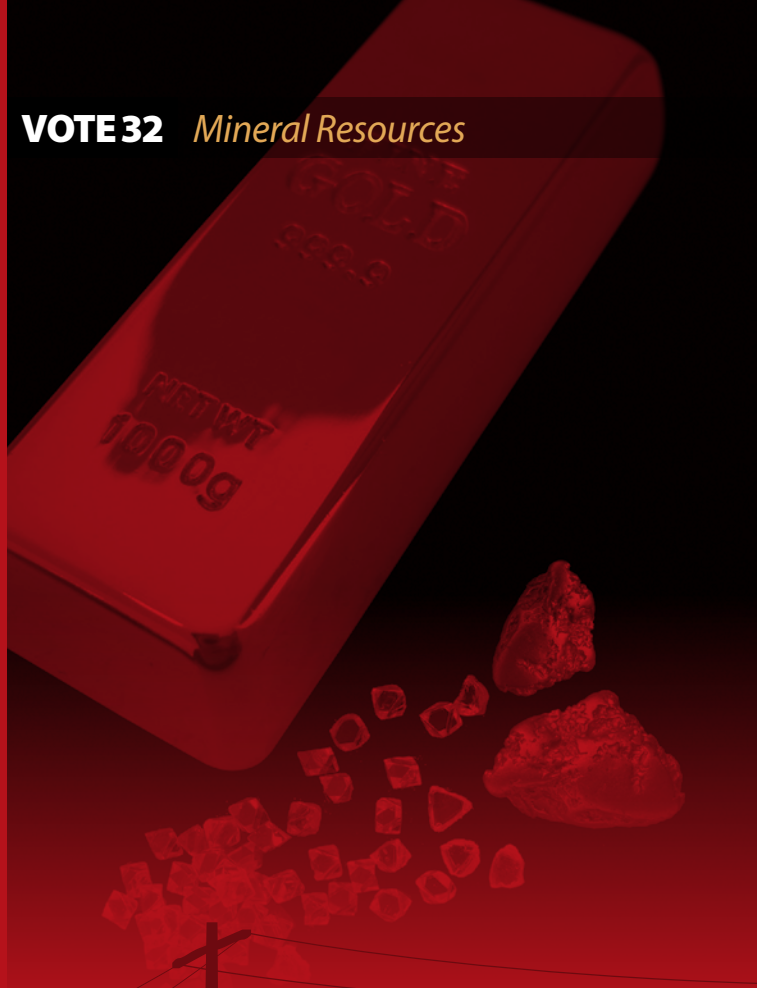


VOTE 32 *Mineral Resources*



National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2012

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspending on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Mineral Resources

**National Treasury
Republic of South Africa**



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Vote 32

Mineral Resources

Budget summary

R thousand	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	238 929	232 298	1 174	5 457	254 559	270 744
Promotion of Mine Safety and Health	154 472	149 569	4 370	533	166 072	175 867
Mineral Regulation	180 098	139 078	40 990	30	184 427	194 813
Mineral Policy and Promotion	595 563	81 660	513 783	120	693 995	719 744
Total expenditure estimates	1 169 062	602 605	560 317	6 140	1 299 053	1 361 168
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.

Programme purposes

Programme 1: Administration

Purpose: Strategic support and management services to the ministry and the department.

Programme 2: Promotion of Mine Safety and Health

Purpose: Ensure the safe mining of minerals under healthy working conditions.

Programme 3: Mineral Regulation

Purpose: Regulate the minerals and mining sector to promote economic development, employment and ensure transformation and environmental compliance.

Programme 4: Mineral Policy and Promotion

Purpose: Develop relevant mineral policies that promote South Africa's mining and minerals industries to attract investment.

Strategic overview: 2008/09 – 2014/15

The legislative mandate of the Department of Mineral Resources is determined by the Mineral and Petroleum Resources Development Act (2002), which provides the regulatory framework for equitable access to and the sustainable development of South Africa's mineral resources. The Mine Health and Safety Act (1996) governs mine health and safety.

Priorities over the medium term

Policy and legislative developments

The department is implementing the mining sector strategy as approved by the minister. The process involves stakeholder engagement to assist the mining industry to unlock current constraints. Such engagement is coordinated through the mining industry growth, development and employment task team, and aims to ensure the competitiveness and transformation of the sector.

The review of the Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996) began with stakeholder consultation and drafting of the bills, which formed the basis of discussion. The review aims to strengthen enforcement, simplify the administrative fines system, reinforce offences and penalties, remove ambiguities in certain definitions and expressions, and ensure consistency with other laws. The enforcement and administrative fine guidelines have been approved to strengthen the enforcement function of the mine health and safety inspectorate.

An online mineral resources administration system will be developed to process mining licence applications. This will enable the monitoring of the status and improve the overall quality of licence applications.

The department has established a compliance inspection and enforcement unit to underpin the targets of the Broad Based Socioeconomic Charter for the South African Mining Industry. The benefits of this development include: more social and labour plans, increased socioeconomic development within communities, increased access to resource information, the early commissioning of new mines or expansion projects, improved revenue collection, improved job creation from environmental rehabilitation, and more effective transformation. These interventions support the objectives of the new growth path.

Minerals beneficiation strategy

The mineral beneficiation strategy adopted by Cabinet in June 2011 provides a policy framework to: add value to minerals to facilitate economic diversification; increase productive capacity; create opportunities for job creation; boost local value addition; expedite progress towards technology development and knowledge based economy; and attain incremental GDP growth in mineral value addition per capita. The strategy is complementary to the vision outlined in the mining and minerals policy, the national industrial policy framework and its associated industrial policy action plan 2 infrastructure build programme, the advanced manufacturing technology strategy, and the new growth path.

Following the adoption of the strategy, the department tabled two of the five pilot value chains (iron and steel and energy) as outlined in the beneficiation strategy. These were approved by Cabinet in October 2011.

Mine health and safety

Although there has been some improvement in accident statistics, loss of life in the South African mining industry continues to be a matter of great concern to the department. Fall of ground accidents remain the largest cause of fatalities, followed by the transportation and machinery categories.

Many occupational health impacts are not immediate and hence difficult to quantify. Silicosis, an illness caused by excessive dust exposure, remains a major cause of premature retirement and death of South African miners. Tuberculosis, exacerbated by co-infection with HIV, also continues to be a serious challenge. Noise induced hearing loss, a result of exposure to high levels of noise in workplaces, is also a significant health hazard.

The environment

The rehabilitation of derelict and ownerless mines is a key area of focus for the department. In implementing the strategy for the management of these mine sites, the department has prioritised 12 projects for rehabilitation in 2012/13. The rehabilitation of mines is an expensive exercise. Only a certain number of sites can be dealt with in any one year, depending on the resources.

Selected performance indicators

Table 32.1 Mineral Resources

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Safety and Health	12 700	7 164 ¹	7 566	8 396	8 396	8 396	8 396
Number of mining rights granted to historically disadvantaged South Africans per year ²	Mineral Regulation	152	300	198	27	90	90	90
Number of industry workshops on compliance issues per year	Mineral Regulation	9	9	32 ³	27	27	27	27
Number of mining charter inspections per year	Mineral Regulation	140	171	100	160	180	200	220
Number of environment inspections per year	Mineral Regulation	1 742	1 907	2 853 ⁴	1 740	1 800	1 900	2 000
Number of planned promotional activities (exhibitions, conferences, workshops) per year	Mineral Policy and Promotion	11	11	15	12	12	12	12
Number of policies developed or reviewed per year	Mineral Policy and Promotion	3	3	1	2	4	2	2
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	0	0	5	10	12	12	13
Number of sustainable SMMEs supported (new and established) per year	Mineral Policy and Promotion	45	49	82	54	67	67	69

1. The decrease in 2009/10 is due to fewer mine health and safety inspectors being available.

2. The department does not have control over the number of eligible applications submitted, hence the year-to-year fluctuations. The target over the medium term has been adjusted to include the number of women led companies to avoid double counting as women are also included in the definition of historically disadvantaged South Africans.

3. The increase in 2010/11 was due to the implementation of the mining industry strategy and signing of the stakeholder engagement which required that the department hold more workshops with stakeholders.

4. The increase in 2010/11 was due to the moratorium on the issuing of new mining rights, which resulted in all mining rights being inspected for environmental compliance.

Expenditure estimates

Table 32.2 Mineral Resources

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Administration	160 020	159 342	226 727	247 940	247 940	238 929	254 559	270 744
Promotion of Mine Safety and Health	112 698	132 029	137 092	147 501	147 501	154 472	166 072	175 867
Mineral Regulation	155 344	179 543	188 608	162 157	162 157	180 098	184 427	194 813
Mineral Policy and Promotion	340 265	382 931	442 270	481 367	481 367	595 563	693 995	719 744
Total	768 327	853 845	994 697	1 038 965	1 038 965	1 169 062	1 299 053	1 361 168
Change to 2011 Budget estimate				2 753	2 753	61 569	120 346	132 939

Economic classification

	389 577	425 373	532 961	588 793	588 793	602 605	661 651	701 796
Current payments								
Compensation of employees	231 013	275 084	326 457	380 363	380 363	401 892	425 201	450 766
Goods and services	158 564	150 289	206 504	208 430	208 430	200 713	236 450	251 030
<i>of which:</i>								
Administrative fees	2 296	2 005	2 895	3 987	3 987	3 449	3 686	3 851
Advertising	13 115	1 464	1 661	2 982	2 982	2 282	2 470	2 599
Assets less than the capitalisation threshold	3 076	3 477	865	1 334	1 334	3 518	3 730	3 855
Audit cost: External	2 428	2 406	3 740	4 203	4 203	3 943	4 188	4 800

Table 32.2 Mineral Resources (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments								
Bursaries: Employees	1 895	1 873	2 117	3 201	3 201	3 006	3 178	3 362
Catering: Departmental activities	1 299	665	856	2 030	2 030	2 258	2 384	2 525
Communication	13 288	15 363	11 177	8 357	8 357	9 990	10 533	11 119
Computer services	13 064	8 623	19 600	23 626	23 626	17 462	18 450	20 443
Consultants and professional services: Business and advisory services	6 595	26 270	6 524	5 764	5 764	5 540	5 914	6 314
Consultants and professional services: Infrastructure and planning	9 660	–	5 835	25 736	25 736	10 030	33 146	36 270
Consultants and professional services: Legal costs	10 126	7 003	3 861	358	358	944	990	1 045
Contractors	7 978	11 296	1 692	2 008	2 008	3 952	4 194	4 451
Agency and support / outsourced services	143	261	229	4	4	6	7	7
Entertainment	10	13	176	443	443	409	428	454
Fleet services (including government motor transport)	–	–	–	–	–	717	756	802
Inventory: Food and food supplies	–	–	–	223	223	324	342	361
Inventory: Fuel, oil and gas	18	10	48	133	133	–	–	–
Inventory: Learner and teacher support material	159	138	29	124	124	189	197	206
Inventory: Materials and supplies	132	292	3 545	471	471	879	931	1 000
Inventory: Medical supplies	25	3	1	76	76	6	6	7
Inventory: Military stores	–	–	–	10	10	–	–	–
Inventory: Other consumables	542	953	1 113	1 453	1 453	1 364	1 446	1 528
Inventory: Stationery and printing	4 943	5 146	4 268	5 658	5 658	5 320	5 656	6 103
Lease payments	18 155	13 921	70 967	40 632	40 632	34 592	33 995	35 760
Property payments	2 767	1 998	3 407	1 688	1 688	7 709	7 122	7 207
Travel and subsistence	32 481	30 391	54 668	56 203	56 203	61 210	64 791	67 728
Training and development	5 653	6 061	1 789	7 241	7 241	7 065	7 561	7 991
Operating expenditure	2 858	7 963	3 158	5 769	5 769	8 340	13 738	14 303
Venues and facilities	5 858	2 694	2 283	4 716	4 716	6 209	6 611	6 939
Transfers and subsidies	366 915	395 830	438 120	438 439	438 439	560 317	625 873	647 149
Departmental agencies and accounts	167 581	178 207	215 177	199 067	199 067	266 510	308 628	342 164
Public corporations and private enterprises	198 046	217 266	222 449	238 254	238 254	292 633	316 006	303 672
Households	1 288	357	494	1 118	1 118	1 174	1 239	1 313
Payments for capital assets	11 469	31 968	23 566	11 733	11 733	6 140	11 529	12 223
Buildings and other fixed structures	–	12 762	17 059	834	834	–	–	–
Machinery and equipment	9 707	18 293	5 367	10 579	10 579	6 140	11 529	12 223
Software and other intangible assets	1 762	913	1 140	320	320	–	–	–
Payments for financial assets	366	674	50	–	–	–	–	–
Total	768 327	853 845	994 697	1 038 965	1 038 965	1 169 062	1 299 053	1 361 168

Expenditure trends

The spending focus over the medium term will be on implementing the beneficiation value chains, and rehabilitating derelict and ownerless mines. The department has prioritised the rehabilitation of 37 derelict and ownerless mines at a cost of R139 million. Transfers and subsidies constitute an average of 46.3 per cent of the department's total expenditure over the seven-year period, mainly due to transfers to public entities such as the Council for Geoscience and the Council for Mineral Technology, which receive R773.5 million and R779.1 million over the medium term.

