

Vote 29

Mineral Resources

Adjusted budget summary

R thousand	2015/16			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 618 542	1 638 542	–	20 000
of which:				
Current payments	806 101	800 101	(6 000)	–
Transfers and subsidies	800 919	826 919	–	26 000
Payments for capital assets	11 522	11 522	–	–
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 2015/16 as published in the 2015 ENE	Achieved in the first six months of 2015/16 (April to September)	Changed target for 2015/16
Number of occupational health and safety inspections and mine audits conducted per year	Mine Health and Safety		8 396	4 161	–
Number of mining rights and permits granted and/or issued to historically disadvantaged South Africans per year	Mineral Regulation	Outcome 4: Decent employment through inclusive economic growth	200	70	–
Number of industry workshops on compliance issues conducted per year	Mineral Regulation		9	–	–
Number of social and labour plans inspections per year	Mineral Regulation		150	100	–
Number of environmental authorisation inspections per year	Mineral Regulation		Outcome 10: Protect and enhance our environmental assets and natural resources	1 700	575
Number of mine economics verification audits per year	Mineral Regulation	Outcome 4: Decent employment through inclusive economic growth	500	117	–
Number of publications per year	Mineral Policy and Promotion		13	5	–
Number of legislative instruments reviewed and amended per year	Mineral Policy and Promotion		3	–	–
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion		Outcome 10: Protect and enhance our environmental assets and natural resources	50	–
Number of SMMEs supported (new and established) per year	Mineral Policy and Promotion	Outcome 7: Comprehensive rural development and land reform	88	45	–
Number of consultations, and promotional and monitoring activities on shale gas exploration conducted per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	10	2	–
Number of beneficiation promotional activities per year	Mineral Policy and Promotion		20	–	–
Number of strategic partnerships per year	Mineral Policy and Promotion		10	4	–

Mid-year progress

Out of the 13 performance indicators recorded by the department, there was satisfactory progress in 9. Although no progress has been reported for 4 indicators, the department has not revised its targets, as it expects all targets to be met by the end of the financial year.

The number of occupational health and safety inspections and mine audits conducted within the first six months of the year was 4 161 against an annual target of 8 396. Although the actual performance is less than the mid-year target of 4 198, the target is expected to be fully met by the end of the financial year.

Only 575 environmental authorisation inspections were conducted in the first half of 2015/16, because the inspectors responsible for Mine Environmental management are also responsible for environmental mineral resources, so their capacity has been stretched. In the 3rd and 4th quarter they will be focusing on environmental authorisation inspections and so the target should be met by the end of the financial year.

117 verification audits were undertaken in the first two quarters of the financial year against the annual target of 500. This target should be achieved by the end of the financial year as plans are in place to intensify activity in the second half of the financial year.

In terms of shale gas exploration activities, the department plans to meet its annual targets by year-end.

Adjusted Estimates of National Expenditure 2015

Programme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Administration	293 223	–	–	11 798	–	3 849	15 647	308 870
Mine Health and Safety	175 840	–	–	–	–	8 591	8 591	184 431
Mineral Regulation	260 443	–	–	(2 298)	–	5 570	3 272	263 715
Mineral Policy and Promotion	889 036	–	–	(9 500)	–	1 990	(7 510)	881 526
Total	1 618 542	–	–	–	–	20 000	20 000	1 638 542
Economic classification								
Current payments	806 101	–	–	(26 000)	–	20 000	(6 000)	800 101
Compensation of employees	528 440	–	–	–	–	20 000	20 000	548 440
Goods and services	277 661	–	–	(26 000)	–	–	(26 000)	251 661
Transfers and subsidies	800 919	–	–	26 000	–	–	26 000	826 919
Departmental agencies and accounts	377 751	–	–	17 000	–	–	17 000	394 751
Public corporations and private enterprises	421 795	–	–	9 000	–	–	9 000	430 795
Households	1 373	–	–	–	–	–	–	1 373
Payments for capital assets	11 522	–	–	–	–	–	–	11 522
Buildings and other fixed structures	2 920	–	–	(417)	–	–	(417)	2 503
Machinery and equipment	8 602	–	–	287	–	–	287	8 889
Software and other intangible assets	–	–	–	130	–	–	130	130
Total	1 618 542	–	–	–	–	20 000	20 000	1 638 542

