15.

Financial assets

Trade receivables

Trade receivables are subsequently measured at amortised cost using the EIR method, less impairment. The unwinding of the interest is included in other operating income in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Measurement of expected credit losses (ECL)

The IPP Office measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on call held and administered on behalf of the IPP Office in ring-fenced accounts by GTAC and the DBSA, all of which are considered to be highly liquid and available for use by the IPP Office unless otherwise stated. Cash and cash equivalents are subsequently measured at amortised cost. The IPP Office does not have any overdraft facilities. Included in cash and cash equivalents are short-term investments. Short-term investments relate to investments in money market instruments and fixed deposits which include short-term investments held on behalf of the IPP Office by GTAC. Short-term investments are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. The unwinding of interest on these investments is included in investment income in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Other financial assets

Other financial assets relate to deposits paid. They are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. The unwinding of interest on these financial assets is included in finance income in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities

Trade payables

Trade payables, which are primarily settled on 30 day terms, are subsequently measured at amortised cost using the EIR method.

Derecognition

Financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the IPP Office has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

a) the IPP Office has transferred substantially all the risks and rewards of the asset, or

b) the IPP Office has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability (or a part of a financial liability) is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.6 Leases

The IPP Office assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the IPP Office has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the IPP Office is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the IPP Office recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the IPP Office is a lessee are presented in note 3 Leases (the IPP Office as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. The lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Since the interest rate implicit in the lease could not be readily determined, the IPPO elected to use the prescribed rate of interest as it's basis for the incremental borrowing rate, as that was the rate levied on outstanding development fees and economic development penalties. The prescribed interest rate being the repo rate plus 3.50%.

The prescribed rate changed as follows during the previous two financial years:

1 January 2019	10.25%
1 September 2019	10.00%
1 March 2020	9.75%
1 May 2020	8.75%
1 June 2020	7.75%
1 July 2020	7.25%
1 September 2020	7.00%

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the IPP Office under residual value guarantees;
- the exercise price of purchase options, if the IPP Office is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the IPP Office is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in interest paid on lease liability. The IPP Office determines the lease term as the non-cancellable period of the lease together with both periods covered by an option to extend the lease if the IPP Office is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if IPP Office is reasonably certain not to exercise that option.

The IPP Office remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the IPP Office will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the statement of financial position.

Lease payments included in the measurement of the right-of-use asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the IPP Office incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the IPP Office expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property and equipment. Refer to the accounting policy for property and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.7 Impairment of assets

The IPP Office assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the IPP Office estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the IPP Office tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.8 Employee benefits

Short-term employee benefits

The IPP Office recognises the undiscounted amount of short-term employee benefits (those payable wholly within 12 months after the service is rendered, such as salaries, wages and bonuses) as an expense in the period in which the service is, rendered.

The expected cost of short-term employee benefits in the form of compensated absences (such as annual leave and sick leave) is recognised as follows:

- in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and
- in the case of non-accumulating compensated absences, when the absences occur.

1.9 Revenue from contracts with customers

The IPP Office recognises revenue from the following major sources:

- Tender documents sales;
- Development fee income;
- Economic Development Performance Penalties; and
- Preferred Bidders fee.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The IPP Office recognises revenue when it transfers control of a product or service to a customer.

Tender document sales

Nature of revenue: Prospective bidders pay a non-refundable project registration fee to gain access to the request for proposal (RFP) documentation setting out the tender details and requirements. This fee also entitles the bidder to submit one project at the bid submission date. If the prospective bidder intends to submit more than one project each project must be registered separately and pay the non-refundable fee accordingly.

Performance obligation: Supplying the bidders with the RFP documentation on the dedicated website.

Satisfaction of performance obligation: When the IPP Office releases the RFP documentation on their dedicated website for download by the prospective bidders.

Payment terms: There are no significant payment terms because all payments must be made immediately to the Project Development Fund established by National Treasury.

Development fee income

There are two types of development fee's namely Renewable Energy Independent Power Producers Procurement Programme (REIPPPP) as well as Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP) income.

Nature of revenue: A development fee, based on a percentage of the total project cost, is payable by successful bidders, which is used to sustain and fund the general activities of the IPP Office (including the ongoing monitoring of projects).

Definitions

Financial close: The date on which the Seller, as the Borrower under the Financing Agreements, has received confirmation that all suspensive conditions to the Financing Agreements have either been met to the relevant Lenders' satisfaction or have been appropriately waived by the Lenders.

Commercial close: The effective date as defined in the Implementation Agreement.

Effective date: The effective date is the date that the seller gives notice to the Department that all conditions precedent to financial close under the financing agreements have been fulfilled.

Signature date: The date that the Implementation Agreement is duly executed by each of the parties.

Renewable Energy Independent Power Producers Procurement Programme (REIPPPP)

Performance obligation: To evaluate the bids submitted.

Satisfaction of performance obligation: When the bids have been evaluated.

Payment terms: The development fee is payable in two tranches, namely

Commercial close: A pre-determined amount negotiated with each individual bidder, as recorded in the implementation agreement. This amount is payable within ten business days after the signature date. The amount paid will be deducted from the amount payable by the seller as the development fee at financial close. Due to the fact that there are still conditions precedent to be fulfilled, the full development fee revenue is not recognised at this stage.

Financial Close: The balance of the development fee is payable within ten business days of the effective date.

There are no significant payment terms as payments need to be made within ten business days after signature date as well as effective date in respect of commercial and financial close respectively.

Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP)

Performance obligation: To perform the financial close procedures.

Satisfaction of performance obligation: Finalisation of the financial close procedures.

Payment terms: The development fee is payable in two tranches, namely

Preferred Bidders Fee: Subsequent to the receipt of bid responses and evaluation thereof, each bidder who is provisionally informed of their preferred bidder status, will be required to pay a preferred bidder fee to the Department of Mineral Resources and Energy (the Department). The bidder fee will amount to R25 000 for each megawatt of the contracted capacity of the project. The payment should be made on the date on which the preferred bidder provides the department with the preferred bidder project development undertaking. The amount paid by the preferred bidder will be deducted from the amount payable by the seller as the development Fee at commercial close. The payment should be made on the date on which the preferred bidder provides the department with the preferred bidder project development undertaking. Therefore the revenue amount is not adjusted for any significant financing component.

Commercial Close: Upon commercial close the balance of the development fee becomes payable within twenty business days of the signature date. The signature date is the date that the Implementation Agreement is duly executed by each of the parties. If the bidder fails to pay the development fee on or before the twentieth business day after the effective date, then the seller shall be entitled to a period of twenty business days (remedy period) to make the necessary payment. If the seller fails to pay the development fee within the remedy period, the Department shall be entitled, at any time, for as long as the development fee remains unpaid, to terminate this agreement. The entity generally expects to receive payment within 20 days of Commercial Close. Therefore the revenue amount is not adjusted for any significant financing component.

Economic development performance penalties

Nature of revenue: In terms of the implementation agreement with the Independent Power Producers, the Independent Power Producers have Economic Development Performance obligations they commit to at the beginning of each project. At the end of the construction measurement period and thereafter at the end of each contract year in the operating measurement period, an assessment of the compliance with the Economic Development Performance obligations is made by the IPP Office. If there is a negative discrepancy between the actual performance and agreed upon performance as per the implementation agreement, the Independent Power Producer is required to pay an Economic Development Performance Penalty based on the calculation stated in the implementation agreement. If there is a positive discrepancy between the actual performance and agreed upon performance as per the implementation agreement, the Department of Mineral Resources and Energy (the Department) awards an Economic Development Performance Credit based on the calculation stated in the implementation agreement. The Economic Development Performance Deductions/Credits calculated are provisional, pending confirmation from the Department following the audit reports from the Independent Power Producers' independent auditors or the assessment of compliance with the Economic Development Performance obligations by the IPP Office.

