

Mineral Resources

Adjusted budget summary

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 471 291	1 475 541	-	4 250
of which:				
Current payments	742 339	744 340	-	2 001
Transfers and subsidies	717 934	719 443	-	1 509
Payments for capital assets	11 018	11 758	-	740
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. 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 2014/15 as published in the 2014 ENE	Achieved in the first six months of 2014/15 (April to September)	Changed target for 2014/15
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Safety and Health	Outcome 4: Decent employment through inclusive economic growth	8 396	4 846	-
Number of rights and permits granted to historically disadvantaged South Africans per year	Mineral Regulation		200	101	-
Number of industry workshops on compliance issues conducted per year	Mineral Regulation		9	1	-
Number of social and labour plans inspections per year	Mineral Regulation		250	134	-
Number of environmental authorisation inspections per year	Mineral Regulation	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	1 700	1 111	-
Number of publications per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	13	3	-
Number of policies and regulations reviewed and amended per year	Mineral Policy and Promotion		3	0	-
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	50	17	-
Number of SMMEs supported (new and established) per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	67	41	-

Mid-year progress

The number of occupational health and safety inspections and mine audits conducted within the first six months of the year was 4 846 against an annual target of 8 396. The mid-year target was exceeded due to the department's consistent efforts to reduce the number of deaths in mines as a result of unsafe environments.

While the Mineral and Petroleum Resources Development Bill was approved by Cabinet in 2013/14, the bill has not yet been signed into law. This has resulted in slower progress in the revision of regulations, as the regulations derive from the Mineral and Petroleum Resources Development Act. For the same reason, only 1

industry workshop on compliance issues was conducted in the first half of 2014/15 against an annual target of 9.

Adjusted Estimates of National Expenditure 2014

Programme	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Administration	284 174	-	-	13 439	-	-	-	13 439	297 613
Promotion of Mine Safety and Health	167 970	-	-	4 031	-	-	-	4 031	172 001
Mineral Regulation	231 365	-	4 250	1 100	-	-	-	5 350	236 715
Mineral Policy and Promotion	787 782	-	-	(18 570)	-	-	-	(18 570)	769 212
Total	1 471 291	-	4 250	-	-	-	-	4 250	1 475 541
Economic classification									
Current payments	742 339	-	1 510	491	-	-	-	2 001	744 340
Compensation of employees	476 757	-	-	15 239	-	-	-	15 239	491 996
Goods and services	265 582	-	1 510	(14 748)	-	-	-	(13 238)	252 344
Transfers and subsidies	717 934	-	-	1 509	-	-	-	1 509	719 443
Departmental agencies and accounts	340 846	-	-	6 430	-	-	-	6 430	347 276
Public corporations and private enterprises	375 775	-	-	(4 921)	-	-	-	(4 921)	370 854
Households	1 313	-	-	-	-	-	-	-	1 313
Payments for capital assets	11 018	-	2 740	(2 000)	-	-	-	740	11 758
Buildings and other fixed structures	2 792	-	1 000	-	-	-	-	1 000	3 792
Machinery and equipment	8 226	-	1 740	(2 000)	-	-	-	(260)	7 966
Total	1 471 291	-	4 250	-	-	-	-	4 250	1 475 541

Programme 1: Administration

Subprogramme	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Ministry	24 208	-	-	1 400	-	-	-	1 400	25 608
Corporate Services	106 507	-	-	12 077	-	-	-	12 077	118 584
Department Management	19 477	-	-	5 000	-	-	-	5 000	24 477
Financial Administration	92 304	-	-	(4 600)	-	-	-	(4 600)	87 704
Internal Audit	13 245	-	-	(438)	-	-	-	(438)	12 807
Office Accommodation	28 433	-	-	-	-	-	-	-	28 433
Total	284 174	-	-	13 439	-	-	-	13 439	297 613
Economic classification									
Current payments	272 606	-	-	14 009	-	-	-	14 009	286 615
Compensation of employees	147 121	-	-	6 462	-	-	-	6 462	153 583
Goods and services	125 485	-	-	7 547	-	-	-	7 547	133 032
Transfers and subsidies	1 313	-	-	1 430	-	-	-	1 430	2 743
Departmental agencies and accounts	-	-	-	1 430	-	-	-	1 430	1 430
Households	1 313	-	-	-	-	-	-	-	1 313
Payments for capital assets	10 255	-	-	(2 000)	-	-	-	(2 000)	8 255
Buildings and other fixed structures	2 792	-	-	-	-	-	-	-	2 792
Machinery and equipment	7 463	-	-	(2 000)	-	-	-	(2 000)	5 463
Total	284 174	-	-	13 439	-	-	-	13 439	297 613

