

20 YEARS OF FREEDOM



BUDGET 2014 ESTIMATES OF NATIONAL EXPENDITURE

VOTE 32 MINERAL RESOURCES



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure 2014

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2014 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, which includes all national government budget votes, in respect of individual votes these e-publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are also 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.



"We know it well that none of us acting alone can achieve success. We must therefore act together as a united people, for national reconciliation, for nation building, for the birth of a new world. Let there be justice for all. Let there be peace for all. Let there be work, bread, water and salt for all. Let each know that for each the body, the mind and the soul have been freed to fulfil themselves."

UNION BUILDINGS, PRETORIA, 10 MAY 1994



national treasury

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Foreword

The national development plan, Vision 2030 of the government of South Africa, states that ‘Alongside hard work and effort, capabilities and the opportunities that flow from development enable individuals to live the lives to which they aspire.’ The 2014 Budget has been prepared in the spirit of this statement.

While the medium term expenditure framework (MTEF) contained in the 2014 Budget ushers in the new administration after the May elections, the country faces a markedly different situation from that of 2009. In 2006/07 and 2007/08, South Africa achieved budget surpluses. In 2008, however, the worldwide economic crisis meant budget deficit forecasts were inevitable. It is now clear that the recovery in real economic growth has been less robust than initially anticipated. Despite this, the economy is growing and government revenue collection is broadly on target. The 2009 Budget announced a ‘haircut’ and reprioritisation within budget baselines. At that stage, the reassignment of R19 billion comprised 12 per cent of the total monetary value of amendments to budgets made, of R160.6 billion. By contrast, the reassignment of the R19.6 billion in the 2014 Budget comprises 51 per cent of the total of R38.8 billion in amendments to budgets. The quantum of amendments to the total budget that can be made has clearly decreased substantially over time.

Despite the fiscal environment becoming increasingly constrained, National Treasury has been able to sustain the intensity of the pursuit for budget efficiencies, with most of the fiscal space for improvements to service delivery being made through reprioritisation. This will be reinforced by procurement reform and expenditure review initiatives. While the current fiscal position no longer automatically creates room by making additional funding available, progress towards our country objectives of inclusive economic growth and employment creation must be made in the face of a tough fiscal environment. Therefore the main budget non-interest aggregate expenditure ceiling established in the 2013 Budget remains intact. New priorities and the expansion of existing programmes must be achieved through reprioritisation within the existing resource envelope.

The current fiscal context is necessitating hard trade-offs: difficult choices will need to be made in choosing between spending priorities and in deciding on the sequencing of programme implementation. Given the constraints brought to bear by the expenditure ceiling, all government institutions need to manage any cost pressures that may be related to changes in the inflation rate, exchange rate or any other factors affecting input prices with great efficiency. This means that not everything that we believe must be done, can be done at once. In the reprioritisation of existing funds, certain outputs will have to be delayed, or discontinued.

The issue is what goods and services tax-payers’ monies ‘buy’. In keeping with the ongoing endeavour to improve transparency and reinforce accountability, the focus of the sections on budget programme expenditure trends within each vote in the 2014 Estimates of National Expenditure (ENE) publications has shifted, to an explanation of the interrelationship between the significant changes in spending, performance outputs and outcomes, and in personnel.

National Treasury teams have worked closely with policy and budget teams of national and provincial departments, as well as with public entities and local government, ensuring the alignment of policy developments with the national development plan and scrutinising spending trends and cost drivers, ever mindful of service delivery. Without this cooperation and commitment across government, it would not be possible to submit the credible and comprehensive institutional budgets contained in this publication. The political guidance of the Minister of Finance, his Deputy and the members of the ministers’ committee on the budget, has been indispensable to the medium term expenditure committee of accounting officers of departments at the centre of government, in its task of providing the strategic direction in formulating the budget. I thank you all for your assistance.



Lungisa Fuzile
Director-General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure (ENE) publications are important accountability documents, which set out the details of planned expenditure and planned performance at the time the Budget is tabled. The 2014 ENE publications largely retain the same layout of information as presented in previous years' publications. This allows information to be easily compared across publications and financial years. As in the past, information is presented for a seven-year period and contains details of all national departmental programmes and subprogrammes. Information is presented in a similar way for the national public entities related to each department. For the first time in the ENE publications, in 2014, information on changes in finances, personnel and performance is brought together with the focus on the significant interrelationships between these changes. This discussion, in the expenditure trends sections of the budget programmes in each chapter, allows the reader to assess the effectiveness of past, as well as of planned, spending.

When compared to the abridged version of the ENE, which includes all national government votes, the ENE e-publications provide more detailed expenditure information for individual votes on goods and services as well as transfers and subsidies. While the abridged version of the ENE contains one additional table at the end of each vote which has information on infrastructure spending, the ENE e-publications' additional tables also contain summaries of: the budgeted expenditure and revised estimate for 2013/14, and the audited outcome for 2012/13, by programme and economic classification; expenditure on training; conditional grants to provinces and municipalities; departmental public private partnerships; and donor funding. In selected cases more detailed information at the level of the site of service delivery is included. Budget information is also provided for the public entities that are simply listed in the abridged publication.

A separate ENE Overview e-publication is also available, which contains a description at the main budget non-interest level, summarising the Estimates of National Expenditure publication information across votes. The Overview contains this narrative explanation and summary tables; and also has a write-up on interpreting the information that is contained in each section of the publications.

Mineral Resources

**National Treasury
Republic of South Africa**



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Vote 32

Mineral Resources

Budget summary

R million	2014/15				2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	284.2	272.6	1.3	10.3	296.8	314.5
Promotion of Mine Safety and Health	168.0	162.2	5.2	0.6	177.7	188.9
Mineral Regulation	231.4	183.5	47.8	0.0	245.2	260.0
Mineral Policy and Promotion	787.8	124.0	663.6	0.1	879.5	900.6
Total expenditure estimates	1 471.3	742.3	717.9	11.0	1 599.2	1 664.1
Executive authority	Minister of Mineral Resources					
Accounting officer	Director General of Mineral Resources					
Website address	www.dmr.gov.za					

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

Aim

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

Mandate

The mandate of the Department of Mineral Resources is broadly informed by the following:

- the Minerals and Petroleum Resources Development Act (2002), which provides the regulatory framework for equitable access to and the sustainable development of mineral resources and related matters
- the Mine Health and Safety Act (1996), which governs mine health and safety
- the 1998 White Paper on the Minerals and Mining Policy for South Africa, which provides the framework for the transparent and efficient regulation of the mineral resources and mineral industry.

