

Annual Report 2002/3



Department of Minerals and Energy

Department of Minerals and Energy
Private Bag x59
PRETORIA
0001

Tel: (012) 317-9000
Fax: (012) 322-3416
Website: www.dme.gov.za



Annual Report 2003



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1. General Information

vision

"Sustainable development through mineral and energy resources for the benefit of all South Africans."

mission

"To ensure responsible exploration, development, processing, utilisation and management of mineral and energy resources."

legislative mandate

"Provision of services for effective Governance of minerals and energy industries for economic growth and development, thereby improving the quality of life."

strategic objectives of the department

- To position the minerals and energy industry for global competitiveness.
 - To contribute towards effectual and sustainable development of mineral and energy resources.
 - To govern these industries to be safe and healthy working environments.
 - To address past imbalances to promote equitable redistribution of benefits from exploitation of minerals and energy resources.
 - To formulate and implement an overall minerals and energy policy to ensure optimum utilisation of mineral and energy resources
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Director-General's Overview

THE FUTURE OF OUR COUNTRY'S MINING INDUSTRY HAS BEEN RE-DEFINED

Minister, the Department's primary focus for the past year has been the translation of policy into legislation and implementable programmes.

Undoubtedly the major event for 2002/3 was the signing of the Mineral and Petroleum Resources Development Act (MRPDA) by the President. This Act makes provision for equitable access to, and sustainable development of, the nation's mineral and petroleum resources. It recognises the State's sovereignty and custodianship over the country's mineral and petroleum resources. To enhance the operation of the Act, the Broad Based Socio – Economic Empowerment (BBSEE) Charter was also signed by all stakeholders. The Charter focuses on Human Resource Development, Employment Equity, Community Upliftment, Improvement of Housing and Living Conditions, Procurement, Beneficiation and Ownership. The BBSEE is aimed at creating a globally competitive industry that will proudly reflect the promise of a non-racial South Africa that draws on the human and financial resources of all South Africans.

Alongside these developments, the Department continues with its objective of protecting employees and the public from the health and safety hazards associated with mining. This year we commissioned a Mine Health and Safety (MHS) Review



focusing on the implementation of the Mine Health and Safety Act of 1996 and subsequent Regulations. This process has assisted the Department in developing a transformation plan, improve service delivery and flag issues for the national initiative to integrate Occupational Health and Safety Inspectorates.

The fatality rate for the period (January to December 2002) was 0,74 per 1000 people at work per year and corresponds to 288 deaths during the year. These figures are a small improvement on last year's.

Due to the legacy of the living patterns and conditions, the mining industry continues to be hard hit by the impact of the HIV/AIDS epidemic. As part of the tripartite alliance, we have continued to share experiences and strengthened partnerships in the fight against HIV/AIDS in the mining industry.

During the year under review, the Petroleum, Oil and Gas Corporation of South Africa (PTY) Ltd, (PetroSA), a State owned Oil Company was officially launched by the President, to operate as a commercially profitable entity aimed at reducing South Africa's dependence on crude oil supply from the Middle East and to facilitate the security of supply through diversifying sources. PetroSA contributed R1.6 billion in addition to the once off restructuring payment made by CEF (Proprietary) Ltd. Whilst PetroSA has returned handsome dividends over the past two years, the market is however, changing. This requires PetroSA to reposition itself, in particular with regard to the retail sector, if it is to continue to be a player of any significance.

The Kimberley Process was initiated by Southern African diamond producing countries with a view to take action against the flow of conflict diamonds to the world markets, while at the same time protecting the legitimate diamond industry.

The United Nations General Assembly endorsed the Kimberley Process by adopting a resolution against trade in conflict diamonds in March 2002, where after the government of South Africa (Department of Minerals and Energy) was appointed as the first Chair of the Process. In pursuance of our mandate, we appointed the South African Diamond Board as administrator of the Conflict Diamond Kimberley Process.

The Department's electrification budget for this year was increased from R600m to R950m and was shared between the licensed Municipalities and Eskom.

The EDI Holdings Company that will oversee the restructuring of the electricity distribution industry has been formed and its board constituted. This will give impetus to the formation of the six Regional Electricity Distributors (REDs) as provided for in the government policy.

The long awaited *Renewable Energy White Paper*, Policy and Strategy and the Integrated Energy Plan have been endorsed by Cabinet and are out for public comment.

In terms of our 2002/3 Budget, the Department's adjusted appropriation was R1 872 618 000 with R968 475 000 allocated for the Integrated National Electrification Programme (INEP). The actual expenditure for 2002/03 was R1 853 208 000 which represents 98,9% of our allocation.

The Department has continued to identify partnership projects with our Associated Institutions that support the objectives of the Department. For example, this year saw the completion of a 25-year project by the Council for Geoscience, in which a metallogenic map of the African continent was produced under the auspices of the Commission for the Map of the World. This map is a significant South African offering to the NEPAD programme. In another NEPAD initiative, the National Electricity Regulator participated in the establishment of the Regional Electricity Regulators Association (RERA), a SADC regional regulator.

Our Department's participation in NEPAD has also seen the setting up of the African Mining Partnership (AMP). AMP has identified human resource

development, beneficiation, small/artisinal mining and harmonisation of mining policies as challenges to be addressed.

The framework in the form of legislation and policies has laid a solid foundation for a positive outlook for our industry. We now have to muster and buttress all resources at our disposal to ensure a successful implementation. The managerial review normally conducted by EXCO has indicated the need to refocus our efforts towards anchoring our programmes on sound administrative controls and implementation plans.

With your continuing commitment and that of our staff members, we are able to look at the future with confidence. This was the year that tested the calibre and commitment of everyone in the Department, and I am proud to say, we passed the test.

Your leadership and unwavering support is greatly appreciated.



Advocate Sandile Nogxina
Director-General

Departmental Publications and Key Documents Published

Directories

- Operating Mines and Quarries and Mineral Processing Plants in the Republic of South Africa, (2003)
- Operating and Developing Coal Mines in the Republic of South Africa, (2003)
- A Review of the South African Salt Industry in 2002
- South African Diamond Handbook and Operating Diamond Mines Directory, (2002)
- Ferrous Mineral Commodities Produced in the Republic of South Africa, (2002)
- Producers of Dimension Stone in South Africa, (2002)
- Producers of Industrial Mineral Commodities in South Africa, (2002)
- Operating and Developing Black Empowerment Mining Companies in the Republic of South Africa, (2002)

Reviews

- South Africa's Mineral Industry, 2001/2002
- South Africa – Invest in an Intense and Diverse Mineral Industry, (2002)
- Annual Report of the activities of the Mine, Health and Safety Inspectorate

Information Circulars

- MB Bulletin (Trimester)
- A brochure on the mining Charter for the Mining Industry
- Electrification for South Africa (Sesotho, Afrikaans, Xhosa, Venda, Tsonga and English)

Statistics

- Mineral Production and Sales Statistics (Monthly and Annually)
- A Statistical overview of the South African Liquid Fuels Industry, 2002

Bulletins

- Investment in South Africa's Mineral Sector, 2002
- Possible Financial Sources for Small –to- Junior Empowerment Mining Companies



Ministerial information

The Ministry has played a vital role in promoting the South African mining reforms abroad, as envisaged in the Mineral and Petroleum Resources Development Act No. 28 of 2002. These visits to the United Kingdom, Switzerland, United States of America, Canada and Australia represented Government, industry, labour, community and Junior Miners.

Visits abroad undertaken by Minister: Ms Phumzile Mlambo-Ngcuka

| DATE | DESTINATION | REASON | DATE | DESTINATION | REASON |
|----------------------|----------------------|-------------------------------------|----------------------|-------------------------|---|
| 3-6 April 2002 | Gabon | Bilateral visit | 28 July-3 August | Botswana | SADC Mining Ministers Meeting |
| 6-7 April 2002 | Equatorial Guinea | Bilateral visit | 18 – 26 October 2002 | Algeria | Binational |
| 16,17-18 April 2002 | Botswana | State visit | 28 Oct – 3 Nov 2002 | London | Mining Reforms - Roadshows |
| 23-24 April 2002 | Mozambique | Official visit | 4 – 6 November 2002 | Switzerland, Interlaken | Launch of Kimberley Certification |
| 11 – 16 May 2002 | Toronto, Canada | Global Mining Initiative Conference | 27 November 2002 | New York | Harmony Gold Secondary Listing at Nasdaq |
| 27-28 May 2002 | East Timor | Co-operation | 30 Nov – 5 Dec 2002 | Angola | SA/Angola Co-operation |
| 28 May – 2 June 2002 | Indonesia, Jakaranta | Co-operation | 5 – 6 December 2002 | Victoria Falls | W K Kellog Foundation Strategic Planning Indaba |
| 29 – 31 May 2002 | India, New Delhi | Co-operation | 9-12 March 2003 | Toronto, Canada | PDAC |
| 3-6 June 2002 | Bali, Indonesia | WSSD –Prepcom IV Ministerial | 23 – 25 March 2003 | Belgium | EU Co-operation |
| 2-6 July 2002 | Berlin, Germany | Wind Energy Conference | 25 –26 March 2003 | London, UK | BEE Workshop |
| 11-13 July 2002 | Spain | Global Summit on Women | | | |

