

Vote 29

Mineral Resources

Adjusted budget summary

R thousand	2017/18			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 779 449	1 779 449	(24 360)	24 360
<i>of which:</i>				
Current payments	846 661	871 021	-	24 360
Transfers and subsidies	921 127	896 767	(24 360)	-
Payments for capital assets	11 661	11 661	-	-
Executive authority	Minister of Mineral Resources			
Accounting officer	Director-General of Mineral Resources			
Website address	www.dmr.gov.za			

Vote purpose

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

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2017/18 as published in the 2017 ENE	Achieved in the first six months of 2017/18 (April to September)	Changed target for 2017/18
Number of occupational health and safety inspections, and mine audits conducted per year	Mine Health and Safety	Outcome 4: Decent employment through inclusive growth	8 396	5 374	-
Number of mining rights and permits granted or issued to historically disadvantaged South Africans per year	Mineral Regulation		150 ¹	74	-
Number of industry workshops on compliance issues conducted per year	Mineral Regulation		9	3	-
Number of social and labour plan verification inspections per year	Mineral Regulation		212	147	-
Number of environmental verification inspections per year	Mineral Regulation	Outcome 10: Protect and enhance our environmental assets and natural resources	1 275	799	-
Number of mine economics verification audits per year	Mineral Regulation	Outcome 4: Decent employment through inclusive growth	425	271	-
Number of publications per year	Mineral Policy and Promotion		12	1	-
Number of legislative instruments reviewed and amended per year	Mineral Policy and Promotion		5	1	-
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion		45	6	-
Number of small, medium and micro enterprises (SMMEs) supported (new and established) per year	Mineral Policy and Promotion	Outcome 7: Comprehensive rural development and land reform	80	49	-
Number of investment promotion events/forums/workshops per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive growth	55	18	-

1. Indicator changed to align with indicator published in the department's 2017/18 annual performance plan, which was finalised after the 2017 ENE had been published.

Mid-year progress

The department conducted 147 social and labour plan verification inspections, 799 environmental verification inspections, and 271 mine economics verification audits during the first half of the year. These achievements are due to the department receiving a higher than anticipated number of applications for mining licence renewals and mine closure certificates in the first six months of 2017/18. These applications required inspections, audits and verifications to be conducted before they were approved to ensure compliance with environmental regulations. 3 industry workshops were conducted in the first six months of the year against a target of 9. The department plans to conduct 6 workshops in the second half of the year to meet its target.

Only 1 publication out of a targeted 12 for the year was published in the first six months of 2017/18. This is due to delays in finalising production because of a shortage of staff. It is expected that the target will be met by the end of the year as the department will collaborate with state-owned entities to produce these publications in the third quarter.

The Mineral and Petroleum Resources Development Amendment Bill is still in Parliament, and the African Exploration Mining and Finance Corporation Bill is still with Cabinet. Due to these delays, it is unlikely that the department will meet its target of reviewing and amending 5 legislative instruments by the end of the financial year.

The department rehabilitated 6 derelict and ownerless mines in the first six months of the year against an annual target of 45. It is in the process of revising the planned list of mines for rehabilitation as most sites are on private land.

18 investment promotion events, forums or workshops were hosted in the first six months of the year against an annual target of 55. The delay in hosting these events is due to key stakeholders in the mining sector being unavailable. The department plans to secure the availability of these stakeholders for these events, forums and workshops in the second half of the year.

Adjusted Estimates of National Expenditure 2017

Programme	2017/18							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration	317 722	-	-	22 209	-	-	22 209	339 931
Mine Health and Safety	189 401	-	-	4 745	-	-	4 745	194 146
Mineral Regulation	364 577	-	-	14 683	-	-	14 683	379 260
Mineral Policy and Promotion	907 749	-	-	(41 637)	-	-	(41 637)	866 112
Total	1 779 449	-	-	-	-	-	-	1 779 449
Economic classification								
Current payments	846 661	-	-	24 360	-	-	24 360	871 021
Compensation of employees	572 760	-	-	18 000	-	-	18 000	590 760
Goods and services	273 901	-	-	6 360	-	-	6 360	280 261
Transfers and subsidies	921 127	-	-	(24 360)	-	-	(24 360)	896 767
Departmental agencies and accounts	430 855	-	-	10 000	-	-	10 000	440 855
Public corporations and private enterprises	488 754	-	-	(34 360)	-	-	(34 360)	454 394
Households	1 518	-	-	-	-	-	-	1 518
Payments for capital assets	11 661	-	-	-	-	-	-	11 661
Buildings and other fixed structures	1 830	-	-	-	-	-	-	1 830
Machinery and equipment	9 831	-	-	-	-	-	-	9 831
Total	1 779 449	-	-	-	-	-	-	1 779 449