Strategic goals

The department's strategic goals over the medium term are to:

- promote and facilitate an increase in mining activity and in value added to mineral resources extracted in South Africa
- implement transformation policies that redress past imbalances through broader participation in the mineral sector
- provide a framework for managing health and safety risks, enforce compliance and promote best practice in the mineral sector
- promote sustainable resource management, contribute to skills development and the creation of sustainable jobs in the mining sector
- contribute to a reduction of the adverse impacts of mining on the environment
- attract, develop and retain appropriate skills and ensure the optimal utilisation of resources
- implement risk management strategies and promote corporate governance.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support and management services to 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.

Selected performance indicators

Table 32.1 Mineral Resources

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Safety and Health	Outcome 4: Decent employment through inclusive economic growth	7 566	8 020	8 632	8 396	8 396	8 396	8 396
Number of rights and permits granted to historically disadvantaged South Africans per year ¹	Mineral Regulation		198	82	102	200	200	200	200
Number of industry workshops on compliance issues conducted per year	Mineral Regulation		32	34	25	92	9	9	9
Number of social and labour plans inspections per year ³	Mineral Regulation		100	259	181	210	250	250	250
Number of environmental authorisation inspections per year	Mineral Regulation	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	2 853	1 898	1 751	1 700	1 700	1 700	1 700
Number of publications per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	15	12	35	11	13	13	13
Number of policies and regulations reviewed and amended per year	Mineral Policy and Promotion		1	2	2	2	3	4	4
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced	5	3	13	30	50	50	50
Number of SMMEs supported (new and established) per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	82	85	72	67	67	77	77

1. The department does not have control over the number of eligible applications submitted. The targets over the medium term have been adjusted to include the number of women-led companies to avoid double counting, since women are also included in the definition of historically disadvantaged South Africans.

2. The decrease is due to the department's plan going forward to conduct one workshop per region.

3. This indicator replaces the "Number of mining charter inspections per year."

The national development plan

The national development plan suggests that there is significant unrealised opportunity in South Africa's mining sector and that the country's global market dominance in mineral deposits offers an opportunity for growth of 3 per cent to 4 per cent a year, as well as the creation of 300 000 additional jobs. However, the plan also identifies a number of constraints that could derail growth and development in the mining sector. These include uncertainty about the regulatory framework; electricity shortages and prices; infrastructure weakness, especially in heavy haul rail services and ports; lack of sufficient water supply; and the skills gap.

The interventions recommended by the plan include: ensuring a stable regulatory framework; conducting research into improved energy and water efficient extraction methods; developing links with supplier industries and downstream producers; identifying resource based products for manufacture to improve local beneficiation; and improving the alignment of the industry with the requirements of the Broad Based Socioeconomic Charter for the South African Mining Industry. These are to create a globally competitive mining industry that reflects a non-racial South Africa and draws on the human and financial resources of, and offers real benefit to, all South Africans by stimulating local economic development.

In support of the plan's priority to achieve a stable regulatory framework within the mining sector, the department has reviewed and amended the Mineral and Petroleum Resources Development Act (2002), which was tabled in Cabinet for approval in May 2013 and the Mine Health and Safety Act (1996), which was published in the Government Gazette for public consultations in September 2013. These amendments to legislation are intended to improve the minerals and upstream petroleum resources development environment, attract increasing investment capital, create an enabling environment for mineral beneficiation; augment forward and backwards linkages by clarifying ambiguities in the act, ensure appropriate skills development, maximise the sector's contribution to community development, and improve mineworkers' working and living conditions.

The department's programme of action over the medium term includes further refinement of the strategy for sustainable growth and meaningful transformation of the country's mining industry through the amendment of legislation that forms part of the regulatory framework. This includes the Precious Metals Act (2005) and the Second Diamond Amendment Act (2005). The department will also continue to contribute to the national industrialisation programme through the beneficiation strategy and its key implementation plan, and facilitating the development of mining and beneficiation infrastructure.

Expenditure estimates

Table 32.2 Mineral Resources

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
R million				2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	226.7	257.6	295.3	282.3	300.4	9.8%	23.6%	284.2	296.8	314.5	1.5%	19.6%
Promotion of Mine Safety and Health	137.1	141.3	140.7	163.7	161.1	5.5%	12.7%	168.0	177.7	188.9	5.5%	11.4%
Mineral Regulation	188.6	184.4	191.4	211.9	199.6	1.9%	16.7%	231.4	245.2	260.0	9.2%	15.3%
Mineral Policy and Promotion	442.3	446.2	546.3	735.9	708.2	17.0%	46.9%	787.8	879.5	900.6	8.3%	53.7%
Total	994.7	1 029.4	1 173.6	1 393.8	1 369.4	11.2%	100.0%	1 471.3	1 599.2	1 664.1	6.7%	100.0%
Change to 2013 Budget estimate				–	(24.5)			(20.0)	(20.0)	–		

Economic classification

Current payments	533.0	589.8	623.8	708.1	691.1	9.0%	53.4%	742.3	784.4	895.6	9.0%	51.0%
Compensation of employees	326.5	364.6	395.9	444.1	442.0	10.6%	33.5%	476.8	505.7	539.0	6.8%	32.2%
Goods and services	206.5	222.6	227.9	264.0	249.2	6.5%	19.8%	265.6	278.8	356.5	12.7%	18.8%
of which:												
Administration fees	2.9	2.6	2.8	3.1	2.9	-0.4%	0.2%	3.7	3.8	4.0	12.1%	0.2%
Advertising	1.7	1.4	1.1	4.8	1.5	-3.8%	0.1%	2.5	2.7	2.8	24.4%	0.2%
Assets less than the capitalisation threshold	0.9	0.5	1.2	2.9	1.2	12.6%	0.1%	2.6	2.3	2.4	24.4%	0.1%
Audit costs: External	3.7	4.8	5.2	4.4	5.3	12.2%	0.4%	5.0	5.2	5.5	1.4%	0.3%
Bursaries: Employees	2.1	2.7	2.8	2.3	2.1	-0.3%	0.2%	2.3	2.4	2.5	6.2%	0.2%
Catering: Departmental activities	0.9	0.9	0.6	1.9	1.4	17.9%	0.1%	2.5	2.7	2.8	26.1%	0.2%
Communication	11.2	14.4	12.5	12.4	12.5	3.7%	1.1%	13.1	13.8	14.5	5.1%	0.9%
Computer services	19.6	21.4	23.3	19.9	15.4	-7.7%	1.7%	22.0	26.1	27.3	21.1%	1.5%