Performance obligation: Assessment of compliance with the Economic Development Performance obligations.

Satisfaction of performance obligation: There are two instances when performance obligations are satisfied namely:

Independent Power Producer is in agreement with the assessment of their performance by the IPP Office

The performance obligation shall be satisfied once communication is received from the Independent Power Producer stating that they are in agreement with the assessment.

Independent Power Producer is not in agreement with the assessment of their performance by the IPP Office

The Independent Power Producer is afforded the opportunity to source an independent auditor to assess their compliance with the Economic Development Performance obligations. The audit report from the independent auditor needs to be submitted within six months after the end of the applicable year. Upon receipt of the applicable annual audit reports the IPP Office confirms any Economic Development Performance Deductions incurred by the Independent Power Producer for the applicable period. This is when the performance obligation is satisfied.

Payment terms: There are no significant payment terms because the penalties are payable within 15 working days from invoice date. If payment is not received within this time, interest is levied on the outstanding amount at the prescribed rate of interest until payment is received. The IPP Office generally expects to receive payment within 15 days of assessing compliance, therefore the revenue amount is not adjusted for any significant financing component.

Preferred Bidders Fee

Nature of revenue: Subsequent to the receipt of bid responses and evaluation thereof, each bidder who is provisionally informed of their preferred bidder status, will be required to pay a preferred bidder fee to the Department of Mineral Resources and Energy (the Department). The bidder fee will amount to R25 000 for each megawatt of the contracted capacity of the project. The amount paid by the preferred bidder will be deducted from the amount payable by the seller as the development Fee at commercial close. For the revenue to be recognised the Preferred Bidder must have been announced by the Minister of Mineral Resources and Energy.

Performance obligation: Evaluation process concluded by the IPPO and the announcement of the preferred bidders by the Minister of Mineral Resources and Energy.

Payment terms: The payment should be made on the date on which the preferred bidder provides the department with the preferred bidder project development undertaking thus there are no significant payment terms.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Property and equipment

Figures in Rand	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	3 755 380	(3 082 401)	672 979	3 755 380	(2 691 739)	1 063 641
Leasehold improvements	28 346 127	(27 225 040)	1 121 087	28 346 127	(24 198 105)	4 148 022
Computer equipment	10 233 529	(7 703 876)	2 529 653	10 233 529	(7 570 426)	2 663 103
Security systems	11 853 744	(7 901 240)	3 952 504	11 853 744	(6 438 105)	5 415 639
Capital – Work in progress	854 102	-	854 102	854 102	-	854 102
Total	**55 042 882**	**(45 912 557)**	**9 130 325**	**55 042 882**	**(40 898 375)**	**14 144 507**

Reconciliation of property and equipment – 2021

Figures in Rand	Opening balance	Depreciation	Total
Furniture and fixtures	1 063 641	(390 662)	672 979
Leasehold improvements	4 148 022	(3 026 935)	1 121 087
Computer equipment	2 663 103	(133 450)	2 529 653
Security systems	5 415 639	(1 463 135)	3 952 504
Capital – Work in progress	854 102	-	854 102
	14 144 507	**(5 014 182)**	**9 130 325**

Reconciliation of property and equipment – 2020

Figures in Rand	Opening balance	Additions/ Transfers	Disposals	Depreciation	Total
Furniture and fixtures	1 161 053	26 138	-	(123 550)	1 063 641
Motor vehicles	101 614	-	(75 793)	(25 821)	-
Leasehold improvements	11 236 002	-	-	(7 087 980)	4 148 022
Computer equipment	3 274 839	170 210	(187 184)	(594 762)	2 663 103
Security systems	6 541 097	-	-	(1 125 458)	5 415 639
Capital – Work in progress	1 248 749	(150 729)	(243 918)	-	854 102
	23 563 354	**45 619**	**(506 895)**	**(8 957 571)**	**14 144 507**

Changes in estimates

During 2021, the IPP Office conducted an operational efficiency review which resulted in changes in the expected usage of certain asset classes. As a result, the expected useful life of the assets increased and their estimated residual value remained the same.

The useful lives of the following asset classes was reassessed:

Asset class	Initial useful life	Reassessed
Furniture and fixtures	5 to 9 years	5 to 11 years
Computer Equipment	4 to 9 years	4 to 11 years
Leasehold Improvements	Lease period	Expiry of MOA
Security System	5 years	7 years

The effect of these changes on actual and expected depreciation expense, was as follows:

Figures in Rand	2021	2022	2023
(Decrease)/increase in depreciation expense	(2 846 534)	2 627 570	218 964

Other information

Figures in Rand	2021	2020
Fully depreciated property, plant and equipment still in use	271 523	271 523

Temporarily idle property, plant and equipment

At 31 March 2021, plant and equipment with a carrying amount of R262 205 were temporarily idle, but the entity plans to operate the assets in 2022 once office space becomes available.

3. Right-of-use assets

The IPP Office originally leased their offices in Centurion, which is located at Building 9, Byls Bridge Office Park, Cnr Jean and Olievenhoutbosch Avenue, with a surface area of 10 500 m^2 including office premises and covered parking. When the lease terminated on 30 November 2020, the IPP Office entered into a new lease for 18 months occupying only the ground floor, first floor and one floor of basement parking with a floor area of 3 687 m^2. The lease terminates on 31 May 2022.

All leases are recognised as right-of-use assets with corresponding lease liabilities at the date on which the leased asset is available for use by the IPP Office.

The balance sheet shows the following relating to leases.

Right-of-use asset carrying value

Figures in Rand	2021	2020
Buildings	19 760 925	17 847 381

As the current MoA expires on 30 April 2023, management recently took the decision to approach National Treasury for permission to extend the lease until expiry of the MoA. The Right-of-Use Asset and Liability have been adjusted to take account of the revised lease period.

Reconciliation of the right-of-use assets

Figures in Rand	2021	2020
Balance at 1 April 2020	17 847 381	44 571 417
Depreciation charge for the year	(21 009 128)	(26 724 036)
Additions to right-of-use assets	22 922 672	-
	19 760 925	**17 847 381**

Depreciation recognised on right-of-use assets

Figures in Rand	2021	2020
Buildings	(21 009 128)	(26 724 036)

4. Intangible assets

Figures in Rand	2021			2020		
	Cost	Accumulated amortisation and impairment loss	Carrying value	Cost	Accumulated amortisation and impairment loss	Carrying value
Computer software	5 412 759	(4 377 544)	1 035 215	5 372 672	(3 819 553)	1 553 119
CRM systems	3 199 239	(2 419 211)	780 028	3 021 218	(2 238 848)	782 370
Total	**8 611 998**	**(6 796 755)**	**1 815 243**	**8 393 890**	**(6 058 401)**	**2 335 489**

Reconciliation of intangible assets – 2021

Figures in Rand	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software	1 553 119	40 088	(384 642)	(173 350)	1 035 215
CRM systems	782 370	178 020	(141 437)	(38 925)	780 028
	2 335 489	**218 108**	**(526 079)**	**(212 275)**	**1 815 243**

Reconciliation of intangible assets – 2020

Figures in Rand	Opening balance	Additions	Amortisation	Total
Computer software	1 769 478	42 735	(298 020)	1 514 194
CRM systems	970 069	-	(148 774)	821 295
	2 739 547	**42 735**	**(446 794)**	**2 335 489**

Change in estimates

During 2021, the IPP Office conducted an operational efficiency review which resulted in changes in the expected usage of certain asset classes. As a result, the expected useful life of the assets increased and their estimated residual value remained the same.