Visits abroad undertaken by Deputy Minister: Ms Suzan Shabangu

| DATE | DESTINATION | REASON |
|----------------------|------------------------|---|
| 21 – 23 May 2002 | London | Women Conference |
| 29 May – 5 June 2002 | Casablanca, Morocco | 3rd US African Energy Ministerial Conference |
| 10 – 14 June 2002 | Libya | Presidential State Visit |
| 11 – 12 July 2002 | Lesotho | SADC Energy Minister's Meeting |
| 13 – 21 Sept 2002 | Vienna (Austria) | The 46th General Conference of the International Atomic Energy Agency |
| 22 – 24 October 2002 | Libya | South African/Libya Economic - Seminar |
| 26 – 27 Nov2002 | Zimbabwe | World Solar Personal Representatives Meeting |
| 30 Nov – 8 Dec 2002 | Australia | Australian Diamond Conference/ Popularising the Charter |
| 13 – 15 January 2003 | London | Launch of Admore Exhibition |
| 7 – 11 March 2003 | Iran | Iran – Africa Forum |
| 25 – 28 March 2003 | Kazakstan & Uzbekistan | Official visit |

The Ministry also took part in the following Departmental initiatives during the year under review:

- The Additional Protocol on Safeguards, aimed at ensuring that nuclear material is not diverted from peaceful uses and applications, was concluded between the Republic of South Africa and the International Atomic Energy Agency (IAEA) and approved by the IAEA Board of Governors in June 2002. The Agreement was signed and took effect on 13 September 2002. The first obligation under the said Protocol was met when South Africa submitted its expanded declaration on time.
- The Integrated Energy Centres were launched in the Kgalagadi node and Eshane in the Umzinyathi District Municipality area during the year. These Centres are aimed at bringing energy solutions closer to poor communities and are intended to reduce income spent on energy in poor households. Plans are underway to establish additional Integrated Energy Centres in four other municipality areas in the course of next year.
- The Kgabane Jewellery and Crafts project was formally launched in October 2002 during the Mining Week. This Project was initiated to alleviate poverty and create jobs, through the creation of a vibrant and inclusive jewellery industry, taking advantage of existing mineral resources and skills.
- A new downstream gold beneficiation and manufacturing partnership centred on Harmony Gold Mining's Virginia refinery and using advanced technologies developed by Mintek, was opened at the end of March this year.
- The Ministry has employed various platforms to expose children to the mining and energy industries in conjunction with the office of the Deputy President. This initiative includes the awarding of scholarship by industry for studies at both high school and tertiary levels.

The Ministry in partnership with Bonesa and Eskom spearheaded the creation of public awareness in as far as energy saving through the efficient lighting method. In order to lead energy efficiency practises by example, all old light fittings at our Head Office have been replaced with new more efficient ones.

The Minister submitted the following legislation during the year under review:

- The Gas Levies Act (Act No. 75 of 2002) was assented to in December 2002.
- A White Paper on Renewable Energy was approved by Cabinet for public comment.
- The Electricity Distribution Restructuring Bill was approved by Cabinet for public comment.
- The Mineral and Petroleum Resources Development Act, Act No. 28 of 2002 was signed into law by the President on the 3rd of October 2002.

The following institutions fall under the Minister's control:

- South African Nuclear Energy Corporation Ltd (NECSA)
- CEF (Proprietary) Ltd, incorporating PetroSA and other subsidiaries
- Council for Geoscience (CGS)
- National Nuclear Regulator (NNR)
- Council for Mining and Technology Research (Mintek)
- National Electricity Regulator (NER)
- South African Diamond Board (SADB)
- Mine Health and Safety Council, (MHSC)
- Lebowa Mineral Trust (LMT)



2. Programme Performance

Voted Funds

| | |
|----------------------------|---|
| To be appropriated by Vote | R1 872 618 000 |
| Statutory appropriations | – |
| Responsible Minister | Minister of Minerals and Energy |
| Administering Department | Department of Minerals and Energy |
| Accounting Officer | Director-General of Minerals and Energy |

Aim

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

Key objectives, programmes and achievements

The key objectives of the department are:

- To position the minerals and energy industries for global competitiveness.
- To contribute towards effectual and sustainable development of mineral and energy resources.
- To govern these industries to be safe and healthy working environments.
- To address past imbalances to promote equitable redistribution of benefits from exploitation of mineral and energy resources.
- To formulate and implement an overall mineral and energy policy to ensure optimum utilisation of mineral and energy resources.

Strategic overview, key policy developments and achievements: 2002-2003

The primary focus of the Department of Minerals and Energy for the year under review was to finalise the development of policies and legislation that would ensure equitable access to all South Africa's mineral and petroleum resources. These would further enable the Department to promote economic growth and development, thus advancing the economic welfare of all South Africans.

In addition, the Department focused on the areas of the restructuring of the Electricity Distribution Industry (EDI), the provisioning of the Basic Electricity Service, and the implementation of the Integrated National Electrification Programme (INEP).

In relation to the above, the Department made the following major achievements:

- The Mineral and Petroleum Resources Development Act was signed into law by the President of the Republic of South Africa in October 2002.
- A Broad-Based Socio-Economic Empowerment (BBSEE) Charter was developed and signed in October 2002.
- EDI Holdings Company was formed and its Board constituted.
- Cabinet approved that the Electricity Distribution Industry Restructuring Bill be published for public comment in February 2003.



Summary of Programmes

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

Programme 1 – Administration

Programme 2 – Promotion of Mine Health and Safety

Programme 3 – Mineral Development

Programme 4 – Energy Management

Programme 5 – Associated Institutions

PROGRAMME 1: Administration

The aim of this programme is to provide the overall management and support function to the Department.

It comprises of financial, logistical and information management, management services, audit services and communication as sub-programmes.

The *Financial Management sub-programme* ensures sound management of the Department's financial resources, compliance with the Public Finance Management Act and related legislation, as well as fair and reasonable presentation of the Department's financial records.

The *Information Management (IM) sub programme* affirms the Department's strategic objectives through the provisioning of appropriate information systems and ensures that the acquisition and use of IT complies with the relevant legislation.

The *Logistical Services sub programme* ensures that the procurement of goods and services is in accordance with the relevant procurement legislation and policies.

The *Management Services sub-programme* renders a professional management support service through the implementation of the new Regulatory Framework, the employment equity legislation, skills development legislation

and the Minimum Information and Security Standard (MISS). Legal Services advises both the Ministry and the Department.

The *Audit Services sub-programme* is an independent service within the Department that provides an objective assurance and consulting service that aims to improve, add value and promote the effective, efficient and economic use of the Department's resources.

The *Communication sub-programme* provides both internal and external communication strategies for the Department. As part of the programme, the International Co-ordination directorate co-ordinates international matters and serves as the Department's frontline in this regard.

PROGRAMME 2: Promotion of Mine Health and Safety

The aim of the Mine Health and Safety Inspectorate is to ensure that people working or affected by the mining industry are protected from health and safety hazards.

Programme Policy Developments

The programme comprises two sub-programmes:

- *Management* undertakes overall guidance, planning and control of the programme. It is also responsible for the policy process for the establishment and application of mine safety, equipment safety and mine health standards after mining operations.
- *Mine health and safety* is responsible for ensuring compliance with health and safety standards by mining operations through mine surveying and inspection services.

The development of policy and legislation, and the success of research activities, depends heavily on the proper functioning of a number of tripartite structures that have been established in terms of the Mine Health and Safety Act (MHSA). These structures include representatives from the State, organised

labour and employer organisations. The following legislative instruments and amendments were finalised and approved by the Mine Health and Safety Council:

- Fall of Ground Regulations - 12 July 2002
- Amendment of the Mine Health and Safety Council's Constitution – 2 July 2002
- Amendment of Safety Research Regulations – 2 July 2002
- Self-Contained Self-Rescuers Regulations - 17 May 2002
- Occupational Medicine Noise Regulations – 14 June 2002
- Fires and Explosions Regulations – 2 July 2002
- Mine Environmental Engineering and Occupational Hygiene Regulations – 2 July 2002
- Rescue, First Aid and Emergency Preparedness and Response Regulation – 2 July 2002
- Occupational Hygiene Regulations – 2 July 2002.

Outputs and service delivery trends

Since the introduction of the Mine Health and Safety Act of 1996, the fatality rate in 1995 of 1.02 (this figure represents the rate at which employees die in mine accidents per 1000 employees at work) has shown a general, although not consistent, decline to the current level of 0.74 at the end of 2002. These rates correspond to 533 deaths in 1995 and 288 in 2002. Similarly reportable injuries declined from 7 717 to 4 453, corresponding to rates per 1000 of 14.76 to 11.5 respectively for the corresponding period. Unfortunately, it must be noted that the industry's performance for 2002 is only slightly better than that of 2001 for which the corresponding fatality and injury rates are 0.75 and 12,34.

Against a backdrop of expansion in the gold, platinum and small mining areas, and particularly serious capacity problems in the platinum and small mining sectors, these results reflect considerable effort on the part of the Inspectorate and industry stakeholders to halt deterioration in safety performance. In May 2002, 50 per cent deterioration in accidents rates was anticipated if poor performance could not be

curbed. The inspectorate was compelled to take tough action, stopping work at shafts and in individual workplaces.