Table 32.2 Mineral Resources

Economic classification				Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome												
R million	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Consultants and professional services: Business and advisory services	6.5	2.1	1.7	10.6	8.5	9.2%	0.4%	8.0	8.4	8.8	1.3%	0.6%
Consultants and professional services: Infrastructure and planning	5.8	0.1	–	–	–	-100.0%	0.1%	0.1	0.1	0.1	–	0.0%
Consultants and professional services: Legal costs	3.9	12.6	9.2	0.7	3.1	-6.8%	0.6%	0.8	0.8	0.9	-34.1%	0.1%
Contractors	1.7	1.3	1.6	26.7	18.5	122.0%	0.5%	40.5	45.4	110.9	81.6%	3.5%
Agency and support / outsourced services	0.2	0.0	0.0	0.2	0.0	-76.4%	0.0%	0.1	0.1	0.1	202.4%	0.0%
Entertainment	0.2	0.2	0.0	0.3	0.3	15.9%	0.0%	0.1	0.2	0.2	-15.6%	0.0%
Fleet services (including government motor transport)	–	–	0.7	5.8	6.0	–	0.1%	4.9	5.2	5.5	-2.9%	0.4%
Inventory: Clothing material and accessories	–	–	–	0.0	0.0	–	0.0%	0.5	0.5	0.5	461.1%	0.0%
Inventory: Food and food supplies	–	0.1	0.2	0.1	0.0	–	0.0%	0.1	0.1	0.1	28.7%	0.0%
Inventory: Fuel, oil and gas	0.0	0.2	–	–	–	-100.0%	0.0%	–	–	–	–	–
Inventory: Materials and supplies	3.5	0.3	0.2	0.6	0.3	-54.2%	0.1%	0.7	0.7	0.8	31.7%	0.0%
Inventory: Medical supplies	0.0	–	0.0	0.1	0.0	192.4%	0.0%	0.0	0.0	0.0	22.5%	0.0%
Inventory: Other supplies	1.1	1.1	1.1	–	–	-100.0%	0.1%	–	–	–	–	–
Consumable supplies	–	–	–	3.0	2.0	–	0.0%	2.8	2.9	3.1	14.9%	0.2%
Consumable: Stationery, printing and office supplies	4.3	3.9	2.8	8.7	6.1	12.4%	0.4%	9.1	9.6	10.1	18.6%	0.6%
Operating leases	71.0	82.3	85.6	52.6	77.0	2.7%	6.9%	42.3	37.8	39.8	-19.8%	3.2%
Property payments	3.4	2.4	3.2	6.8	4.2	7.5%	0.3%	5.7	5.9	6.2	13.7%	0.4%
Travel and subsistence	54.7	57.6	61.8	68.3	61.3	3.9%	5.2%	69.9	74.6	78.5	8.6%	4.7%
Training and development	1.8	3.1	2.3	7.9	5.1	41.8%	0.3%	6.9	7.2	7.6	14.1%	0.4%
Operating payments	3.2	4.3	4.3	13.9	11.7	55.0%	0.5%	14.5	15.2	16.0	10.8%	0.9%
Venues and facilities	2.3	2.5	3.7	5.9	2.8	7.5%	0.2%	5.1	5.3	5.6	25.6%	0.3%
Interest and rent on land	–	2.6	–	–	–	–	0.1%	–	–	–	–	–
Transfers and subsidies	438.1	420.8	525.1	669.9	660.2	14.6%	44.8%	717.9	803.3	756.4	4.6%	48.1%
Departmental agencies and accounts	215.2	199.1	269.1	321.1	317.4	13.8%	21.9%	340.8	365.2	395.1	7.6%	23.2%
Public corporations and private enterprises	222.4	220.3	253.5	345.7	338.2	15.0%	22.7%	375.8	436.8	359.9	2.1%	24.7%
Households	0.5	1.5	2.4	3.0	4.6	109.9%	0.2%	1.3	1.4	1.4	-31.9%	0.1%
Payments for capital assets	23.6	18.6	24.5	15.9	18.0	-8.6%	1.9%	11.0	11.5	12.1	-12.5%	0.9%
Buildings and other fixed structures	17.1	0.9	0.4	1.8	1.1	-59.6%	0.4%	2.8	2.9	3.1	39.9%	0.2%
Machinery and equipment	5.4	17.1	24.1	14.1	16.9	46.5%	1.4%	8.2	8.6	9.0	-18.9%	0.7%
Software and other intangible assets	1.1	0.6	–	–	–	-100.0%	0.0%	–	–	–	–	–
Payments for financial assets	0.1	0.2	0.2	–	0.0	-65.8%	0.0%	–	–	–	-100.0%	0.0%
Total	994.7	1 029.4	1 173.6	1 393.8	1 369.4	11.2%	100.0%	1 471.3	1 599.2	1 664.1	6.7%	100.0%

Personnel information

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

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment														Number		
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	
Mineral Resources																			
Salary level	1 254	107	1 035	395.9	0.4	1 146	442.0	0.4	1 254	476.8	0.4	1 254	505.7	0.4	1 254	539.0	0.4	3.0%	100.0%
1 – 6	295	83	282	44.3	0.2	345	55.1	0.2	295	48.1	0.2	295	51.0	0.2	295	54.4	0.2	-5.1%	25.1%
7 – 10	558	17	478	156.7	0.3	492	176.0	0.4	558	182.6	0.3	558	193.7	0.3	558	206.5	0.4	4.3%	44.1%
11 – 12	305	1	204	123.2	0.6	230	137.1	0.6	305	156.4	0.5	305	165.9	0.5	305	176.8	0.6	9.9%	23.3%
13 – 16	94	6	69	68.0	1.0	77	69.9	0.9	94	85.5	0.9	94	90.7	1.0	94	96.7	1.0	6.9%	7.3%
Other	2	–	2	3.7	1.8	2	3.9	1.9	2	4.1	2.0	2	4.3	2.2	2	4.6	2.3	–	0.2%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on ensuring that the country's mineral wealth contributes to meeting South Africa's socioeconomic needs, including job creation, technology development, economic diversification and transformation.

The department intends to rehabilitate 150 derelict and ownerless mines at a cost of R363.9 million through the *Mineral Policy and Promotion* programme, which accounts for the significant increase in contractors over the medium term. Between 2010/11 and 2013/14, expenditure on transfers and subsidies and contractors in the *Mineral Policy and Promotion* programme increased significantly due to the technical specialisation required to rehabilitate derelict and ownerless mines.

Further, over the medium term, the department plans to provide an efficient minerals licensing system through the *Mineral Regulation* programme, improve compliance with relevant environmental legislation such as the National Environmental Management Act (1998) and mining statutes such as the Broad Based Socioeconomic Charter for the South African Mining Industry, through conducting inspections under the *Mineral Regulation* programme.