The useful lives of the following asset classes was reassessed:

Asset class	Initial useful life	Reassessed
CRM systems	4 to 6 years	4 to 8 years
Computer software	1 to 9 years	1 to 11 years

The effect of these changes on actual and expected amortisation expense, was as follows:

Figures in Rand	2021	2022	2023
(Decrease)/increase in amortisation expense	(785 335)	724 925	60 410

5. Trade and other receivables

Trade and other receivables relate to debtors that have arisen during the ordinary course of business, consisting of Independent Power Producers (IPPs) operating under the REIPPP and Risk Mitigation programme. The IPPs are spread across different revenue streams/categories being: Tender document sales, Development Fee Income, Economic Development Penalties, and Preferred Bidder Fees.

Sundry receivables are prepayments in respect of computer licenses and are expensed over the period of the agreement. These are not subject to an impairment charge.

Trade and other receivables comprise:

Financial instruments

Figures in Rand	2021	2020
Trade receivables	153 721 886	123 980 865
Loss allowance	(4 462 235)	(123 865 632)
Trade receivables at amortised cost	149 259 651	115 233
Sundry receivable	395 564	4 986 989
Total trade and other receivables	**149 655 215**	**5 102 222**

Split between non-current and current portions

Figures in Rand	2021	2020
Current assets	149 655 215	5 102 222

Financial instrument and non-financial instrument components of trade and other receivables

Figures in Rand	2021	2020
At amortised cost	149 655 215	5 102 222

Exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the IPP Office. The REIPPP and Risk Mitigation Programmes of IPPs are designed in such a way that the financial stability of the IPP is guaranteed as a means of mitigating the risk of IPPs experiencing financial distress or liquidation, resulting in financial losses from defaults. The financial stability of each IPP is assessed and confirmed at the bid evaluation stage under the financial criteria evaluation. The IPP Office reviews the recoverable amount of each trade debt per IPP based on revenue streams; Tender document sales are cash sales. Thus, expected credit losses are assessed on the remaining revenue streams, resulting in trade receivables being: Development Fee Income, Economic Development Penalties, and Preferred Bidder Fees.

In calculating expected credit loss, trade receivables and sundry receivables have been assessed separately as the credit risk of each is considered differently. IPP Office management considers past due (whether a trade receivable is more than 90 days past due) and forward-looking quantitative and qualitative information.

Forward-looking information includes an adverse change in the macroeconomic factors the assessment of the future outlook of the Renewable Energy industry in which the debtor operates.

The expected loss rates are based on historical losses over the three years preceding 31 March 2021 and 1 April 2020. The historical loss rates are adjusted to reflect current and forward-looking information. Current information is the financial stability of each IPP based on financial models confirmed at the bidding stage and repayment commitments of debtors at year-end. IPP Office determined forward-looking information based on probability theory since changes in macroeconomic factors such as employment rates, inflation rates, COVID-19 impact, etc., do not affect the customer's ability to settle the receivables.

The loss allowance provision is determined as follows:

	2021		2020	
Figures in Rand	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Debtors				
Not past due	39 847 005	754 975	7 811 859	7 696 626
Less than 30 days past due	1 081 245	30 187	81 408	81 408
31–60 days past due	872 123	28 431	15 285	15 285
61–90 days past due	865 507	28 216	142 373	142 373
More than 120 days past due	111 056 006	3 620 426	115 929 940	115 929 940
	153 721 886	**4 462 235**	**123 980 865**	**123 865 632**

The results of the provision matrix are summarised as follows:

Weighted average expected credit loss rate	> 120 days	90–120 days	61–90 days	31–60 days	1–30 days
31 March 2021	3.26%	3.26%	3.26%	2.79%	1.89%

31 March 2021	> 120 days	90–120 days	61–90 days	31–60 days	1–30 days	Total
Gross carrying amount	111 056 006	865 507	872 123	1 081 245	39 847 005	153 721 886
Provision for lifetime expected credit losses	(3 620 426)	(28 216)	(28 431)	(30 187)	(754 975)	(4 462 235)
Net carrying amount at end of the year	**107 435 580**	**837 291**	**843 692**	**1 051 058**	**39 092 030**	**149 259 651**

Weighted average expected credit loss rate	> 120 days	90–120 days	61–90 days	31–60 days	1–30 days
31 March 2020	100.00%	100.00%	100.00%	100.00%	98.50%

31 March 2020	> 120 days	90–120 days	61–90 days	31–60 days	1–30 days	Total
Gross carrying amount	115 929 940	142 373	15 285	81 408	7 811 859	123 980 865
Provision for lifetime expected credit losses	(115 929 940)	(142 373)	(15 285)	(81 408)	(7 696 626)	(123 865 632)
Net carrying amount at end of the year	**-**	**-**	**-**	**-**	**115 233**	**115 233**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Figures in Rand	2021	2020
Opening balance in accordance with IFRS 9	**(123 865 632)**	**(29 475 703)**
Movement in credit loss allowance	119 403 397	(94 389 929)
Provision raised on new trade receivables	(8 335 436)	(108 735 905)
Provision reversed on settled trade receivables	110 010 004	-
Provision reversed due to debt written off	8 538 106	14 345 976
Provision reversed due to debt recovered	9 190 723	-
Closing balance	**(4 462 235)**	**(123 865 632)**

Expected credit loss (ECL) of R4 million (31 March 2020: R124 million) mainly from development fee and Economic Development penalties debtors has been recognised against gross current receivables from REIPPP Programme customers of R154 million (31 March 2020: R124 million) an ECL coverage of 2.6% (31 March 2021: 100%). The significant fluctuation in expected credit loss in both years is due to two (2) receivables; ACWA Power/Redstone and Economic Development Penalties by ENEL Green Power (Pty) Ltd. In measuring ECL the IPP Office considers current information regarding circumstances specific to the IPPs involved and forward looking information respectively.

Development fee receivable (ACWA Power) and ENEL Green Power (Pty) Ltd (a holding company to five (5) projects which incurred penalties invoiced in 2018 financial period) are main drivers of significant fluctuations in ECL recognised in the 2020 and 2021 financial periods due to the following:

Reasons for significant decrease in ECL in 2021 – analysis of debtor specific information available at year-end

Development fee: Trade receivables (ACWA Power/Redstone)

In January 2021, Redstone Solar Thermal Power (Pty) Ltd Project met requirements to resume construction and deliver an additional 100 MW to the Grid by 2023 according to the final proposal and approval of the Board of Eskom for the amendments to the PPA. On 24 February 2021, the Seller (Redstone) and Eskom reached a consensus on the 1st amendment to the PPA. NERSA provided its consent to the amendments on 17 March 2021 to Eskom. IPP Office received a commitment from Redstone to repay the amount past due which was subsequently received after year-end. Management considers this delay an anomaly and has been the only Project out of 105 Projects concluded up to BW4 that never paid its Development Fee on time.

Ed Penalty fees: Trade Receivables (ENEL Green Power)

The dispute was resolved and settlement of the principal amount was received, ENEL made a settlement payment of R9 150 913 (R14 927 238 less R5 776 408) during October 2020.