Programme 1: Administration

Subprogramme	2017/18							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Ministry	27 513	-	-	537	-	-	537	28 050
Corporate Services	123 920	-	-	21 155	-	-	21 155	145 075
Department Management	20 324	-	-	1 452	-	-	1 452	21 776
Financial Administration	98 903	-	-	(1 280)	-	-	(1 280)	97 623
Internal Audit	14 179	-	-	345	-	-	345	14 524
Office Accommodation	32 883	-	-	-	-	-	-	32 883
Total	317 722	-	-	22 209	-	-	22 209	339 931
Economic classification								
Current payments	303 585	-	-	22 209	-	-	22 209	325 794
Compensation of employees	174 250	-	-	5 476	-	-	5 476	179 726
Goods and services	129 335	-	-	16 733	-	-	16 733	146 068
Transfers and subsidies	3 358	-	-	-	-	-	-	3 358
Departmental agencies and accounts	1 840	-	-	-	-	-	-	1 840
Households	1 518	-	-	-	-	-	-	1 518
Payments for capital assets	10 779	-	-	-	-	-	-	10 779
Buildings and other fixed structures	1 830	-	-	-	-	-	-	1 830
Machinery and equipment	8 949	-	-	-	-	-	-	8 949
Total	317 722	-	-	22 209	-	-	22 209	339 931

Programme 2: Mine Health and Safety

Subprogramme	2017/18							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Governance Policy and Oversight	46 060	-	-	1 027	-	-	1 027	47 087
Mine Health and Safety Regions	137 179	-	-	3 718	-	-	3 718	140 897
Mine Health and Safety Council	6 162	-	-	-	-	-	-	6 162
Total	189 401	-	-	4 745	-	-	4 745	194 146
Economic classification								
Current payments	182 550	-	-	4 745	-	-	4 745	187 295
Compensation of employees	150 975	-	-	4 745	-	-	4 745	155 720
Goods and services	31 575	-	-	-	-	-	-	31 575
Transfers and subsidies	6 162	-	-	-	-	-	-	6 162
Departmental agencies and accounts	6 162	-	-	-	-	-	-	6 162
Payments for capital assets	689	-	-	-	-	-	-	689
Machinery and equipment	689	-	-	-	-	-	-	689
Total	189 401	-	-	4 745	-	-	4 745	194 146

Programme 3: Mineral Regulation

Subprogramme	2017/18							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Mineral Regulation and Administration	194 120	-	-	5 078	-	-	5 078	199 198
Management Mineral Regulation	27 454	-	-	(395)	-	-	(395)	27 059
South African Diamond and Precious Metals Regulator	55 865	-	-	10 000	-	-	10 000	65 865
Petroleum Agency South Africa	87 138	-	-	-	-	-	-	87 138
Total	364 577	-	-	14 683	-	-	14 683	379 260

Programme 3: Mineral Regulation (continued)

Economic classification	2017/18							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Current payments	221 535	-	-	4 683	-	-	4 683	226 218
Compensation of employees	180 822	-	-	5 683	-	-	5 683	186 505
Goods and services	40 713	-	-	(1 000)	-	-	(1 000)	39 713
Transfers and subsidies	143 003	-	-	10 000	-	-	10 000	153 003
Departmental agencies and accounts	55 865	-	-	10 000	-	-	10 000	65 865
Public corporations and private enterprises	87 138	-	-	-	-	-	-	87 138
Payments for capital assets	39	-	-	-	-	-	-	39
Machinery and equipment	39	-	-	-	-	-	-	39
Total	364 577	-	-	14 683	-	-	14 683	379 260

