

# Vote 32

## Mineral Resources

### Adjusted budget summary

R thousand	2011/12			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>1 036 212</b>	<b>1 038 965</b>	–	2 753
<i>of which:</i>				
Current payments	587 649	588 793	–	1 144
Transfers and subsidies	438 439	438 439	–	–
Payments for capital assets	10 124	11 733	–	1 609
Executive authority	Minister of Mineral Resources			
Accounting officer	Director-General of Mineral Resources			
Website address	www.dmr.gov.za			

### Aim

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

### Mid-year performance status

Indicator	Programme	Annual performance			
		As published in the 2011 ENE	Projected for 2011/11 as published in the 2011 ENE	Achieved in the first six months of 2011/12 (April to September)	Changed estimate for 2011/12
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Safety and Health		10 100	4489	8396
Number of mining rights granted to historically disadvantaged South Africans per year	Mineral Regulation		30	37	27
Number of Women led companies licensed per year	Mineral Regulation		20	0	
Number of industry workshops on compliance issues per year	Mineral Regulation		10	6	27
Number of mining charter inspections per year	Mineral Regulation		169	91	160
Number of environment inspections per year	Mineral Regulation		1 380	993	1 740
Number of inspections, conducted during moratorium on issuing new rights	Mineral Regulation		0	0	
Number of planned promotional activities (exhibitions, conferences) per year	Mineral Policy and Promotion		16	0	12
Number of policies developed or reviewed per year	Mineral Policy and Promotion		4	0	2
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion		6	0	10
Number of sustainable SMMEs supported (new and established) per year	Mineral Policy and Promotion		67	37	

#### Changes to indicators and targets published in the 2011 ENE

The number of occupational health and safety inspections and mine audits has been revised. The new projected figure is based on the previous five years' actual number of inspections and audits performed, and is more realistic in view of the capacity challenges facing regional offices.

The department has expressed the view that singling out women, when they are also counted as historically disadvantaged South Africans, could lead to double counting. Therefore, the indicator for the number of licensed women led companies is now included and counted as part of the indicator for the number of

mining rights granted to historically disadvantaged South Africans. The changed estimate for 2011/12 from 30 to 27 is aligned with the department's approved strategic plan.

The initial target for the number of industry workshops on compliance issues was based on 1 workshop per region and 1 at head office. The mining industry generally is non-compliant and the need to conduct more workshops in the industry has been noted; 3 per region will now be required in 9 regions.

The number of inspections in relation to the Mining Charter and environmental management plans is determined by what is due for inspection as well as available capacity. Changes to the estimates for the two inspections are in line with prioritisation and number of staff available to conduct the inspections. The number of planned promotional activities has been revised downwards as a result of the reprioritisation of projects. The target for the number of policies reviewed has been decreased because the focus will now be on amendments to the Mineral and Petroleum Resource Development Act (2002) and the Mine Health and Safety Act (1996), as these need to be prioritised in the current financial year.

The target for the number of derelict and ownerless mine sites to be rehabilitated has been increased because it is a priority for the department.

#### Mid-year progress

The number of mining rights granted to historically disadvantaged South Africans is higher than expected due to the large number of applications received in the first six months of the financial year. The targets for the number of Mining Charter and environmental management plan inspections are on schedule for the first six months of the year.

None of the planned promotional activities has begun due to the reprioritisation of projects and the high staff turnover rate in the department. Just over half the targeted number of SMMEs have been supported through monitoring and evaluation, site visits to the projects, technical support, organised training and strategic assistance.

