

Vote 32

Mineral Resources

Adjusted budget summary

2012/13				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 169 062	1 175 533	–	6 471
of which:				
Current payments	602 605	613 623	–	11 018
Transfers and subsidies	560 317	541 843	(18 474)	–
Payments for capital assets	6 140	20 067	–	13 927
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 2012 ENE	Programme linked to the indicator	Projected for 2012/13 as published in the 2012 ENE	Achieved in the first six months of 2012/13 (April to September)	Changed estimate for 2012/13
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Health and Safety	8 396	4 387	–
Number of mining rights granted to historically disadvantaged South Africans per year	Mineral Regulation	90	47	–
Number of industry workshops on compliance issues per year	Mineral Regulation	27	11	–
Number of mining charter inspections per year	Mineral Regulation	180	99	–
Number of environmental inspections per year	Mineral Regulation	1800	775	–
Number of publications per year	Mineral Policy and Promotion	12	10	–
Number of policies developed or reviewed per year	Mineral Policy and Promotion	4	0	–
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	12	2	–
Number of sustainable SMMEs supported (new and established) per year	Mineral Policy and Promotion	67	47	–

Changes to indicators and targets published in the 2012 ENE

The indicator “Number of planned promotional activities (exhibitions, conferences, workshops) per year” has been amended to “Number of publications per year”. This change was implemented because issuing publications has been identified as the best way to strengthen the promotional initiative and improve the efficiency on investment. The indicator is still measuring the same output and the target is unaffected.

Mid-year progress

The number of occupational health and safety inspections and mine audits conducted for the first six months of the financial year is in line with the number of inspections and audits planned. The number of rights and permits issued to entities controlled by historically disadvantaged South Africans is 47 against the mid-year target of 50. The achievement is dependent on one number of applications received from Historically Disadvantaged South African controlled entities. The number of industry workshops on compliance issues and environment inspections took place as scheduled for the first six months of the year. Over half of the annual targeted number of small, medium and micro enterprises (SMMEs) have been supported through monitoring and evaluation, organised training and strategic assistance and site visits to the projects.

The number of mining charter inspections is higher than expected due to a need to verify mining companies' compliance in respect of Social Labour Plans projects implementation. The number of publications is higher than expected in the first half of 2012/13 due to the initiation of the promotional strategy. The rehabilitation of ownerless and derelict mines is slow in the first six months of the financial year due to the shortage of staff within the Department. However, two critical positions in this area are now funded, increasing the likelihood that the annual targets will be met.

The number of policies reviewed per year has been revised from four to two and this is due to the focus being solely on the review of the Mineral and Petroleum Resources Development Act (MPRDA) and the Mine Health and Safety Act (MHSA) as per the Minister's request. As this change is not due to adjustments in the budget, it has not been reflected in the table above.

The Department has successfully concluded pre-Cabinet community consultations to solicit public comments and views on the objectives of the review of the regulatory framework and amendments to the Mineral and Petroleum Resources Development Act. The resulting proposals will be tabled in Parliament before the current financial year end. The Department consulted the tripartite stakeholders when identifying the challenges of implementing the Mine Health and Safety Act in the mining industry and formulated proposed amendments. The proposed amendments will be tabled before Cabinet to obtain approval to conduct public consultations on the Mine Health and Safety Amendment Draft Bill and to table the Bill in Parliament.