Cabinet approved reductions of R40 million over the medium term have been made in the transfers to the Council for Geoscience and the Council for Mineral Technology. These reductions are not expected to adversely affect service delivery as the two entities generate their own revenue. The department received donor funding of R30 million from the European Union's general budget support over the medium term. The funds have been allocated to the Council for Geoscience for seismic hazard microzonation in Johannesburg.

The department's personnel establishment increased from 1 035 in 2012/13 to 1 146 in 2013/14 to strengthen its capacity to ensure compliance with environmental legislation relating to mining. This led to an increase in spending on compensation of employees over the period, which is expected to have a carry through effect over the medium term. The department had a funded establishment of 1 254 posts and 107 posts additional to the establishment. There were 208 vacancies at the end of November 2013, due to resignations and the difficulties experienced in attracting the required skilled personnel. To address the shortage of skills in the sector, the department plans to fill the vacancies in 2014/15 through internal skills development as well as the provision of bursary schemes and inspector learnerships.

Departmental receipts

Table 32.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Departmental receipts	30 302	93 185	93 363	41 648	51 100	19.0%	100.0%	54 679	57 193	60 224	5.6%	100.0%
Sales of goods and services produced by department	2 159	2 559	4 156	2 554	3 172	13.7%	4.5%	3 394	3 549	3 736	5.6%	6.2%
Sales by market establishments	309	392	2 465	494	492	16.8%	1.4%	527	551	580	5.6%	1.0%
of which:												
Market establishment: Rental parking: Covered and open	309	392	462	494	492	16.8%	0.6%	527	551	580	5.6%	1.0%
Market establishment: Rental of other machinery and equipment	–	–	2 003	–	–	–	0.7%	–	–	–	–	–
Administration fees	1 353	1 608	1 137	1 444	2 006	14.0%	2.3%	2 146	2 244	2 363	5.6%	3.9%
of which:												
Application fees in relation to the Minerals and Petroleum Resources Development Act (2000)	1 328	1 586	1 105	1 416	1 976	14.2%	2.2%	2 114	2 211	2 328	5.6%	3.9%
Requested information: Access to Information Act (2000)	25	22	32	28	30	6.3%	–	32	33	35	5.3%	0.1%
Other sales	497	559	554	616	674	10.7%	0.9%	721	754	793	5.6%	1.3%
of which:												
Services rendered: Commission on insurance and garnishee	123	139	157	172	165	10.3%	0.2%	176	184	194	5.5%	0.3%
Services rendered: Marking of exam paper	353	395	374	430	478	10.6%	0.6%	512	536	564	5.7%	0.9%
Services rendered: Photocopies and faxes	17	21	20	12	25	13.7%	–	27	28	29	5.1%	–
Replacement of security cards	4	4	3	2	6	14.5%	–	6	6	6	–	–

Table 32.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2010/11	2011/12	2012/13					2014/15	2015/16	2016/17		
R thousand												
Sales of scrap, waste, arms and other used current goods	8	1	1	6	6	-9.1%	-	7	7	7	5.3%	-
of which:												
Sales: Scrap	1	-	-	1	1	-	-	1	1	1	-	-
Sales: Waste paper	7	1	1	5	5	-10.6%	-	6	6	6	6.3%	-
Fines, penalties and forfeits	531	665	1 206	1 226	884	18.5%	1.2%	947	991	1 043	5.7%	1.7%
Interest, dividends and rent on land	26 978	89 388	87 158	37 064	46 285	19.7%	93.2%	49 525	51 803	54 550	5.6%	90.6%
Interest	170	195	157	94	207	6.8%	0.3%	222	232	244	5.6%	0.4%
Rent on land	26 808	89 193	87 001	36 970	46 078	19.8%	93.0%	49 303	51 571	54 306	5.6%	90.2%
Sales of capital assets	-	8	-	-	-	-	-	-	-	-	-	-
Transactions in financial assets and liabilities	626	564	842	798	753	6.4%	1.0%	806	843	888	5.7%	1.5%
Total	30 302	93 185	93 363	41 648	51 100	19.0%	100.0%	54 679	57 193	60 224	5.6%	100.0%

Programme 1: Administration

Expenditure estimates

Table 32.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Ministry	15 822	23 225	24 458	22 804	13.0%	8.1%	24 208	25 543	27 108	5.9%	8.5%
Corporate Services	97 259	86 266	123 369	120 138	7.3%	40.2%	106 507	109 695	116 363	-1.1%	38.4%
Department Management	12 910	15 478	17 414	19 700	15.1%	6.2%	19 477	20 573	21 851	3.5%	6.9%
Financial Administration	75 851	88 937	87 518	79 347	1.5%	31.2%	92 304	97 218	103 002	9.1%	31.6%
Internal Audit	6 912	9 736	13 292	13 467	24.9%	4.1%	13 245	14 001	14 884	3.4%	4.7%
Office Accommodation	17 973	33 958	29 203	26 824	14.3%	10.2%	28 433	29 741	31 317	5.3%	9.9%
Total	226 727	257 600	295 254	282 280	7.6%	100.0%	284 174	296 771	314 525	3.7%	100.0%
Change to 2013 Budget estimate				10 821			7 494	6 876	7 253		

Economic classification

Current payments	204 554	238 342	275 057	267 048	9.3%	92.8%	272 606	284 721	301 836	4.2%	95.6%
Compensation of employees	90 744	115 151	127 690	136 188	14.5%	44.2%	147 121	156 037	166 335	6.9%	51.4%
Goods and services	113 810	120 561	147 367	130 860	4.8%	48.3%	125 485	128 684	135 501	1.2%	44.2%
of which:											
Administration fees	1 143	1 144	1 014	1 206	1.8%	0.4%	1 123	1 175	1 237	0.8%	0.4%
Advertising	1 028	910	673	1 348	9.5%	0.4%	1 235	1 292	1 360	0.3%	0.4%
Assets less than the capitalisation threshold	504	483	1 171	2 233	64.2%	0.4%	2 302	1 884	1 985	-3.8%	0.7%
Audit costs: External	3 740	4 838	5 153	4 419	5.7%	1.7%	4 994	5 224	5 501	7.6%	1.7%
Bursaries: Employees	422	1 038	1 377	438	1.2%	0.3%	1 648	1 724	1 815	60.6%	0.5%
Catering: Departmental activities	656	570	332	1 058	17.3%	0.2%	1 339	1 402	1 474	11.7%	0.4%
Communication	4 799	8 325	5 149	5 318	3.5%	2.2%	5 640	5 898	6 211	5.3%	2.0%
Computer services	14 863	17 002	19 790	12 840	-4.8%	6.1%	16 368	17 115	18 015	11.9%	5.5%
Consultants and professional services: Business and advisory services	4 863	1 991	1 311	3 241	-12.7%	1.1%	6 480	6 776	7 135	30.1%	2.0%
Consultants and professional services: Legal costs	450	157	287	347	-8.3%	0.1%	370	387	408	5.5%	0.1%
Contractors	1 404	1 047	1 403	2 247	17.0%	0.6%	2 643	2 764	2 911	9.0%	0.9%
Agency and support / outsourced services	70	-	22	50	-10.6%	-	70	73	77	15.5%	-
Entertainment	27	155	2	248	109.4%	-	60	63	67	-35.4%	-
Fleet services (including government motor transport)	-	-	659	3 485	-	0.4%	2 829	2 959	3 116	-3.7%	1.1%
Inventory: Clothing material and accessories	-	-	-	-	-	-	8	8	9	-	-
Inventory: Food and food supplies	-	45	118	66	-	-	74	77	81	7.1%	-
Inventory: Fuel, oil and gas	47	160	-	-	-100.0%	-	-	-	-	-	-
Inventory: Learner and teacher support material	21	14	10	-	-100.0%	-	-	-	-	-	-
Inventory: Materials and supplies	3 526	249	146	515	-47.3%	0.4%	579	606	637	7.3%	0.2%
Inventory: Medical supplies	-	-	38	70	-	-	42	44	46	-13.1%	-