## Adjusted Estimates of National Expenditure 2011

Programme	2011/12						Adjusted appropriation
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Administration	247 940	-	-	-	-	-	247 940
Promotion of Mine Safety and Health	147 501	-	-	-	-	-	147 501
Mineral Regulation	160 368	-	-	-	1 789	1 789	162 157
Mineral Policy and Promotion	480 403	-	-	-	964	964	481 367
<b>Total</b>	<b>1 036 212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 753</b>	<b>2 753</b>	<b>1 038 965</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>587 649</b>	<b>-</b>	<b>-</b>	<b>(1 609)</b>	<b>2 753</b>	<b>1 144</b>	<b>588 793</b>
Compensation of employees	377 610	-	-	-	2 753	2 753	380 363
Goods and services	210 039	-	-	(1 609)	-	(1 609)	208 430
<b>Transfers and subsidies</b>	<b>438 439</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438 439</b>
Departmental agencies and accounts	199 067	-	-	-	-	-	199 067
Public corporations and private enterprises	238 254	-	-	-	-	-	238 254
Households	1 118	-	-	-	-	-	1 118
<b>Payments for capital assets</b>	<b>10 124</b>	<b>-</b>	<b>-</b>	<b>1 609</b>	<b>-</b>	<b>1 609</b>	<b>11 733</b>
Buildings and other fixed structures	-	-	-	834	-	834	834
Machinery and equipment	10 124	-	-	455	-	455	10 579
Software and other intangible assets	-	-	-	320	-	320	320
<b>Total</b>	<b>1 036 212</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 753</b>	<b>2 753</b>	<b>1 038 965</b>

**Programme 1: Administration**

Subprogramme		2011/12					
R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Ministry	3 494	-	-	20	-	20	3 514
Corporate Services	191 827	-	-	(1 462)	-	(1 462)	190 365
Management	28 517	-	-	1 442	-	1 442	29 959
Office Accommodation	24 102	-	-	-	-	-	24 102
<b>Total</b>	<b>247 940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247 940</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>237 206</b>	<b>-</b>	<b>-</b>	<b>(1 587)</b>	<b>-</b>	<b>(1 587)</b>	<b>235 619</b>
Compensation of employees	119 576	-	-	-	-	-	119 576
Goods and services	117 630	-	-	(1 587)	-	(1 587)	116 043
<b>Transfers and subsidies</b>	<b>1 118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 118</b>
Households	1 118	-	-	-	-	-	1 118
<b>Payments for capital assets</b>	<b>9 616</b>	<b>-</b>	<b>-</b>	<b>1 587</b>	<b>-</b>	<b>1 587</b>	<b>11 203</b>
Buildings and other fixed structures	-	-	-	834	-	834	834
Machinery and equipment	9 616	-	-	433	-	433	10 049
Software and other intangible assets	-	-	-	320	-	320	320
<b>Total</b>	<b>247 940</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>247 940</b>

**Programme 3: Mineral Regulation**

Subprogramme		2011/12					
R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments		
Mineral Regulation and Administration	113 312	-	-	-	1 789	1 789	115 101
Management Mineral Regulation	7 682	-	-	-	-	-	7 682
South African Diamond and Precious Metal Regulator	39 374	-	-	-	-	-	39 374
<b>Total</b>	<b>160 368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 789</b>	<b>1 789</b>	<b>162 157</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>120 994</b>	<b>-</b>	<b>-</b>	<b>(22)</b>	<b>1 789</b>	<b>1 767</b>	<b>122 761</b>
Compensation of employees	98 877	-	-	-	1 789	1 789	100 666
Goods and services	22 117	-	-	(22)	-	(22)	22 095
<b>Transfers and subsidies</b>	<b>39 374</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 374</b>
Departmental agencies and accounts	39 374	-	-	-	-	-	39 374
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>22</b>	<b>22</b>
Machinery and equipment	-	-	-	22	-	22	22
<b>Total</b>	<b>160 368</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 789</b>	<b>1 789</b>	<b>162 157</b>