A number of regions turned in a very good safety performance. Western Cape and Eastern Cape both reached a zero fatality rate. The Free State has built on last year's improvement by taking huge leap from a fatality rate of 1.02 to 0.54. Notwithstanding the improvement on overall national performance, more work still needs to be done in the two biggest regions, Gauteng and the North West.

The MHSI handles large volumes of occupational health and safety data. Currently, this data is captured in two databases, SAMRASS and SAMODD, within the MHSI, and some data is shared with the minerals branch (employment and company data). Work to capture occupational hygiene data, is in progress. Clerks enter much of this data manually into the databases. Clearly a great deal can be done to improve the management of information and improve data analysis. An IT initiative is underway to integrate the existing databases and enable capture of data at one point only, at source. The outcome of this project will be a seamless system for capturing data; correlating data; disseminating information and health and safety statistics; and producing standard reports.

The table below reflects regional safety performance.

| Regions | 2001/2002 | | | | 2002/2003 | | | | *Labour |
|---------------|-----------|----------|------------|----------|-----------|----------|------------|----------|---------|
| | Injuries | Inj.rate | Fatalities | Fat.rate | Injuries | Inj.rate | Fatalities | Fat.rate | |
| RSA | 4740 | 12.4 | 303 | 0.79 | 4453 | 11.5 | 288 | 0.74 | 387280 |
| Western Cape | 26 | 6.5 | 2 | 0.50 | 22 | 3.88 | 0 | 0.00 | 5669 |
| Northern Cape | 161 | 8.3 | 11 | 0.57 | 132 | 6.41 | 14 | 0.68 | 20583 |
| Free State | 1024 | 19.3 | 54 | 1.02 | 942 | 18.97 | 30 | 0.60 | 49650 |
| Eastern Cape | 12 | 12.6 | 2 | 2.10 | 5 | 5.04 | 0 | 0.00 | 993 |
| KwaZulu-Natal | 20 | 3.1 | 5 | 0.78 | 20 | 3.36 | 2 | 0.34 | 5959 |
| Mpumalanga | 311 | 5.5 | 24 | 0.42 | 357 | 6.78 | 23 | 0.44 | 52643 |
| Limpopo | 87 | 5.5 | 13 | 0.82 | 98 | 4.19 | 17 | 0.73 | 23396 |
| Gauteng | 1511 | 16.1 | 106 | 1.13 | 1382 | 13.68 | 93 | 0.92 | 101035 |
| North West | 1588 | 11.9 | 86 | 0.65 | 1495 | 11.74 | 109 | 0.86 | 127352 |

*Labour at work

Promotion of mine safety and health: Key outputs and indicators

| Sub-programme | Outputs | Service delivery indicators (Target) | Actual |
|------------------------|---|--------------------------------------|------------------|
| Mine health and safety | Safety and health standards: | 3.5 % | 6.1% improvement |
| | Improvement in reportable accidents | | |
| | Reduction in fatal accidents | 3.5 % | 5.0% improvement |
| | Accident investigations | 3000 | 2744 |
| | Inspections | 14000 | 15286 |
| | Audits | 3500 | 6552 |
| | Issue Administrative fines where there is a breach of legislation | | 36 |
| | Issue instructions where there are risky conditions. | | 3448 |

While occupational safety risks and the hot spots in the industry are generally well known, the same quality of data is not available in respect of occupational health as is the case for safety. Profiling of occupational health risks is in progress. However, compensation paid for occupational diseases gives an indication of the state of affairs as shown on the table below. The following table and graph reflects the compensation paid per mineral category for occupational lung diseases. These figures were obtained from the Compensation Commissioner for occupational diseases in Mines and Works.



| MINERAL | YEAR (OCTOBER TO SEPTEMBER) | | | | | |
|--------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|
| | 2002 Compensation Paid | 2002 Number of Cases | 2001 Compensation Paid | 2001 Number of Cases | 2000 Compensation Paid | 2000 Number of Cases |
| Gold | R 54,471,353 | 2204 | R 104,503,625 | 3895 | R 82,688,962 | 3203 |
| Platinum | R 2,013,757 | 51 | R 2,503,997 | 117 | R 2,677,702 | 86 |
| Coal | R 2,154,813 | 58 | R 3,291,205 | 124 | R 1,933,049 | 65 |
| Asbestos | R 4,089,912 | 167 | R 24,182,501 | 1509 | R 25,537,254 | 1528 |
| Other Mines | R 4,221,994 | 119 | R 8,115,003 | 317 | R 9,069,765 | 281 |
| Total | R 66,951,828 | 2599 | R 142,596,331 | 5962 | R 121,906,732 | 5163 |

The following table depicts the compensation paid out to employees who were diagnosed with Noise Induced Hearing Loss (NIHL):

| Year | Number of Cases | Compensation Paid |
|------|-----------------|-------------------|
| 1999 | 6106 | R72 321 385 |
| 2000 | 4965 | R65 004 865 |
| 2001 | 5654 | R88 259 410 |
| 2002 | 14 457 | R102 308 555 |

These statistics were received from Rand Mutual.

Information on Mine Health and Safety is currently available on the DME website, the SIMRAC website and the Chamber of Mines website. Updates on mine health and safety performance are also provided at meetings of the Mine Health and Safety Council.

The main challenges in health, safety and the environment have been identified, and the focus will now be on addressing these challenges and the legacy of the past. In the coming three years, this programme will focus on addressing hazards related to mine falls of ground, machinery and occupational health.

Work will also continue on supporting human resource development in the industry through the Mining Qualifications Authority - by developing Regulations that are expected to be completed by 2004/5.

PROGRAMME 3: Mineral Development

The aim of the programme is to effectively promote, manage, transform and regulate an integrated globally competitive mineral resource industry that would achieve an equitable and sustainable development for all South Africans:

Programme Policy Developments

This programme is divided into four sub-programmes:

- Management provides overall guidance, planning and control of the programme.
- Mineral Resource Management effectively manages and controls mineral resource utilisation in order to contribute to the sustainable socio-economic development of the country.
- Mineral Policy and Investment provide, through research, relevant information that will enhance global competitiveness and attract new investment into the RSA Mineral Industry.
- Mineral Development and Administration implements all relevant legislation and promotes integrated rural development, urban renewal and continental integration.

Performance of the Mineral Sector

The reform processes initiated by the branch were encouraged by the performance of the industry as indicated in the preliminary figures for 2002. These preliminary figures indicate that mining contributed R80.6 billion or 8.5% to gross value added which is the highest percentage since 1992. This contribution has improved by R13.86 Billion from that of the previous year. Despite this increase, the contribution as a percentage of the total has declined over the decades, largely due to the growth experienced in the secondary and tertiary sectors of the economy and the contraction in the gold mining industry. However, if one should add the gross value added contribution of processed minerals (presently included in the manufacturing sectors) to that of mining and quarrying, the impact on the national account will be significantly higher. This increase in gross value added also positively influenced the

employment patterns, which rose by 1.5% from 407.154 in 2001 to 413.087 in 2002. The first recorded increase since 1986.

Sub-programme Mineral Resource Management

This year this Sub-programme continued with the regulatory reform process, which culminated in the President signing the Mineral and Petroleum Resources Development Act (MPRDA) on 03 October 2002 after being passed by Parliament on 26 June 2002. The MPRDA, which gave effect to the principle of, the State's custodianship of the nation's mineral and petroleum resources is to be promulgated during the course of 2003.

The Mining Social and Labour Plan

The MPRDA includes a mining specific Social Plan process to manage downscaling and retrenchments. The Social Plan is particularly relevant to the mining industry because of the inevitable depletion of mineral deposits that are being exploited, such that we provide and anticipate, manage and ameliorate the shock of decline and closure much better. In the same way we provide for the rehabilitation of the environment.

Some of the objectives of the Social and Labour Plan are to:

- Secure education, training and development of employees in line with employment equity targets and train those who will be retrenched;
- Avoid job losses and a decline in employment and
- When there is a new mine, avoid the unnecessary establishment of settlements, which cannot be sustained after the closure of the mine.

The Mining Titles Registration Amendment Bill

The Mining Titles Registration Amendment Bill was delayed due to the involvement of key personnel in the finalisation of the Mineral and Petroleum Resources Development Act, and is to be finalised in the next financial year.

Minerals Beneficiation Bill

The Beneficiation Bill was also delayed due to preparations for the smooth implementation of the MPRDA and will be tabled in parliament during the latter part of the next financial year. The key objectives of this Bill amongst other things are to:

- Remove entry barriers;
- Increase access to unwrought precious metals such as gold, platinum and silver and rough diamonds;
- Encourage local design and manufacturing of jewellery;
- Increase participation of Blacks and Women in the mineral beneficiation and processing sector.

Mine Rehabilitation

With regard to Environmental management, the Phepafatso strategy was launched. It is aimed at strengthening enforcement, supporting site inspections, assessing the state of compliance, identifying pollution hotspot areas, developing strategies to address water ingress into mines, and establishing an inter-departmental working group to determine specific environmental norms and standards for hotspot areas.

In order to improve the economic sustainability of Witwatersrand Gold Mines, the Department in conjunction with the Council for Geoscience is developing a comprehensive strategy to address polluted underground water, which has been a problem for over 100 years. This strategy includes cost-effective preventative measures to reduce environmental impacts and also substantially lower gold mines costs of pumping out water in Gauteng. A work plan for the 2003/4 financial year, involving engineering interventions in the central and East-Rand mining basins is being finalised.