Between 2008/09 and 2011/12, expenditure increased from R768.3 million to R1 billion, at an average annual rate of 10.6 per cent, due to the split of the Department of Minerals and Energy into two departments, which resulted in the need for more administrative staff. Consequently, over the same period, expenditure on compensation of employees increased from R231 million to R380.4 million, at an average annual rate of 18.1 per cent. Expenditure on goods and services increased from R158.6 million to R208.4 million, at an average annual rate of 9.5 per cent, to provide for the increased staff. Transfer payments, particularly to public corporations and private enterprises, grew from R366.9 million to R438 million between 2008/09 and 2011/12, at an average annual rate of 6 per cent, mainly due to inflation related adjustments and allocations for infrastructure projects.

Over the medium term, expenditure is projected to increase to R1.4 billion, at an average annual rate of 9.4 per cent, due mainly to the following additional allocations made in the 2012 Budget:

- R893 000 in 2012/13, R981 000 in 2013/14 and R1.1 million in 2014/15 for improved conditions of service in the department
- R3.7 million in 2012/13, R3.9 million in 2013/14 and R4.1 million in 2014/15 for improved conditions of service for the Council for Geoscience and Council for Mineral Technology
- R75 million in 2012/13, R130 million in 2013/14 and R145 million in 2014/15 as part of the economic support and competitiveness package for the Council for Geoscience and Council for Mineral Technology.

In addition, a Cabinet approved baseline cut of R18 million in 2012/13, R14.5 million in 2013/14 and R17.2 million in 2014/15 was also made. The details of the cut are discussed in the subprogrammes where applicable.

Expenditure on consultants increased from R26.4 million in 2008/09 to R31.9 million in 2011/12, at an average annual rate of 6.5 per cent, and is expected to increase to R43.6 million over the medium term, at an average annual rate of 11.1 per cent. Consultants are mainly used for strategic planning sessions, performance information systems, verification for new employees, translations and transcripts, and to provide skills for the rehabilitation of mines.

Personnel information

Table 32.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	1 734	1 145	73	1 133	1 076	994	1 054	1 189	1 189	1 189
Salary level 1 – 6	342	301	20	369	331	266	285	303	303	303
Salary level 7 – 10	792	457	27	421	433	358	421	516	516	516
Salary level 11 – 12	485	307	22	238	242	300	273	276	276	276
Salary level 13 – 16	115	80	4	105	70	70	75	94	94	94
Administration	526	388	46	350	271	253	363	401	401	401
Salary level 1 – 6	165	146	10	156	125	110	140	149	149	149
Salary level 7 – 10	246	165	22	120	116	88	150	168	168	168
Salary level 11 – 12	68	50	11	22	13	34	44	47	47	47
Salary level 13 – 16	47	27	3	52	17	21	29	37	37	37
Promotion of Mine Safety and Health	407	298	14	326	329	295	248	308	308	308
Salary level 1 – 6	58	52	–	74	68	53	46	48	48	48
Salary level 7 – 10	41	34	2	71	82	32	32	91	91	91
Salary level 11 – 12	285	191	11	155	154	189	150	146	146	146
Salary level 13 – 16	23	21	1	26	25	21	20	23	23	23

Table 32.3 Details of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Mineral Regulation	645	345	8	361	370	338	335	358	358	358
Salary level 1 – 6	99	91	5	119	114	88	86	90	90	90
Salary level 7 – 10	429	202	3	188	190	187	186	201	201	201
Salary level 11 – 12	91	34	–	37	49	46	48	49	49	49
Salary level 13 – 16	26	18	–	17	17	17	15	18	18	18
Mineral Policy and Promotion	156	114	5	96	106	108	108	122	122	122
Salary level 1 – 6	20	12	5	20	24	15	13	16	16	16
Salary level 7 – 10	76	56	–	42	45	51	53	56	56	56
Salary level 11 – 12	41	32	–	24	26	31	31	34	34	34
Salary level 13 – 16	19	14	–	10	11	11	11	16	16	16

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. As at 30 September 2011.

As at 30 September 2011, the department had 1 145 funded posts on the approved establishment and 73 additional posts. Filled posts are expected to increase from 1 054 in 2011/12 to 1 189 in 2014/15 as part of the department's strategic plan to fill all inspectors post over the medium term. The department had 140 vacancies due to its inability to attract inspectors within the current salary bands. Resignations and transfers also contributed to the vacancies. The department aims to fill vacancies in 2012/13.

The number of posts core to the department's functions is 66.3 per cent of the department's total funded establishment over the medium term.

Departmental receipts

Table 32.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Departmental receipts	261 304	212 715	30 302	46 424	46 424	47 757	51 100	54 679
Sales of goods and services produced by department	2 291	1 056	2 159	2 782	2 782	2 966	3 172	3 394
Sales by market establishments	83	–	309	458	458	460	492	527
<i>of which:</i>								
Market establishment: Non-residential building	6	–	–	–	–	–	–	–
Market establishment: Rental parking - Covered and open	77	–	309	458	458	460	492	527
Administration fees	2 085	942	1 353	1 770	1 770	1 875	2 006	2 146
<i>of which:</i>								
Minerals and Petroleum Resources Development Act (2002) application fees	2 063	920	1 328	1 750	1 750	1 847	1 976	2 114
Requested information: Promotion of Access to Information Act (2000)	22	22	25	20	20	28	30	32
Other sales	123	114	497	554	554	631	674	721
<i>of which:</i>								
Services rendered: Commission on insurance and gamishee orders	99	84	123	134	134	154	165	176
Services rendered: Marking of exam papers	4	6	353	392	392	447	478	512
Services rendered: Photocopies and faxes	16	20	17	22	22	24	25	27
Replacement of security cards	4	4	4	6	6	6	6	6

Table 32.4 Receipts (continued)

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Sales of scrap, waste, arms and other used current goods	4	27	8	2	2	6	6	7
<i>of which:</i>								
<i>Sales: Scrap</i>	1	25	1	–	–	1	1	1
<i>Sales: Waste paper</i>	3	2	7	2	2	5	5	6
Fines, penalties and forfeits	112	382	531	846	846	826	884	947
Interest, dividends and rent on land	256 089	210 791	26 978	42 246	42 246	43 255	46 285	49 525
Interest	409	516	170	152	152	193	207	222
Rent on land	255 680	210 275	26 808	42 094	42 094	43 062	46 078	49 303
Transactions in financial assets and liabilities	2 808	459	626	548	548	704	753	806
Total	261 304	212 715	30 302	46 424	46 424	47 757	51 100	54 679

The department generates revenue mainly from surface rentals and prospecting fees collected from licence holders. Revenue is also generated from administrative fees for licence applications. Between 2008/09 and 2011/12, revenue decreased from R261.3 million to R46.4 million, at an average annual rate of 43.8 per cent, mainly due to the implementation of the Royalty Act (2008), which resulted in shifting the royalty collections function from the department to the South African Revenue Service. Over the medium term, revenue is expected to increase to R54.7 million, at an average annual rate of 5.6 per cent, due to an anticipated increase in the number of mining licences issued.

Programme 1: Administration

Expenditure estimates

Table 32.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Ministry	15 097	15 649	15 822	20 684	19 693	20 388	21 764
Corporate Services	61 125	64 050	97 259	86 719	93 723	96 470	101 225
Department Management	7 517	7 008	12 910	17 175	17 390	18 184	19 185
Financial Administration	55 221	67 629	75 851	87 850	69 724	78 995	85 890
Internal Audit	5 365	4 980	6 912	11 410	12 973	13 698	14 247
Office Accommodation	15 695	26	17 973	24 102	25 426	26 824	28 433
Total	160 020	159 342	226 727	247 940	238 929	254 559	270 744
Change to 2011 Budget estimate				–	(19 760)	(20 023)	(20 313)

Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Current payments	147 581	141 177	204 554	235 619	232 298	242 510	257 971
Compensation of employees	62 099	73 656	90 744	119 576	126 914	134 288	142 345
Goods and services	85 482	67 521	113 810	116 043	105 384	108 222	115 626
<i>of which:</i>							
<i>Administrative fees</i>	1 664	922	1 143	1 727	1 062	1 116	1 194
<i>Advertising</i>	1 031	503	1 028	1 637	649	684	737
<i>Assets less than the capitalisation threshold</i>	1 673	3 390	504	1 081	2 833	2 993	3 081
<i>Audit cost: External</i>	2 428	2 406	3 740	4 203	3 943	4 188	4 800
<i>Bursaries: Employees</i>	771	595	422	1 191	985	1 038	1 102
<i>Catering: Departmental activities</i>	768	338	656	1 177	1 391	1 460	1 560
<i>Communication</i>	7 178	7 640	4 799	1 770	2 431	2 549	2 741
<i>Computer services</i>	8 232	7 214	14 863	21 797	11 847	12 574	14 311

Table 32.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
Consultants and professional services:	2 948	7 844	4 863	4 608	3 869	4 081	4 405
Business and advisory services							
Consultants and professional services:	2 323	1 197	450	–	384	405	430
Legal costs							
Contractors	7 926	865	1 404	1 458	3 217	3 394	3 605
Agency and support / outsourced services	135	222	70	–	–	–	–
Entertainment	5	7	27	247	317	332	352
Fleet services (including government motor transport)	–	–	–	–	715	754	800
Inventory: Food and food supplies	–	–	–	113	198	208	222
Inventory: Fuel, oil and gas	15	10	47	130	–	–	–
Inventory: Learner and teacher support material	74	44	21	40	25	26	26
Inventory: Materials and supplies	106	268	3 526	422	798	842	910
Inventory: Medical supplies	25	–	–	76	5	5	6
Inventory: Military stores	–	–	–	10	–	–	–
Inventory: Other consumables	371	209	275	516	282	297	318
Inventory: Stationery and printing	4 584	5 077	3 881	4 684	3 310	3 489	3 843
Lease payments	17 796	8 519	45 101	39 955	30 263	30 221	32 197
Property payments	2 424	1 734	3 134	925	6 916	6 296	6 341
Travel and subsistence	15 684	11 590	18 549	18 980	20 327	21 132	22 063
Training and development	2 214	2 606	1 680	4 572	1 965	2 069	2 220
Operating expenditure	2 241	2 409	2 058	3 084	5 157	5 439	5 577
Venues and facilities	2 866	1 912	1 569	1 640	2 495	2 630	2 785
Transfers and subsidies	1 265	315	467	1 118	1 174	1 239	1 313
Households	1 265	315	467	1 118	1 174	1 239	1 313
Payments for capital assets	10 959	17 309	21 685	11 203	5 457	10 810	11 460
Buildings and other fixed structures	–	3 699	17 059	834	–	–	–
Machinery and equipment	9 197	12 697	4 626	10 049	5 457	10 810	11 460
Software and other intangible assets	1 762	913	–	320	–	–	–
Payments for financial assets	215	541	21	–	–	–	–
Total	160 020	159 342	226 727	247 940	238 929	254 559	270 744

Details of transfers and subsidies

Households							
Other transfers to households							
Current	1 265	315	467	1 118	1 174	1 239	1 313
Households	53	–	20	–	–	–	–
Employee social benefits	1 212	315	447	1 118	1 174	1 239	1 313

Expenditure trends

Expenditure increased from R160 million in 2008/09 to R247.9 million in 2011/12, at an average annual rate of 15.7 per cent, mainly due to the splitting of the department and additional staff engaged. Over the medium term, expenditure is projected to increase to R270.7 million, at an average annual rate of 3 per cent, mainly due to additional funding received for improved conditions of service.