Programme 1: Administration

Subprogramme	2015/16							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Ministry	25 580	–	–	3 000	–	253	3 253	28 833
Corporate Services	110 680	–	–	8 831	–	1 057	9 888	120 568
Department Management	20 573	–	–	17	–	747	764	21 337
Financial Administration	92 648	–	–	(50)	–	1 191	1 141	93 789
Internal Audit	14 001	–	–	–	–	601	601	14 602
Office Accommodation	29 741	–	–	–	–	–	–	29 741
Total	293 223	–	–	11 798	–	3 849	15 647	308 870
Economic classification								
Current payments	280 240	–	–	11 798	–	3 849	15 647	295 887
Compensation of employees	156 852	–	–	–	–	3 849	3 849	160 701
Goods and services	123 388	–	–	11 798	–	–	11 798	135 186
Transfers and subsidies	2 683	–	–	–	–	–	–	2 683
Departmental agencies and accounts	1 310	–	–	–	–	–	–	1 310
Households	1 373	–	–	–	–	–	–	1 373
Payments for capital assets	10 300	–	–	–	–	–	–	10 300
Buildings and other fixed structures	2 920	–	–	(417)	–	–	(417)	2 503
Machinery and equipment	7 380	–	–	287	–	–	287	7 667
Software and other intangible assets	–	–	–	130	–	–	130	130
Total	293 223	–	–	11 798	–	3 849	15 647	308 870

Programme 2: Mine Health and Safety

Subprogramme	2015/16							
	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	50 736	–	–	(178)	–	2 303	2 125	52 861
Mine Health and Safety Regions	125 104	–	–	178	–	6 288	6 466	131 570
Total	175 840	–	–	–	–	8 591	8 591	184 431
Economic classification								
Current payments	175 217	–	–	147	–	8 591	8 738	183 955
Compensation of employees	143 839	–	–	–	–	8 591	8 591	152 430
Goods and services	31 378	–	–	147	–	–	147	31 525
Payments for capital assets	623	–	–	(147)	–	–	(147)	476
Machinery and equipment	623	–	–	(147)	–	–	(147)	476
Total	175 840	–	–	–	–	8 591	8 591	184 431

Programme 3: Mineral Regulation

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Mineral Regulation and Administration	169 594	–	–	–	–	5 257	5 257	174 851
Management Mineral Regulation	40 322	–	–	(2 298)	–	313	(1 985)	38 337
South African Diamond and Precious Metals Regulator	50 527	–	–	–	–	–	–	50 527
Total	260 443	–	–	(2 298)	–	5 570	3 272	263 715
Economic classification								
Current payments	209 457	–	–	(2 298)	–	5 570	3 272	212 729
Compensation of employees	167 435	–	–	–	–	5 570	5 570	173 005
Goods and services	42 022	–	–	(2 298)	–	–	(2 298)	39 724
Transfers and subsidies	50 527	–	–	–	–	–	–	50 527
Departmental agencies and accounts	50 527	–	–	–	–	–	–	50 527
Payments for capital assets	459	–	–	–	–	–	–	459
Machinery and equipment	459	–	–	–	–	–	–	459
Total	260 443	–	–	(2 298)	–	5 570	3 272	263 715

Programme 4: Mineral Policy and Promotion

Subprogramme	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
R thousand		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Management	25 372	–	–	–	–	1 206	1 206	26 578
Mineral Policy	18 776	–	–	500	–	172	672	19 448
Mineral Promotion and International Coordination	69 341	–	–	(5 000)	–	468	(4 532)	64 809
Assistance to Mines	5 000	–	–	(5 000)	–	–	(5 000)	–
Council for Geoscience	325 914	–	–	17 000	–	–	17 000	342 914
Council for Mineral Technology	390 742	–	–	24 000	–	–	24 000	414 742
Economic Advisory Services	3 522	–	–	–	–	43	43	3 565
Mine Environmental Management	50 369	–	–	(41 000)	–	101	(40 899)	9 470
Total	889 036	–	–	(9 500)	–	1 990	(7 510)	881 526
Economic classification								
Current payments	141 187	–	–	(35 647)	–	1 990	(33 657)	107 530
Compensation of employees	60 314	–	–	–	–	1 990	1 990	62 304
Goods and services	80 873	–	–	(35 647)	–	–	(35 647)	45 226
Transfers and subsidies	747 709	–	–	26 000	–	–	26 000	773 709
Departmental agencies and accounts	325 914	–	–	17 000	–	–	17 000	342 914
Public corporations and private enterprises	421 795	–	–	9 000	–	–	9 000	430 795
Payments for capital assets	140	–	–	147	–	–	147	287
Machinery and equipment	140	–	–	147	–	–	147	287
Total	889 036	–	–	(9 500)	–	1 990	(7 510)	881 526