The Department spent R20 million during the current financial year on the rehabilitation of abandoned mines. R17 million was spent on rehabilitating asbestos mines alone. Rehabilitation work has been done at old Voorspoed Asbestos Mine, Koegas, Ncweng, and Whitebank Complex in the Northern Cape.

With regard to coal mines, the Department in co-operation with the Department of Water Affairs and Forestry and other Government Departments, has implemented urgent short-term rehabilitation measures at the burning Transvaal and Delagoa Bay (T&DB) Colliery near Witbank. These include:

- The construction of safety pathways over the T&DB site and access control; and
- The construction of a storm water diversion system to prevent storm water flowing through the site and becoming acidic.

Investigations regarding the methods of rehabilitating the T&DB Colliery were finalised. These methods included re-mining, blast and collapse, flooding and ashing. A "piece-meal" option, which includes a combination of the above methodologies, has been agreed to as the preferred rehabilitation option. Tenders are currently being approved for blast and collapse test work at the site. The rehabilitation work is focused on achieving a sustainable end land use on the site that includes small-scale community agriculture.

Sub-programme Mineral Policy and Investment

To satisfy some of the requirements of the MPRDA in ensuring the redress of the economic inequalities as stated in the constitution, a Broad Based Socio-Economic Empowerment (BBSEE) Charter was developed and completed in October 2002. The Chamber of Mines (representing Big Mining Companies), the junior mining companies (represented by the South African Mining Development Association), Organised labour (represented by the National Union of Mineworkers) and the Royal Bafokeng nation (representing communities where mining takes place), have to be commended for their insight when the BBSEE charter was developed. The Charter consists of seven pillars, namely, Human Resources Development, Employment Equity, Community Development, Housing and Living Conditions, Procurement, Beneficiation and Ownership.

The sub-programme continued with the promotion of the mining and minerals industry of South Africa by exhibiting and completion of publications that could be used for luring investments to South Africa. To reinforce an interest

in the sector, the sub-programme under the auspices of the Tripartite Sector Partnership Committee (SPC) in conjunction with Electra Mining, organised a Mining Show at Nasrec, Johannesburg from the 30th September to 4th October 2002 as per the resolution of the Mining Summit of February 2000. The Mining Week's goal was to focus public attention on the positive aspects of the Industry, its professional approach to mine health and safety, its expertise and technology on offer and its sensible approach to environmental protection. It was for the first time that the South African Mining Industry had organised such an event and due to its success is to be organised every second year.

National Mining Promotion System (NMPS)

To improve on the turn around time when processing applications the Branch has commenced with the development of a spatially electronic system termed the National Mining Promotion System (NMPS). This system will maintain the proper management and administration of mining, prospecting and petroleum rights and permits. The purpose of a spatial system is to ensure accurate data capturing to enable immediate information of spatial overlaps and existing mining or prospecting permits that may be in existence. A prototype demo is in place and minor refinements on the system are being implemented to finalise the Phase I which is a licensing stage.

Small-scale mining

Government has increased the annual funding allocation to support development of the small-scale mining sector from R 5.1 million to R15 million for the 2003/04 budget year.

During the financial year there were approximately 120 applications processed and about 13 projects at different stages of development. In these twenty projects, which are at different stages of development, we continue to provide assistance with resource evaluation, project development, business planning, training and financial guidance.

These projects employed no less than 740 people. Most of them, 593, are women. A total of R6.8 million was spent in developing these projects. Of note are the strides that have been made at the brick-making project in KwaZulu-Natal.

Sub-programme Mineral Development and Administration

The sub-programme was established during the financial year in order to manage the transformation of the mining industry and to contribute to the sustainable socio-economic development of the country through the successful implementation of the relevant laws, the co-ordination of services, and the effective facilitation of local regional, and continental integration.



Outputs and service delivery trends

| Sub-programmes | Outputs | Output performance measures/ service delivery indicators | Actual performance against target |
|--|--|--|--|
| Mineral Resources Management | Successful implementation of new legislative and regulatory regime | Mineral and Petroleum Resources Development Bill (MPRDA) introduced in Parliament | President assented to the Act on 3 October 2002 |
| | | Finalised Mining Titles Registration Amendment Bill Draft Mineral Beneficiation Bill promulgation of the MPRDA | Bill not finalised due to involvement of key personnel in the drafting of the MPRDA Delayed due to preparation for the |
| | | Development of coherent strategies to address negative environmental impact | Developed environmental management strategy Phepafatso strategy |
| Mineral Policy and Investment | Provide, through research, relevant information that will enhance global competitiveness and attract new investment in the South African minerals industry | Rehabilitated derelict and ownerless mines Taking part in promotional investment fora and producing relevant directories and promotion publications | All planned rehabilitation completed. All planned exhibitions attended and most publications and reports completed. |
| | | Operational cadastral system with captured data | Prototype demo completed and populated |
| | | Promotion of Black Economic Empowerment | A Broad-Based Socio-Economic Empowerment Charter was finalised in October 2002 |
| Mineral Development and Administration | Administer the implementation of the legislative framework | Developed Small-scale mining project | 13 projects are at different stages of development |
| | | Restructured regional offices | Re-organisation in terms of MPRDA completed and further restructuring due to further requirements of other legislative framework is to be undertaken |
| | | Proper management of required systems Rural Development And Urban Renewal | Ongoing process Social Plan initiatives implemented at two poverty node areas-Umzinyathi and Kgalagadi. |
| | | | A coalbelt Steering Committee established at KZN to address local economic regeneration of local economy. |
| | | | Three local economic regeneration feasibility studies conducted: <ul style="list-style-type: none"> • Free State (Matjabeng) • Namaqualand • KwaZulu-Natal (Durnacol) |

PROGRAMME 4: Energy

The aim of this programme is to develop energy resources and ensure the optimal utilisation thereof. The programme activities are organised into four sub-programmes:

- *Electricity* is responsible for electricity policy, electricity supply and electrification.
- *Energy Planning* is responsible for Integrated Energy Planning, data, energy efficiency and renewable energy.
- *Hydrocarbons* is responsible for coal, gas and petroleum products and the regulation thereof.
- *Nuclear* is responsible for the governance of the nuclear sector.

Programme Policy Development

- The Gas Levies Act, Act 75 of 2002 was assented to in December 2002 and National Treasury is preparing for its implementation.
- A single Energy Regulator is in the process of being phased in.
- A White Paper on Renewable Energy was published for comment and is awaiting approval.
- Public comments on the Petroleum Pipelines Bill and the Petroleum Products Amendment Bill were considered, amendments made and the Bills certified by the State Law Advisors.
- Cabinet approved that the Electricity Distribution Restructuring Bill that will facilitate the establishment of REDs be published for public comment in February 2003.

Electricity sub-programme

During the past financial year, a total of 338 572 new households connections were made, while 915 schools and 49 clinics were electrified. The total number of households that are currently electrified in South Africa is 7 456 987.

A total amount of R86 million (16%) of the R600 million was spent in the Nodal Areas in 2001/2. The total spending in the nodal areas increased by 45,7% to (R413, 2 million) in 2002/3.

A first phase rollout programme on non-grid electrification was initiated in parts of Limpopo, KwaZulu-Natal and the Eastern Cape Provinces involving 5 private sector Non-Grid Service Providers. Up until the end of February 2003 a total of 5 321 Solar Home Systems have been installed as part of this programme. A grant of Euro 15.8 million by the German Government will allow the engagement of a 6th Non-Grid Service Provider in the Eastern Cape and North West Provinces towards the end of the 2003/04 financial year.

The free basic electricity programme is being rolled-out in selected nodal areas for qualifying consumers connected to both grid and non-grid electricity supply technologies. The programme will be rolled out nationally in July 2003, providing an equivalent of R20 per month of grid electricity connected households and R48 a month for non-grid households. This programme will be funded through the Equitable Share of municipalities.

Energy Planning sub-programme

The release of the White Paper on Renewable Energy for public comment coincided with the World Summit on Sustainable Development held from 26 August 2002 to 4 September 2002 in Johannesburg at which the Department participated.

A first Integrated Energy Plan was produced and circulated for comment within Government.

Hydrocarbons sub-programme

The implementation of the Liquid Fuel Empowerment Charter has seen most oil companies finalise their empowerment equity deals. According to the latest figures ownership is at 17.8%, turnover at 18.9% and share of operating profit at 19.5%.

As part of the on-going regulatory improvements a new Basic Fuel Price (BFP) determination methodology was finalised for implementation. It is to replace the In Bond Landed Cost (IBLC) price methodology. This new way of determining the petrol price is expected to bring lower prices and a possible saving of about R1 billion per annum to motorists.

A new single maximum retail price for illuminating paraffin throughout South Africa became effective on 2 April 2003. The regulation of paraffin prices forms a part of Government's poverty alleviation strategy by attempting to keep the prices of basic commodities as affordable as possible.

A Low-Smoke Fuels Strategy has been finalised and comprises three thrusts, namely; changing fire lighting practices to lower smoke emissions (*basa njengo magogo*), manufacture and distribution of low-smoke-fuels, and housing insulation to lower the amount of energy necessary to heat a dwelling. The implementation of the Strategy has commenced with a pilot study on the 'Basa Njengo Magogo' fire lighting technology in the greater Soweto area of Orange Farm. A draft National Standard for Low-smoke Fuels has been developed in collaboration with the SABS.