Adjusted Estimates of National Expenditure 2012

Programme	2012/13							
	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
R thousand								
Administration	238 929	—	—	15 830	—	2 500	18 330	257 259
Promotion of Mine Safety and Health	154 472	—	—	1 985	(6 000)	161	(3 854)	150 618
Mineral Regulation	180 098	—	—	3 697	—	3 991	7 688	187 786
Mineral Policy and Promotion	595 563	—	—	(21 512)	—	5 819	(15 693)	579 870
Total	1 169 062	—	—	—	(6 000)	12 471	6 471	1 175 533
Economic classification								
Current payments	602 605	—	—	10 638	(6 000)	6 380	11 018	613 623
Compensation of employees	401 892	—	—	—	(6 000)	6 380	380	402 272
Goods and services	200 713	—	—	10 481	—	—	10 481	211 194
Interest and rent on land	—	—	—	157	—	—	157	157
Transfers and subsidies	560 317	—	—	(24 565)	—	6 091	(18 474)	541 843
Departmental agencies and accounts	266 510	—	—	—	—	2 628	2 628	269 138
Public corporations and private enterprises	292 633	—	—	(24 565)	—	3 463	(21 102)	271 531
Households	1 174	—	—	—	—	—	—	1 174
Payments for capital assets	6 140	—	—	13 927	—	—	13 927	20 067
Buildings and other fixed structures	—	—	—	3 378	—	—	3 378	3 378
Machinery and equipment	6 140	—	—	9 799	—	—	9 799	15 939
Software and other intangible assets	—	—	—	750	—	—	750	750
Total	1 169 062	—	—	—	(6 000)	12 471	6 471	1 175 533

Programme 1: Administration

Subprogramme		2012/13						
R thousand	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared Savings	Other adjustments	Total adjustments appropriation	
Ministry	19 693	–	–	534	–	1 000	1 534	21 227
Corporate Services	93 723	–	–	3 766	–	–	3 766	97 489
Department Management	17 390	–	–	611	–	–	611	18 001
Financial Administration	69 724	–	–	10 232	–	1 500	11 732	81 456
Internal Audit	12 973	–	–	687	–	–	687	13 660
Office Accommodation	25 426	–	–	–	–	–	–	25 426
Total	238 929	–	–	15 830	–	2 500	18 330	257 259
Economic classification								
Current payments	232 298	–	–	6 450	–	2 500	8 950	241 248
Compensation of employees	126 914	–	–	–	–	2 500	2 500	129 414
Goods and services	105 384	–	–	6 293	–	–	6 293	111 677
Interest and rent on land	–	–	–	157	–	–	157	157
Transfers and subsidies	1 174	–	–	–	–	–	–	1 174
Households	1 174	–	–	–	–	–	–	1 174
Payments for capital assets	5 457	–	–	9 380	–	–	9 380	14 837
Buildings and other fixed structures	–	–	–	3 378	–	–	3 378	3 378
Machinery and equipment	5 457	–	–	5 252	–	–	5 252	10 709
Software and other intangible assets	–	–	–	750	–	–	750	750
Total	238 929	–	–	15 830	–	2 500	18 330	257 259

Programme 2: Promotion of Mine Safety and Health

Subprogramme		2012/13						
R thousand	Main appropriation	Adjustments appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments	Total adjustments appropriation	
Governance Policy and Oversight	48 333	–	–	1 832	–	161	1 993	50 326
Mine Health and Safety Regions	106 139	–	–	153	(6 000)	–	(5 847)	100 292
Total	154 472	–	–	1 985	(6 000)	161	(3 854)	150 618
Economic classification								
Current payments	149 569	–	–	900	(6 000)	–	(5 100)	144 469
Compensation of employees	119 730	–	–	(1 204)	(6 000)	–	(7 204)	112 526
Goods and services	29 839	–	–	2 104	–	–	2 104	31 943
Transfers and subsidies	4 370	–	–	–	–	161	161	4 531
Departmental agencies and accounts	4 370	–	–	–	–	161	161	4 531
Payments for capital assets	533	–	–	1 085	–	–	1 085	1 618
Machinery and equipment	533	–	–	1 085	–	–	1 085	1 618
Total	154 472	–	–	1 985	(6 000)	161	(3 854)	150 618