Programme 2: Promotion of Mine Safety and Health

Subprogramme	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Governance Policy and Oversight	50 202	-	-	3 459	-	-	-	3 459	53 661
Mine Health and Safety Regions	117 768	-	-	572	-	-	-	572	118 340
Total	167 970	-	-	4 031	-	-	-	4 031	172 001

Programme 2: Promotion of Mine Safety and Health (continued)

Economic classification	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Current payments	162 177	–	–	4 031	–	–	–	4 031	166 208
Compensation of employees	129 454	–	–	4 100	–	–	–	4 100	133 554
Goods and services	32 723	–	–	(69)	–	–	–	(69)	32 654
Transfers and subsidies	5 197	–	–	–	–	–	–	–	5 197
Departmental agencies and accounts	5 197	–	–	–	–	–	–	–	5 197
Payments for capital assets	596	–	–	–	–	–	–	–	596
Machinery and equipment	596	–	–	–	–	–	–	–	596
Total	167 970	–	–	4 031	–	–	–	4 031	172 001

Programme 3: Mineral Regulation

Subprogramme	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Mineral Regulation and Administration	154 539	–	4 250	9 000	–	–	–	13 250	167 789
Management Mineral Regulation	29 016	–	–	(7 900)	–	–	–	(7 900)	21 116
South African Diamond and Precious Metal Regulator	47 810	–	–	–	–	–	–	–	47 810
Total	231 365	–	4 250	1 100	–	–	–	5 350	236 715
Economic classification	183 522	–	1 510	1 100	–	–	–	2 610	186 132
Current payments	142 343	–	–	7 700	–	–	–	7 700	150 043
Compensation of employees	142 343	–	–	7 700	–	–	–	7 700	150 043
Goods and services	41 179	–	1 510	(6 600)	–	–	–	(5 090)	36 089
Transfers and subsidies	47 810	–	–	–	–	–	–	–	47 810
Departmental agencies and accounts	47 810	–	–	–	–	–	–	–	47 810
Payments for capital assets	33	–	2 740	–	–	–	–	2 740	2 773
Buildings and other fixed structures	–	–	1 000	–	–	–	–	1 000	1 000
Machinery and equipment	33	–	1 740	–	–	–	–	1 740	1 773
Total	231 365	–	4 250	1 100	–	–	–	5 350	236 715

Programme 4: Mineral Policy and Promotion

Subprogramme	2014/15								
	Main appropriation	Adjustments appropriation						Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds	Other adjustments		
R thousand									
Management	14 342	–	–	(1 565)	–	–	–	(1 565)	12 777
Mineral Policy	17 921	–	–	21 264	–	–	–	21 264	39 185
Mineral Promotion	59 736	–	–	(18 289)	–	–	–	(18 289)	41 447
Assistance to Mines	19 080	–	–	(19 080)	–	–	–	(19 080)	–
Council for Geoscience	287 839	–	–	5 000	–	–	–	5 000	292 839
Council for Mineral Technology	338 456	–	–	32 398	–	–	–	32 398	370 854
Economic Advisory Services	4 445	–	–	(1 500)	–	–	–	(1 500)	2 945
Mine Environmental Management	45 963	–	–	(36 798)	–	–	–	(36 798)	9 165
Total	787 782	–	–	(18 570)	–	–	–	(18 570)	769 212
Economic classification	124 034	–	–	(18 649)	–	–	–	(18 649)	105 385
Current payments	57 839	–	–	(3 023)	–	–	–	(3 023)	54 816
Compensation of employees	57 839	–	–	(3 023)	–	–	–	(3 023)	54 816
Goods and services	66 195	–	–	(15 626)	–	–	–	(15 626)	50 569
Transfers and subsidies	663 614	–	–	79	–	–	–	79	663 693
Departmental agencies and accounts	287 839	–	–	5 000	–	–	–	5 000	292 839
Public corporations and private enterprises	375 775	–	–	(4 921)	–	–	–	(4 921)	370 854
Payments for capital assets	134	–	–	–	–	–	–	–	134
Machinery and equipment	134	–	–	–	–	–	–	–	134
Total	787 782	–	–	(18 570)	–	–	–	(18 570)	769 212

Details of adjustments to the Estimates of National Expenditure 2014

Unforeseeable and unavoidable expenditure – R4.250 million

Programme 3: Mineral Regulation

An additional R4.250 million has been allocated for relocation costs for the department's Gauteng regional office, which was damaged by fire.