The dispute was resolved and the interest on principal amount was written off. As the Implementation Agreement was silent on the levying of interest, the IPP Office agreed to write-off the interest charged for accumulating funds in the ringfenced accounts of ENEL Green Power.

Further considerations specific to the renewable energy industry

At the reporting date, the IPP Office considered whether the delays due to isolated challenges of the two debtors which existed in the previous reporting periods existed at the reporting date and concluded none existed.

In considering economic factors specific to the renewable energy industry of the IPPs, management considered the poor financial health of Eskom as a single buyer of power from IPPs. Management concluded that the government's sovereign guarantee in place, to be called on to pay IPPs in the event that Eskom defaults, mitigates the risk of financial losses by the IPP Office in development fees and Economic Development penalties due to default by these IPPs because of financial or operational distress.

Reasons for significant increase in ECL in 2020 – analysis of debtor specific information available at year-end

Development fee: Trade receivables (ACWA Power/Redstone)

The payment was delayed due to outstanding NERSA approval for the amendments to the PPA. This meant Redstone could not start operations to generate income unless the PPA was signed.

Ed Penalty fees: Trade Receivables (ENEL Green Power)

The dispute was not resolved and a penalty was charged on the princial amount. ENEL Green Power had five Projects that incurred Economic Development Penalties of R14 927 238 (principal value) for the contract year ended 31 March 2018. In response to the Economic Development penalty fee invoice issued by IPP Office with regards to the penalty, ENEL advised the IPP Office that the five projects invoiced for penalties have set aside R5 776 408 into a ring-fenced account. These funds make up for some of the shortfalls on the underspend on ED/SED obligations for the 2018/2019 contract year. The amount unspent by ENEL's projects on ED/SED activities as obligated in 2018 was due to a delay by relevant community entitled to benefit from ED/SED spend as they were still considering projects to undertake. The Implementation Agreement, however, makes allowance for this, but ENEL must have sought/obtained the consent of the Department to avoid incurring a penalty.

The dispute was not resolved and interest was charged on the principal amount of Economic Development penalty in the 2018/2019 contract year, the quantum of the penalties was under dispute. The IPP Office charged interest at the prescribed rate on the outstanding principal debt. As the Implementation Agreement was silent on the levying of interest, ENEL disputed the validity of interest charged by IPP Office.

Further considerations specific to the renewable energy industry

In the 2020 financial year, the IPP Office considered observable specific evidence indicating a financial asset (ACWA Power and ENEL trade receivables) to be credit-impaired based on observable indicators such as: Both IPPs past 90 days due, Redstone's ability to pay (not entering financial difficulties) since the PPA was not yet signed and ENEL refusal to pay the disputed amounts invoice for ED Penalties.

Fair value of trade and other receivables

The fair value of (increase)/decrease trade and other receivables approximates their carrying amounts. Expected credit loss allowance decreased significantly for the year ended 31 March 2021 as one of the IPP Office significant debtors (ACWA Power) settled in full their outstanding balance, thus this material forward looking data was incorporated in the Provision matrix.

6. Other financial assets

At fair value through profit or loss – designated

Figures in Rand	2021	2020
Deposits	80 000	80 000

The deposits include an amount of R80 000 for electricity deposits and will be refundable when the lease agreements expire. The deposits do not accrue interest.

Current assets

Figures in Rand	2021	2020
Deposits	80 000	80 000

7. Prepayments

Figures in Rand	2021	2020
Prepaid license fee	324 781	349 181

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Figures in Rand	2021	2020
Cash on hand	15 509	15 514
Bank balances	272 405	80 059
Short-term deposits	288 569 129	357 772 954
	288 857 043	**357 868 527**

The IPP Office holds a deposit as at 31 March 2021 for an amount of R142 436 000 (2020: R284 208 000) and earns interest at 3.65% per annum (2020: 7% p.a).

The deposit amount was for a period of 6 months (2020: 3 months) and the maturity date is at 8 April 2021 (2020: 7 April 2020).

9. Provisions

Reconciliation of provisions – 2021

Figures in Rand	Opening balance	Additions	Total
Provision for dismantling/exit	-	252 169	252 169

The provision is the estimated cost to remove and repair, the leasehold improvements when the lease term expires and a new lease agreement is not entered to.

10. Trade and other payables

Financial instruments

Figures in Rand	2021	2020
Trade payables	24 591 309	16 704 840
Accrued leave pay	3 638 735	2 477 600
Accrued bonus	14 978 000	-
Accrued expense	3 176 922	5 847 369
	46 384 966	**25 029 809**

11. Revenue

Revenue from contracts with customers

Figures in Rand	2021	2020
Tender documents sales	5 353 339	-
Preferred bidders fee	46 144 000	-
Economic Development Performance Penalties	23 318 148	-
	74 815 487	**-**

There were no projects that reached financial close and commercial close in the current financial year. The following projects triggered the recognition of the preferred bidders fee:

- Umoyilanga Energy
- ACWA Power DAO
- Mullilo Total Hydra Storage
- Karpowership SA Richards Bay
- Mullilo Total Coega
- Karpowership SA Coega
- Oya Energy Hybrid
- Karpowership SA Saldanha

Delays in the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPP) financial close have a direct impact on several areas, including revenue for the IPP Office and market confidence in the Independent Power Producer Procurement Programme, moreover considering that three other pending bid windows, the Renewable Energy

Independent Power Producers Procurement Programme (REIPPP) Expedited, Small REIPPPP and Coal programmes were also previously cancelled.

A number of risks in relation to the procurement of the RMIPPP in particular have materialised and remains at medium risk. The RMIPPPP financial close, expected at the end of July 2021, was initially delayed to 30 September 2021, and subsequently to 27 January 2022, due to several outstanding regulatory approvals. Two hanging court cases, the DNG challenge, and a challenge by Suntech of the DTC local content exemptions, pose a further risk to the RMIPPPP in that any adverse finding by the courts could impact on the ability of the IPP Office to close this programme. Refer to note 24, events after the reporting period.

12. Other operating income

Figures in Rand	2021	2020
Other income	289 912	58 421
Interest received on economic development penalties	-	2 520 201
Interest received on outstanding development fees	8 335 436	12 035 751
	8 625 348	**14 614 373**

Economic Development Penalties

The Implementation Agreement provides that should the reconciliation of the economic development performance credit and economic development performance deductions at the end of the construction measurement period or at the end of the relevant contract year during the operations measurement period yield a positive result, such amount shall be due and payable to the Department by the seller within 15 business days of demand of such payment by the Department.

Based on the unaudited information supplied to the IPP Office for the contract year ended 31 March 2018, five Enel Green Power Projects yielded positive amounts. Invoices were raised for these penalties in the 2019 financial year. Enel Green Power disputed the economic development penalties and as such interest at the prescribed rate of interest was raised on this debt until it was finally settled. This is an anomaly as invoices raised for economic development penalties are usually settled within the period outlined in the Implementation Agreement.

Outstanding Development Fees

Redstone Solar Thermal Power (Pty) Ltd reached commercial close on 4 April 2018. Initially the seller experienced difficulties concluding its debt financing arrangements with its lenders. This materially affected the ability of the seller to fulfill the suspensive conditions before financial close on 31 July 2018. This meant that the Project Agreements (Power Purchase Agreement and Direct Agreement) could not be signed by Eskom which required that the scheduled COD needed to be extended.