Expenditure on consultants decreased from R5.3 million in 2008/09 to R4.6 million in 2011/12, at an average annual rate of 4.4 per cent, and is expected to increase to R4.8 million over the medium term, at an average annual rate of 1.6 per cent. Consultants are mainly used for the strategic planning sessions and verification of qualifications of new employees.

Between 2008/09 and 2010/11, the department spent R33.7 million on office accommodation for over 1 000 employees at its head office and all regional offices. Over the medium term, the department has budgeted R80.6 million for office accommodation for 3 000 employees. Expenditure on office accommodation is expected to grow from R24.1 million in 2011/12 to R28.4 million in 2014/15, at an average annual rate of 5.6 per cent, as a result of the increased staff complement.

Programme 2: Promotion of Mine Safety and Health

Objectives and measures

- Promote mine health and safety by:
 - conducting investigations, inspections and audits and implementing the occupational health and safety strategy and enforcement guidelines to reduce occupational injuries, fatalities and dangerous occurrences by 20 per cent per year
 - reducing overexposure to silica occupational exposure limit and noise exposure limit by 10 per cent per year
 - conducting investigations, inspections and audits, and implementing occupational health and safety strategy and enforcement guidelines on an ongoing basis.
- Contribute to skills development in the technical sector by continuously improving the pass rate of the mine health inspection course through the review and implementation of a certificate of competency model developed with the mining qualification authority and universities.
- Improve turnaround times of resolving medical appeals by adhering to prescribed timeframes for medical appeals, chief inspector of mines appeals, and Petroleum Resources Development Act (2002) applications and administrative tasks.
- Fill vacancies to reduce the vacancy rate by 5 per cent per year through ongoing revision and the implementation of a human resources plan.
- Promote employment and ensure transformation by:
 - continuously attracting, developing and retaining skills
 - improving employment equity targets by 20 per cent, 32 per cent and 38 per cent per year over the medium term.
- reducing the staff turnover rate by 5 per cent per year.

Subprogrammes

- *Governance Policy and Oversight* develops health and safety strategies, makes inputs to policy development and provides technical support to regions. Mines' safety performances are evaluated monthly, problem areas are identified and corrective measures developed. Capacity development and process improvement is also conducted by putting strategies in place with the Mining Qualification Authority to address the skills shortage in the mining industry, and inputs are made in the review of health and safety legislation. This subprogramme had a staff complement of 73 and a total budget of R46.6 million in 2011/12, of which 61.4 per cent was used for compensation of employees. Efficiency savings of R1.2 million in 2012/13, R1.3 million in 2013/14 and R1.6 million in 2014/15 have been identified on transfers to the Mine Health and Safety Council. 9.9 per cent of this subprogramme's budget is transferred to the Mine Health and Safety Council.
- *Mine Health and Safety Regions* is responsible for the monitoring and evaluation of occupational health and safety programmes at mines to address emerging challenges. This includes improving health surveillance and monitoring at mine sites, as well as cooperating with other public agencies; compliance monitoring with regards to the Mine Health and Safety Act (1996) and related legislation through audits, inspections, investigations and inquiries; and participation in matters likely to impact on the health and safety of mine employees and the people in surrounding communities. The improvement in health surveillance and compliance monitoring has resulted in a 24 per cent annual reduction in mine accidents. 168 mine employees died in 2009 compared with 127 fatalities in 2010. The deaths were mainly due to fall of ground

accidents. This subprogramme had a staff complement of 235 and a total budget of R100.9 million in 2011/12, of which 88.3 per cent was used for compensation of employees. R3.7 million in 2012/13, R3.2 million in 2013/14, and R3.2 million in 2014/15 have been reprioritised from the Administration programme to this subprogramme to cater for travel and subsistence, and training.

Expenditure estimates

Table 32.6 Promotion of Mine Safety and Health

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Governance Policy and Oversight	51 753	59 256	52 073	46 600	48 333	51 094	53 717
Mine Health and Safety Regions	60 945	72 773	85 019	100 901	106 139	114 978	122 150
Total	112 698	132 029	137 092	147 501	154 472	166 072	175 867
Change to 2011 Budget estimate				-	(3 052)	(4 023)	(4 434)
Economic classification							
Current payments	107 291	126 787	131 702	141 705	149 569	160 871	170 606
Compensation of employees	83 397	92 086	102 561	117 645	119 730	130 138	138 306
Goods and services	23 894	34 701	29 141	24 060	29 839	30 733	32 300
<i>of which:</i>							
<i>Administrative fees</i>	214	576	490	629	544	576	611
<i>Advertising</i>	1 381	535	211	523	494	521	553
<i>Assets less than the capitalisation threshold</i>	18	60	18	49	207	219	232
<i>Bursaries: Employees</i>	979	1 115	1 695	1 690	1 691	1 784	1 892
<i>Catering: Departmental activities</i>	144	74	30	123	96	101	108
<i>Communication</i>	919	1 074	936	1 171	2 043	2 155	2 284
<i>Computer services</i>	2 156	1 409	794	995	1 234	1 267	1 324
<i>Consultants and professional services: Business and advisory services</i>	3 614	5 717	1 340	254	808	852	904
<i>Consultants and professional services: Infrastructure and planning</i>	-	-	-	108	-	-	-
<i>Consultants and professional services: Legal costs</i>	-	-	21	120	126	133	141
<i>Contractors</i>	(42)	5 440	142	497	600	632	670
<i>Agency and support / outsourced services</i>	1	20	2	-	-	-	-
<i>Entertainment</i>	4	-	-	59	31	33	35
<i>Fleet services (including government motor transport)</i>	-	-	-	-	2	2	2
<i>Inventory: Food and food supplies</i>	-	-	-	21	20	21	22
<i>Inventory: Fuel, oil and gas</i>	2	-	-	-	-	-	-
<i>Inventory: Learner and teacher support material</i>	73	90	8	84	131	138	146
<i>Inventory: Materials and supplies</i>	4	2	2	2	11	12	12
<i>Inventory: Medical supplies</i>	-	2	1	-	-	-	-
<i>Inventory: Other consumables</i>	1	356	269	347	419	442	468
<i>Inventory: Stationery and printing</i>	81	38	33	234	702	741	786
<i>Lease payments</i>	28	3 629	8 493	36	1 043	386	150
<i>Property payments</i>	2	-	3	9	-	-	-
<i>Travel and subsistence</i>	10 384	11 003	14 049	14 553	15 806	16 676	17 675
<i>Training and development</i>	3 253	3 009	92	1 648	2 877	3 035	3 218
<i>Operating expenditure</i>	478	387	425	503	599	632	670
<i>Venues and facilities</i>	200	165	87	405	355	375	397
Transfers and subsidies	4 922	5 125	5 361	5 288	4 370	4 639	4 665
Departmental agencies and accounts	4 909	5 118	5 358	5 288	4 370	4 639	4 665
Households	13	7	3	-	-	-	-

Table 32.6 Promotion of Mine Safety and Health (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Payments for capital assets	480	–	15	508	533	562	596
Machinery and equipment	480	–	15	508	533	562	596
Payments for financial assets	5	117	14	–	–	–	–
Total	112 698	132 029	137 092	147 501	154 472	166 072	175 867
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 909	5 118	5 358	5 288	4 370	4 639	4 665
Mine Health and Safety Council	4 909	5 118	5 358	5 288	4 370	4 639	4 665
Households							
Other transfers to households							
Current	13	7	3	–	–	–	–
Households	13	7	3	–	–	–	–

Expenditure trends

Expenditure increased from R112.7 million in 2008/09 to R147.5 million in 2011/12, at an average annual rate of 9.4 per cent. The increase in expenditure is mainly due to salary adjustments, and travel and subsistence for mine inspectors. Funds are also allocated for bursaries and training to build capacity in scarce skills. Over the medium term, expenditure is expected to increase to R175.9 million, at an average annual rate of 6 per cent, mainly to provide for improved conditions of service.

The programme has conducted 27 430 occupational health and safety inspections, and mine audits between 2008/09 and 2011/12. Over the medium term, the department expects that 25 188 inspections and audits will be completed.

Expenditure on consultants decreased from R3.6 million in 2008/09 to R482 000 in 2011/12, at an average annual rate of 48.9 per cent, and is expected to increase to R1 million over the medium term, at an average annual rate of 29.4 per cent. Consultants are mainly used to provide assistance on performance information systems.

Programme 3: Mineral Regulation

Objectives and measures

- Promote job creation through the development of small, medium and micro enterprises (SMMEs) and local economic development projects on an ongoing basis.
- Promote sustainable resources use and mine environmental management through approved work programmes, social and labour plans, and environmental management plans by conducting 27 industry workshops on compliance issues per year over the medium term.
- Reduce state environmental risk by ensuring that environmental liabilities are adequately funded and updated annually, and that closure certificates are only issued when there is no residual state liability.
- Implement transformation policies and legislation by:
 - granting 90 mining rights to historically disadvantaged South Africans per year
 - increasing procurement participation in the mining industry by broad based black economic empowerment (BEE) entities with mining charter objectives from 0 in 2011/12 to 200 by 2014/15
 - ensuring companies' compliance with the goal that management comprises 40 per cent historically disadvantaged South Africans by 2014.

- Monitor and enforce compliance with the Broad Based Socioeconomic Charter for the South African Mining Industry by:
 - conducting 180 inspections for the charter annually
 - conducting 5 700 environmental inspections over the MTEF period
 - issuing directives and statutory orders in cases where inspection reports recommend corrective actions necessary.
- Improve the turnaround times of the processing of mining rights applications by ensuring adherence to the prescribed timeframes for prospecting and mining rights applications by using an electronic licensing system, known as the South African mineral resources administration system.

Subprogrammes

- *Mineral Regulation and Administration* administers prospecting and mining rights, licensing and compliance with the Mineral and Petroleum Resources Development Act (2002), including mines' compliance with environmental protection requirements. Since the implementation of the Mineral and Petroleum Resources Development Act (2002), the department has processed over 28 000 mining rights applications and issued over 6 000 mining rights and permits. The issued prospecting and mining rights permits contain terms and conditions that the mine rights holders must comply with, which include the social and labour plan, and environmental protection. This subprogramme had a staff complement of 347 and a total budget of R115.1 million in 2011/12, of which 82.6 per cent was used for compensation of employees. R5.5 million in 2012/13, R5.2 million in 2013/14 and R5.2 million in 2014/15 have been reprioritised from the Administration programme to this subprogramme to cater for the increased staff complement and related goods and services, such as travel and subsistence.
- *Management Mineral Regulation* provides for the overall management of the programme. This subprogramme had a staff complement of 11 and a total budget of R7.7 million in 2011/12, of which 72.6 per cent was used for compensation of employees.
- *South African Diamond and Precious Metal Regulator* issues licences and permits related to the trade in diamonds, gold and platinum; and monitors activities in the diamond, platinum and gold sectors. Savings of R536 000 in 2012/13, R648 000 in 2013/14 and R816 000 have been identified from transfers.