Table 32.5 Administration

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Inventory: Other supplies	275	343	385	—	-100.0%	0.1%	—	—	—	—	—
Consumable supplies	—	—	—	1 348	—	0.1%	1 383	1 448	1 522	4.1%	0.5%
Consumable: Stationery, printing and office supplies	3 881	3 683	1 674	4 439	4.6%	1.3%	4 031	4 216	4 438	—	1.5%
Operating leases	45 101	51 828	76 983	49 965	3.5%	21.1%	33 772	33 232	34 993	-11.2%	12.9%
Property payments	3 134	1 667	2 265	3 899	7.6%	1.0%	4 536	4 745	4 997	8.6%	1.5%
Travel and subsistence	18 549	18 804	21 312	20 876	4.0%	7.5%	22 021	23 081	24 314	5.2%	7.7%
Training and development	1 680	2 628	1 537	2 972	20.9%	0.8%	4 237	4 433	4 667	16.2%	1.4%
Operating payments	2 058	2 229	2 589	5 666	40.2%	1.2%	5 224	5 465	5 755	0.5%	1.9%
Venues and facilities	1 569	1 251	1 958	2 541	17.4%	0.7%	2 463	2 578	2 715	2.2%	0.9%
Rental and hiring	—	—	9	25	—	—	14	15	15	-15.7%	—
Interest and rent on land	—	2 630	—	—	—	0.2%	—	—	—	—	—
Transfers and subsidies	467	1 464	2 438	3 039	86.7%	0.7%	1 313	1 373	1 446	-21.9%	0.6%
Households	467	1 464	2 438	3 039	86.7%	0.7%	1 313	1 373	1 446	-21.9%	0.6%
Payments for capital assets	21 685	17 620	17 741	12 193	-17.5%	6.5%	10 255	10 677	11 243	-2.7%	3.8%
Buildings and other fixed structures	17 059	864	408	1 800	-52.7%	1.9%	2 792	2 920	3 075	19.5%	0.9%
Machinery and equipment	4 626	16 126	17 333	10 393	31.0%	4.6%	7 463	7 757	8 168	-7.7%	2.9%
Software and other intangible assets	—	630	—	—	—	0.1%	—	—	—	—	—
Payments for financial assets	21	174	18	—	-100.0%	—	—	—	—	—	—
Total	226 727	257 600	295 254	282 280	7.6%	100.0%	284 174	296 771	314 525	3.7%	100.0%
Proportion of total programme expenditure to vote expenditure	22.8%	25.0%	25.2%	20.3%			19.3%	18.6%	18.9%		

Details of transfers and subsidies

Households											
Other transfers to households											
Current	20	80	82	240	128.9%	–	254	266	280	5.3%	0.1%
Employee Ex Gratia payment	20	80	82	240	128.9%	–	254	266	280	5.3%	0.1%
Households											
Social benefits											
Current	447	1 384	2 356	2 799	84.3%	0.7%	1 059	1 107	1 166	-25.3%	0.5%
Employee social benefits	447	1 384	2 356	2 799	84.3%	0.7%	1 059	1 107	1 166	-25.3%	0.5%

Personnel information

Table 32.6 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Administration			381	127.7	0.3	387	136.8	0.4	410	147.1	0.4	410	156.0	0.4	410	166.3	0.4	1.9%	100.0%	
1 – 6	146	28	136	23.8	0.2	155	25.1	0.2	146	24.2	0.2	146	25.6	0.2	146	27.3	0.2	-2.0%	36.7%	
7 – 10	174	9	170	50.6	0.3	153	52.4	0.3	174	55.8	0.3	174	59.1	0.3	174	63.0	0.4	4.4%	41.7%	
11 – 12	50	–	44	22.8	0.5	45	25.9	0.6	50	26.3	0.5	50	27.9	0.6	50	29.7	0.6	3.6%	12.1%	
13 – 16	38	5	29	26.9	0.9	32	29.5	0.9	38	36.8	1.0	38	39.1	1.0	38	41.7	1.1	5.9%	9.0%	
Other	2	–	2	3.7	1.8	2	3.9	1.9	2	4.1	2.0	2	4.3	2.2	2	4.6	2.3	–	0.5%	

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

2. Rand million.

Expenditure trends

Over the medium term, the spending focus will be on providing quality IT services to the department through the *Financial Administration* subprogramme and attracting and retaining skilled workers, especially in the mine inspection directorates in the *Promotion of Mine Safety and Health* programme, through the *Corporate Services* subprogramme's staff development activities. This will lead to an increase in expenditure over the medium term, specifically on training and staff development, bursaries and compensation of employees as a result of

improved conditions of service. Expenditure on consultants will increase over the medium term as the department continues to use consultants mainly to provide specialised IT services and to verify new employees' qualifications. The department currently lacks the capacity to perform these functions.

Spending on goods and services and on compensation of employees in the *Internal Audit* subprogramme increased between 2010/11 and 2013/14 due to the appointment of additional administrative staff after the Department of Minerals and Energy was divided into two separate departments in 2010/11.

Expenditure in the *Office Accommodation* subprogramme on operating leases increased in 2011/12 as invoices from the previous financial year were paid in that year. Expenditure then stabilised, after a reconciliation process with the Department of Public Works as the custodian and portfolio manager of national government's immovable assets, was finalised.

At the end of November 2013, the programme had 387 filled posts and expects the number to increase to 410 over the medium term. The additional capacity will improve the management oversight of programmes and ensure their strategic alignment with the department's overall goals. The 62 vacancies arising in the same period were the result of resignations and promotions and are in the process of being filled.