As 31 July 2018 was the long stop date, the development fee became due and payable. This was not possible as the lenders would not advance funds until the Project Agreements were signed. It was agreed with the seller that interest at the prescribed rate of interest plus 2% would be charged on the outstanding amount until such time that the outstanding development fee was settled. The IPPO was advised in January 2021 that pursuant to the final proposal and approval by the Board of Eskom for the amendments to the Power Purchase Agreement, the Project was able to resume construction and will deliver an additional 100 megawatts to the grid by 2023 which will alleviate the energy shortage experienced in South Africa. The outstanding development fee plus interest was settled in May 2021. This is an anomaly and has been the only project out of 105 Projects concluded up to bid window 4 that never paid its development fee on time.

In the prior year the interest on outstanding development income was erroneously classified as investment income. The interest is not derived from investing but from outstanding development fee hence it has been reclassified to other income in the current year.

13. Transaction advisor costs

Transaction adviser costs relate to services provided to the IPP Office to assist with the preparation of the request for proposal (RFP), evaluation and financial close of the IPP procurement programmes as well as the re-financing (REFI) initiative.

The project transaction advisor costs consist of the following:

Figures in Rand	2021	2020
Economic Development Transaction Advisers	2 505 974	-
Financial Transaction Advisers	11 504 802	68 540
Governance Transaction Advisers	574 000	-
Legal Transaction Advisers	7 159 395	-
Technical Transaction Advisers	9 004 703	-
	30 748 874	**68 540**

14. Employee costs

Employee costs

Figures in Rand	2021	2020
Basic	55 025 333	61 811 081
Bonus	18 941 163	9 875 854
Leave pay provision charge	1 161 135	(1 015 543)
	75 127 631	**70 671 392**

15. Depreciation, amortisation and impairment losses

Depreciation

Figures in Rand	2021	2020
Property, plant and equipment	5 014 182	8 957 571
Right-of-use assets	21 009 128	26 724 036
	26 023 310	**35 681 607**

Amortisation

Figures in Rand	2021	2020
Intangible assets	526 079	446 794

Impairment losses

Figures in Rand	2021	2020
Intangible assets	212 275	-

Total depreciation, amortisation and impairment

Figures in Rand	2021	2020
Depreciation	26 023 310	35 681 607
Amortisation	526 079	446 794
Impairment losses	212 275	-
	26 761 664	**36 128 401**

16. Investment income

Interest income

Figures in Rand	2021	2020
Investments in financial assets:		
Bank and other cash	3 595 391	5 302 364
Short-term investments	9 330 214	23 909 550
Total interest income	**12 925 605**	**29 211 914**

17. Interest expense

Figures in Rand	2021	2020
Interest paid on lease liability	1 251 384	3 607 304

18. Cash used in operations

Figures in Rand	2021	2020
Profit before taxation	49 963 397	(200 265 225)
Adjustments for:		
Depreciation and amortisation	26 549 389	36 128 401
Interest income	(12 925 605)	(29 211 913)
Bad debt write off	-	14 345 976
Interest paid on lease liability	1 251 384	3 607 304
Net impairments	(119 403 397)	94 389 929
Interest received on economic development penalties	-	(2 520 201)
Interest received on outstanding development fees	-	(12 035 751)
Combined losses on disposal and WIP provision reversal	-	431 104
Impairment losses	212 275	-
Movements in accrued leave-pay	1 161 135	(1 015 543)
Gains on foreign exchange	-	(181)
Profit on disposal of motor vehicle	-	(49 702)
Changes in working capital:		
(Increase)/Decrease trade and other receivables	(25 149 596)	(73 368)
Decrease in prepayments	24 400	(243 631)
Increase in trade and other payables	20 194 022	4 317 320
Increase in contract liabilities	1 925 120	-
	(56 197 476)	**(92 195 481)**

19. Related parties

Relationships

Entities that were party to the establishment of the IPP Office	Department of Mineral Resources and Energy Development Bank of Southern African Limited National Treasury

Related party transactions

Figures in Rand	2021	2020
Development Bank of Southern Africa Limited		
Management fee expenditure	7 946 160	6 679 000

Related party balance

Figures in Rand	2021	2020
Development Bank of Southern Africa Limited		
Trade payables	4 834 885	13 504 511

20. Key management emoluments

Resignations

The following key personnel tendered their resignations during the financial year:

	Resignation date
Pierre van Jaarveld	31 August 2020
Deon Fourie	12 November 2020

Appointments

The IPP Office appointed the following management personnel during the financial year:

	Appointment date
Bernard Magoro	1 May 2020
Kim McEwen	30 July 2020
Thuli Dlamini	13 November 2020

2021

Figures in Rand	Basic salary	Allowance	Bonus	Medical Aid	Group Life Cover	Provident Fund	Leave Payout	Total
Executive								
Elsa Strydom	2 078 406	14 200	173 201	-	-	-	-	2 265 807
Elmarie Oosthuisen	1 862 444	14 200	155 204	-	-	-	-	2 031 848
Lena Mangondo	2 510 263	66 333	211 326	-	-	-	-	2 787 922
Maduna Ngobeni	1 439 366	14 200	196 988	-	-	-	-	1 650 554
Pervelan Govender	2 115 762	14 200	176 314	-	-	-	-	2 306 276
Richard Fox	1 891 930	14 200	157 661	-	-	-	-	2 063 791
Sandra Coetzee	412 413	500	-	-	-	-	387 863	800 776
Lelanie Swart	1 183 061	14 200	98 588	-	-	-	-	1 295 849
Deon Fourie	809 433	9 171	-	-	-	-	107 001	925 605
Louis Moyse	1 717 671	14 200	143 139	-	-	-	-	1 875 010
Pierre van Jaarsveld	1 008 679	6 500	-	-	-	-	245 118	1 260 297
Kim McEwen	1 021 382	8 800	126 983	-	-	-	-	1 157 165
Thuli Dlamini	541 888	6 030	118 538	-	-	-	-	666 456
Bernard Magoro	2 808 143	-	-	36 190	90 563	419 271	-	3 354 167
Lolette van Niekerk	-	-	-	-	-	-	119 255	119 255
	21 400 841	**196 734**	**1 557 942**	**36 190**	**90 563**	**419 271**	**859 237**	**24 560 778**

2020

Figures in Rand	Basic salary	Allowance	Bonus	Total
Executive				
Elsa Strydom	1 998 468	13 700	333 078	2 345 246
Elmarie Oosthuisen	1 790 811	13 700	298 469	2 102 980
Lena Mangondo	2 438 375	66 500	406 396	2 911 271
Lolette Kritzinger van Niekerk	1 551 810	9 100	155 180	1 716 090
Maduna Ngobeni	1 384 005	13 700	401 275	1 798 980
Pervalan Govender	2 034 387	13 700	339 065	2 387 152
Richard Fox	1 819 163	13 700	303 194	2 136 057
Sandra Coetzee	4 948 959	-	824 826	5 773 785
Lelanie Swart	758 373	9 300	189 593	957 266
Deon Fourie	104 771	1 600	209 543	315 914
Louis Moyse	1 651 607	13 700	275 268	1 940 575
Pierre van Jaarsveld	2 327 720	14 200	387 953	2 729 873
	22 808 449	**182 900**	**4 123 840**	**27 115 189**

21. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

Figures in Rand	Note	Amortised cost	Total	Fair value
Trade and other receivables	5	149 655 215	149 655 215	149 655 215
Cash and cash equivalents	8	288 857 043	288 857 043	288 857 043
Other financial assets		80 000	80 000	80 000
		438 592 258	**438 592 258**	**438 592 258**