Expenditure estimates

Table 32.7 Mineral Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Mineral Regulation and Administration	108 017	119 662	139 015	115 101	129 380	131 359	138 715
Management Mineral Regulation	7 327	20 469	8 950	7 682	9 728	9 747	10 307
South African Diamond and Precious Metal Regulator	40 000	39 412	40 643	39 374	40 990	43 321	45 791
Total	155 344	179 543	188 608	162 157	180 098	184 427	194 813
Change to 2011 Budget estimate				1 789	9 078	9 060	8 924
Economic classification							
Current payments	115 190	125 425	146 080	122 761	139 078	141 075	148 989
Compensation of employees	68 815	88 142	98 397	100 666	108 284	109 163	115 559
Goods and services	46 375	37 283	47 683	22 095	30 794	31 912	33 430
of which:							
Administrative fees	66	406	612	424	492	509	534
Advertising	10 448	160	144	197	569	593	621
Assets less than the capitalisation threshold	1 364	24	332	120	318	331	347
Bursaries: Employees	91	163	–	65	30	31	33
Catering: Departmental activities	282	197	110	474	554	577	604
Communication	4 997	6 488	5 096	4 386	4 732	4 925	5 163

Table 32.7 Mineral Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
Computer services	2 534	–	3 643	123	3 618	3 771	3 954
Consultants and professional services: Business and advisory services	33	11 331	–	12	–	–	–
Consultants and professional services: Infrastructure and planning	9 660	–	5 835	–	–	–	–
Consultants and professional services: Legal costs	7 803	5 806	3 272	138	434	452	474
Contractors	94	2 921	61	18	85	89	93
Agency and support / outsourced services	7	19	16	4	6	7	7
Entertainment	1	6	–	137	61	63	67
Inventory: Food and food supplies	–	–	–	39	63	65	68
Inventory: Fuel, oil and gas	1	–	1	3	–	–	–
Inventory: Learner and teacher support material	12	4	–	–	23	22	23
Inventory: Materials and supplies	22	22	9	47	11	12	12
Inventory: Medical supplies	–	1	–	–	1	1	1
Inventory: Other consumables	170	388	542	526	612	636	667
Inventory: Stationery and printing	72	31	265	290	578	600	628
Lease payments	331	1 773	10 515	233	1 080	1 109	1 160
Property payments	336	264	270	754	791	824	864
Travel and subsistence	5 621	5 950	16 806	13 039	14 737	15 217	15 932
Training and development	126	393	12	409	1 159	1 204	1 261
Operating expenditure	51	412	111	150	440	458	481
Venues and facilities	2 253	524	31	507	400	416	436
Transfers and subsidies	40 010	39 447	40 667	39 374	40 990	43 321	45 791
Departmental agencies and accounts	40 000	39 412	40 643	39 374	40 990	43 321	45 791
Households	10	35	24	–	–	–	–
Payments for capital assets	11	14 659	1 851	22	30	31	33
Buildings and other fixed structures	–	9 063	–	–	–	–	–
Machinery and equipment	11	5 596	711	22	30	31	33
Software and other intangible assets	–	–	1 140	–	–	–	–
Payments for financial assets	133	12	10	–	–	–	–
Total	155 344	179 543	188 608	162 157	180 098	184 427	194 813

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	40 000	39 412	40 643	39 374	40 990	43 321	45 791
South African Diamond and Precious Metal Regulator	40 000	39 412	40 643	39 374	40 990	43 321	45 791
Households							
Other transfers to households							
Current	10	35	24	–	–	–	–
Households	10	35	24	–	–	–	–

Expenditure trends

Expenditure increased from R155.3 million in 2008/09 to R162.2 million in 2011/12, at an average annual rate of 1.4 per cent. Expenditure on goods and services decreased from R46.4 million in 2008/09 to R22.1 million in 2011/12, at an average annual rate of 21.9 per cent, due to the shifting of the rehabilitation of derelict and ownerless mines function from this programme to the *Mineral Policy and Promotion* programme.

Over the medium term, expenditure is expected to increase to R194.8 million, at an average annual rate of 6.3 per cent, due to inflation related adjustments. Expenditure on goods and services is projected to increase to R33.4 million over the medium term, at an average annual rate of 14.8 per cent, due to the department focusing on enforcing compliance with the Broad Based Socioeconomic Charter for the South African Mining Industry and the Mineral and Petroleum Resources Development Act (2002), which require numerous site inspections.

Using its allocated budget of R535.5 million between 2008/09 and 2010/11, the programme granted 650 mining rights to historically disadvantaged South Africans, conducted 50 industry workshops on compliance, 411 mining charter inspections and 6 502 environmental inspections. The programme imposed a moratorium on issuing licences and conducted 3 700 compliance inspections in 2010/11, which was funded by savings from other programmes. Over the medium term, R559 million is budgeted for the issuing of 270 mining rights, 81 industry workshops, 600 mining charter inspections and 5 700 environmental inspections.

Expenditure on consultants decreased from R17.5 million in 2008/09 to R150 000 in 2011/12, at an average annual rate of 79.5 per cent, and is expected to increase to R474 000 over the medium term, at an average annual rate of 46.7 per cent. Consultants are mainly used for the rehabilitation of mines.

Programme 4: Mineral Policy and Promotion

Objectives and measures

- Promote investment in the mining sector by:
 - growing the mining industry through local and foreign investment and by creating sustainable jobs throughout the mining value chain from exploration to creating 5 mineral beneficiation value chains on an ongoing basis, in support of the new growth path
 - implementing the sector strategy through the mining industry growth development and employment task team subcommittees by continuously identifying barriers to transformation and competitiveness
 - implementing 2 beneficiation value chains by 2012/13 out of a five pilot value chains over the medium term
 - supporting small scale mining by developing 67 new small scale mining projects by 2012/13 and continuing to support existing small scale mining projects over the medium term
 - promoting South Africa's mining sector through 36 promotional conferences, exhibitions, research outputs and publications over the medium term
 - developing 35 publications on the mining and minerals industry that will be completed in 2012/13.
- Promote green and sustainable mining over the medium term by:
 - developing a green mining strategy for the effective management of the environment
 - implementing rehabilitation projects
 - ensuring sustainable mining of strategic minerals
 - developing a strategy for the reclamation of dumps
 - rehabilitating 37 ownerless mine sites.
- Ensure transformation in the mining and minerals sector by:
 - ensuring that previously disadvantaged South Africans participate in the economy through mining while ensuring that mining and workers' health and safety issues are respected at all times
 - reviewing and amending on an ongoing basis mining and minerals legislation regulations that will promote transformation in the mining sector
 - drafting and certifying 8 minerals bills that seek to transform the sector for Parliament's approval over the medium term.

Subprogrammes

- *Management* provides overall management for the programme by leading and managing all projects. This subprogramme had a staff complement of 5 and a total budget of R11 million in 2011/12, of which 72.9 per cent was used for compensation of employees. Funds in the subprogramme are mainly used for

compensation of employees and goods and services, especially travel and subsistence, administrative fees, and venues and facilities to support management's attendance at and participation in conferences and international engagements to attract investment in the sector. R7.8 million in 2013/14 and R8.6 million in 2014/15 have been reprioritised for the implementation of the beneficiation strategy and for membership fees for the Kimberley Process and the African Diamond Producing Countries. No savings over the medium term have been identified in this subprogramme.

- *Mineral Policy* develops new policies, reviews existing policies, and amends legislation to promote investment and achieve transformation in the minerals and mining industry. This subprogramme had a staff complement of 20 and a total budget of R10.5 million in 2011/12, of which 73.4 per cent was used for compensation of employees. Most of the funds are allocated to research undertaken for the development and revision of policies, organising consultations with stakeholders, attending parliamentary hearings on mineral policies and gazetting of precious metals amendment bills. In 2012/13, the promulgation of the amended Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996), as well as amendments to the Precious Metals Act (2005) and the Diamonds Act (1986) are planned; regulations to the Geoscience Amendment Act (2010) will be finalised. No savings over the medium term have been identified in this subprogramme.
- *Mineral Promotion* promotes mineral development and gives advice on trends in the mining industry to attract investment. Responsibilities also include the provision of credible information on the minerals and mining sector, as well as the promotion of investment in South Africa's minerals and mining sector. This subprogramme had a staff complement of 61 and a total budget of R55.8 million in 2011/12, of which 36.8 per cent was used for compensation of employees, 21.4 per cent for goods and services, and 41.7 per cent for transfers and subsidies. In 2010/11, the mining sector strategy was developed, which aims to increase growth in gross fixed capital investment in mining by 10 per cent annually. In the same year, the department, together with mining stakeholders, signed a declaration on a strategy for sustainable growth and meaningful transformation of South Africa's mining industry. The beneficiation strategy is currently being implemented through the development of pilot value chains. The strategy's implementation will be a key focus area in 2012/13. R1.9 million in 2012/13, R1.7 million in 2013/14 and R1.7 million in 2014/15 have been reprioritised for the implementation of the beneficiation pilot value chains. No savings over the medium term have been identified in this subprogramme.
- *Assistance to Mines* prevents the uncontrolled movement of water into and out of underground mine openings or holdings by providing subsidies to marginal mines to pump extraneous water from underground mine openings and to research, develop and implement strategic solutions for mine water management, including managing the decanting of contaminated water. This subprogramme had a budget of R18 million in 2011/12, which was transferred in full to marginal mining companies on condition that the company pumps the water and then claims a portion of their cost from the department. The transfer is done if mining companies fully comply with the provisions of funding. Because most mining companies currently do not comply, a portion of this allocation has been transferred to the Council for Geoscience to assist with research, development and implementation of the strategic solutions for mine water management. No savings over the medium term have been identified in this subprogramme.
- *Council for Geoscience* is a national agency tasked with developing and maintaining national geosciences knowledge infrastructure for both land and ocean environments. This subprogramme had a total budget of R154.4 million in 2011/12, which was transferred in full to the Council for Geoscience. Savings of R2.9 million in 2012/13, R3.6 million in 2013/14 and R3 million in 2014/15 have been identified on these transfers. As part of the economic competitiveness and support package, additional allocations of R40 million in 2012/13, R70 million in 2013/14, and R90 million in 2014/15 have been made available to the Council for Geoscience to fund the building and laboratory infrastructure.
- *Council for Mineral Technology* provides research, development and technologies that foster the development of business in the mineral and mineral products industries. This subprogramme had a total budget of R197 million in 2011/12, which was transferred in full to the Council for Mineral Technology. Savings of R6.3 million in 2012/13 and R1.5 million in 2014/15 have been identified on these transfers. As part of the economic competitiveness and support package, additional allocations of R35 million in 2012/13, R60 million in 2013/14 and R55 million in 2014/15 have been made available to the Council for Mineral Technology to fund various projects.

- *Economic Advisory Services* provides macroeconomic research and analysis to inform executive management of the department. It also supports the political principals' briefing notes, reports and other information on ad hoc issues, for example the recent and major transaction between Anglo American and De Beers in the minerals and mining sector. This subprogramme had a staff complement of 20 and a total budget of R2.7 million, of which 88.5 per cent was used for compensation of employees. The subprogramme leads and convenes the job creation task team of the mining industry growth, development and employment task team stakeholder forum. The subprogramme has been tasked with researching and analysing the economic impact of the regulatory and legislative framework of the mining and minerals sector through a tool called the regulatory impact assessments. Over the medium term, the focus will be on monitoring and evaluating major global economic events and developments that have an impact on the South African economy, and the mining and minerals sector in particular. No savings over the medium term have been identified in this subprogramme.
- *Mine Environmental Management* provides strategic guidance on mine environmental management and mine closure. This subprogramme had a staff complement of 11 and a total budget of R32 million in 2011/12, of which 88 per cent was used for goods and services. The department will continue to manage the rehabilitation of derelict and ownerless mines. Most of the planned outputs were not met due to human capacity challenges and the departure from the department of key officials in the management of the projects. 5 mine sites were rehabilitated in 2010/11 and no rehabilitation projects were completed in 2011/12. However, all projects are at different stages of implementation. Some have appointed contractors, while others are in procurement stages. From the R52 million allocated for the rehabilitation of derelict and ownerless mines, R30 million will be transferred to the Council for Mineral Technology for service providers who carry out the rehabilitation of mines. The remaining R20 million will be transferred to the Council for Geoscience to develop the bills of quantities, the rehabilitation plans and to implement mitigation measures at the four high priority sites in Mpumalanga and at other dangerous mine shafts. No savings over the medium term have been identified in this subprogramme.