Nuclear sub-programme

In order to meet the Department's obligations under the Nuclear Energy Act, Act 46 of 1999 and the National Nuclear Regulator Act, Act 47 of 1999, the nuclear component was re-organised into three Directorates: Nuclear Technology, Nuclear Non – Proliferation and Nuclear Safety. This has improved the governance of the nuclear industry and good progress was made in the areas of policy development for radioactive waste, drafting of regulations, issuing of non- proliferation authorities and nuclear technology oversight.

In strengthening the governance of nuclear non – proliferation, the Protocol Additional to the Safeguards Agreement between the Republic of South Africa and the International Atomic Energy Agency (IAEA) was signed in Vienna on 13 September 2002 and entered into force upon signature. The Protocol is aimed at strengthening the IAEA's capability to detect undeclared nuclear material and activities in order to provide credible assurance of their absence.

In march 2003, South Africa submitted a declaration as required by the Protocol.

Two Regulations required in terms of the National Nuclear Regulator Act, Act 47 of 1999 were completed during the period under review. These regulations cover Co-operative Governance and fees in respect of Nuclear Authorisations.



Outputs and service delivery trends

| Sub programme | Outputs | Service delivery indicators | Actual performance against targets | |
|---|--|--|---|--|
| | | | Quantity Target | Actual |
| Electricity Restructuring | Restructuring of the Electricity Distribution Industry | EDI Restructuring Bill | Drafting of the EDI Restructuring Bill | The Bill was approved for public comments in February 2003 |
| | | EDI Holdings Company establishment | EDI Holdings registration | EDI Holdings Company was registered on 11 March 2003 |
| | | Establishment of 6 Regional Electricity Distributors | | |
| | Restructuring of Electricity Supply Industry | ESI Regulation Bill | Drafting of the ESI Regulation Bill | The Bill was published for public comments on 25 November 2002 |
| | | Drafting of market rules | Drafting of the functional design market rules | Phase 1 of the market design project completed |
| Integrated National Electrification Programme | Electricity connections to households, schools and clinics | Number of connections made | Households: | Households |
| | | | 296 355 | 274 773 |
| | | | Schools | Schools |
| | | | 961 | 974 |
| | | | Clinics | Clinics |
| | | | 9 | 9 |
| Free Basic Energy Policy | Free Basic Energy Policy | Provision of free basic electricity as a form of poverty alleviation | Finalise research on Free Basic Electricity was concluded for both targeted and broad based options to inform policy development. | Cabinet approved the policy in December 2002 |

| Sub programme | Outputs | Service delivery indicators | Actual performance against targets | |
|---|--|---|---|---|
| | | | Quantity Target | Actual |
| Free Basic Electricity pilots | Free Basic Electricity in selected nodal zones | Piloting of the Free Basic Electricity | 7 500 households in nodal zones benefit from Free Basic Electricity | 8 880 grid connected and 1 000 non-grid connected households benefited from the Free Basic Electricity pilot projects. |
| Obligations in terms of the NNR Act. | Drafting of regulations under the National Nuclear Regulator Act. | Publishing of regulations at regular intervals. | Publishing of Regulations. | The Regulation on Cooperative Governance was published during this period. The Regulation on Fees in Respect of Nuclear Authorisations was published during this period. |
| Obligations in terms of the Nuclear Energy Act. | Issuing of Authorisations for export and import of nuclear material. | Authorisations for export and import of nuclear material. | Processing of all applications. | All the applications received during this period were processed and where applicable, approval was given. |
| Restructuring of NECSA. | Government decision on NECSA restructuring. | Approval of NECSA restructuring. | Approval of restructuring by end of financial year. | Approval was given on NECSA reorganisation during this period. |
| Pebble Bed Modular Reactor Project | Coordinated Government approach on the PBMR | Facilitation of the Government response on the PBMR | Continuous engagement with the PBMR process. | Reports on progress on the PBMR were prepared. |

| Sub programme | Outputs | Service delivery indicators | Actual performance against targets | |
|---|---|---|---|--|
| | | | Quantity Target | Actual |
| International Obligations in terms of Safeguards. | (a) Signing of the Additional Protocol on Safeguards. | (a)A Signed Additional Protocol on Safeguards | (a)Signing of the Protocol within the financial year. | (a)The signing of the Additional Protocol on Safeguards was done in Vienna, Austria in September 2002. |
| | | | Submission of the declaration in terms of the Additional Protocol within 6 months following signing | The declaration by South Africa was submitted in March 2003 as required in terms of the Additional Protocol. |
| | (b) Hosting of a Safeguards for African States with the IAEA. | (b)Successful hosting of Seminar. | (b)Hosting of Seminar during the financial year. | (b)The Seminar on Safeguards was hosted by the DME and the IAEA in Benoni during June 2002. |

National Electricity Regulator (NER)-funded Electrification Programme for 2002/3:

Households:

| | |
|-----------------------|--|
| Grid connections: | 3 280 at a capital investment of R72.2 million |
| Non-Grid connections: | 6 001 at a capital investment of R19.1 million |

Eskom

| | |
|-------------------------------------|-----------------|
| Total funds transferred: | R 698.6 million |
| Total expenditure | R 692.3 million |
| Amount contracted out: | R 492.0 million |
| Amount contracted to BEE companies: | R 337.0 million |

Municipalities

| | |
|---------------------------|-------------------------------------|
| Total funds transferred: | R224.8 million |
| Total expenditure: | R216.8 million (Incl. own funds) |
| BEE expenditure reported: | R 57.8 million |
| Jobs reported: | |
| Permanent: | 197 |
| Temporary: | 2 390 |

PROGRAMME 5: Associated Services

CEF (Proprietary) Ltd

CEF (Pty) Ltd was established in terms of the Central Energy Fund Act, 1977 (Act 38 of 1977) as amended. It oversees a diverse number of subsidiaries and manages the Equalisation Fund.

The purpose of CEF is to give effect to the objectives of the Act, which are to finance and promote:

- The acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuel, oil and other products from coal, the marketing of the said products and any matter connected with the said acquisition, exploitation, manufacture and marketing.
- The acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith.
- Any other object for which the Fund may be applied, and which has been designated or approved by the said Minister with the concurrence of the Minister of Finance."

CEF is currently reviewing its portfolio of activities with a view to broadening its range of interests from petroleum to interests such as natural gas, renewable energy, energy efficiency, low smoke coal and other developmental alenergy initiatives.

Council for Geoscience (CGS)

The Council for Geoscience was established in terms of the Geoscience Act of 1993 (Act 100 of 1993). The Council is responsible for:

- Systematic geoscientific mapping of South Africa, the interpretation and compilation of data, maps and map explanations.
- Geological research to improve the understanding of geological processes.

- Collecting and compiling all Geoscience data for South Africa in the National Geoscience Archives.
- Maintaining the National Borehole Core depository, the National Geoscience Library and the National Geoscience Museum.

During the past year the Council for Geoscience again completed a number of major projects successfully and published the results thereof:

Notable achievements:

- The completion of a 25 year project resulting in the production of the metallogenic map of the African Continent.
- The engineering-geological investigation of the planned Freedom Park Monument site in Pretoria.
- The development of the cadaster licensing system as part of the National Mining Promotion System in support of the implementation of the Minerals and Petroleum Resources Development Act.

Council for Mineral Technology Research (Mintek)

Mintek was established in terms of the Mineral and Technology Act, 1989 (Act 30 of 1989). It provides research, development and technology transfer that foster the development of businesses in the mineral and mineral product industries.

Mintek strives through innovative research and development, to be a global leader in the field of mineral and metallurgical research and development and technology transfer. Mintek enhances the well being of all South Africans through the best-practice implementation of technologies to recover and add value to mineral resources. Mintek achieves these objectives through the transfer of technology to the industry, the promotion of the optimal supply and efficient utilisation of mineral resources and by ensuring that its expertise and technology is world class and internationally competitive. Mintek, the national minerals processing research centre, fulfils a vital role in improving the international competitiveness of the country's mineral and metal industries and, at the same time, earns important revenue from international clients.

The initiative, Musuku Beneficiation Systems (Musuku means 'gold' in Venda), is an alliance between Harmony Gold, which took the pioneering step of establishing its own gold refinery in the small Free State town of Virginia in 1997, and Mintek, South Africa's national minerals research organisation.

The partnership combines Harmony's existing refinery and gold beneficiation business with Mintek's capabilities in advanced technology, and the design and construction of refining and manufacturing facilities. In support of South Africa's Mining Charter, a 20 per cent shareholding in Musuku has been reserved for a soon-to-be-named black economic empowerment organisation.

Harmony Gold has already created 800 jobs in the jewellery manufacturing industry in Virginia as a result of the production of jewellery-grade alloys on-site.

National Electricity Regulator (NER)

The National Electricity Regulator was established in terms of the Electricity Act, 1987 (Act 41 of 1987), as amended. The NER regulates the Electricity Supply Industry to ensure order in the generation and efficient supply of electricity. Its role is to ensure an efficient and effective industry, well placed to meet the need of existing and future customers. Its key functions are to approve the prices at which electricity is sold and to set and monitor quality of supply and service standards. The Regulator is currently funded through a levy on electricity, which is determined by the Minister in consultation with the Minister of Finance. The NER was mandated to facilitate and co-ordinate non-grid electrification for rural areas.