Details of adjustments to the Estimates of National Expenditure 2015

Virements and shifts

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 1		(547)	Programme 1		547
Buildings and other fixed structures	Reallocation of funds for maintenance that were not utilised	(417)	Machinery and equipment	Procurement of laptops and printers	417
Machinery and equipment	Reallocation of funds from office furniture for a regional office, which was put on hold	(130)	Software and other intangible assets	Procurement of IT software	130
Shifts within the programme as a percentage of the programme budget		0.2%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 2		(147)	Programme 4		147
Machinery and equipment	Reallocation of funds from laptops due to cost containment measures	(147)	Machinery and equipment	Replacement of laptops for existing posts	147
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.1%			
Programme 3		(2 298)	Programme 1		2 298
Goods and services	Reallocation of funds for operating leases that were incorrectly allocated in the 2015 ENE	(2 298)	Goods and services	Operating leases for office accommodation	2 298
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		0.9%			
Programme 4		(67 933)	Programme 2		147
Goods and services	Cost containment measures effected on travel related items	(147)	Goods and services	Supplement to the budget for travel	147
			Programme 4		41 000
	Reallocation of funds from the mine rehabilitation project due to slow spending	(24 000)	Public corporations and private enterprises	Rehabilitation of derelict and ownerless mines project	24 000
	Reallocation of funds from the mine rehabilitation project due to slow spending	(17 000)	Departmental agencies and accounts	Rehabilitation of derelict and ownerless mines project	17 000
			Programme 1		9 500
Public corporations and private enterprises	Reallocation of funds from transfers and subsidies for the Industrial Development Corporation as there were no requests for assistance to small scale and marginal mines ¹	(9 500)	Goods and services	Communication for small scale mining and for ministerial imbizos; operating leases for office accommodation; and travel ¹	9 500
	Reallocation of funds from transfers and subsidies for the Industrial Development Corporation as there were no requests for assistance to small scale and marginal mines	(5 500)	Programme 4		17 286
			Goods and services	The Intsika mining project, small scale mining and communication for ministerial imbizos	5 500
	Reallocation of funds from capital payments to current transfers	(11 786)	Public corporations and private enterprises	Reallocation of funds from capital to current transfer for the Council for Mineral Technology's operational budget	11 786
Shifts within the programme as a percentage of the programme budget		6.6%			
Virements to other programmes as a percentage of the programme budget		1.1%			
Total		(70 925)			70 925

1. Only the legislature may approve this virement in terms of the Public Finance Management Act (1999).

Other adjustments – R20 million

Adjustments due to significant and unforeseeable economic and financial events – R20 million

An additional R20 million has been allocated to the department to cover the costs of increases in personnel remuneration that were higher than provided for in the main Budget, as follows:

Programme 1: Administration

R3.849 million

Programme 2: Mine Health and Safety

R8.591 million

Programme 3: Mineral Regulation

R5.570 million

Programme 4: Mineral Policy and Promotion

R1.990 million

Expenditure outcome for 2014/15 and actual expenditure for 2015/16

Programme	2014/15 Audited outcome					2015/16 Actual expenditure			
	Adjusted appropriation	Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted appropriation	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation
R thousand									
Administration	297 613	162 342	54.5	315 220	105.9	308 870	18.9	191 633	62.0
Mine Health and Safety	172 001	87 984	51.2	167 491	97.4	184 431	11.3	89 270	48.4
Mineral Regulation	236 715	116 347	49.2	237 660	100.4	263 715	16.1	127 306	48.3
Mineral Policy and Promotion	769 212	465 609	60.5	754 786	98.1	881 526	53.8	516 607	58.6
Total	1 475 541	832 282	56.4	1 475 157	100.0	1 638 542	100.0	924 816	56.4
Economic classification									
Current payments	744 340	373 716	50.2	739 773	99.4	800 101	48.8	423 576	52.9
Compensation of employees	491 996	245 304	49.9	484 619	98.5	548 440	33.5	267 888	48.8
Goods and services	252 344	128 412	50.9	255 154	101.1	251 661	15.4	155 688	61.9
Transfers and subsidies	719 443	456 292	63.4	723 732	100.6	826 919	50.5	492 976	59.6
Departmental agencies and accounts	347 276	240 336	69.2	347 276	100.0	394 751	24.1	262 627	66.5
Public corporations and private enterprises	370 854	211 150	56.9	370 854	100.0	430 795	26.3	228 717	53.1
Households	1 313	4 806	366.0	5 602	426.7	1 373	0.1	1 632	118.9
Payments for capital assets	11 758	2 274	19.3	11 652	99.1	11 522	0.7	5 358	46.5
Buildings and other fixed structures	3 792	1 414	37.3	2 937	77.5	2 503	0.2	1 022	40.8
Machinery and equipment	7 966	860	10.8	7 163	89.9	8 889	0.5	4 336	48.8
Software and other intangible assets	–	–	–	1 552	–	130	–	–	–
Payments for financial assets	–	–	–	–	–	–	–	2 906	–
Total	1 475 541	832 282	56.4	1 475 157	100.0	1 638 542	100.0	924 816	56.4