Of this amount, R2.740 million will be allocated to capital assets and R1.510 million allocated to goods and services.

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		(3 430)	Programme 1		3 430
Goods and services	Reallocation of funds from training and development	(1 430)	Departmental agencies and accounts	Training and development administrative fees for the Mining Qualification Authority and the Public Service Sector Education and Training Authority ¹	1 430
Machinery and equipment	Reallocation of funds from office furniture ¹	(2 000)	Goods and services	Operating leases for office accommodation ¹	2 000
Shifts within the programme as a percentage of the programme budget		1.2%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 2		(69)	Programme 1		69
Goods and services	Reallocation of funds from operating leases	(69)	Goods and services	Operating leases for office accommodation	69
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 3		(6 600)	Programme 1		6 600
Goods and services	Reallocation of funds from operating leases	(6 600)	Goods and services	Operating leases for office accommodation	6 600
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		2.9%			
Programme 4		(78 048)	Programme 1		308
Goods and services	Cost containment measures effected on operating leases	(308)	Goods and services	Operating leases for office accommodation	308
	Cost containment measures effected on contractors ¹	(5 000)	Programme 4		37 398
	Cost containment measures effected on contractors ¹	(32 398)	Departmental agencies and accounts	Rehabilitation of derelict and ownerless mines project ¹	5 000
			Public corporations and private enterprises	Rehabilitation of derelict and ownerless mines project ¹	32 398
Compensation of employees	Vacant posts	(3 023)	Programme 3		3 023
			Compensation of employees	Shortfall in compensation of employees ¹	3 023
Public corporations and private enterprises	Reallocation of funds from transfers and subsidies ¹	(6 462)	Programme 1		6 462
			Compensation of employees	Shortfall in compensation of employees ¹	6 462
	Reallocation of funds from transfers and subsidies ¹	(4 100)	Programme 2		4 100
			Compensation of employees	Shortfall in compensation of employees ¹	4 100
	Reallocation of funds from transfers and subsidies ¹	(4 677)	Programme 3		4 677
			Compensation of employees	Shortfall in compensation of employees ¹	4 677

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
	Reallocation of funds from transfers and subsidies ¹	(22 080)	Programme 4		22 080
			Goods and services	Start-up capital for the automation of processes relating to licences and compliance; collection of mining charter compliance information; and payment for the Association of African Diamond Producing Countries ¹	22 080
Shifts within the programme as a percentage of the programme budget		7.6%			
Virements to other programmes as a percentage of the programme budget		2.4%			
Total		(88 147)	88 147		

1. National Treasury approval has been obtained.

Expenditure outcome for 2013/14 and actual expenditure for 2014/15

Programme	2013/14					2014/15				
	Audited outcome					Actual expenditure				
R thousand	Adjusted appropriation	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted appropriation	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	
Administration	282 280	164 472	58.3	308 572	109.3	297 613	20.2	162 342	54.5	
Promotion of Mine Safety and Health	163 731	79 488	48.5	153 220	93.6	172 001	11.7	87 984	51.2	
Mineral Regulation	211 908	99 815	47.1	205 521	97.0	236 715	16.0	116 347	49.2	
Mineral Policy and Promotion	735 930	401 572	54.6	719 906	97.8	769 212	52.1	465 609	60.5	
Total	1 393 849	745 347	53.5	1 387 219	99.5	1 475 541	100.0	832 282	56.4	
Economic classification										
Current payments	708 089	344 318	48.6	684 802	96.7	744 340	50.4	373 716	50.2	
Compensation of employees	444 115	218 673	49.2	435 251	98.0	491 996	33.3	245 304	49.9	
Goods and services	263 974	125 645	47.6	249 551	94.5	252 344	17.1	128 412	50.9	
Transfers and subsidies	669 879	390 478	58.3	688 499	102.8	719 443	48.8	456 292	63.4	
Departmental agencies and accounts	321 091	206 927	64.4	321 091	100.0	347 276	23.5	240 336	69.2	
Public corporations and private enterprises	345 749	181 400	52.5	364 709	105.5	370 854	25.1	211 150	56.9	
Households	3 039	2 151	70.8	2 699	88.8	1 313	0.1	4 806	366.0	
Payments for capital assets	15 881	10 549	66.4	13 908	87.6	11 758	0.8	2 274	19.3	
Buildings and other fixed structures	1 800	73	4.1	92	5.1	3 792	0.3	1 414	37.3	
Machinery and equipment	14 081	10 476	74.4	13 816	98.1	7 966	0.5	860	10.8	
Payments for financial assets	-	2	0.0	10	0.0	-	0.0	-	0.0	
Total	1 393 849	745 347	53.5	1 387 219	99.5	1 475 541	100.0	832 282	56.4	