2020

Figures in Rand	Note	Amortised cost	Total	Fair value
Trade and other receivables	5	5 102 222	5 102 222	5 102 222
Cash and cash equivalents	8	357 868 527	357 868 527	357 868 527
Other financial assets		80 000	80 000	80 000
		363 050 749	**363 050 749**	**363 050 749**

Categories of financial liabilities

2021

Figures in Rand	Note	Amortised cost	Leases	Total	Fair value
Trade and other payables	10	46 384 966	-	46 384 966	46 384 966
Lease obligations	27	-	19 951 081	19 951 081	19 951 081
		46 384 966	**19 951 081**	**66 336 047**	**66 336 047**

2020

Figures in Rand	Note	Amortised cost	Leases	Total	Fair value
Trade and other payables	10	25 029 809	-	25 029 809	25 029 809
Lease obligations	27	-	21 550 699	21 550 699	21 550 699
		25 029 809	**21 550 699**	**46 580 508**	**46 580 508**

Capital risk management

The IPP Office's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

Figures in Rand	Note	2021	2020
Lease liabilities	27	19 951 081	21 550 699
Trade and other payables	10	46 384 966	25 029 809
Total borrowings		**66 336 047**	**46 580 508**
Cash and cash equivalents	8	(288 857 043)	(357 868 527)
Net borrowings		**(222 520 996)**	**(311 288 019)**
Equity		401 110 193	351 146 799
Gearing ratio		(55)%	(89)%

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The IPP Office is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk (currency risk, interest rate risk and price risk).

Market risk,credit risk and liquidity risk are addressed below.

Management apply the principle that if a financial asset's credit risk is low at year-end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management considers information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions.

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as default or past due event
- Bankruptcy or
- Disappearance of an active market for that financial asset

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The maximum exposure to credit risk is presented in the table below:

Figures in Rand	Note	2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Credit loss allowance	Amortised cost/fair value
Trade and other receivables	5	154 117 450	(4 462 235)	149 655 215	128 967 854	(123 865 632)	5 102 222
Cash and cash equivalents	8	288 857 043	-	288 857 043	357 868 527	-	357 868 527
		442 974 493	**(4 462 235)**	**438 512 258**	**486 836 381**	**(123 865 632)**	**362 970 749**

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the JIC which has built an appropriate liquidity risk management framework for the management of the IPP Office's short, medium and long-term funding and liquidity management requirements. The IPP Office manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

The following table details the IPP Office's remaining contractual maturity for its current liabilities with agreed repayment periods. The tables have been prepared based on the undiscounted cash flows of the current liabilities, based on earliest date on which the IPP Office can be required to pay.

Maturities of financial liabilities

2021

Figures in Rand	Note	Current	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	Total	Carrying amount
Non-current liabilities							
Lease liabilities	3	-	-	-	11 156 158	11 156 158	11 156 158
Current liabilities							
Trade and other payables	10	-	15 944 388	4 850 394	3 796 527	24 591 309	24 591 309
Lease liabilities	3	689 492	1 390 702	6 714 731	-	8 794 925	8 794 925
Leave provision	10	303 228	606 456	2 729 051	-	3 638 735	3 638 735
Accrued bonus	10	-	-	14 978 000	-	14 978 000	14 978 000
Accrued expense	10	-	-	2 330 083	846 839	3 176 922	3 176 922
		(992 720)	**(17 941 546)**	**(31 602 259)**	**(15 799 524)**	**(66 336 049)**	**(66 336 049)**

2020

Figures in Rand	Note	Current	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	Total	Carrying amount
Current liabilities							
Trade and other payables	10	582 400	15 629 617	169 169	323 653	16 704 839	16 704 839
Lease liabilities	3	2 621 309	5 303 982	13 625 408	-	21 550 699	21 550 699
Leave provision	10	206 467	412 933	1 858 200	-	2 477 600	2 477 600
Accrued expenses	10	-	-	2 313 369	3 534 000	5 847 369	5 847 369
		(3 410 176)	**(21 346 532)**	**(17 966 146)**	**(3 857 653)**	**(46 580 507)**	**(46 580 507)**

Foreign currency risk

Currency risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate due to changes in foreign exchange rates. The IPP Office's exposure to currency risk is considered minimal as most of its transactions are carried out in South African Rand. Due to the insignificant and infrequent nature of transactions in foreign currency, management does not employ any hedging mechanisms against this risk.

Interest rate risk

Interest risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market interest rates. The IPP Office's interest rate risk arises from account payables and short-term investments. Exposure to interest rate risk is managed as follows:

- trade payables are settled within 30 days; and
- fixed deposits and money market instruments are held short-term and the interest rate is linked to the prime rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the short-term investments and cash held at financial institutions.

	Increase/ (Decrease) in basis points	Effect on Profit
2021	100	3 074 487
	(100)	(3 074 487)
2020	100	4 005 755
	(100)	(4 005 755)
	-	**-**

Price risk

Price risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk) whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The IPP Office does not hold any financial instruments that are exposed to significant other price risk.

22. Events after the reporting period

COVID-19 pandemic

The Joint Implementation Committee (JIC) is aware of the COVID-19 pandemic as well as the country's subinvestment grade.

The pandemic is considered to be a non-adjusting event and there is no immediate concern around going concern. Management has established high-level task teams that are continually assessing and monitoring developments with regard to the disease and at the time of finalising the report, the JIC is confident that our responses are adequate and the crisis is being continuously monitored to assess the impact on the IPP Office. The financial estimate cannot be determined reliably as the extent of COVID-19 is unknown.

An analysis has been prepared by the JIC, regarding the potential long-term effect of the disease, based on information available at approval date. This analysis is continuously updated.

As explained in note 24 in the Annual Financial Statements, the global spread of COVID-19 created an unprecedented health and economic crisis, which saw most countries closing borders and implementing lockdown measures to contain the spread of the virus.

No direct COVID-19 infections were reported at the IPP Office premises during the FY2021 and the majority of the IPP Office operations carried on without interruption during the various lockdown periods. Only 6 out of 48 employees reported COVID-19 infections while working from home. The IPP Office was compliant in developing and implementing regulatory requirements, and were able to mitigate significant operational risks by implementing a Remote Working Protocol. Face to face events, such as the Risk Mitigation IPP Programme evaluation, was conducted under strict COVID-19 protocols, IPP Office employees were consistently reminded of COVID-19 procedures to follow. One (1) COVID-related incident was reported in May 2020 where a senior employee was suspected of fraudulently back-dating a COVID-19 risk declaration. The employee was suspended and under investigation, but resigned in July 2020.

Construction was impacted and delayed under the Renewable Energy IPP Procurement Programme Bid Window 4 projects, not only as a result of lockdown regulations but also as a result of Eskom issuing notices to Wind IPPs in respect of curtailment as a result of the COVID-19 lockdown and decrease in demand. The IPP Office facilitated discussions with Eskom to reduce the overall impact on the projects and by March 2021, 18 out of the 27 Projects achieved Grid Connection despite construction delays, at a capacity of 1300.58 MW.

As at year-end, the scale and duration of this pandemic remains uncertain and the COVID-19 impact on global and local economies are real. These unknown risks could further impact on the IPP Office business, and in particular on manufacturing and production value chains in the energy market that could impact on the roll-out of further procurement bid windows.

Economic development penalties

Subsequent to year end audit reports from the Independent Power Producers auditors were received confirming their results relating to their economic development performance obligations. This resulted in the recognition of economic development performance penalties of R23 316 148. Please refer to revenue note 11.