Programme 3: Mineral Regulation

Subprogramme		2012/13						
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
Mineral Regulation and Administration	129 380	–	–	3 417	–	3 380	6 797	136 177
Management Mineral Regulation	9 728	–	–	280	–	–	280	10 008
South African Diamond and Precious Metal Regulator	40 990	–	–	–	–	611	611	41 601
Total	180 098	–	–	3 697	–	3 991	7 688	187 786
Economic classification								
Current payments	139 078	–	–	2 513	–	3 380	5 893	144 971
Compensation of employees	108 284	–	–	–	–	3 380	3 380	111 664
Goods and services	30 794	–	–	2 513	–	–	2 513	33 307
Transfers and subsidies	40 990	–	–	–	–	611	611	41 601
Departmental agencies and accounts	40 990	–	–	–	–	611	611	41 601
Payments for capital assets	30	–	–	1 184	–	–	1 184	1 214
Machinery and equipment	30	–	–	1 184	–	–	1 184	1 214
Total	180 098	–	–	3 697	–	3 991	7 688	187 786

Programme 4: Mineral Policy and Promotion

Subprogramme		2012/13						
R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
Management	11 519	–	–	534	–	–	534	12 053
Mineral Policy	12 801	–	–	458	–	500	958	13 759
Mineral Promotion	61 604	–	–	(23 064)	–	–	(23 064)	38 540
Assistance to Mines	18 000	–	–	–	–	–	–	18 000
Council for Geoscience	221 150	–	–	–	–	1 856	1 856	223 006
Council for Mineral Technology	250 068	–	–	–	–	3 463	3 463	253 531
Economic Advisory Services	3 842	–	–	229	–	–	229	4 071
Mine Environmental Management	16 579	–	–	331	–	–	331	16 910
Total	595 563	–	–	(21 512)	–	5 819	(15 693)	579 870
Economic classification								
Current payments	81 660	–	–	775	–	500	1 275	82 935
Compensation of employees	46 964	–	–	1 204	–	500	1 704	48 668
Goods and services	34 696	–	–	(429)	–	–	(429)	34 267
Transfers and subsidies	513 783	–	–	(24 565)	–	5 319	(19 246)	494 537
Departmental agencies and accounts	221 150	–	–	–	–	1 856	1 856	223 006
Public corporations and private enterprises	292 633	–	–	(24 565)	–	3 463	(21 102)	271 531
Payments for capital assets	120	–	–	2 278	–	–	2 278	2 398
Machinery and equipment	120	–	–	2 278	–	–	2 278	2 398
Total	595 563	–	–	(21 512)	–	5 819	(15 693)	579 870

Details of adjustments to Estimates of National Expenditure 2012

Virements and shifts

Programmes					
1. Administration 2. Promotion of Mine Safety and Health 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 1		(10 287)	Programme 1		10 287
Goods and services	Funds incorrectly classified in the 2012 ENE were reclassified	(6 002)	Machinery and equipment	Funds incorrectly classified in the 2012 ENE were reclassified	6 002
	Funds incorrectly classified in the 2012 ENE were reclassified	(3 378)	Buildings and other fixed structures	Funds incorrectly classified in the 2012 ENE were reclassified	3 378
	Funds incorrectly classified in the 2012 ENE were reclassified	(157)	Interest and rent on land	Funds incorrectly classified in the 2012 ENE were reclassified	157
Machinery and equipment	Reprioritisation of funds	(750)	Software and other intangible assets	For the procurement of an asset tracking system	750
Shifts within the programme as percentage of programme budget		4.3%			
Virements to other programmes as percentage of programme budget		0.0%			
Programme 2		(2 289)	Programme 4		1 204
Compensation of employees	Vacant posts	(1 204)	Compensation of employees	For vacant posts	1 204
			Programme 2		1 085
Goods and services	Funds incorrectly classified in the 2012 ENE were reclassified	(1 085)	Machinery and equipment	Funds incorrectly classified in the 2012 ENE were reclassified	1 085
Shifts within the programme as percentage of programme budget		0.7%			
Virements to other programmes as percentage of programme budget		0.8%			
Programme 3		(1 184)	Programme 3		1 184
Goods and services	Funds incorrectly classified in the 2012 ENE were reclassified	(1 184)	Machinery and equipment	Funds incorrectly classified in the 2012 ENE were reclassified	1 184
Shifts within the programme as percentage of programme budget		0.7%			
Virements to other programmes as percentage of programme budget		0.0%			
Programme 4		(28 047)	Programme 4		2 278
Goods and services	Funds incorrectly classified in the 2012 ENE were reclassified	(2 278)	Machinery and equipment	Funds incorrectly classified in the 2012 ENE were reclassified	2 278
			Programme 2		1 204
	Reduction on travel and subsistence	(1 204)	Goods and services	For travelling expenditure associated with inspections of mines	1 204
			Programme 1		15 830
Public corporations and private enterprises	Reduction on underperforming project ¹	(15 830)	Goods and services	For upgrading of IT server system and for operating lease expenditure	15 830
			Programme 4		3 053
	Reduction on underperforming project ¹	(3 053)	Goods and services	For operating lease expenditure	3 053
			Programme 3		3 697
	Reduction on underperforming project ¹	(3 697)	Goods and services	For legal costs	3 697
			Programme 2		1 985
	Reduction on underperforming project ¹	(1 985)	Goods and services	For operating lease expenditure	1 985
Shifts within the programme as percentage of programme budget		0.9%			
Virements to other programmes as percentage of programme budget		3.8%			
Total		(41 807)			41 807