Expenditure estimates

Table 32.8 Mineral Policy and Promotion

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Management	1 865	13 169	17 428	10 953	11 519	12 373	12 777
Mineral Policy	3 596	8 401	4 908	10 522	12 801	18 113	19 071
Mineral Promotion	38 119	36 476	48 911	55 813	61 604	66 814	70 205
Assistance to Mines	38 178	31 100	3 000	18 000	18 000	18 000	19 080
Council for Geoscience	122 672	132 677	169 176	154 405	221 150	260 668	291 708
Council for Mineral Technology	135 835	161 108	195 840	196 956	250 068	271 995	257 020
Economic Advisory Services	–	–	–	2 702	3 842	4 203	4 439
Mine Environmental Management	–	–	3 007	32 016	16 579	41 829	45 444
Total	340 265	382 931	442 270	481 367	595 563	693 995	719 744
Change to 2011 Budget estimate				964	75 303	135 332	148 762

Table 32.8 Mineral Policy and Promotion (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	19 515	31 984	50 625	88 708	81 660	117 195	124 230
Compensation of employees	16 702	21 200	34 755	42 476	46 964	51 612	54 556
Goods and services	2 813	10 784	15 870	46 232	34 696	65 583	69 674
<i>of which:</i>							
Administrative fees	352	101	650	1 207	1 351	1 485	1 512
Advertising	255	266	278	625	570	672	688
Assets less than the capitalisation threshold	21	3	11	84	160	187	195
Bursaries: Employees	54	–	–	255	300	325	335
Catering: Departmental activities	105	56	60	256	217	246	253
Communication	194	161	346	1 030	784	904	931
Computer services	142	–	300	711	763	838	854
Consultants and professional services: Business and advisory services	–	1 378	321	890	863	981	1 005
Consultants and professional services: Infrastructure and planning	–	–	–	25 628	10 030	33 146	36 270
Consultants and professional services: Legal costs	–	–	118	100	–	–	–
Contractors	–	2 070	85	35	50	79	83
Agency and support / outsourced services	–	–	141	–	–	–	–
Entertainment	–	–	149	–	–	–	–
Inventory: Food and food supplies	–	–	–	50	43	48	49
Inventory: Learner and teacher support material	–	–	–	–	10	11	11
Inventory: Materials and supplies	–	–	8	–	59	65	66
Inventory: Other consumables	–	–	27	64	51	71	75
Inventory: Stationery and printing	206	–	89	450	730	826	846
Lease payments	–	–	6 858	408	2 206	2 279	2 253
Property payments	5	–	–	–	2	2	2
Travel and subsistence	792	1 848	5 264	9 631	10 340	11 766	12 058
Training and development	60	53	5	612	1 064	1 253	1 292
Operating expenditure	88	4 755	564	2 032	2 144	7 209	7 575
Venues and facilities	539	93	596	2 164	2 959	3 190	3 321
Transfers and subsidies	320 718	350 943	391 625	392 659	513 783	576 674	595 380
Departmental agencies and accounts	122 672	133 677	169 176	154 405	221 150	260 668	291 708
Public corporations and private enterprises	198 046	217 266	222 449	238 254	292 633	316 006	303 672
Payments for capital assets	19	–	15	–	120	126	134
Machinery and equipment	19	–	15	–	120	126	134
Payments for financial assets	13	4	5	–	–	–	–
Total	340 265	382 931	442 270	481 367	595 563	693 995	719 744

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	111 846	115 597	154 148	152 905	208 650	238 043	263 952
State Diamond Trader	–	1 000	–	–	–	–	–
Council for Geoscience	111 846	114 597	154 148	152 905	208 650	238 043	263 952
Capital	10 826	18 080	15 028	1 500	12 500	22 625	27 756
Council for Geoscience	10 826	18 080	15 028	1 500	12 500	22 625	27 756

Table 32.8 Mineral Policy and Promotion (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	147 477	163 381	202 248	200 558	225 248	242 069	234 513
Industrial Development Corporation of South Africa	24 033	25 058	23 609	23 298	24 565	26 011	27 572
Council for Mineral Technology	123 444	138 323	178 639	177 260	200 683	216 058	206 941
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Capital	12 391	22 785	17 201	19 696	49 385	55 937	50 079
Council for Mineral Technology	12 391	22 785	17 201	19 696	49 385	55 937	50 079
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	38 178	31 100	3 000	18 000	18 000	18 000	19 080
Assistance to mines	38 178	31 100	3 000	18 000	18 000	18 000	19 080

Expenditure trends

Expenditure increased from R340.3 million in 2008/09 to R481.4 million in 2011/12, at an average annual rate of 12.3 per cent. This includes transfer payments to public entities, which represents 81.6 per cent of total expenditure in 2011/12. Spending by public entities has increased with the allocation of R30 million for mine water treatment technology and R90 million for the rehabilitation of derelict and ownerless mines projects. Between 2008/09 and 2011/12, spending on compensation of employees grew from R16.7 million to R42.5 million, at an average annual rate of 36.5 per cent, while spending on goods and services grew from R2.8 million to R46.2 million, at an average annual rate of 154.2 per cent. The increase in both items was as a result of transferring the international coordination and mine occupational policy, and the mine occupational safety policy directorates from the *Administration* and the *Promotion of Mine Safety and Health* programmes to this programme. The increase in goods and services is also attributable to shifting of the rehabilitation of derelict and ownerless mines function from the *Mineral Regulation* programme to this programme.

Over the medium term, expenditure is projected to grow to R719.7 million, at an average annual rate of 14.3 per cent, due to additional allocations for salary and housing allowance adjustments in the department and the increase in the allocations to the Council for Geoscience and the Council for Mineral Technology, which increase by R200 million and R150 million over the medium term. Expenditure in the *Assistance to Mines* subprogramme decreases from R38.2 million in 2008/09 to R19 million in 2014/15, at an average annual rate of 10.9 per cent, due to the reclassification of funds to the Council for Geoscience for the Witwatersrand water ingress project. Transfers to the Council for Geoscience are projected to increase from R122.7 million in 2008/09 to R291.7 million in 2014/15 due to the reclassification of funds to the Council for Geoscience for the Witwatersrand water ingress project and an additional allocation of R200 million for the building and laboratory infrastructure. Over the medium term, R79.4 million is budgeted for consultants for professional services in infrastructure planning for the rehabilitation of derelict mines projects.

Using its current payments budget of R102 million between 2008/09 and 2010/11, the programme: held 37 promotional activities, including workshops, conferences and exhibitions; developed and reviewed 7 policies; rehabilitated 5 derelict and ownerless mines; and supported 176 small scale mining projects. Over the medium term, R323 million is budgeted for 36 promotional activities, 37 rehabilitation of derelict and ownerless mines projects, and for providing support to 203 sustainable small scale mining projects.

Public entities and other agencies

Mine Health and Safety Council

Overview: 2008/09 – 2014/15

The Mine Health and Safety Council was established in terms of the Mine Health and Safety Act (1996). The mandate of the council is to advise the Minister of Mineral Resources on matters of occupational health and safety in the mining industry; develop legislation, conduct research and promote mine health and safety; and liaise with other bodies. The council is based on a tripartite partnership between organised labour, employers (through the Chamber of Mines) and the Department of Mineral Resources.

The council's objective is to assist the industry in sustaining and improving health and safety performance through significant reductions in fatalities, injuries, and occupational diseases.

In November 2011, the Mine Health and Safety Council hosted a summit on occupational health and safety in the mining industry, and provided inputs on the enforcement of health and safety issues which focused specifically on the reduction of the effect of tuberculosis and HIV and AIDS in the mining sector.

Key priorities over the medium term include: continuing to provide advice to the minister when appropriate, continuing to positively influence the health and safety legislative environment by providing input on reviews of mine health and safety legislations, continuing to promote an occupational health and safety culture, improving partnership and cooperation between the tripartite partners, driving the implementation of all of the November 2011 summit commitments within the mining industry, building health and safety capacity in the sector in cooperation with the Mining Qualifications Authority, managing research, sharing best practice, and maintaining effective financial management.

Performance

The number of research programmes and reviews conducted remained at 18 from 2008/09 to 2009/10. This was due to capacity constraints in the research department. This is expected to decrease to 10 over the medium term.

The number of advice processes with the minister increased from 5 in 2008/09 to 6 in 2011/12. The council advised the minister on 21 mine health and safety compliance obligations by developing occupational health and safety culture transformation, improving legislative aspects pertaining to occupational health and safety, and enhancing the spirit of tripartite governance of stakeholders.

The council projects to submit 28 recommendations for legislative promulgations over the medium term.

The council hosted a tripartite summit on the 17 and 18 November 2011 on occupational health and safety in the mining sector that also had a specific focus on tuberculosis and HIV and AIDS in the sector. The council expects to host another summit in 2013.

Selected performance indicators

Table 32.9 Mine Health and Safety Council

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of research programmes and reviews conducted per year	Research programme	18	18	18	18	18	-	-
Number of scheduled advice processes with the minister per year	Provide advice and reliable information on occupational health and safety	5	5	4	6	8	8	-
Number of skills development projects per year	Research programme	10	2	-	-	5	5	-
Number of legislative recommendations submitted for promulgation per year	Provide advice and reliable information on occupational health and safety	-	-	-	6	6	-	-
Number of high-level tripartite stakeholder engagements to discuss issues per year	Strengthen tripartite partnerships	-	-	-	2	2	-	-

Programmes/activities/objectives

Table 32.10 Mine Health and Safety Council

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Promote health and safety culture in the mining industry	8 065	9 486	6 076	7 541	9 624	10 105	10 610
Provision of advice reports that influences mining health and safety performance	9 913	8 241	6 076	7 541	9 624	10 105	10 610
Strengthen tripartite partnerships	3 625	6 729	13 483	13 066	16 675	17 509	18 385
Become a knowledge leader in mine health and safety through conducting focused research	16 068	20 548	24 950	21 569	21 334	22 401	23 521
Total expense	37 671	45 004	50 585	49 716	57 257	60 120	63 126

The Mine Health and Safety Council had a total budget of R49.7 million in 2011/12, of which 72.4 per cent was used for goods and services.

Savings and cost effectiveness measures

Efficiency savings of R4.1 million over the medium term have been identified. These are achieved through efficient procurement processes that are based on cost centres' spending plans, which in turn influence the overall organisational demand and usage planning. The council has also begun an energy efficiency drive by installing energy saving bulbs in its offices.

Expenditure estimates

Table 32.11 Mine Health and Safety Council

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	57 473	54 798	58 525	59 683	62 762	65 900	69 195
Sale of goods and services other than capital assets	46 875	47 026	51 742	54 092	56 062	58 865	61 808
<i>of which:</i>							
Administration fees	378	114	210	–	–	–	–
Sales by market establishments	46 497	46 912	51 533	54 092	56 062	58 865	61 808
Other non-tax revenue	10 598	7 772	6 783	5 592	6 700	7 035	7 387
Transfers received	4 909	5 118	5 358	5 288	4 370	4 639	4 665
Total revenue	62 382	59 916	63 883	64 971	67 132	70 539	73 860
Expenses							
Current expenses	37 671	45 004	50 585	49 716	57 257	60 119	63 125
Compensation of employees	8 938	9 658	8 627	11 432	23 547	24 725	25 961
Goods and services	27 575	33 904	40 143	35 974	32 071	33 674	35 358
Depreciation	788	1 094	860	2 309	1 639	1 721	1 807
Interest, dividends and rent on land	370	348	955	–	–	–	–
Total expenses	37 671	45 004	50 585	49 716	57 257	60 119	63 125
Surplus / (Deficit)	24 711	14 912	13 298	15 255	9 875	10 419	10 734
Statement of financial position							
Carrying value of assets	3 640	2 265	4 136	3 016	8 077	8 481	8 905
<i>of which:</i>							
Acquisition of assets	1 598	727	2 850	1 189	6 700	2 125	2 231
Receivables and prepayments	19 814	15 074	5 975	9 556	7 988	8 387	8 807
Cash and cash equivalents	80 544	101 342	116 921	125 996	132 379	142 144	152 192
Total assets	103 998	118 681	127 032	138 568	148 443	159 012	169 903

Table 32.11 Mine Health and Safety Council (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Accumulated surplus/ (deficit)	91 862	107 231	120 319	135 574	145 449	155 868	166 602
Borrowings	275	–	–	–	–	–	–
Finance lease	2 087	189	123	123	123	123	123
Trade and other payables	7 663	9 369	4 826	1 027	1 970	2 075	2 185
Provisions	2 111	1 892	1 764	1 844	901	946	993
Total equity and liabilities	103 998	118 681	127 032	138 568	148 443	159 012	169 903

Expenditure trends

Over the medium term, the spending focus will be on transferring technology and implementing research outcomes to improve the health and safety records at mines. This is expected to result in an increase in the entity's head count and staff costs by 31.4 per cent.

Revenue is generated mainly from levies from mining companies. Revenue increased from R62.4 million in 2008/09 to R65 million 2011/12, at an average annual rate of 1.4 per cent, and is projected to increase to R73.9 million over the medium term, at an average annual rate of 4.4 per cent, due to inflation related adjustments.