Extension of lease term

Subsequent to year end management and the Development Bank of Southern Africa had a change of plan regarding acquiring a new building for the IPP Office. This building would have been the new offices of the IPP Office when the 18 month lease ended in May 2022. At commencement of the new lease agreement management had determined the non-cancellation period of the lease to be 18 months. The change in the acquisition plan resulted in the lease being extended for a further 11 months. The non-cancellation period of the lease was thus no longer 18 months but 29 months. This resulted in a change in the carrying amount of the right-of-use asset and related accumulated depreciation, refer to note 3 as well as the lease liability and related interest, refer to note 27.

Plan to dispose of assets

Subsequent to year end management approved a plan to dispose of a number of assets which are surplus to the requirements of the IPP Office by means of an auction process, after allowing staff to purchase assets for use in their home offices. The carrying value of these assets amounts to R671 559.

Reassessment of useful lives of intangible assets and property, plant and equipment

Subsequent to year end management reassessed the useful lives of intangible assets and property plant and equipment to be in line with the expiry date of the memorandum of agreement. Refer to the property, plant and equipment note 2 and the intangible asset note 4.

Legal matters

DNG Power Holdings (Pty) Ltd

DNG Power Holdings (Pty) Ltd, an unsuccessful bidder on the Risk Mitigation IPP Procurement Programme lodged an urgent court application for:

- interdicting the Department and the Minister of Mineral Resources and Energy and the Preferred Bidders appointed under such procurement from proceeding to sign the Power Purchase Agreement to give effect to the procurement pending the outcome of its Part B application; and
- the review of the decision to appoint Karpowership SA, the non-appointment of DNG Power Holdings, and certain of the briefing notes issued by the Department.

Judgement was issued in January 2022. The judge dismissed the application with costs. The Applicant (DNG) was ordered to pay the costs of the application and the costs to be recovered include the costs of two counsel.

Suntech Solar Power South Africa

Suntech Solar Power South Africa lodged an urgent court application for:

- an interdict against the implementation of the exemptions granted by the Department of Trade, Industry and Competition (**the dtic**) with regards compliance with the PV local content designations Risk Mitigation IPP Procurement Programme (RMIP) and interdicting the Minister of Mineral Resources and Energy from announcing the signature of the Power Purchase Agreements for the RMIP – this interdict application was unsuccessful and the judge ruled that Suntech should pay the wasted costs of all parties; and
- a review of the decision by **the dtic** to grant exemptions from compliance with the local content designations and setting the local content sourcing requirements for the RMIP at 35% and **the dtic's** refusal to grant an exemption to Suntech – as a result of the judge ruling against Suntech on the interdict. We have since received communication from Suntech that it will not be pursuing this matter any further.

23. Irregular expenditure

Figures in Rand	2021	2020
Irregular expenditure		
Opening balance	97 855 408	90 553 248
Add: Irregular expenditure - current year	4 889 613	7 302 160
	102 745 020	97 855 408
Less: Amounts recoverable (not condoned)	-	-
Less: Amount not recoverable (not condoned)	-	-
Irregular expenditure awaiting condonation	**102 745 020**	**97 855 408**
Analysis of expenditure awaiting condonation per age classification		
Current year	4 889 612	7 302 160
Prior year	97 855 408	90 553 248
Total	**102 745 020**	**97 855 408**

Irregular expenditure is expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation, the State Tender Board Act, or any regulations made in terms of that Act. Irregular expenditure is disclosed in the year in which it was incurred.

Details of irregular expenditure

Current year – contracted 31 March 2021

During the audit of the IPP Office's contract management processes, the following non-compliance with Treasury Instruction 3 of 2016/17 was identified:

(i) Additional expenditure incurred in contracts that was not approved by the delegated official.

Figures in Rand	Contract commencement date	Original contract end date	Total value of contract	Total expenditure as at 31 March 2021	Irregular expenditure
Supplier name					
G4S Secure Solutions	6 Oct 2014	31 Jan 2015	1 409 024	19 822 322	18 413 298
Iron Mountain	1 Feb 2015	31 Jan 2016	59 573	399 125	339 552
Metrofile	18 Feb 2014	31 Jan 2016	96 816	294 394	197 568
Oasis	1 Nov 2017	31 Oct 2018	28 925	59 204	30 279
Office National	1 Aug 2013	31 July 2015	608 411	2 397 876	1 789 465
Poptech	1 Apr 2014	31 Mar 2015	679 896	55 693 789	55 013 893
Clean care mobile	1 Oct 2017	30 Sep 2018	1 545 012	2 628 243	1 083 231
Corporate traveller	20 Nov 2013		500 000	26 377 735	25 877 735
			4 927 657	**107 672 688**	**102 745 021**

The above additional expenditure incurred results in non-compliance with National Treasury Instruction No. 3 of 2016/17. This non-compliance results in irregular expenditure of R102 745 021 as at 31 March 2021.

Prior year – contracted 31 March 2020

The irregular expenditure that was incurred by the IPP Office in the prior financial year was a result of the contravention of supply chain management processes and legislation. The following non-compliance with Treasury Instruction 3 of 2016/17 was identified:

(i) Additional expenditure incurred in contracts that was not approved by the designated official.

Figures in Rand	Contract commencement date	Original contract end date	Total value of contract	Total expenditure as at 31 March 2020	Irregular expenditure
Supplier name					
G4S Secure Solutions	6 Oct 2014	31 Jan 2015	1 409 024	18 284 482	16 875 458
Iron Mountain	1 Feb 2015	31 Jan 2016	59 573	326 327	266 754
Metrofile	18 Feb 2014	31 Jan 2016	96 816	217 804	120 988
Oasis	1 Nov 2017	31 Oct 2018	28 925	49 482	20 557
Office National	1 Aug 2013	31 Jul 2015	608 411	2 374 563	1 766 152
Poptech	1 Apr 2014	31 Mar 2015	679 896	52 762 545	52 082 649
Clean care mobile	1 Oct 2017	30 Sep 2018	1 545 012	2 274 893	729 881
Corporate traveller	20 Nov 2013		500 000	26 492 969	25 992 969
			4 927 657	**102 783 065**	**97 855 408**

24. Capital management

Due to the nature of the entity, the IPP Office does not have any shareholding or equity interest, other than retained income. Any residual interest in the entity upon hypothetical winding up would be returned to the National Revenue Fund.

For the purpose of the IPP Office's capital management, capital includes cash and cash equivalents and short-term investments. The primary objective of the IPP Office's capital management is to maximise its cash inflows, through collection of tender fees and development fees, and minimise its cash outflows while fulfilling the functions for which the IPP Office was established.

25. Non-compliance with PFMA

PFMA Act section 38 states General responsibilities of accounting officers. The accounting officer for a department, trading entity or constitutional institution must settle all contractual obligations and pay all money owing, including inter-governmental claims, within the prescribed or agreed period. In terms of Treasury regulation 8.2.3 all payments due by creditors must be settled within 30 days from receipt of an invoice.