Programme 2: Promotion of Mine Safety and Health

Objectives

- Promote mine health and safety by:
 - reducing occupational injuries by 20 per cent, and fatalities by 20 per cent per year over the medium term
 - reducing the number of mine workers exposed to occupational diseases, including tuberculosis by 10 per cent over the medium term
 - conducting ongoing investigations, inspections and audits
 - implementing the occupational health and safety strategy and enforcing guidelines over the medium term.
- Contribute to skills development in the mining sector by conducting an ongoing review and implementation of the certificate of competency model developed with the Mining Qualifications Authority and universities.
- Improve the turnaround time of medical appeals by ensuring a minimum of 100 per cent adherence to the prescribed timeframes for resolving medical appeals and applications in terms of the Mineral and Petroleum Resources Development Act (2002), and a minimum of 100 per cent adherence to the prescribed timeframes for appeals made to the Chief Inspector of Mines.

Subprogrammes

- *Governance Policy and Oversight* provides inputs for developing policy and legislation to guide enforcement; provides technical support to regional offices; chairs tripartite structures; facilitates HIV and AIDS workshops in the mining sector; and, in collaboration with the Mining Qualifications Authority, develops strategies to address the skills shortage in the mining industry. The safety performance of mines is evaluated monthly, problem areas are identified and corrective measures are developed. In 2012/13, the programme published the Mine Health and Safety Council's annual report. It received 29 medical appeals, all of which were resolved. Of the 40 medical appeals received in 2013/14, 37 were resolved by 30 September 2013. In 2013/14, R5 million was transferred to the Mine Health and Safety Council and R5.2 million will be transferred in 2014/15. This subprogramme had a staff complement of 65 at the end of November 2013.
- *Mine Health and Safety Regions* is responsible for audits, inspections and inquiries related to enforcing the Mine Health and Safety Act (1996) and its provisions; and examination services for the certificate of competency to contribute to skills development in the mining sector. 421 audits and 8 632 inspections were carried out in 2012/13. By the end of September 2013, 5 052 inspections and 257 audits had been conducted with almost 3 000 more inspections and 140 more audits planned to be completed before the end of 2013/14. These processes play a critical part in ensuring that mine employees work in conditions that comply with health and safety regulation. This subprogramme had a staff complement of 195 at the end of November 2013.

Expenditure estimates

Table 32.7 Promotion of Mine Safety and Health

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
Governance Policy and Oversight	52 073	46 234	43 612	49 795	-1.5%	32.9%	50 202	53 076	56 293	4.2%	30.0%
Mine Health and Safety Regions	85 019	95 018	97 103	113 936	10.3%	67.1%	117 768	124 653	132 641	5.2%	70.0%
Total	137 092	141 252	140 715	163 731	6.1%	100.0%	167 970	177 729	188 934	4.9%	100.0%
Change to 2013 Budget estimate				-			(3 444)	(2 030)	(2 142)		

Economic classification

Current payments	131 702	135 784	133 961	157 114	6.1%	95.8%	162 177	171 532	182 409	5.1%	96.4%
Compensation of employees	102 561	100 377	106 052	125 138	6.9%	74.5%	129 454	137 299	146 360	5.4%	77.1%
Goods and services	29 141	35 407	27 909	31 976	3.1%	21.4%	32 723	34 233	36 049	4.1%	19.3%
of which:											
Administration fees	490	537	370	520	2.0%	0.3%	615	640	674	9.0%	0.4%
Advertising	211	330	222	681	47.8%	0.2%	578	605	637	-2.2%	0.4%
Assets less than the capitalisation threshold	18	11	5	224	131.7%	-	193	201	212	-1.8%	0.1%
Bursaries: Employees	1 695	1 629	1 453	1 710	0.3%	1.1%	564	591	622	-28.6%	0.5%
Catering: Departmental activities	30	42	38	130	63.0%	-	151	157	166	8.5%	0.1%
Communication	936	1 020	2 043	1 866	25.9%	1.0%	1 969	2 072	2 182	5.4%	1.2%
Computer services	794	897	954	1 294	17.7%	0.7%	1 069	1 118	1 177	-3.1%	0.7%
Consultants and professional services:	1 340	116	317	1 166	-4.5%	0.5%	1 408	1 473	1 551	10.0%	0.8%
Business and advisory services											
Consultants and professional services:	-	108	-	-	-	-	-	-	-	-	-
Infrastructure and planning											
Consultants and professional services:	21	-	405	128	82.7%	0.1%	134	140	148	5.0%	0.1%
Legal costs											
Contractors	142	174	168	384	39.3%	0.1%	405	423	446	5.1%	0.2%
Agency and support / outsourced services	2	-	-	5	35.7%	-	5	5	6	6.3%	-
Entertainment	-	-	4	31	-	-	45	47	49	16.5%	-
Fleet services (including government motor transport)	-	-	-	137	-	-	149	156	164	6.2%	0.1%
Inventory: Clothing material and accessories	-	-	-	-	-	-	448	472	497	-	0.2%
Inventory: Food and food supplies	-	12	19	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	1	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	8	4	20	-	-100.0%	-	-	-	-	-	-
Inventory: Materials and supplies	2	1	2	73	231.7%	-	95	99	105	12.9%	0.1%
Inventory: Medical supplies	1	-	-	-	-100.0%	-	-	-	-	-	-
Inventory: Other supplies	269	320	304	-	-100.0%	0.2%	-	-	-	-	-
Consumable supplies	-	-	-	551	-	0.1%	232	243	256	-22.5%	0.2%
Consumable: Stationery, printing and office supplies	33	105	331	1 525	258.9%	0.3%	2 163	2 252	2 370	15.8%	1.2%
Operating leases	8 493	12 575	2 790	426	-63.1%	4.2%	357	372	392	-2.7%	0.2%
Property payments	3	-	11	10	49.4%	-	11	12	12	6.3%	-
Travel and subsistence	14 049	16 706	17 459	17 051	6.7%	11.2%	18 121	18 956	19 962	5.4%	10.6%
Training and development	92	204	159	2 893	215.6%	0.6%	2 031	2 128	2 240	-8.2%	1.3%
Operating payments	425	522	681	766	21.7%	0.4%	1 230	1 287	1 355	20.9%	0.7%
Venues and facilities	87	93	154	405	67.0%	0.1%	750	784	826	26.8%	0.4%
Transfers and subsidies	5 361	5 338	4 531	5 035	-2.1%	3.5%	5 197	5 574	5 869	5.2%	3.1%
Departmental agencies and accounts	5 358	5 288	4 531	5 035	-2.1%	3.5%	5 197	5 574	5 869	5.2%	3.1%
Households	3	50	-	-	-100.0%	-	-	-	-	-	-
Payments for capital assets	15	117	2 067	1 582	372.5%	0.6%	596	623	656	-25.4%	0.5%
Machinery and equipment	15	117	2 067	1 582	372.5%	0.6%	596	623	656	-25.4%	0.5%
Payments for financial assets	14	13	156	-	-100.0%	-	-	-	-	-	-
Total	137 092	141 252	140 715	163 731	6.1%	100.0%	167 970	177 729	188 934	4.9%	100.0%
Proportion of total programme expenditure to vote expenditure	13.8%	13.7%	12.0%	11.7%			11.4%	11.1%	11.4%		