**Programme 4: Mineral Policy and Promotion**

Subprogramme	2011/12						
	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Other adjustments			
R thousand							
Management	10 453	-	-	500	-	500	10 953
Mineral Policy	8 943	-	-	1 010	569	1 579	10 522
Mineral Promotion	57 133	-	-	(1 510)	190	(1 320)	55 813
Assistance to Mines	18 000	-	-	-	-	-	18 000
Council for Geoscience	154 405	-	-	-	-	-	154 405
Council for Mineral Technology	196 956	-	-	-	-	-	196 956
Economic Advisory Services	2 702	-	-	-	-	-	2 702
Mine Environmental Management	31 811	-	-	-	205	205	32 016
<b>Total</b>	<b>480 403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>964</b>	<b>964</b>	<b>481 367</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>87 744</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>964</b>	<b>964</b>	<b>88 708</b>
Compensation of employees	41 512	-	-	-	964	964	42 476
Goods and services	46 232	-	-	-	-	-	46 232
<b>Transfers and subsidies</b>	<b>392 659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>392 659</b>
Departmental agencies and accounts	154 405	-	-	-	-	-	154 405
Public corporations and private enterprises	238 254	-	-	-	-	-	238 254
<b>Total</b>	<b>480 403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>964</b>	<b>964</b>	<b>481 367</b>

**Details of adjustments to Estimates of National Expenditure 2011****Virements and shifts****Programmes**

- Administration
- Promotion of Mine Safety and Health
- Mineral Regulation
- Mineral Policy and Promotion

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 1</b>		<b>(1 587)</b>	<b>Programme 1</b>		<b>1 587</b>
Goods and services	Funds are shifted from travel and subsistence, stationery, assets < R5000, registration fees, and business and advisory services	(433)	Machinery and equipment	Funds shifted to computer hardware and office equipment for their procurement	433
	Funds shifted from contractors and travel and subsistence	(834)	Buildings and other fixed structures	For partitioning and maintenance of office accommodation for newly appointed advisor to the minister	834
	Funds shifted from business and advisory services	(320)	Software and other intangible assets	To compensate for a shortfall in software and intangible assets	320
Percentage of programme budget		<b>0.6%</b>			
<b>Programme 3</b>		<b>(22)</b>	<b>Programme 3</b>		<b>22</b>
Goods and services	Funds shifted to capital assets because items cost more than R5 000	(22)	Machinery and equipment	Funds shifted from current payments because items cost more than R5 000	22
Percentage of programme budget		<b>0.0%</b>			
<b>Total</b>		<b>(1 609)</b>			<b>1 609</b>

## Other adjustments – R2.753 million

### Adjustments due to significant and unforeseeable economic and financial events

An additional R2.753 million has been allocated for higher personnel remuneration increases than the main budget provided for, as follows:

Programme 3: Mineral Regulation

R1.789 million

Programme 4: Mineral Policy and Promotion

R964 000

## Expenditure for 2010/11 and preliminary expenditure for 2011/12

Programme	2010/11 Expenditure outcome					2011/12 Preliminary expenditure		
	Adjusted appropriation	Apr 10 - Sep 10	% of adjusted appropriation	Apr 10 - Mar 11	% of adjusted appropriation	Adjusted appropriation	Apr 11 - Sep 11	% of adjusted appropriation
R thousand								
Administration	223 699	117 498	52.5	226 727	101.4	247 940	134 292	54.2
Promotion of Mine Safety and Health	142 070	64 600	45.5	137 092	96.5	147 501	63 063	42.8
Mineral Regulation	212 354	80 011	37.7	188 608	88.8	162 157	93 571	57.7
Mineral Policy and Promotion	417 719	191 600	45.9	442 270	105.9	481 367	228 165	47.4
<b>Total</b>	<b>995 842</b>	<b>453 709</b>	<b>45.6</b>	<b>994 697</b>	<b>99.9</b>	<b>1 038 965</b>	<b>519 091</b>	<b>50.0</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>572 985</b>	<b>252 751</b>	<b>44.1</b>	<b>532 961</b>	<b>93.0</b>	<b>588 793</b>	<b>290 955</b>	<b>49.4</b>
Compensation of employees	343 663	159 542	46.4	326 457	95.0	380 363	180 094	47.3
Goods and services	229 322	93 209	40.6	206 504	90.0	208 430	110 861	53.2
<b>Transfers and subsidies</b>	<b>408 681</b>	<b>195 144</b>	<b>47.7</b>	<b>438 120</b>	<b>107.2</b>	<b>438 439</b>	<b>223 934</b>	<b>51.1</b>
Departmental agencies and accounts	182 506	97 228	53.3	215 177	117.9	199 067	114 227	57.4
Public corporations and private enterprises	225 120	97 610	43.4	222 449	98.8	238 254	109 015	45.8
Households	1 055	306	29.0	494	46.8	1 118	692	61.9
<b>Payments for capital assets</b>	<b>14 176</b>	<b>5 790</b>	<b>40.8</b>	<b>23 566</b>	<b>166.2</b>	<b>11 733</b>	<b>4 188</b>	<b>35.7</b>
Buildings and other fixed structures	–	361	0.0	17 059	0.0	834	29	3.5
Machinery and equipment	14 176	5 429	38.3	5 367	37.9	10 579	3 854	36.4
Software and other intangible assets	–	–	0.0	1 140	0.0	320	305	95.3
<b>Payments for financial assets</b>	<b>–</b>	<b>24</b>	<b>–</b>	<b>50</b>	<b>–</b>	<b>–</b>	<b>14</b>	<b>–</b>
<b>Total</b>	<b>995 842</b>	<b>453 709</b>	<b>45.6</b>	<b>994 697</b>	<b>99.9</b>	<b>1 038 965</b>	<b>519 091</b>	<b>50.0</b>