Table 32.12 Mine Health and Safety Council

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of Funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	4	4	–	3	2	3	4	4	4	4
Senior management	3	3	2	–	–	–	1	4	4	4
Middle management	5	5	–	2	2	2	4	6	6	6
Professionals	–	–	–	–	–	–	–	–	–	–
Skilled	16	16	3	14	14	14	14	36	36	36
Semi-skilled	2	2	–	4	4	4	2	3	3	3
Very low skilled	2	2	–	–	–	–	2	2	2	2
Total	32	32	5	23	22	23	27	55	55	55
Compensation (R thousand)				8 938	9 658	8 627	11 432	23 547	24 725	25 961
Unit cost (R thousand)				389	439	375	423	428	450	472

1. As at 30 September 2011.

Between 2008/09 and 2011/12, expenditure increased from R37.7 million to R49.7 million, at an average annual rate of 9.7 per cent, and is projected to increase to R63.1 million over the medium term, at an average annual rate of 8.3 per cent. The growth in both periods can be mainly attributed to expenditure on compensation of employees, which increases from R8.9 million in 2008/09 to R26 million in 2014/15, at an average annual rate of 19.4 per cent, as a result of salary increases to retain skills and the filling of vacant posts. Spending on goods and services increased from R27.6 million in 2008/09 to R36 million in 2011/12, at an average annual rate of 9.3 per cent, due to an increase in the number of research projects undertaken.

There has been a steady increase in research expenditure between 2008/09 and 2011/12. This is expected to maintain a similar pattern over the medium term as projects span multiple years and outcomes will only be reached in future years. The entity is investigating the implementation of a new system in 2012/13 for reporting on project related expenses that will allow for improved reporting efficiency.

Personnel information

As at 30 September 2011, the council had an establishment of 32 employees, including 4 executive managers. The number of filled posts is expected to remain at 26 over the medium term.

South African Diamond and Precious Metals Regulator

Overview: 2008/09 – 2014/15

The South African Diamond and Precious Metals Regulator was established in terms of the Diamond Amendment Act (2005), the Diamond Second Amendment Act (2005) and the Precious Metals Act (2005). The acts mandate the regulator to regulate the diamond, platinum and gold industries, and to accelerate beneficiation in the jewellery industry.

Over the medium term, the regulator will continue to focus on facilitating the buying, selling, exporting and importing of diamonds, and the inspections of precious metals at the Diamond Exchange and Export Centre. The centre is a secure and controlled environment where diamonds are offered on tender to diamond licence holders. It plays a vital role in ensuring that unpolished diamond tenders are facilitated fairly to the local market.

The regulator's strategic direction is informed by the need to create decent employment through inclusive economic growth (outcome 4). It supports the programmes of the Department of Mineral Resources by ensuring competitiveness, sustainable development, effective transformation, job creation and skills development in the diamond and precious metals industry, and facilitating effective transformation.

Over the medium term, the regulator will conduct 4 830 diamonds and precious metals compliance inspections to ensure that the legislative requirements of the revised Broad Based Socioeconomic Charter for the South African Mining Industry are adhered to. The inspections will also ensure that all forms of business undertakings comply with the charter, thereby ensuring that transformation in the diamond and precious metals industries is taking place.

Performance

The number of diamond beneficiation licences issued per year decreased from 163 in 2008/09 to 135 in 2010/11 and the number of diamond dealer licences issued per year decreased from 457 in 2008/09 to 374 in 2010/11, due to an outage in the computer system for the processing of licenses. The number of licences issued is projected to increase to 250 over the medium term due to the planned workshops and information sessions. The number of jewellers' permits issued increased from 51 in 2008/09 to 135 in 2010/11 and is expected to increase to 150 over the medium term, due to an increase in the anticipated number of applicants and to accommodate new entrants in the industry.

Selected performance indicators

Table 32.13 South African Diamond and Precious Metals Regulator

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of diamond beneficiation licenses issued per year	Diamond and precious metals regulation	163	158	135	192	205	300	250
Number of diamond dealers' licences issued per year	Diamond and precious metals regulation	352	457	374	533	537	700	550
Number of diamond trading houses established/regulating per year	Diamond and precious metals regulation	10	12	11	16	21	30	25
Total number of diamond researchers	Diamond and precious metals regulation	3	8	10	14	18	30	25
Number of refining licences issued per year	Diamond and precious metals regulation	6	9	11	15	19	40	30
Number of jewellers' permits granted per year	Diamond and precious metals regulation	51	119	135	192	133	200	150
Number of precious metals beneficiation licences issued per year	Diamond and precious metals regulation	89	332	12	18	22	30	25

Programmes/activities/objectives

Table 32.14 South African Diamond and Precious Metals Regulator

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Diamond and precious metals regulation	51 449	42 791	52 882	55 674	62 515	67 913	71 865
Total expense	51 449	42 791	52 882	55 674	62 515	67 913	71 865

The South African Diamond and Precious Metals Regulator had a total budget of R55.7 million in 2011/12, of which 76.8 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The regulator expects to realise efficiency savings of R2 million over the medium term through implementing the following savings and cost effectiveness measures: coordinating and reducing the number of inspection trips made per province and region; consolidating the licensing, diamond and precious metals division's inspections to once a quarter; and introducing a fee to defray administration expenses at the Diamond Exchange and Export Centre.

Expenditure estimates

Table 32.15 South African Diamond and Precious Metals Regulator

Statement of financial performance							
R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	24 873	9 176	8 810	16 300	21 525	24 592	26 074
Sale of goods and services other than capital assets	18 353	4 032	3 819	11 400	19 321	20 267	21 609
<i>of which:</i>							
<i>Sales by market establishments</i>	18 353	4 032	3 819	11 400	19 321	20 267	21 609
<i>Other non-tax revenue</i>	6 520	5 144	4 991	4 900	2 204	4 325	4 465
Transfers received	40 000	39 412	40 643	39 374	40 990	43 321	45 791
Total revenue	64 873	48 588	49 453	55 674	62 515	67 913	71 865
Expenses							
Current expenses	51 449	42 791	52 882	55 642	62 430	67 823	71 770
Compensation of employees	21 012	26 094	34 270	42 754	45 158	47 642	50 500
Goods and services	27 384	14 190	15 902	10 814	15 426	18 397	19 611
Depreciation	2 913	2 383	2 639	2 020	1 794	1 733	1 610
Interest, dividends and rent on land	140	124	71	54	52	51	49
Transfers and subsidies	–	–	–	32	85	90	95
Total expenses	51 449	42 791	52 882	55 674	62 515	67 913	71 865
Surplus / (Deficit)	13 424	5 797	(3 429)	–	–	–	–
Statement of financial position							
Carrying value of assets	8 660	8 542	6 928	8 624	10 994	11 137	10 327
<i>of which:</i>							
<i>Acquisition of assets</i>	13 685	3 145	1 123	3 764	4 164	1 876	800
Inventory	80	63	58	78	77	56	56
Receivables and prepayments	748	1 544	872	924	874	1 015	979
Cash and cash equivalents	63 801	23 126	20 490	7 123	2 196	8 968	6 659
Non-current assets held for sale	414	46 132	49 333	41 000	42 289	32 815	34 911
Total assets	73 703	79 407	77 681	57 749	56 430	53 991	52 932

Table 32.15 South African Diamond and Precious Metals Regulator (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Accumulated surplus/ (deficit)	68 610	74 019	70 591	48 891	48 891	48 891	48 891
Finance lease	602	394	498	514	868	725	690
Deferred income	–	–	65	15	60	35	15
Trade and other payables	4 079	4 992	4 528	6 629	5 411	2 340	1 136
Provisions	–	–	2 000	1 700	1 200	2 000	2 200
Managed funds (e.g. Poverty alleviation fund)	412	–	–	–	–	–	–
Total equity and liabilities	73 703	79 405	77 682	57 749	56 430	53 991	52 932

Expenditure trends

The spending focus over the medium term will be on issuing licences and conducting inspections and enforcing the Diamond Act (1986).

Revenue is generated mainly from transfers from the Department of Mineral Resources. The transfer constitutes about 69.6 per cent of total revenue in 2011/12. Other revenue is generated from licensing fees and sales of services. Total revenue decreased from R64.9 million in 2008/09 to R55.7 million in 2011/12, at an average annual rate of 5 per cent, due to a decrease in licensing fees revenue as a result of the economic downturn. Over the medium term, total revenue is projected to increase to R71.9 million at an average annual rate of 8.9 per cent, due to a projected increase in revenue from precious metals inspections at the new diamond hub at OR Tambo International Airport and increases in sales of goods as a proposed means of internal revenue generation in the Diamond Exchange and Export Centre and diamonds and precious metals divisions.

Expenditure increased from R51.4 million in 2008/09 to R77.4 million in 2011/12, at an average annual rate of 14.6 per cent, and is projected to decrease to R71.9 million over the medium term, at an average annual rate of 2.4 per cent. The increase in both periods is mainly due to spending on renovations and the expansion of the Diamond Exchange and Export Centre. The renovations and expansion come to an end in 2012/13.

Personnel information

Table 32.16 South African Diamond and Precious Metals Regulator

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of Funded posts	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	18	17	–	18	17	16	16	16	16	16
Executive management	4	4	–	4	4	5	5	5	5	6
Senior management	5	6	2	5	6	8	8	10	10	10
Middle management	43	46	1	43	46	29	29	30	31	31
Professionals	8	13	14	8	13	41	48	50	51	52
Skilled	4	7	4	4	7	11	14	14	17	20
Semi-skilled	6	4	–	6	4	7	7	–	–	–
Very low skilled	3	3	–	3	3	6	6	–	–	–
Total	91	100	21	91	100	123	133	125	130	135
Compensation (R thousand)				21 012	26 094	34 270	42 754	45 158	47 642	50 500
Unit cost (R thousand)				231	261	279	321	361	366	374

1. As at 30 September 2011.

The regulator had an establishment of 91 posts as at 30 September 2011. The number of filled posts grew from 91 in 2008/09 to 133 in 2011/12. Filled posts are expected to increase to 135 over the medium term due to the Diamond Exchange and Export Centre expanding. As the entity aspires to compete with other international diamond exchange centres, the growth will ensure that it achieves its objective and attracts foreign clients.

There were 21 vacancies within the regulator, most of them in the Diamond Exchange and Export Centre and security risk management.

Council for Mineral Technology

Overview: 2008/09 – 2014/15

The mandate of the Council for Mineral Technology, set out in the Mineral Technology Act (1989), is to carry out research, develop and transfer technology, promote mineral technology, and foster the establishment and expansion of industries in the field of minerals.

The council develops appropriate, innovative technology for transfer to the industry, and provides the industry with test work, consultancy and analytical and mineralogical services.

The council's strategic intent and objectives are closely aligned with national imperatives and priorities, which include maximising the use of finite ore resources, alleviating poverty and creating employment, adding value to mineral and metal products, and promoting the transition from a resource dominated to a knowledge based economy.

The following areas of research and development have been identified as deserving increased investment: accessing and processing low-grade and complex ore bodies and residues; enhanced extraction techniques (hydrometallurgy, pyrometallurgy, biotechnology); ensuring that the council and South Africa remain at the forefront of technological innovation in the sector; developing more water and energy efficient technologies; technologies and processes for the low carbon economy; developing nanotechnology and advanced 'smart' material; investigating measurement, control and (remote) automation; exploring advanced mineralogical analysis and assaying techniques; and enhancing the local economic impact of mineral activities.

The council's potential growth in capacity is being hampered by the high turnover of experienced scientists and engineers. The council has introduced a human resources planning process to ensure consistency in job grades, classifications and titles across the organisation. A comprehensive human resources policy has been introduced.

Performance

The council achieved the target of improving and developing 5 technologies, and expects that due to improved market conditions, 17 more technologies will be developed over the medium term. The council also supported 18 junior resource companies in 2011/12 and aims to support 85 more companies over the medium term. It developed 3 technologies relevant to small scale mining operators in 2011/12 and expects to develop 14 more technologies over the medium term. In addition, the council awarded 72 undergraduate and 59 postgraduate bursaries in 2011/12 from a target of 90 in the scientific and technological fields. The performance beyond target was due to the good uptake for part time bursaries by council staff and better centralised administration. Over the medium term, the council projects to grant 270 bursaries to undergraduate and postgraduate students.