The Darling wind farm was licensed as a generator by the NER. This makes it the first Renewable Energy Independent Power Producer (IPP) in South Africa.

In another NEPAD project the NER has played a role in establishing the Regional Electricity Regulators Association (RERA) and regional regulation in SADC.

The South African Nuclear Energy Corporation (NECSA)

NECSA was established in terms of the Nuclear Energy Act, 1999 (Act 46 of 1999) to conduct research and development in nuclear technology. It is being restructured to pursue peaceful and commercially viable opportunities. It has commercialised the SAFARI-1 Research Reactor for medical and industrial applications, making South Africa one of four main suppliers of radioisotopes in the world.

Notable achievements and developments for NECSA during 2002/03 were that:

- In respect of export performance, Nuclear Technology Products, the division responsible for the radioisotope marketing and sales of NECSA, exported 86% of its sales of R131m to 40 countries on five continents.
- NTP was the winner of the prestigious Technology Top 100 award in its category for 2002 and also received a special award from MTN for its role in successfully commercialising key domestic nuclear technology.
- A chemical plant for the production of a specialised fluoromonometer used for state-of-the-art fluoropolymers was constructed and commissioned during the year.
- A chemical plant for the production of an advanced fluorine-based gas for use in the global semi-conductor industry has been established and commissioned on the Pelindaba site.

National Nuclear Regulator (NNR)

The NNR was established in terms of the National Nuclear Regulator Act, 1999 (Act 47 of 1999). It provides for the protection of persons, property and the environment against nuclear damage through the establishment of safety and regulatory practices for the following:

- The construction or use of a nuclear installation.
- Use, production, storage, processing, enriching, reprocessing, conveyance or disposal of radioactive materials.

- Discarding of radioactive waste and storage of irradiated nuclear fuel.

The NNR continues to ensure that an adequate level of safety is maintained through safety assessments, improvement and optimisation of the nuclear authorisation, and through implementation of an effective compliance assurance programme.

The South African Diamond Board (SADB)

The South African Diamond Board (SADB) was established in terms of the Diamonds Act of 1986 (Act 56 of 1986). Its objective is to provide a regulatory function including control for possession, the purchase and sale, the processing and the export of diamonds. The SADB is a non-government funded institution that derives its main income from levies imposed on the exploitation/importation of diamonds.

During the year under review the SADB managed a positive cash flow. This was mainly due to improved relations with the Industry and adherence to corporate governance and sound financial controls. In order to continue being more efficient, the Board has also opened an office in Kimberley thus enabling it to service its clients in that area.

Mine Health and Safety Council (MHSC)

The Mine Health and Safety Council was established in terms of section 42(1) of the Mine Health and Safety Act, 1996 (Act No. 29 of 1996). The Council (a Tripartite body) advises the Minister on health and safety at mines, promotes health and safety in the mining industry and performs duties imposed upon it by the Act.

Lebowa Minerals Trust (LMT)

The LMT, established in terms of the Lebowa Mineral Trust Act, 1987 (Act No. 9 of 1987), is in the process of abolition in terms of the Abolition of the Lebowa Mineral Trust Act, 2000 (Act No. 67 of 2000). The department and National Treasury have made significant progress towards winding up LMT, a process expected to be completed by March 2004.

3. Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2003.

Audit Committee Members and Attendance:

The audit committee consists of the Members listed hereunder and meets at least two times per year as per its approved terms of reference. During the current year five meetings were held.

During the fiscal year under review, the following were members of the Committee:

| Name | Position | Number of meetings attended |
|--------------------------|-------------------|-----------------------------|
| Sikkie Kajee | Chairperson | 5 |
| Ms Singi Titus | Member | 5 |
| Sicelo Sakawuli | Member (resigned) | 4 |
| Advocate Sandile Noxinga | Ex-officio member | 1 |
| | Director-General | |

The Committee confirms that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also confirms that it has adopted appropriate formal terms of reference, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Committee is satisfied with the content and quality of monthly reports prepared and issued by the Accounting Officer and the Department during the year under review.

The effectiveness of internal controls

The Audit Committee has reviewed the Annual Financial Statements of the Departments, the Report of the Auditor-General and periodic reports submitted to the Audit Committee by the Head of Internal Audit of the Department.

The Committee has further

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report
- Reviewed the Auditor-General's management letter and management response
- Reviewed significant adjustments resulting from the audit.

Except for the matters highlighted in the Report of the Auditor-General (read together with the management letter issued by the Office of the Auditor-General), the Committee is satisfied that the major financial risks of the Department are appropriately managed and that the financial statements are a fair reflection of the Department's activities in the last fiscal year. This Committee will continue monitoring the progress made in addressing the issues raised by the Office of the Auditor-General especially those that relate to revenue collection and asset management.

This Committee is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



S A H KAJEE
CHAIRPERSON: AUDIT COMMITTEE
DEPARTMENT OF MINERAL AND ENERGY
31 JULY 2003

4. Annual Financial Statements



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4.1 Management Report for the year ended 31 March 2003

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

1. General Review of the state of Financial Affairs

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

The Department of Minerals and Energy covers two sectors that are vital to both the economic and social well being of the country. The minerals sector is an integral part of the economy: it accounts for a significant proportion of economic output and employment, and attracts much needed foreign investment. The energy sector provides an important input to many industries. The sector is helping to attract investment and to overcome the social inequalities of the past.

The Department is working to fundamentally transform both these sectors, and to ensure that they continue to be sources of economic development, that all South Africans can benefit from and that participation in these sectors is representative of society. It is these transformation processes, in both mining and energy sectors, that have been the core work of the Department over the last three years, and will continue to be for several years to come. Details of significant events and major projects undertaken during the current year are discussed under Programme Performance.

Table 1.1 The Department was allocated a budget as follows:

| | 2002/2003 | 2001/2002 |
|---------------------------------|---------------|---------------|
| | R'000 | R'000 |
| Voted funds | | |
| Total allocation | 1 872 618 | 1 250 896 |
| Less Expenditure | (1 853 208) | (1 233 396) |
| Total | 19 410 | 17 500 |
| Non Voted funds | | |
| Opening balance | 5 503 | - |
| Donor funds | 11 460 | 23 717 |
| Less Expenditure | (15 068) | (18 229) |
| Net surplus for the year | 1 895 | 5 503 |

Expenditure Trends

The Department's expenditure of voted funds was 98.9% of the approved budget (R1 872 618), in comparison with expenditure of 98.6% in the previous year. Expenditure on transfer payments increased from R1 008 115 in 2001/2 to R1 581 757 in 2003.

Table 1.2: Minerals and Energy under/(over) spending

| Programme | Amount Voted 2002/03 R'000 | Expenditure 2002/03 R'000 | Saving R'000 |
|---|----------------------------------|---------------------------------|-----------------|
| 1. Administration | 73 780 | 70 760 | 3 020 |
| 2. Promotion of mine safety and health | 85 561 | 81 255 | 4 306 |
| 3. Mineral development | 91 719 | 89 294 | 2 425 |
| 4. Energy management | 1 015 865 | 1 006 294 | 9 571 |
| 5. Associated services | 605 201 | 605 113 | 88 |
| Special functions | 492 | 492 | - |
| TOTAL | 1 872 618 | 1 853 208 | 19 410 |

Details are discussed in the notes to the appropriation account.

2. Services Rendered by the Department

The core function of the Department is to govern the minerals and energy sectors by:

- Providing a safe and healthy working environment
- Ensuring security of energy supply and optimal management of energy resources, and
- Providing focused services for governance and development of the minerals industry.

Tariff policy

The Department's major source of income is from prospecting fees and royalties. The Minerals and Mining Policy for South Africa (1998) provides inter alia for predetermined standard items and conditions for all prospecting and mining licenses.

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

Exploration fees

Exploration fees are charged in respect of the Minerals Act, 1991 (Act 50 of 1991) where the State is the holder of the mineral rights.

Currently the approved rates as from 1 April 2000 start at R3,00/hectare for the first year and escalate at R1,00/hectare for the maximum period of 5 years determined by a prospecting lease. Any renewal period bears double the fee and escalate at R2,00/hectare/year. For offshore exploration the same rates apply but for square kilometres.

The above rates will apply up to the promulgation of the Mineral and Petroleum Resources Act, 2003, when new prescribed rates will apply on all prospecting rights granted including private owned land. This will significantly increase income from exploration to the State.

Exploitation fees (Royalties)

Royalties payable are between 1 and 5% of gross revenue (free on mine) for base minerals, 5% of gross revenue for diamonds, between 10 and 12% of taxable profits for all commodities. A lease formula for precious metals and standard unit rates for construction materials is also applied. The new Royalty Bill will set different gross revenue rates for different minerals.

Mining or removal of diamonds during prospecting

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

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

A royalty of 1% of gross revenue/value free on mine of the mineral content in ore removed, or a saleable product, as determined by a "bona fide, arms length" transaction is payable.