Figures in Rand	30 Days	60 Days	120 Days	Total
List of Creditors				
Development Bank of Southern Africa	106 059	40 376	217 810	364 245
Mvuno Advisory	-	206 682	-	206 682
Generator Boys	-	-	4 341	4 341
McKinsey	-	-	3 534 000	3 534 000
G4S Secure Solutions	341 356	-	-	341 356
Bidvest Steiner	10 464	-	(269)	10 195
	457 879	**247 058**	**3 755 882**	**4 460 819**

26. New Standards and Interpretations

26.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2021 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact
Classification of Liabilities as Current or Non-Current – Amendment to IAS 1	01 January 2023	Impact is currently being assessed
Annual Improvement to IFRS Standards 2018–2020: Amendments to IFRS 1	01 January 2022	Impact is currently being assessed
Annual Improvement to IFRS Standards 2018–2020: Amendments to IFRS 9	01 January 2022	Impact is currently being assessed
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Impact is currently being assessed
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 4	01 January 2021	Impact is currently being assessed
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 7	01 January 2021	Impact is currently being assessed
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9	01 January 2021	Impact is currently being assessed
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 16	01 January 2021	Impact is currently being assessed
Interest Rate Benchmark Reform – Phase 2: Amendments to IAS 39	01 January 2021	Impact is currently being assessed
COVID-19-Related Rent Concessions – Amendment to IFRS 16	01 June 2020	Impact is currently being assessed

27. Lease liabilities

Figures in Rand	2021	2020
Reconciliation of lease liability		
Balance on 01 April 2020	21 550 699	49 759 097
Interest charge for the year	1 251 384	3 607 304
Additions to right of use assets	22 922 672	-
Provision for dismantling on exit	(252 169)	-
Payment of lease liability	(25 521 505)	(31 815 702)
Present value of minimum lease payments	**19 951 081**	**21 550 699**
Present value of minimum lease payments due		
Balance at 01 April 2020		
- within one year	8 794 923	-
- in second to fifth year inclusive	11 156 158	21 550 699
	19 951 081	**21 550 699**
Non-current liabilities	11 156 158	-
Current liabilities	8 794 923	21 550 699
	19 951 081	**21 550 699**

When the lease terminated on 30 November 2020, the IPP Office entered into a new lease for 18 months occupying only the ground floor, first floor and one floor of basement parking, a floor area of 3 687 m^2. The principal payment lease liability (extension) in the cash flow refers to the new lease.

28. Contract liabilities

Summary of contract liabilities

Figures in Rand	2021	2020
Tender document sales	1 925 120	-

Reconciliation of contract liabilities

Figures in Rand	2021	2020
Tender document sales awaiting the release of the bid window 5 RFP to the market	1 925 120	-

Split between non-current and current portions

Figures in Rand	2021	2020
Current liabilities	1 925 120	-

Contract liabilities arose at year end as a result of potential bidders for BW5 pre-paying their R25 000 Tender Documents Fees as a result of the RFP not being available on the date announced by the Minister of Mineral Resources and Energy. The RFP was only released to the market on 12 April 2021.

29. Operating profit (loss)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

Figures in Rand	2021	2020
Remuneration, other than to employees		
Consulting and professional services	45 433 556	11 171 075
Employee costs		
Salaries, wages, bonuses and other benefits	75 127 631	70 671 392
Depreciation and amortisation		
Depreciation of property, plant and equipment	5 014 182	8 957 571
Depreciation of right-of-use assets	21 009 128	26 724 036
Amortisation of intangible assets	526 079	446 794
Total depreciation and amortisation	**26 549 389**	**36 128 401**
Movement in credit loss allowances		
Trade and other receivables	(119 403 397)	(94 389 929)

30. Change in accounting policy

As short-term investments can be callable on demand the IPP Office regards the short-term investments as cash and cash equivalents as the deposit are short-term, highly liquid and there is an insignificant risk of changes in value. The disclosure thereof has been adjusted accordingly. The impact on the Statement of Financial Position is a decrease in short-term investments and increase in the cash and cash equivalent balances. This also impacts on the Statement of Cash Flows as reflected below.

As this is merely a combination of two line items there is no impact on retained earnings and as such the prior years figures have not been restated.

Figures in Rand	
Cash at the beginning of the year	
As previously reported	
Short-term Investments	353 259 879
Cash and cash equivalents	94 891 595
	448 151 474
As currently reported	
Cash and cash equivalents	**448 151 474**

Figures in Rand	2021	2020
Total cash at the end of the year		
As previously reported		
Short-term Investments	142 436 000	284 208 000
Cash and cash equivalents	146 421 043	73 660 527
	288 857 043	**357 868 527**
As currently reported		
Cash and cash equivalents	288 857 043	357 868 527
	288 857 043	**357 868 527**
Statement of Cash Flows		
As previously reported		
Total cash movement for the year	72 760 516	(21 231 068)
Cash at beginning of the year	73 660 527	94 891 595
Total cash at end of the year	**146 421 043**	**73 660 527**
As currently reported		
Total cash movement for the year	(69 011 484)	(90 282 947)
Cash at beginning of the year	357 868 527	448 151 474
Total cash at end of the year	**288 857 043**	**357 868 527**
Reasons for differences in total cash movement for the year		
Exclusion of short-term investments net movement	(141 772 000)	(69 051 879)
	(141 772 000)	**(69 051 879)**
As previously reported		
Total cash movement for the year	72 760 516	(21 231 068)
Exclusion of short-term investments net movement	(141 772 000)	(69 051 879)
As currently reported	**(69 011 484)**	**(90 282 947)**

31. Prior year error

During December 2018 the IPP Office received Factual Finding Reports from three ENEL Green Power Projects indicating that the original EDPD's had changed to EDPC's as a result of the processing of previously incomplete/inaccurate information supplied by the EPC Contractor.

The Finance and Audit Committee agreed that the revenue derived from the Economic Development Performance Penalties must be reversed in the 2020 Financial Year.

As this amount had been included in the ECL Allowance the bad debt was incorrectly processed directly against the balance sheet expected credit loss allowance instead of being processed through the Income Statement. The IPP Office has never previously experienced a bad debt situation.

This correction also impacts on the other operating expenses and cash used in operations.

Figures in Rand	
Movement in credit loss allowances	
As previously reported	108 735 905
As currently reported	94 389 929
Decrease in credit loss allowance	**14 345 976**
Reasons for differences in movement in credit loss allowances	
Provision reversed due to bad debts written off	**14 345 976**
Other operating expenses	
As previously reported	24 879 971
As currently reported	39 225 947
Increase in other operating expenses	**14 345 976**
Reasons for differences in other operating expenses	
Bad debt write off	**14 345 976**
Cash used in operations	
As previously reported	
Net impairment	108 735 905
	108 735 905
Decrease in trade and other receivables as previously reported	**104 084 063**
Trade and other receivables at 31 March 2019	94 874 281
Trade and other receivables at 31 March 2020	5 102 222
Decrease in trade and other receivables	**89 772 059**
Prior year error	**14 312 004**
Net impairment as currently reported	
Provision raised on new trade receivables	108 735 905
Provision raised on new trade receivables	(14 345 976)
	94 389 929
Bad debt write off	**14 345 976**
Decrease in trade and other receivables	**89 738 087**
Trade and other receivables at 31 March 2019	94 874 281
Trade and other receivables at 31 March 2020	5 102 222
Decrease in trade and other receivables	**89 772 059**
Prior year error	**(33 972)**

The prior year error of R33 972 arose due to a calculation error on the part of the preparers of the Annual Financial Statements.

Physical address:
Matimba House/Trevenna Campus, Building 2C
192 Visagie Street/70 Meintjies, Sunnyside
Cnr Paul Kruger and Visagie Streets/Meintjies and Francis Baard Streets
Pretoria

Postal address:
Private Bag X96/59
Pretoria
0001

Telephone no.: +27 12 406 8000/7300
+27 12 444 3000
Fax no.: +27 (0)12 323 5646
E-mail: enquiries@dmre.gov.za
Website: www.dmre.gov.za

RP357/2021
ISBN: 978-0-621-49936-0