Expenditure trends for the first half of 2014/15

Total expenditure in 2013/14 was 99.5 per cent of the 2013/14 adjusted appropriation. Expenditure in the first six months of 2014/15 was R832.282 million, or 56.4 per cent of the adjusted appropriation of R1.476 billion for the year. In comparison, mid-year expenditure in 2013/14 was R745.347 million, or 53.5 per cent of the 2013/14 adjusted appropriation. Compared to expenditure in the first six months of 2013/14, expenditure in the same period in 2014/15 increased by R86.935 million or 11.7 per cent. This is mainly due to the filling of vacant posts and inflationary adjustments to the baseline.

Departmental receipts

	2013/14					2014/15				
	Audited outcome					Actual receipts				
	Adjusted estimate	Apr 13 - Sep 13	Apr 13 - Sep 13 % of adjusted estimate	Apr 13 - Mar 14	Apr 13 - Mar 14 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate
R thousand										
Departmental receipts	41 648	20 821	50.0	109 034	261.8	54 679	45 113	100.0	23 372	51.8
Sales of goods and services produced by department	2 554	1 277	50.0	2 415	94.6	3 394	2 627	5.8	1 304	49.6
Sales of scrap, waste, arms and other used current goods	6	-	0.0	1	16.7	7	2	0.0	-	0.0
Fines, penalties and forfeits	1 226	613	50.0	1 115	90.9	947	924	2.0	462	50.0
Interest, dividends and rent on land	37 064	18 532	50.0	104 938	283.1	49 525	39 736	88.1	20 122	50.6
Transactions in financial assets and liabilities	798	399	50.0	565	70.8	806	1 824	4.1	1 484	81.4
Total	41 648	20 821	50.0	109 034	261.8	54 679	45 113	100.0	23 372	51.8

Revenue trends for the first half of 2014/15

Revenue in the first six months of 2014/15 was R23.372 million, or 51.8 per cent of the adjusted revenue estimate of R45.113 million for the year. In comparison, mid-year revenue in 2013/14 was R20.821 million, or 50 per cent of the 2013/14 adjusted estimate. Compared to the first six months of 2013/14, revenue over the same period in 2014/15 increased by R2.551 million or 12.3 per cent. This is mainly due to royalty payments, which the department is still receiving from old order mining rights and which need to be converted to new order mining rights. This process has to be completed before the South African Revenue Service can receive the royalty payments.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

	2014/15							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Function shifts	Declared unspent funds		
R thousand								
Administration								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	-	-	-	1 430	-	-	1 430	1 430
Mining Qualification Authority	-	-	-	1 216	-	-	1 216	1 216
Public Services Sector	-	-	-	214	-	-	214	214
Education and Training Authority								
Mineral Policy and Promotion								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	260 083	-	-	5 000	-	-	5 000	265 083
Council for Geoscience	260 083	-	-	5 000	-	-	5 000	265 083
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	306 616	-	-	14 159	-	-	14 159	320 775
Industrial Development Corporation of South Africa	18 239	-	-	(18 239)	-	-	(18 239)	-
Council for Mineral Technology	288 377	-	-	32 398	-	-	32 398	320 775
Private enterprises								
Subsidies on production or products								
Current	19 080	-	-	(19 080)	-	-	(19 080)	-
Marginal mines	19 080	-	-	(19 080)	-	-	(19 080)	-