1. National Treasury approval has been obtained.

Declared savings – R6 million

Programme 2: Promotion of Mine Safety and Health

Savings of R6 million have been declared on the compensation of employees allocation.

Other adjustments – R12.471 million

Adjustments due to significant and unforeseeable economic and financial events

An additional R12.471 million has been allocated for higher personnel remuneration increases than the main budget provided for, as follows:

Programme 1: Administration

R2.500 million

Programme 2: Promotion of Mine Safety and Health

R161 000 for the Mine Health and Safety Council

Programme 3: Mineral Regulation

R3.380 million

R611 000 for the South African Diamond and Precious Metal Regulator

Programme 4: Mineral Policy and Promotion

R500 000

R1.856 million for the Council for Geoscience

R3.463 million for the Council for Mineral Technology

Expenditure for 2011/12 and preliminary expenditure for 2012/13

Programme	2011/12 Expenditure outcome					2012/13 Preliminary expenditure		
	Adjusted appropriation	Apr 11 - Sep 11	% of adjusted appropriation	Apr 11 - Mar 12	% of adjusted appropriation	Adjusted appropriation	Apr 12 - Sep 12	% of adjusted Appropriation
R thousand								
Administration	247 940	134 292	54.2	257 600	103.9	257 259	160 075	62.2
Promotion of Mine Safety and Health	147 501	63 063	42.8	141 252	95.8	150 618	74 195	49.3
Mineral Regulation	162 157	93 571	57.7	184 396	113.7	187 786	98 042	52.2
Mineral Policy and Promotion	481 367	228 165	47.4	446 187	92.7	579 870	309 205	53.3
Total	1 038 965	519 091	50.0	1 029 435	99.1	1 175 533	641 517	54.6
Economic classification								
Current payments	588 793	290 955	49.4	589 831	100.2	613 623	328 852	53.6
Compensation of employees	380 363	180 094	47.3	364 562	95.8	402 272	199 524	49.6
Goods and services	208 430	110 861	53.2	222 639	106.8	211 194	128 774	61.0
Interest and rent on land	–	–	0.0	2 630	0.0	157	554	352.9
Transfers and subsidies	438 439	223 934	51.1	420 837	96.0	541 843	301 730	55.7
Departmental agencies and accounts	199 067	114 227	57.4	199 067	100.0	269 138	155 920	57.9
Public corporations and private enterprises	238 254	109 015	45.8	220 254	92.4	271 531	144 854	53.3
Households	1 118	692	61.9	1 516	135.6	1 174	956	81.4