Programme 4: Mineral Policy and Promotion

Subprogramme	2017/18							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Management	31 163	-	-	321	-	-	321	31 484
Mineral Policy	19 619	-	-	366	-	-	366	19 985
Mineral Promotion and International Coordination	75 615	-	-	(27 778)	-	-	(27 778)	47 837
Assistance to Mines	5 555	-	-	(5 555)	-	-	(5 555)	-
Council for Geoscience	366 988	-	-	-	-	-	-	366 988
Mintek	367 256	-	-	-	-	-	-	367 256
Economic Advisory Services	4 390	-	-	112	-	-	112	4 502
Mine Environmental Management	37 163	-	-	(9 103)	-	-	(9 103)	28 060
Total	907 749	-	-	(41 637)	-	-	(41 637)	866 112
Economic classification								
Current payments	138 991	-	-	(7 277)	-	-	(7 277)	131 714
Compensation of employees	66 713	-	-	2 096	-	-	2 096	68 809
Goods and services	72 278	-	-	(9 373)	-	-	(9 373)	62 905
Transfers and subsidies	768 604	-	-	(34 360)	-	-	(34 360)	734 244
Departmental agencies and accounts	366 988	-	-	-	-	-	-	366 988
Public corporations and private enterprises	401 616	-	-	(34 360)	-	-	(34 360)	367 256
Payments for capital assets	154	-	-	-	-	-	-	154
Machinery and equipment	154	-	-	-	-	-	-	154
Total	907 749	-	-	(41 637)	-	-	(41 637)	866 112

Details of adjustments to Estimates of National Expenditure 2017**Virements and shifts within votes**

Programmes					
1. Administration					
2. Mine Health and Safety					
3. Mineral Regulation					
4. Mineral Policy and Promotion					
FROM:			TO		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 3		(1 000)	Programme 1		1 000
Goods and services	Cost containment measures effected on computer services	(1 000)	Goods and services	Board investigation into job losses	1 000
Shifts within the programme as a percentage of the programme budget		0.1%			
Virements to other programmes as a percentage of the programme budget		0.3%			

FROM:			TO		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 4		(43 733)	Programme 1		9 373
Goods and services	Contractors	(9 373)	Goods and services	Operating leases for office accommodation	9 373
Public corporations and private enterprises	Industrial Development Corporation ²	(5 683)	Programme 3		15 683
	Industrial Development Corporation ²	(10 000)	Compensation of employees	Personnel remuneration and performance bonuses ²	5 683
	Industrial Development Corporation ²	(2 096)	Departmental agencies and accounts	Kimberley Process working group on monitoring ¹	10 000
	Industrial Development Corporation ²	(6 360)	Programme 4		2 096
	Industrial Development Corporation ²	(5 476)	Compensation of employees	Personnel remuneration and performance bonuses ²	2 096
	Industrial Development Corporation ²	(4 745)	Programme 1		11 836
			Goods and services	Operating leases for office accommodation	6 360
			Compensation of employees	Personnel remuneration and performance bonuses ²	5 476
			Programme 2		4 745
			Compensation of employees	Personnel remuneration and performance bonuses ²	4 745
Shifts within the programme as a percentage of the programme budget		0.2%			
Virements to other programmes as a percentage of the programme budget		4.6%			
Total		(44 733)			44 733