Details of transfers and subsidies

Households											
Other transfers to households											
Current	3	43	-	-	-100.0%	-	-	-	-	-	-
Other transfers to households	3	3	-	-	-100.0%	-	-	-	-	-	-
Gifts and donations	-	40	-	-	-	-	-	-	-	-	-

Table 32.7 Promotion of Mine Safety and Health

Details of transfers and subsidies				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	5 358	5 288	4 531	5 035	-2.1%	3.5%	5 197	5 574	5 869	5.2%	3.1%
Mine Health and Safety Council	5 358	5 288	4 531	5 035	-2.1%	3.5%	5 197	5 574	5 869	5.2%	3.1%
Households											
Social benefits											
Current	-	7	-	-	-	-	-	-	-	-	-
Employee social benefits	-	7	-	-	-	-	-	-	-	-	-

Personnel information

Table 32.8 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
Promotion of Mine Safety and Health			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	314	15	256	106.1	0.4	260	126.5	0.5	314	129.5	0.4	314	137.3	0.4	314	146.4	0.5	6.5%	100.0%
1 – 6	49	8	47	7.3	0.2	49	9.0	0.2	49	7.8	0.2	49	8.3	0.2	49	8.9	0.2	–	16.3%
7 – 10	75	6	89	27.0	0.3	88	36.3	0.4	75	24.1	0.3	75	25.5	0.3	75	27.2	0.4	-5.2%	26.0%
11 – 12	169	1	100	55.9	0.6	106	65.2	0.6	169	81.5	0.5	169	86.5	0.5	169	92.2	0.5	16.8%	51.0%
13 – 16	21	–	20	15.9	0.8	17	16.0	0.9	21	16.0	0.8	21	17.0	0.8	21	18.1	0.9	7.3%	6.7%

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

² Rand million.

Expenditure trends

The spending focus over the medium term will be on ensuring that mine companies and employees comply with the Mine Health and Safety Act (1996) by conducting inspections, audits, inquiries and investigations in order to provide a framework to manage health and safety risks in the mining sector. Through the *Mine Health and Safety Regions* subprogramme, the department expects to conduct 25 188 audits and inspections over the medium term. Between 2010/11 and 2013/14, expenditure on travel and subsistence increased in the *Mine Health and Safety Regions* subprogramme due to the travelling costs incurred by inspectors. 32 614 audits and health and safety inspections were conducted in the same period.

Inspections are labour intensive and require extensive travel, which explains the expected continued high spending on compensation of employees and travel and subsistence over the medium term. The programme had 67 vacancies on its funded establishment of 314 posts, with 15 posts additional to the establishment at the end of November 2013. To further enhance the capacity to conduct inspections and despite the difficulty experienced in attracting suitably qualified personnel, the department expects to fill the vacancies over the medium term.

Programme 3: Mineral Regulation

Objectives

- Improve the participation of historically disadvantaged South Africans in the mining sector by granting a total of 600 rights and permits to historically disadvantaged South Africans over the medium term.
- Contribute to the transformation of the mining sector by monitoring and enforcing compliance with procurement requirements that relate to historically disadvantaged South Africans, as prescribed by the Broad Based Socioeconomic Charter for the South African Mining Industry, on an ongoing basis.

- Promote job creation through the implementation and support of social labour plan development projects by implementing and supporting 345 local development projects over the medium term.
- Promote sustainable resource use and mine environmental management by supporting approved and evaluated work programmes, social and labour plans, and environmental management plans by conducting 27 industry workshops over the medium term.
- Monitor and enforce compliance with the statutory obligations of the Mineral and Petroleum Resources Development Act (2002) and the Broad Based Socioeconomic Charter for the South African Mining Industry by conducting 750 social and labour plan inspections and 5 100 environmental management inspections over the medium term.

Subprogrammes

- *Mineral Regulation and Administration* administers prospecting and mining rights, and licensing and compliance with the Mineral and Petroleum Resources Development Act (2002), including the compliance of mines with environmental protection requirements. The issued prospecting and mining rights and permits contain terms and conditions, including the social labour plan and environmental protection, which mining rights holders must comply with. In 2013/14, 1 700 environmental inspections and 250 social labour plan inspections were carried out. This subprogramme had a staff complement of 360 at the end of November 2013.
- *Management Mineral Regulation* provides overall management of the programme. Over the medium term, the focus will be on finalising the South African mineral resources administration system and implementing the National Environmental Management Act (1998). This subprogramme had a staff complement of 20 at the end of November 2013.
- *South African Diamond and Precious Metals Regulator* transfers funds to the South African Diamond and Precious Metals Regulator, which issues licences and permits related to the trade in diamonds, gold and platinum; and monitors activities in the diamond, platinum and gold sectors. This subprogramme's total budget is transferred to the regulator on an annual basis. Over the medium term, the focus will be on contractual obligations, the expansion of the Diamond Exchange and Export Centre and overseeing inspections of diamond and precious metals licences. 3 900 diamond and precious metals inspections are planned over this period.