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

Exploitation of construction materials: sand, stone and clay

Where sand, stone or clay is being removed for commercial purposes, the following royalties are payable from 1 April 2000 until such time the new Royalty Bill becomes applicable:

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

Year 1 – R0-80 per cubic meter

Year 2 – R0-85 per cubic meter

In the case of longer-term permissions (five years) and mineral leases, the relevant royalty will start at R0-80 per cubic meter for the first year, escalating at the rate of R0-05 per hectare per year for a period of five years.

Where a local authority is removing material for road and general maintenance, or for upgrading townships, or for any purpose that may be considered as being "RDP", a token royalty will be payable to the amount of R100-00 per year. This amount will be reviewed on a five yearly basis.

Minimum royalties

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



3. Capacity Constraints

Since the previous approved organisation and post structure of the Department was inadequate to effectively address the above priorities and new Departmental specific legislation, it was revised and a total of 194 additional posts were approved. During the 2002/03 financial year an allocation of R10 million was received as part of the Department's MTEF allocation and an additional R11,588 million was made available by reprioritization giving a total of R21,588 million. This amount includes personnel, additional accommodation and support/administrative expenditure. A total of 87 new posts were funded during the 2002/03 financial year. For the 2003/04 financial year an amount of R22,742 million was requested from National Treasury of which R17,5 million was allocated. This was intended to address the previous capacity constraints and the implementation of Minerals and Petroleum Resources Development Act. Also due to the inadequate budget allocated by National Treasury and implementation of resolution 7 some of the savings from Personnel Expenditure were utilised for merit awards, severance packages, and employing consultants to undertake work that was meant to be performed by posts that could not be filled.

4. Utilisation of Funds

Electricity Capacity Building Programme

The Department entered into a Bi-National Co-operation with NORAD. NORAD committed funds to support the Capacity Building Programme of the Electricity Chief Directorate Personnel on matters of Electricity Policy, restructuring and oversight and implementation of the programme. The budget is also available for Ministerial support when the need arises. The Department has funded (with Norad Agreement) a study undertaken by ECON on Electricity Market options. The Department has also undertaken two training programmes in Norway during 2002. The 2002/03 balance incurred was a result of the late disbursement of the funds in 2002/03 by the Norwegian Government and the

need for available personnel to finalise Departmental outputs/ programmes. The funds have been used effectively thus far and will be used effectively till the end of the project, in line with the outcomes of the annual meeting held in April 2003 between the parties.

Petroleum Programme

All funds received by the DME for the NORAD Petroleum Project have been transferred to CEF. The capacity building components of the project were implemented as a priority in the first financial year. The utilisation of these funds was extremely efficient and added tremendous value to the Department. This has led to an under utilisation of funds related to policy research components. After discussions between the Department and the donors, the project has essentially had its first and second financial years combined from an operational perspective and all 2002/03 and 2003/04 funds should be committed by the end of the 2003/04 financial year.

Non-Grid Electrification Programme

The European Union signed a Financing Agreement with the South African Government for a grant towards non-grid electrification of schools in Eastern Cape and Limpopo Provinces. This project has been completed.

Details of donor funds received are included in the notes to the financial statements.

5. Public Entities

Public entities reporting to the Minister responsible for Minerals and Energy

All public entities accountable to the Minister of Minerals of Energy through their individual Boards of Directors are listed as part of Ministerial information under General information of this Annual Report. The Department is further represented on each of the boards. The financial statements of these entities will be tabled separately. As a general observation, some of our Public Entities are facing a financial challenge in respect of the post retirement medical aid liabilities.

Public entities to which funds have been transferred

For a detailed schedule of transfers to public entities refer to Annexure 1B of the Financial Statements

The South African Nuclear Energy Corporation Ltd (NECSA)

The Department has transferred just over R424,9m to implement some of the activities as required by the Nuclear Energy Act, 1999, of which R265,5m was strategic loans. Transfers to NECSA amounts to 22.93% of actual expenditure for the 2002/03 financial year. In terms of the Act, NECSA has to fulfil certain institutional obligations and these mainly involve:

- The decommissioning and decontamination of past strategic nuclear facilities.
- The management of nuclear waste disposal on a national basis.
- The application of radiation technology for medical or scientific purposes.
- The operation of the NECSA site and accompanying services.
- The implementation and execution of safeguards function with the International Atomic Energy Corporation, the Nuclear Non-Proliferation treaty, the African Co-operative Agreement, the treaty of Pelindaba or any other agreement or protocol.

Council for Mineral Technology Research (Mintek)

The department transferred R76,4m during the year under review, which is 6.14% of the department's budget. An amount of R1m was transferred to Mintek for beneficiation and community development projects.

The National Nuclear Regulator (NNR)

The main technical function of the NNR is to grant licences with attendant conditions for the above activities and to advise the Minister on any matter associated with these. NNR derives certain major portion of its income from levies it collects. The department transferred R7,2m for the year under review, which is 0.56% of the department's budget.

Council for Geoscience (CGS)

For the year under review the Department transferred R66,3m to the council which is 5.27% of the departmental budget and R28,9m to develop and implement various measures for the prevention of water ingress into underground workings of the Witwatersrand basins.

The CEF (Proprietary) Ltd

CEF made a once off restructuring payment of R2.5 billion. The State's strategic oil stocks procurement and management is being undertaken by PetroSA on behalf of Strategic Fuel Fund (SFF). The CEF group is being reorganised to accommodate a new "Energy for Development" initiative and possibly a future energy research facility. iGas has entered into a shareholders agreement with SASOL and CNH in respect of the Mozambique to South Africa natural gas pipeline.

The department does not transfer any funds to any of the companies in the CEF group. On instruction from the Minister, CEF makes transfers to the National Revenue Fund through the Department on an annual basis. An amount of R2 500 501 837-36 was received from CEF of which an amount of R290,501,837-36 was paid over to the revenue fund and R2 210 000 000-00 was transferred to the Exchequer during the year under review. Also the CEF Board took a decision to stop the funding of Enerkom as a research project which resulted to the closure of Enerkom.



The South African Diamond Board (SADB)

The Department transferred R3,4 million to the South African Diamond Board as the administrator of the Conflict Diamond Kimberley Process

Mine Health and Safety Council (MHSC)

The Mine Health and Safety Council was established in terms of the Mine Health and Safety Act 29 of 1996. In terms of section 41 of the Act certain tripartite committees are established to deal with various issues pertaining to health and safety in the mining industry. The State, Employers and Labour are represented on these bodies.

Some of the responsibilities of the Council are to:

- Advise the Minister of Minerals and Energy on health and safety on mines
- Co-ordinate the activities of its committees, and
- Promote a culture of health and safety in the mining industry.

The Mine Health and Safety Council was recently listed as a Schedule 3A Public Entity. A total amount of R3 154 013,08 was paid to the Council and its sub-committees for their administration during the 2002/03 Financial Year from Professional and Special Services. For the 2003/04 Financial Year, all moneys payable to the Council will be treated as transfer payments.

Electricity Distribution Industry Holdings (EDIH) (Proprietary) Limited

The EDIH was established in March 2003 and shall operate within the financial framework of Chapter 6 of the PFMA, as a Schedule 3A Public Entity.

The main object of the company is to restructure the electricity distribution industry into financially viable independent Regional Electricity Distributors (REDs) in South Africa in accordance with National Government policy in order to ensure a more effective and efficient electricity distribution industry capable of providing affordable and accessible electricity to consumers.

The fixed costs of the EDIH will initially be funded from the fiscus (MTEF allocation for the first three years). Extra costs incurred on top of these will be funded from borrowing by the EDIH with the debt being passed on to the REDs for payment.

The EDIH is subject to the condition that on achieving it's main objective, as decided by the Minister, shall be voluntarily wound up following a review process.



6. Other Organisations to whom Transfer Payments have been made

| Name of Institution | Project | Amount transferred R'000 |
|--|---|-----------------------------|
| Solar Vision (Pty) Ltd | Electricity Basic Service Support Tariff | 394 |
| KwaZulu Energy Services Company | Electricity Basic Service Support Tariff | 206 |
| Nuon Raps Utility (Pty) Ltd | Electricity Basic Service Support Tariff | 444 |
| Eskom | National Electrification Programme | 739 513 |
| Various Municipalities | National Electrification Programme | 224 763 |
| Development Bank of Southern Africa Limited | Electricity Distribution Industry Restructuring | 4 000 |
| Industrial Development Corporation of South Africa Limited | Small-Scale Mining | 4 100 |

Solar Vision (Pty) Ltd, KwaZulu Energy Services Company and Nuon Raps Utility (Pty) Ltd

Cabinet approved the development of a free basic electricity policy (Electricity Basic Service Support Tariff) (EBSST) and the proposed draft strategy during the first quarter of 2001. The funding of the policy development project was also tabled before Cabinet on 27 June 2001.

The above development was to consist of pilot projects in nodal and selected targeted urban areas. The envisaged funding was expected from the Equitable Share of Local Government, for non-grid systems and cross-subsidies within the Electricity Distribution Industry (EDI) for other grid electrified households.

The DME has initiated a programme of providing non-grid technologies to remote rural areas through non-grid concessionaires as an integral part of the Integrated National Electrification Programme (INEP). The current monthly maintenance and operational cost expected from the poor household is R58,00.

The lack of sufficient cash flow in many poor households hampers the roll out of the non-grid electrification programme, and thus limiting progression towards universal access to electricity services.