Selected performance indicators

Table 32.17 Council for Mineral Technology

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of new or improved technologies developed per year	Research and develop efficient mineral processing technologies	10	5	5	6	5	6	7
Number of new or improved mining and minerals processing products and services developed per year	Research and develop efficient mineral processing technologies	13	14	14	15	15	16	18
Number of demonstrations for council developed products and technologies per year	Research and develop efficient mineral processing technologies	1	3	3	4	4	5	5

Table 32 17 Council for Mineral Technology (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of water and energy efficient flow sheets developed per year	Research and develop green technologies and processes	2	2	1	2	2	3	4
Number of junior resource companies supported per year	Promote the mineral based economies of rural and marginalised communities	18	25	10	18	25	30	30
Number of technologies relevant to SMMEs developed per year	Promote the mineral based economies of rural and marginalised communities	2	2	3	3	4	5	5
Number of bursaries granted per year	Build world class research and development excellence	116	85	85	90	90	90	90
Number of trainees employed per year	Build world class research and development excellence	45	53	58	50	40	50	50

Programmes/activities/objectives

Table 32.18 Council for Mineral Technology

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Enhance Mintek's visibility and credibility to all stakeholders	-	-	-	32 885	41 169	57 586	59 469
Research and develop efficient mineral processing technologies and value added products and services	237 298	227 492	207 809	211 181	226 523	237 665	246 720
Research and develop green technologies and processes to mitigate the impact of mineral development on the environment	-	-	-	9 070	9 704	10 384	11 111
Promote the mineral based economies of rural and marginalised communities through technical assistance and skills development	18 267	18 129	10 903	17 057	18 251	19 529	20 896
Ensure the short term viability and long term sustainability of Mintek	-	-	-	7 125	7 624	8 157	8 728
Uphold good governance practices	96 415	76 841	111 387	99 959	106 955	114 443	118 165
Build world class research and development excellence	22 640	26 249	23 713	28 890	30 912	33 076	35 391
Old objectives	12 155	24 835	12 424	-	-	-	-
Total expense	386 775	373 546	366 236	406 167	441 138	480 840	500 480

The Council for Mineral Technology had a total budget of R406.2 million in 2011/12, of which 59.8 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The council has undertaken various initiatives to save costs. The most significant was changing all the council's lighting to energy saving units after implementing a demand side management system in 2009/10. The council expects to realise savings of R1 million as a result of reduced consumption on electricity. The council also identified savings from a moratorium on filling vacant non-critical positions, resulting in saving of R12 million on salary costs in 2010/11. Efficiency savings of R7.7 million have been identified on goods and services over the medium term.

Expenditure estimates

Table 32.19 Council for Mineral Technology

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	290 559	251 678	259 297	261 252	268 495	299 735	321 558
Sale of goods and services other than capital assets <i>of which:</i>	256 213	223 235	208 457	246 679	257 592	289 285	309 535
<i>Sales by market establishments</i>	256 213	223 235	208 457	246 679	257 592	289 285	309 535
<i>Other non-tax revenue</i>	34 346	28 443	50 840	14 573	10 902	10 450	12 023
Transfers received	135 834	123 561	128 702	153 627	179 000	189 294	181 419
Total revenue	426 393	375 239	388 662	414 879	447 495	489 029	502 977
Expenses							
Current expenses	386 444	373 445	366 236	406 167	441 138	480 840	500 480
Compensation of employees	216 433	228 709	227 158	242 873	259 874	278 065	291 969
Goods and services	145 965	127 243	123 119	151 648	165 424	187 873	194 270
Depreciation	15 500	14 164	12 424	11 646	15 840	14 902	14 242
Interest, dividends and rent on land	8 546	3 329	3 535	–	–	–	–
Total expenses	386 775	373 546	366 236	406 167	441 138	480 840	500 480
Surplus / (Deficit)	39 618	1 693	22 426	8 712	6 356	8 189	2 497
Statement of financial position							
Carrying value of assets	204 327	195 308	211 563	256 801	259 823	264 839	272 516
<i>of which:</i>							
<i>Acquisition of assets</i>	10 923	25 654	63 789	103 375	57 026	66 425	63 563
Investments	136 206	222 888	246 809	208 809	213 557	203 386	200 988
Inventory	5 089	6 539	5 722	6 122	6 510	6 210	5 910
Receivables and prepayments	82 423	60 247	43 915	37 089	33 649	33 649	33 507
Cash and cash equivalents	79 618	3 761	20 703	12 926	5 533	2 340	3 335
Non-current assets held for sale	85	–	–	–	–	–	–
Taxation	–	–	502	502	502	502	502
Total assets	507 748	488 743	529 214	522 249	519 574	510 926	516 758
Accumulated surplus / (deficit)	340 363	232 698	231 536	240 248	246 604	254 793	257 290
Capital and reserves	–	109 358	132 946	132 946	131 780	130 614	145 287
Finance lease	667	423	–	–	–	–	–
Deferred income	78 510	76 374	100 870	94 140	89 112	77 430	62 103
Trade and other payables	54 774	38 821	35 008	27 272	24 435	20 446	24 435
Taxation	–	160	–	–	–	–	–
Provisions	33 434	30 910	28 855	27 643	27 643	27 643	27 643
Total equity and liabilities	507 748	488 744	529 215	522 249	519 574	510 926	516 758

Expenditure trends

The spending focus over the medium term will be on research in water treatment and the rehabilitation of derelict and ownerless mines, and the implementation of the following projects, which were funded by the economic competitiveness and support package: infrastructure upgrade, Northern Cape semi-precious gemstones, a rare earth pilot plant, a metal atomising plant, and mining discharges, residues and exposed rocks facility.

Revenue is generated mainly from commercial companies that obtain products, services and contracted research from the council, as well as transfer payments from the Department of Mineral Resources. Between 2008/09 and 2011/12, total revenue decreased from R426.4 million to R414.9 million, at an average annual rate of 0.9 per cent. This decrease is due to lower commercial income generated in 2011/12. Revenue is expected to increase to R503 million over the medium term, at an average annual rate of 6.6 per cent, due to additional funding of R30 million for research in water treatment and the rehabilitation of derelict and ownerless mines. In

addition the council receives R35 million in 2012/13, R60million in 2013/14 and R55 million in 2014/15 as part of the economic support package to fund various projects.

Expenditure increased from R386.8 million in 2008/09 to R406.2 million in 2011/12, at an average annual rate of 1.6 per cent, and is expected to increase to R500.5 million over the medium term, at an average annual rate of 7.2 per cent. This is mainly due to an increase in staff costs, which make up 59.8 per cent of the council's total expenditure in 2011/12 and continue to increase over the medium term.

Personnel information

Table 32.20 Council for Mineral Technology

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	9	–	2	7	7	9	7	9	9	9
Executive management	6	–	–	5	6	4	6	6	6	6
Senior management	15	–	–	14	13	12	15	15	16	16
Middle management	115	–	36	90	83	80	79	121	120	122
Professionals	203	–	23	145	156	182	180	208	218	225
Skilled	172	–	11	199	199	167	161	179	177	174
Semi-skilled	147	–	9	162	161	146	138	169	171	172
Very low skilled	107	–	20	164	151	95	87	142	142	142
Total	774	–	101	786	776	695	673	849	859	866
Compensation (R thousand)				216 433	228 709	227 158	242 873	259 874	278 065	291 969
Unit cost (R thousand)				275	295	327	361	306	324	337

1. As at 30 September 2011.

The council had an establishment of 774 posts. The number of filled posts decreased from 786 in 2008/09 to 673 in 2011/12, due to retrenchments and natural attrition. In January 2011, 44 employees were retrenched in the hydrometallurgy division following the cancellation of a toll smelting contract by a significant customer in March 2010.

The 101 vacancies as at 30 September 2011 existed due to a significant increase in resignations, mainly in the professional field. The staff plan estimates an increase of 5 per cent in filled posts over the medium term. This is mainly to cater for the absorption of bursary recipients and trainees in the bursary pipeline. The ratio of support staff to line staff was 1:3.

Council for Geoscience

Overview: 2008/09 – 2014/15

The mandate of the organisation is derived from the Geoscience Act (1993). Broadly, the act mandates the council to undertake geoscience research; compile a comprehensive and integrated collection of knowledge of geology and related disciplines; study mineral resources and land surface use and advise government institutions and the general public in this area; and develop and maintain the national geoscience library, national borehole core depository, national geophysical and geochemical test sites, and the geoscience museum.

The Geoscience Amendment Act (2010) came into effect in December 2010, making it mandatory for all geological information to be submitted to the council as it is generated. Examples include information relating to prospecting and mining, exploration, geotechnical activities, borehole cores and seismological events. The act also provides for the creation of a national geohazards advisory authority, which obliges state authorities to seek the advice of the council in relation to geohazards affecting development and infrastructure.

The strategic focus over the medium term will be on: increasing investment into the industry and addressing sustainable growth and meaningful transformation; ensuring compliance with legislative requirements; contributing to rural development and poverty eradication; developing products, systems and services; and

contributing to the development of Africa by participating in the upgrading of the continent's geoscience infrastructure; and building scientific, administrative and managerial capacity. The council investigated the age of the Karoo sedimentary rocks found within South Africa, Botswana and Namibia to strengthen collaboration with and transfer skills to young scientists.

Performance

The council completed the following activities and projects in 2010/11: investigated the age of the Karoo sedimentary rocks found within South Africa, Botswana and Namibia to strengthen collaboration and capacity building to young scientists; continued research on rare earth metals which lead to production, job creation and socioeconomic development; and consolidated the geoscience field school as a year-long programme for full time participants and mentoring. Other programmes included internship and scholarships.

Selected performance indicators

Table 32.21 Council for Geoscience

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Annual technical programme performance index	Statutory projects	91.9%	83.5%	85.0%	85.0%	85.0%	85.0%	85.0%
Number of mineral maps, map explanations and mineral related publications published per year ¹	Statutory projects	–	–	–	5	6	7	8
Number of maps and publications published each year	Statutory projects	117	48	42	40	40	40	40
Number of papers and articles published per year	Statutory projects	109	92	121	35	70	70	70
Number of rural development projects in progress per year	Statutory projects	43	33	33	30	10	12	14
Number of regional and African development projects in progress per year	Statutory projects	32	31	29	22	22	25	27
Number of projects with external collaborators completed each year	Statutory projects	62	61	77	55	58	60	62
Percentage satisfied customers (of total customers completing satisfaction questionnaire)	Statutory projects	88.2%	90.1%	89.12%	85%	85%	85%	85%

1. No past data available, as this indicator starts in 2011/12.

Programmes/activities/objectives

Table 32.22 Council for Geoscience

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Commercial projects: Local	110 602	111 500	65 236	75 232	80 306	86 135	81 781
Commercial projects: Foreign	17 498	14 041	65 236	75 232	80 306	86 135	81 781
Statutory projects	123 671	103 022	65 322	72 566	95 893	101 152	129 025
Other objectives	–	–	–	–	40 000	70 000	90 000
Total expense	251 771	228 563	195 793	223 030	296 506	343 422	382 588

The Council for Geoscience had a total budget of R223 million in 2011/12, of which 58.9 per cent was used for compensation of employees.

Savings and cost effectiveness measures

In 2011/12, the council cut spending on overheads by freezing funding on certain items such as training and bursaries, travel and entertainment costs, and conferences. Efficiency savings of R2.9 million in 2012/13, R3.6 million in 2013/14 and R3.0 million in 2014/15 have been identified as a result. These savings and cost effectiveness measures will be maintained over the medium term.