1. National Treasury approval has been obtained.

2. Only the legislature may approve this virement.

Expenditure outcome for 2016/17 and actual expenditure for 2017/18

Programme	2016/17 Audited outcome					2017/18 Actual expenditure				
	Adjusted appropriation	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted appropriation	
R thousand										
Administration	345 814	176 623	51.1	361 050	104.4	339 931	19.1	180 684	53.2	
Mine Health and Safety	189 873	93 173	49.1	189 557	99.8	194 146	10.9	102 409	52.7	
Mineral Regulation	265 127	127 648	48.1	258 758	97.6	379 260	21.3	173 752	45.8	
Mineral Policy and Promotion	868 263	520 340	59.9	851 736	98.1	866 112	48.7	491 356	56.7	
Total	1 669 077	917 784	55.0	1 661 101	99.5	1 779 449	100.0	948 201	53.3	
Economic classification										
Current payments	863 874	418 164	48.4	858 580	99.4	871 021	48.9	423 678	48.6	
Compensation of employees	564 368	278 740	49.4	558 799	99.0	590 760	33.2	286 784	48.5	
Goods and services	299 506	139 424	46.6	299 781	100.1	280 261	15.7	136 894	48.8	
Transfers and subsidies	791 581	497 756	62.9	791 316	100.0	896 767	50.4	522 169	58.2	
Departmental agencies and accounts	433 519	308 506	71.2	433 519	100.0	440 855	24.8	306 474	69.5	
Public corporations and private enterprises	356 616	188 794	52.9	356 616	100.0	454 394	25.5	214 617	47.2	
Households	1 446	456	31.5	1 181	81.7	1 518	0.1	1 078	71.0	
Payments for capital assets	13 622	1 856	13.6	9 919	72.8	11 661	0.7	2 354	20.2	
Buildings and other fixed structures	3 852	55	1.4	153	4.0	1 830	0.1	105	5.7	
Machinery and equipment	9 770	1 801	18.4	9 766	100.0	9 831	0.6	2 249	22.9	
Payments for financial assets	-	8	-	1 286	-	-	0.0	-	0.0	
Total	1 669 077	917 784	55.0	1 661 101	99.5	1 779 449	100.0	948 201	53.3	

Expenditure trends for the first six months of 2017/18

Total expenditure in 2016/17 was R1.7 billion, or 99.5 per cent of the 2016/17 adjusted appropriation. Expenditure in the first six months of 2017/18 was R948.2 million, or 53.3 per cent of the adjusted appropriation of R1.8 billion for the year. In comparison, mid-year expenditure in 2016/17 was R917.8 million, or 55 per cent of the 2016/17 adjusted appropriation. Compared to the first six months of 2016/17, expenditure over the same period in 2017/18 increased by R30.4 million, or 3.3 per cent. This is mainly due to expenditure on office accommodation that was not adequately budgeted for.

Departmental receipts

R thousand	2016/17					2017/18				
	Adjusted estimate	Audited outcome				Actual receipts				
		Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate	Apr 16 - Mar 17	Apr 16 - Mar 17 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 17 - Sep 17	Apr 17 - Sep 17 % of adjusted estimate
Departmental receipts	30 157	18 859	62.5	38 072	126.2	29 733	40 250	100.0	19 740	49.0
Sales of goods and services produced by department	9 288	5 026	54.1	10 147	109.2	9 846	11 354	28.2	5 505	48.5
Sales of scrap, waste, arms and other used current goods	1	1	100.0	1	100.0	1	-	-	-	-
Fines, penalties and forfeits	424	232	54.7	990	233.5	449	859	2.1	442	51.4
Interest, dividends and rent on land	18 014	11 292	62.7	23 882	132.6	19 094	25 580	63.6	12 046	47.1
Transactions in financial assets and liabilities	2 430	2 308	95.0	3 052	125.6	343	2 456	6.1	1 747	71.1
Total	30 157	18 859	62.5	38 072	126.2	29 733	40 250	100.0	19 740	49.0

Revenue trends for the first six months of 2017/18

Revenue in the first six months of 2017/18 was R19.7 million, or 49 per cent of the adjusted revenue estimate of R40.3 million for the year. In comparison, mid-year revenue in 2016/17 was R18.9 million, or 62.5 per cent of the 2016/17 adjusted estimate. Compared to the first six months of 2016/17, revenue over the same period in 2017/18 increased by R881 000, or 4.7 per cent. This is mainly due to an increase in payments that were due in previous financial years for prospecting fees and permits for mining rights.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

R thousand	2017/18							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Mineral Regulation								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	55 865	-	-	10 000	-	-	10 000	65 865
South African Diamond and Precious Metal Regulator	55 865	-	-	10 000	-	-	10 000	65 865
Mineral Policy and Promotion								
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	28 805	-	-	(28 805)	-	-	(28 805)	-
Industrial Development Corporation	28 805	-	-	(28 805)	-	-	(28 805)	-
Private enterprises								
Subsidies on production or products								
Current	5 555	-	-	(5 555)	-	-	(5 555)	-
Various institutions: Water management solutions subsidies for marginal mines	5 555	-	-	(5 555)	-	-	(5 555)	-