	2011/12 Expenditure outcome					2012/13 Preliminary expenditure		
	Adjusted appropriation	Apr 11 - Sep 11	Apr 11 - Sep 11 % of adjusted appropriation	Apr 11 - Mar 12	Apr 11 - Mar 12 % of adjusted appropriation	Adjusted appropriation	Apr 12 - Sep 12	Apr 12 - Sep 12 % of adjusted Appropriation
R thousand								
Payments for capital assets	11 733	4 188	35.7	18 558	158.2	20 067	10 772	53.7
Buildings and other fixed structures	834	29	3.5	864	103.6	3 378	314	9.3
Machinery and equipment	10 579	3 854	36.4	17 064	161.3	15 939	10 458	65.6
Software and other intangible assets	320	305	95.3	630	196.9	750	–	0.0
Payments for financial assets	–	14	–	209	–	–	163	–
Total	1 038 965	519 091	50.0	1 029 435	99.1	1 175 533	641 517	54.6

Main expenditure trends for the first half of 2012/13

Total expenditure for 2011/12 was 99.1 per cent of the 2011/12 adjusted appropriation. Expenditure in the first six months of 2012/13 was R641.517 million, or 54.6 per cent of the adjusted appropriation of R1.176 billion for the year as a whole. In comparison, mid-year expenditure in 2011/12 was R519.091 million, or 50 per cent of the 2011/12 adjusted appropriation. Expenditure in the first six months of 2012/13 increased by R122.426 million or 23.6 per cent, compared to expenditure in the first six months of 2011/12.

The main expenditure increase compared to 2011/12 is due to the carry-through cost of salary adjustments and payments for computer equipment.

Departmental receipts

	2011/12 Audited outcome					2012/13 Actual receipts			
	Adjusted estimate	Apr 11 - Sep 11	Apr 11 - Sep 11 adjusted estimate	Apr 11 - Mar 12	Apr 11 - Mar 12 adjusted estimate	Budget estimate	Adjusted estimate	Apr 12 - Sep 12	Apr 12 - Sep 12 adjusted estimate
R thousand									
Departmental receipts	46 424	28 851	62.1	134 881	290.5	47 757	99 036	77 518	78.3
Sales of goods and services produced by department	2 782	1 391	50.0	2 559	92.0	2 966	2 124	1 063	50.0
Sales of scrap, waste, arms and other used current goods	2	1	50.0	1	50.0	6	–	–	–
Fines, penalties and forfeits	846	423	50.0	665	78.6	826	1 476	738	50.0
Interest, dividends and rent on land	42 246	26 762	63.3	131 087	310.3	43 255	93 920	74 959	79.8
Sales of capital assets	–	–	–	5	–	–	–	–	–
Transactions in financial assets and liabilities	548	274	50.0	564	102.9	704	1 516	758	50.0
Total	46 424	28 851	62.1	134 881	290.5	47 757	99 036	77 518	78.3

Main departmental revenue trends for the first half of 2012/13

Departmental revenue collection in the first six months of 2012/13 was R77.518 million, or 78.3 per cent of the adjusted revenue estimate of R99.036 million for the year as a whole. In comparison, mid-year revenue collection in 2011/12 was R28.851 million, or 62.1 per cent of the 2011/12 adjusted estimate. Departmental revenue collection in the first six months of 2012/13 increased by R48.667 million or 168.7 per cent, compared to revenue in the first six months of 2011/12.

The main revenue increase compared to 2011/12 is due to increased royalty collections received by the Department.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

2012/13								
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared savings	Other adjustments		
R thousand								
Promotion of Mine Safety and Health								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	4 370	–	–	–	–	161	161	4 531
Mine Health and Safety Council	4 370	–	–	–	–	161	161	4 531
Mineral Regulation								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	40 990	–	–	–	–	611	611	41 601
South African Diamond and Precious Metal Regulator	40 990	–	–	–	–	611	611	41 601
Mineral Policy and Promotion								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	208 650	–	–	–	–	1 856	1 856	210 506
Council for Geoscience	208 650	–	–	–	–	1 856	1 856	210 506
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	225 248	–	–	(24 565)	–	3 463	(21 102)	204 146
Industrial Development Corporation of South Africa	24 565	–	–	(24 565)	–	–	(24 565)	–
Council for Mineral Technology	200 683	–	–	–	–	3 463	3 463	204 146