Expenditure trends for the first half of 2015/16

Total expenditure in 2014/15 was 100 per cent of the 2014/15 adjusted appropriation. Expenditure in the first six months of 2015/16 was R924.8 million, or 56.4 per cent of the adjusted appropriation of R1.6 billion for the year. In comparison, mid-year expenditure in 2014/15 was R832.3 million, or 56.4 per cent of the 2014/15 adjusted appropriation. Compared to the first six months of 2014/15, expenditure over the same

period in 2015/16 increased by R92.5 million, or 11.1 per cent. This was mainly due to the higher than anticipated increase in expenditure for travel costs and operating leases for office buildings.

Departmental receipts

R thousand	2014/15					2015/16				
	Adjusted estimate	Audited outcome		Actual receipts		Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate
		Apr 14 - Sep 14	Apr 14 - Sep 14 % of adjusted estimate	Apr 14 - Mar 15	Apr 14 - Mar 15 % of adjusted estimate					
Departmental receipts	45 113	23 372	51.8	46 207	102.4	118 351	34 402	100.0	16 036	46.6
Sales of goods and services produced by department	2 627	1 304	49.6	3 230	123.0	2 557	6 277	18.2	3 284	52.3
Sales of scrap, waste, arms and other used current goods	2	-	-	-	-	2	-	-	-	-
Fines, penalties and forfeits	924	462	50.0	1 117	120.9	1 213	2 244	6.6	1 119	49.9
Interest, dividends and rent on land	39 736	20 122	50.6	31 755	79.9	112 411	25 672	74.6	11 545	45.0
Sales of capital assets	-	-	-	1 360	-	-	-	-	-	-
Transactions in financial assets and liabilities	1 824	1 484	81.4	8 745	479.4	2 168	209	0.6	88	42.1
Total	45 113	23 372	51.8	46 207	102.4	118 351	34 402	100.0	16 036	46.6

Revenue trends for the first half of 2015/16

Revenue in the first six months of 2015/16 was R16 million, or 46.6 per cent of the adjusted revenue estimate of R34.4 million for the year. In comparison, mid-year revenue in 2014/15 was R23.4 million, or 51.8 per cent of the 2014/15 adjusted estimate. Compared to the first six months of 2014/15, revenue over the same period in 2015/16 decreased by R7.3 million, or 31.4 per cent. This was mainly because all the revenue for royalties from the old order mining rights was collected in 2014/15.

Changes to transfers and subsidies, including conditional grants

Summary of changes to transfers and subsidies per programme

R thousand	2015/16							Adjusted appropriation
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
Mineral Policy and Promotion								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	290 881	-	-	17 000	-	-	17 000	307 881
Council for Geoscience	290 881	-	-	17 000	-	-	17 000	307 881
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	352 412	-	-	25 786	-	-	25 786	378 198
Industrial Development Corporation	26 053	-	-	(10 000)	-	-	(10 000)	16 053
Council for Mineral Technology	326 359	-	-	35 786	-	-	35 786	362 145
Council for Mineral Technology	64 383	-	-	(11 786)	-	-	(11 786)	52 597

Summary of changes to transfers and subsidies per programme

		2015/16						
		Adjustments appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	Adjusted appropriation
Capital	64 383	-	-	(11 786)	-	-	(11 786)	52 597
Public corporations and private enterprises								
Private enterprises								
Subsidies on production or products								
Current	5 000	-	-	(5 000)	-	-	(5 000)	-
Marginal mines	5 000	-	-	(5 000)	-	-	(5 000)	-