## Main expenditure trends for the first half of 2011/12

Total expenditure for 2010/11 was 99.9 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 was R519.091 million or 50 per cent of the adjusted appropriation of R1.039 billion for the year as a whole. In comparison, mid-year expenditure in 2010/11 was R453.709 million, or 45.6 per cent of the 2010/11 adjusted appropriation. Expenditure in the first six months of 2011/12 increased by R65.382 million or 14.4 per cent, compared to expenditure in the first six months of 2010/11.

The main expenditure increase compared to 2010/11 is due to the payment to the Department of Public Works for office accommodation and a transfer payment to the Council for Mineral Technology for mine rehabilitation.

## Departmental receipts

R thousand	2010/11					2011/12			
	Adjusted estimate	Audited outcome			Actual receipts				
		Apr 10 - Sep 10	Apr 10 - Sep 10 % of adjusted estimate	Apr 10 - Mar 11	Apr 10 - Mar 11 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 11- Sep 11	Apr 11 - Sep 11 % of adjusted estimate
<b>Departmental receipts</b>	<b>99 033</b>	<b>44 565</b>	<b>45.0</b>	<b>30 302</b>	<b>30.6</b>	<b>27 605</b>	<b>46 424</b>	<b>28 851</b>	<b>62.1</b>
Sales of goods and services produced by department	2 728	1 382	50.7	2 159	79.1	2 603	2 782	1 391	50.0
Sales of scrap, waste, arms and other used current goods	11	6	54.5	8	72.7	14	2	1	50.0
Fines, penalties and forfeits	470	233	49.6	531	113.0	324	846	423	50.0
Interest, dividends and rent on land	95 055	42 591	44.8	26 978	28.4	23 288	42 246	26 762	63.3
Transactions in financial assets and liabilities	769	353	45.9	626	81.4	1 376	548	274	50.0
<b>Total</b>	<b>99 033</b>	<b>44 565</b>	<b>45.0</b>	<b>30 302</b>	<b>30.6</b>	<b>27 605</b>	<b>46 424</b>	<b>28 851</b>	<b>62.1</b>

### Main departmental revenue trends for the first half of 2011/12

Departmental revenue collection in the first six months of 2011/12 was R28.851 million, or 62.1 per cent of the adjusted revenue estimate of R46.424 million for the year as a whole. In comparison, mid-year revenue collection in 2010/11 was R44.565 million, or 45 per cent of the 2010/11 adjusted estimate. Departmental revenue collection in the first six months of 2011/12 decreased by R15.714 million or 35.3 per cent, compared to revenue in the first six months of 2010/11.

The main revenue decrease compared to 2010/11 is due to the implementation of the Mineral and Petroleum Resources Royalty Act (2008), resulting in royalty collections being shifted from the department to the South African Revenue Service.