Expenditure estimates

Table 32.23 Council for Geoscience

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	127 280	71 107	71 941	68 625	75 356	82 754	90 880
Sale of goods and services other than capital assets	110 602	63 245	61 866	66 000	72 600	79 860	87 846
<i>of which:</i>							
<i>Sales by market establishments</i>	110 602	63 245	61 866	66 000	72 600	79 860	87 846
<i>Other non-tax revenue</i>	16 678	7 862	10 075	2 625	2 756	2 894	3 034
Transfers received	126 008	135 343	139 171	154 405	221 150	260 668	291 708
Total revenue	253 288	206 450	211 112	223 030	296 506	343 422	382 588
Expenses							
Current expenses	251 771	228 563	195 793	221 830	295 306	342 422	381 088
Compensation of employees	131 013	130 846	122 813	131 312	140 504	150 339	160 863
Goods and services	106 978	83 476	57 676	75 974	139 474	176 755	204 896
Depreciation	13 765	14 233	15 298	14 538	15 321	15 321	15 321
Interest, dividends and rent on land	15	8	6	6	7	7	8
Transfers and subsidies	-	-	-	1 200	1 200	1 000	1 500
Total expenses	251 771	228 563	195 793	223 030	296 506	343 422	382 588
Surplus / (Deficit)	1 517	(22 113)	15 319	-	-	-	-
Statement of financial position							
Carrying value of assets	195 472	212 191	197 290	184 252	169 931	156 110	142 789
<i>of which:</i>							
<i>Acquisition of assets</i>	30 212	31 322	2 015	1 500	1 000	1 500	2 000
Receivables and prepayments	79 644	56 052	27 628	35 702	37 040	43 800	44 235
Cash and cash equivalents	113 498	93 010	138 918	122 411	122 925	129 863	125 947
Total assets	388 614	361 253	363 836	342 365	329 896	329 773	312 971
Accumulated surplus / (deficit)	208 037	185 924	201 243	201 243	201 243	201 243	201 243
Capital and reserves	-	-	-	15 529	6 411	602	2 157
Capital reserve fund	-	88 340	85 674	83 008	80 342	77 676	75 010
Deferred income	91 006	45 161	53 851	-	-	-	-
Trade and other payables	63 957	15 551	6 815	25 759	23 000	23 132	18 435
Provisions	25 614	26 277	16 253	16 826	18 900	27 120	16 126
Total equity and liabilities	388 614	361 253	363 836	342 365	329 896	329 773	312 971

Expenditure trends

The spending focus over the medium term will be on increasing investment in the industry and addressing sustainable growth and meaningful transformation; ensuring compliance with legislative requirements; contributing to rural development and poverty eradication; developing products, systems and services; contributing to the development of Africa by participating in the upgrading of the continent's geoscience infrastructure; and building scientific, administrative and managerial capacity. The council's main source of revenue is fees for geological service contracts and transfers from the department. Total revenue decreased from R253.3 million in 2008/09 to R223 million in 2011/12, at an average annual rate of 4.2 per cent, due to a decline in contractual and commercial projects as a result of the global economic down turn in the minerals sector. Over the medium term, revenue is projected to increase to R382.6 million, at an average annual rate of 19.7 per cent, due to anticipated increases in geological contracts as a result of expected improvements in the global economy, an increase in transfers received for the Witwatersrand water ingress project. An additional allocation of R200 million for building and laboratory infrastructure also contributed to the increase.

Between 2008/09 and 2011/12, expenditure decreased from R251.8 million to R223 million, at an average annual rate of 4 per cent, due to reduced expenditure on goods and services as a result of fewer activities in commercial projects. Over the medium term, expenditure is projected to increase to R382.6 million, at an

average annual rate of 19.7 per cent. Spending on compensation of employees is expected to increase from R131.3 million in 2011/12 to R160.9 million in 2014/15, at an average annual rate of 7 per cent, as the council fills vacant posts.

Personnel information

Table 32.24 Council for Geoscience

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	7	5	2	5	5	5	5	5	5	5
Senior management	3	3	–	3	3	3	3	3	3	3
Middle management	13	11	2	14	12	10	11	11	11	11
Professionals	140	134	16	155	157	161	134	152	152	152
Skilled	85	82	3	101	96	84	82	82	82	82
Semi-skilled	57	50	7	56	55	51	50	50	50	50
Very low skilled	11	11	–	13	11	11	11	11	11	11
Total	326	306	30	357	349	335	306	324	324	324
Compensation (R thousand)				131 013	130 846	122 813	131 312	140 504	150 339	160 863
Unit cost (R thousand)				367	375	367	429	434	464	496

1. As at 30 September 2011.

As at 30 September 2011, the council had an establishment of 326 employees, 56 of which were additional critical positions. The entity had 30 vacancies.

According to the implementation plan, the council expects to recruit at least 56 staff members over the medium term who will serve as researchers, professionals, technicians and administrative personnel.

State Diamond Trader

Overview: 2008/09 – 2014/15

The State Diamond Trader was established in terms of section 14 of the Diamonds Amendment Act (2005), to promote equitable access to diamonds and local beneficiation. It has policies in place relating to price setting, the allocation of diamonds to clients, valuing rough diamonds, human resource management, providing travelling and subsistence allowances, and performance assessments of the board, management and staff.

Revenue is generated by selling rough diamonds to clients, which comprise mainly diamond polishers and cutters. Expenditure largely covers the day to day running of the entity.

Over the medium term, the entity will focus on contributing to the sustainable development of the local diamond beneficiation sector by purchasing up to 10 per cent of unpolished diamonds from local producers and selling these to diamond processors. The entity is seeking regulatory amendments on the mandate to ensure that the entity trades profitably, and is accelerating the development and acquisition of appropriate human resource capacity, as it is currently operating with seconded employees.

Performance

Between 2008/09 and 2010/11, the diamond producers and suppliers who sell to the State Diamond Trader increased from 10 to 15 due to the recovery from the global economic crisis. Over the medium term, the trader will purchase up to 10 per cent of unpolished diamonds from 19 or less diamond producers as the existing producers account for more than 90 per cent of the production in South Africa. This is intended to help the council to cope with the rising demand due to the increased number of approved clients, which is expected to increase from 102 to 150 over the same period.

The number of diamond production facilities inspected increased from 15 in 2008/09 to 20 in 2010/11 and is expected to increase further to 69 in 2011/12, due to the anticipated increased demand for diamonds. Diamond

production inspections are expected to increase from 25 in 2012/13 to 30 in 2014/15 due to an anticipated increase in demand from clients.

The number of trainees increased from 4 in 2008/09 to 7 in 2010/11, and is projected to increase to 10 over the medium term; this is part of the recruitment plan and capacity building programme for all personnel, whose objectives are to close the skills gaps that have been identified.

Selected performance indicators

Table 32.25 State Diamond Trader

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of diamond producers who sell unpolished diamonds to the State Diamond Trader per year	Purchasing of unpolished diamonds	10	7	15	8	17	19	19
Number of clients of the State Diamond Trader per year	Promote equitable access to diamonds and local beneficiation	105	105	130	102	140	145	150
Number of diamond production inspections per year	Promote equitable access to diamonds and local beneficiation	15	20	20	69	25	30	30
Number of trainees employed per year	Job Creation	4	4	7	7	10	10	10

Programmes/activities/objectives

Table 32.26 State Diamond Trader

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Sale of rough diamonds	130 141	330 311	794 661	522 710	570 401	568 830	569 834
Total expense	130 141	330 311	794 661	522 710	570 401	568 830	569 834

The State Diamond Trader had a total budget of R522.7 million in 2011/12, of which 96.9 per cent was used for goods and services.

Savings and cost effectiveness measures

The state diamond trader has installed a new IT and telecommunication system, which has reduced call rates, and is expected to realise savings of R30 000 on telephone costs over the medium term. The new IT system will not require much expenditure on maintenance as it is still under warranty. The entity estimates savings of R24 000 over the medium term. Other cost effective measures are based on the decision to buy inventory based on demand or market conditions (when clients are willing to buy). In 2011/12, the State Diamond Trader used seconded staff from De Beers, which represents a saving of R7 million on staff costs in 2012/13. The entity expects that it will have its own staff from 2013/14 onwards.

Expenditure estimates

Table 32.27 State Diamond Trader

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	124 926	337 939	818 256	528 770	569 151	569 237	569 331
Sale of goods and services other than capital assets	117 209	330 892	810 405	520 277	568 297	568 297	568 297
<i>of which:</i>							
<i>Sales by market establishments</i>	117 209	330 892	810 405	520 277	568 297	568 297	568 297
<i>Other non-tax revenue</i>	7 717	7 047	7 851	8 493	854	940	1 034
Transfers received	–	1 000	–	–	–	–	–
Total revenue	124 926	338 939	818 256	528 770	569 151	569 237	569 331
Expenses							
Current expenses	130 139	328 642	786 771	519 573	567 491	566 297	567 301
Compensation of employees	–	–	7 557	9 564	8 694	6 067	6 674
Goods and services	127 401	328 059	778 840	506 562	555 441	556 874	557 271
Depreciation	387	209	199	427	324	324	324
Interest, dividends and rent on land	2 351	374	175	3 020	3 032	3 032	3 032
Total expenses	130 141	330 311	794 661	522 710	570 401	568 830	569 834
Surplus / (Deficit)	(5 215)	8 628	23 595	6 060	(1 250)	407	(503)
Statement of financial position							
Carrying value of assets	1 022	836	636	1 447	1 123	799	595
<i>of which:</i>							
<i>Acquisition of assets</i>	873	24	–	1 238	–	–	120
Inventory	272	–	6 526	38 830	37 352	38 352	38 352
Receivables and prepayments	58	107	2 109	80	80	80	80
Cash and cash equivalents	3	8 253	21 115	27 397	35 946	35 327	37 374
Taxation	–	–	–	11 818	11 796	11 796	11 796
Derivatives financial instruments	–	–	–	11 818	11 796	11 796	11 796
Total assets	1 355	9 196	30 386	91 390	98 093	98 150	99 993
Accumulated surplus/ (deficit)	(4 237)	4 391	27 986	21 926	20 677	20 270	19 767
Capital and reserves	–	–	–	18 196	17 274	20 443	23 749
Borrowings	3 819	2 216	816	35 169	44 256	41 894	40 991
Finance lease	62	47	53	–	–	–	–
Trade and other payables	1 710	2 542	1 533	4 281	4 090	3 747	3 690
Total equity and liabilities	1 354	9 196	30 388	79 572	86 297	86 354	88 197

Expenditure trends

The spending focus over the medium term will be on purchasing 10 per cent of run of mine and ensure constant supply of diamonds for local beneficiation in the industry.

The entity generates revenue by selling rough diamonds to its clients, who are mainly polishers and cutters. Revenue increased significantly from R124.9 million in 2008/09 to R528.8 million in 2011/12, at an average annual rate of 61.8 per cent, and is expected to increase to R569.3 million over the medium term, at an average annual rate 2.5 per cent. The increases in both periods are principally due to the interim sales strategy, which increased sales of rough diamonds. The entity is entitled to 10 per cent of diamonds from run on mines, and higher production during this period resulted in greater quantities of diamonds purchased and sold.

Expenditure increased from R130.1 million in 2008/09 to R522.7 million in 2011/12, at an average annual rate of 59 per cent. This was mostly due to the annual growth in goods and services as the purchase of diamonds increased in line with higher diamond production. Over the medium term, expenditure is expected to increase to R569.8 million, at an average annual rate of 2.9 per cent, due to an anticipated increase in diamond production.

Personnel information

The entity had a total staff complement of 25 employees, 5 staff of which were seconded from De Beers and 1 from the Department of Mineral Resources. Four technical trainees joined the trader in 2010/11. The entity sent 3 new trainees for training at in Kimberley for six months.

Additional tables

Table 32.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand		2010/11	2010/11		2011/12		2011/12
Administration	239 042	223 699	226 727	247 940	–	247 940	247 940
Promotion of Mine Safety and Health	145 865	142 070	137 092	147 501	–	147 501	147 501
Mineral Regulation	215 925	212 354	188 608	160 368	1 789	162 157	162 157
Mineral Policy and Promotion	429 184	417 719	442 270	480 403	964	481 367	481 367
Total	1 030 016	995 842	994 697	1 036 212	2 753	1 038 965	1 038 965
Economic classification							
Current payments	607 159	572 985	532 961	587 649	1 144	588 793	588 793
Compensation of employees	352 344	343 663	326 457	377 610	2 753	380 363	380 363
Goods and services	254 815	229 322	206 504	210 039	(1 609)	208 430	208 430
Transfers and subsidies	408 681	408 681	438 120	438 439	–	438 439	438 439
Departmental agencies and accounts	182 506	182 506	215 177	199 067	–	199 067	199 067
Public corporations and private enterprises	225 120	225 120	222 449	238 254	–	238 254	238 254
Households	1 055	1 055	494	1 118	–	1 118	1 118
Payments for capital assets	14 176	14 176	23 566	10 124	1 609	11 733	11 733
Buildings and other fixed structures	–	–	17 059	–	834	834	834
Machinery and equipment	14 176	14 176	5 367	10 124	455	10 579	10 579
Software and other intangible assets	–	–	1 140	–	320	320	320
Payments for financial assets	–	–	50	–	–	–	–
Total	1 030 016	995 842	994 697	1 036 212	2 753	1 038 965	1 038 965

Table 32.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	231 013	275 084	326 457	380 363	401 892	425 201	450 766
Training expenditure (R thousand)	3 832	9 074	7 764	1 015	4 019	4 252	4 508
Training as percentage of compensation	1.7%	3.3%	2.4%	0.3%	1.0%	1.0%	1.0%
Total number trained in department (headcount)	195	195	49	45			
<i>of which:</i>							
<i>Employees receiving bursaries (headcount)</i>	47	47	53	43			
<i>Internships (headcount)</i>	195	195	49	45			

National Treasury
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