Eskom and various municipalities

From April 2001 the Department has been responsible for funding and managing the National Electrification Programme. Eskom has been appointed to manage the programme as well as the design and implementation of those electrification projects currently being implemented and those planned on behalf of the Department. A contract between Eskom and the Department was signed during August 2001 detailing and regulating the reporting and accounting responsibility.

As from the 2002/03 financial year, capital subsidies were also paid to various municipalities licensed as electricity distributors by the National Electricity Regulator (NER) to further address the electrification backlog of permanently occupied residential dwellings that are situated in rural and proclaimed urban areas in the furtherance of electrification in historically under-supplied areas. Details are given in the annexures to the financial statements.

Development Bank of Southern Africa Limited

Cabinet approved the Electricity Distribution Industry Restructuring. This includes the establishment of the EDI Holdings Company to ensure that a managed liberalisation process is followed. Funds were paid over to the Development Bank of Southern Africa (DBSA) as the project and fund manager of this project. A certificate of assurance regarding the implementation of effective, efficient and transparent financial management and internal control systems in terms of section 38(1)(j) of the Public Finance Management Act, 1999 (Act 1 of 1999) was issued by the DBSA to the Department. A contract between the DBSA and the Department was signed during June 2000 spelling out and regulating the reporting and accounting responsibilities.

Industrial Development Corporation of South Africa Limited

In order to alleviate the financial and technical constraints faced by the small-scale mining sector, the Department of Minerals and Energy has established the National Steering Committee (NSC) of Service Providers to the Small-Scale Mining Sector. The NSC, which is chaired by the Chief Director: Mineral Promotion aims to deliver services to small-scale mining operations in South Africa. In addition, the NSC aims to convert artisanal/illegal mining operations into environmentally and economically sustainable operations. It is estimated that there are approximately 3 000 mining operations of this kind in South Africa. Additionally, it is the objective of the NSC to extend assistance to aspirant small-scale mining entrepreneurs to start greenfield projects.

Thus, the NSC requires a substantial amount of funds to achieve its development objectives. This amount is transferred to the Industrial Development Corporation of South Africa (IDC) to be administered in terms of a Management Agreement signed on 13 March 1999 by the Director-General: Minerals and Energy.

In terms of the management agreement, all funds transferred by the Department of Minerals and Energy to the IDC will be administered exclusively for the objective of promoting small-scale mining as directed by the NSC from time to time, upon terms and conditions stipulated in the NSC Constitution.

The IDC is to provide statements from an independent auditor on the status of the fund every six months and a financial statement at every monthly meeting. Approval to spend the funds is obtained from the National Steering Committee at its monthly meeting and is then communicated in writing to the IDC.

7. Corporate Governance Arrangements

Risk management/Fraud Prevention Policies

The Department has appointed a consulting company through a tender process to review the risk assessment done by Internal Audit and help the Department

to review and integrate the risk assessment and the Fraud Prevention Plan. They will also build capacity within the Audit function and help the Department in developing the risk management plan.

Management processes to minimise conflict of interest

The following measures were implemented to minimise conflict of interest:

- a) All members of Senior Management are required to declare their financial interest (shares, directorships and partnerships, etc.) on an annual basis.
- b) In addition all members of staff are required to complete a Disclosure of Information Form on appointment.

Code of Conduct

On appointment, each employee is required to sign and accept the code of conduct as part of the conditions of employment. In addition, the Department's risk management committee will, with the implementation of the fraud prevention plan, develop the internal operational code of conduct.

8. NEW/PROPOSED ACTIVITIES

The Electricity and Nuclear Branch is responsible for a number of new activities, which have been legislated or will be legislated in the near future. These activities include the following:

- Electrification Regulation Monitoring and Evaluation.
- Electricity Generation and Transmission regulation.
- Electricity Distribution regulation.
- Nuclear Non-Proliferation.
- Nuclear Technology.
- Nuclear Safety.

The reasons for the above activities are the introduction of new legislation, and new technologies and energies becoming available as well as the restructuring of the electricity supply and distribution industries. The establishment of the National Electrification Management Unit in the Department also contributes. The National Electrification Business Planning Unit has been established as an integral technical unit for the Department. The unit is presently sitting within Eskom and will be ring-fenced and moved to the DME. The unit will assist the Department with the Integrated National Electrification planning processes and systems and also programme control.

The effect that the new activities will have on the operations of the Department include a significant increase in personnel numbers from 45 to 108.

In the Hydro-Carbons and Energy Planning Branch the implementation of a licensing dispensation for the petroleum sector in terms of the Petroleum's Products Amendment Act is a new activity that requires additional administrative capacity.

The financial implications of the new activities will increase the personnel budget of the Energy Management Programme from R12,307 million to R23,198 million and the provision of R49 million for the Electricity Distribution Industry Holdings Company who will be responsible for the restructuring of the electricity distribution industry.

9. Events After Reporting Date

A request for assistance with additional funds to cover a deficit on Mintek's budget pertaining to the African Minister's Forum, held in Cape Town during February 2003 was received from Mintek. Approval was given by the Accounting Officer on 31 March 2003 in terms of Treasury Regulation 21.1 for a donation to the amount of R100 000 to Mintek to assist with costs of the African Minister's Forum. The donation was however only paid during April 2003.

Salary claims to the amounts of R13 266,59, R20 008,70 and R10 641,55 included in Note 13 as amounts owing by other Departments were paid by the Departments of Justice, Health and the National Prosecuting Authority during April 2003.

10. Progress with Financial Management improvements

The Department embarked on a number of initiatives to improve and to inform employees of the contents of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA) and Treasury Regulations (TR). The following training and improvement initiatives have already been conducted:

A number of managers attended workshops presented by the South African Institute of Government Auditors on the PFMA, Treasury Regulations and compiling of financial statements.

A number of workshops were held with line function managers of the Department during 2002 on the PFMA, Treasury Regulations and financial related issues.

11. Performance Information

The Department has the following accountability framework and processes designed to monitor progress and achieve desired targets:

The Executive Committee chaired by the Accounting Officer incorporating both the Ministry and Department continues to hold its weekly meetings where strategic and governance issues are discussed. The monthly Management Committee Meetings for report backs and peer performance reviews have also been continued. A Budget Committee chaired by the Accounting Officer also meets monthly where reviews of the Department's financial performance are undertaken.

All branches do have monthly management meetings aimed at monitoring progress as well as ensuring compliance with work plans and Key performance areas as determined in strategic plans of the Department.

In addition, the Department conducts performance reviews against the performance agreement for all Senior Managers twice a year.

The sub-committees of the Forum of Minerals and Energy Heads (FOMEH) were introduced this year to further enhance both formal and informal communication between Department and its Associated Institutions. These sub-committees include Finance, Human Resources, Security, Audit and Communication. Further processes will be put in place to investigate the formulation of a system to record the information required to measure performance against the approved objectives.

12. Other Activities

Royalties

A computerised Royalty System was implemented in June 2002 in order to replace the current manual system. In order to achieve total assurance of the efficiency of the computerised system both systems (manual and computerised) run in parallel.

In the process of implementing the computerised royalty system, it was established that alignment had to be effected between the manual records kept at Head Office and those in Regional Offices for both active and non-active mining authorisation holders. An action plan is in place to address these discrepancies with the final cut off date being 30 June 2003. This project is expected to improve the effectiveness of royalty collection within the Department.

Asset Management

The physical asset verification captured on MS Access could not be reconciled with information on Logis. Subsequently, a new project plan to clean up and update Logis has been developed. A reconciliation exercise to address the accuracy and completeness of information on MS Access is currently being done.

In addition to this the department is currently developing a comprehensive asset management procedure manual that will guide the department in effectively managing the assets.

Council for Geoscience: Transfer of Movable and Immovable Assets

The Geoscience Amendment Bill to address the transfer of the assets was tabled and approved by Cabinet on the 19 September 2001. The process post the approval of the Geoscience Amendment Bill to complete the transfer process, has been delayed because there were issues in the Mineral Petroleum and Resources Development Act that would have required redrafting of some parts of the said Bill. The Bill was redrafted for compliance with the Mineral and Petroleum Resources Development Act and is currently in the process of being tabled in Parliament. The Bill was published in Government Gazette No 24338 of 31 January 2003.

Contracts with public entities and other organisations to whom transfer payments have been made

To clarify possible misinterpretation of contracts with some of the Department's Public Entities and other organisations to whom transfer

payments have been made and to make their intentions more clear, the Department is in the process of amending these contracts. Some of the issues that will be addressed are ownership of assets purchased with money transferred, referral to the appointment of the entity or organisation on behalf of the Department, and the holding of these monies in trust on behalf of the Department. The monies received by the IDC are currently being held as an amount owing to the Department whilst this amount was expensed by the Department.

Contracts with the following Public Entities and Organisations are currently being reviewed:

- Mintek.
- Council for Geoscience.
- Solar Vision (Pty) Ltd.
- KwaZulu Energy Services Company.
- Nuon Raps Utility (Pty) Ltd.
- Development Bank and Southern Africa Limited.
- Industrial Development Corporation of South Africa Limited.
- Diamond Board.

Approval

The annual financial statements set out on pages 40 to 86 have been approved by the Accounting Officer.



Advocate Sandile Nogxina

Director-General: Department of Minerals and Energy

31 March 2003