Expenditure estimates

Table 32.9 Mineral Regulation

Subprogramme				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)				Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome							Medium-term expenditure estimate				
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Mineral Regulation and Administration	139 015	132 064	140 517	144 496	1.3%	71.6%	154 539	163 558	174 032	6.4%	67.1%
Management Mineral Regulation	8 950	12 958	9 277	22 588	36.2%	6.9%	29 016	31 113	32 723	13.2%	12.2%
South African Diamond and Precious Metal Regulator	40 643	39 374	41 601	44 824	3.3%	21.4%	47 810	50 527	53 205	5.9%	20.7%
Total	188 608	184 396	191 395	211 908	4.0%	100.0%	231 365	245 198	259 960	7.0%	100.0%
Change to 2013 Budget estimate				(10 821)			(3 450)	(3 918)	(4 134)		
Economic classification											
Current payments	146 080	144 177	148 048	166 586	4.5%	77.9%	183 522	194 636	206 718	7.5%	79.2%
Compensation of employees	98 397	105 048	114 385	127 744	9.1%	57.4%	142 343	150 971	160 934	8.0%	61.4%
Goods and services	47 683	39 129	33 663	38 842	-6.6%	20.5%	41 179	43 665	45 784	5.6%	17.9%
of which:											
Administration fees	612	542	337	433	-10.9%	0.2%	462	490	516	6.0%	0.2%
Advertising	144	51	58	414	42.2%	0.1%	317	394	413	-0.1%	0.2%
Assets less than the capitalisation threshold	332	13	53	231	-11.4%	0.1%	110	129	135	-16.4%	0.1%
Bursaries: Employees	—	—	—	52	—	—	32	34	35	-12.4%	—
Catering: Departmental activities	110	198	73	596	75.6%	0.1%	811	906	952	16.9%	0.3%
Communication	5 096	4 595	4 239	4 284	-5.6%	2.3%	4 242	4 499	4 734	3.4%	1.9%
Computer services	3 643	2 998	1 886	5 495	14.7%	1.8%	3 857	7 084	7 339	10.1%	2.5%
Consultants and professional services:	5 835	—	—	—	-100.0%	0.8%	—	—	—	—	—
Infrastructure and planning											

Table 32.9 Mineral Regulation

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Consultants and professional services:	3 272	—	8 206	221	-59.3%	1.5%	269	321	337	15.1%	0.1%
Legal costs											
Contractors	61	15	11	140	31.9%	—	31	32	34	-37.6%	—
Agency and support / outsourced services	16	2	1	—	-100.0%	—	—	—	—	—	—
Entertainment	—	3	—	32	—	—	32	47	49	15.3%	—
Fleet services (including government motor transport)	—	—	—	1 950	—	0.3%	1 640	1 764	1 855	-1.7%	0.8%
Inventory: Clothing material and accessories	—	—	—	—	—	—	22	23	24	—	—
Inventory: Food and food supplies	—	8	20	—	—	—	—	—	—	—	—
Inventory: Fuel, oil and gas	1	—	—	—	-100.0%	—	—	—	—	—	—
Inventory: Materials and supplies	9	27	11	31	51.0%	—	32	33	35	4.1%	—
Inventory: Other supplies	542	435	436	—	-100.0%	0.2%	—	—	—	—	—
Consumable supplies	—	—	—	820	—	0.1%	908	993	1 044	8.4%	0.4%
Consumable: Stationery, printing and office supplies	265	52	461	1 864	91.6%	0.3%	1 765	1 950	2 049	3.2%	0.8%
Operating leases	10 515	13 100	1 913	1 294	-50.3%	3.5%	7 365	3 348	3 526	39.7%	1.6%
Property payments	270	694	907	999	54.7%	0.4%	1 104	1 155	1 216	6.8%	0.5%
Travel and subsistence	16 806	15 477	13 650	17 362	1.1%	8.2%	16 637	18 787	19 730	4.4%	7.6%
Training and development	12	221	392	1 198	363.9%	0.2%	282	295	311	-36.2%	0.2%
Operating payments	111	592	902	874	98.9%	0.3%	779	835	877	0.1%	0.4%
Venues and facilities	31	106	107	552	161.1%	0.1%	482	546	573	1.3%	0.2%
Transfers and subsidies	40 667	39 376	41 604	44 824	3.3%	21.4%	47 810	50 527	53 205	5.9%	20.7%
Departmental agencies and accounts	40 643	39 374	41 601	44 824	3.3%	21.4%	47 810	50 527	53 205	5.9%	20.7%
Households	24	2	3	—	-100.0%	—	—	—	—	—	—
Payments for capital assets	1 851	821	1 729	498	-35.4%	0.6%	33	35	37	-58.0%	0.1%
Machinery and equipment	711	821	1 729	498	-11.2%	0.5%	33	35	37	-58.0%	0.1%
Software and other intangible assets	1 140	—	—	—	-100.0%	0.1%	—	—	—	—	—
Payments for financial assets	10	22	14	—	-100.0%	—	—	—	—	—	—
Total	188 608	184 396	191 395	211 908	4.0%	100.0%	231 365	245 198	259 960	7.0%	100.0%
Proportion of total programme expenditure to vote expenditure	19.0%	17.9%	16.3%	15.2%			15.7%	15.3%	15.6%		

Details of transfers and subsidies

Households											
Other transfers to households											
Current	—	2	3	—	—	—	—	—	—	—	—
Other transfers to households	—	2	3	—	—	—	—	—	—	—	—
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	40 643	39 374	41 601	44 824	3.3%	21.4%	47 810	50 527	53 205	5.9%	20.7%
South African Diamond and Precious Metal Regulator	40 643	39 374	41 601	44 824	3.3%	21.4%	47 810	50 527	53 205	5.9%	20.7%
Households											
Social benefits											
Current	24	—	—	—	-100.0%	—	—	—	—	—	—
Employee social benefits	24	—	—	—	-100.0%	—	—	—	—	—	—

Personnel information

Table 32.10 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Mineral Regulation			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	405	43	338	114.4	0.3	380	123.8	0.3	405	142.3	0.4	405	151.0	0.4	405	160.9	0.4	2.1%	100.0%
1 – 6	85	40	91	11.2	0.1	123	18.1	0.1	85	13.6	0.2	85	14.4	0.2	85	15.3	0.2	-11.6%	23.7%
7 – 10	253	2	186	62.2	0.3	197	67.8	0.3	253	84.8	0.3	253	89.9	0.4	253	95.8	0.4	8.7%	59.9%
11 – 12	49	—	46	27.1	0.6	46	26.2	0.6	49	27.3	0.6	49	29.0	0.6	49	30.9	0.6	2.1%	12.1%
13 – 16	18	1	15	13.9	0.9	14	11.6	0.8	18	16.7	0.9	18	17.7	1.0	18	18.9	1.1	8.7%	4.3%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on improving the process of issuing mining rights and permits, and implementing mining environmental management practices in accordance with the National Environmental Management Act (1998).

R736.5 million is allocated over the medium term to process and issue mining rights and permits, with 600 rights and permits to be issued to entities controlled by historically disadvantaged South Africans. The programme issued 382 mining rights to historically disadvantaged South Africans, conducted 91 industry workshops on compliance, 540 social and labour plans inspections and 6 502 environment inspections between 2010/11 and 2012/13. Spending on compensation of employees increased over this period as the number of filled posts increased from 338 in 2012/13 to 380 in 2013/14.

Over the medium term, expenditure on compensation of employees and computer services under goods and services in the *Management Mineral Regulation* subprogramme is expected to increase due to the work involved in the implementation of the National Environmental Management Act (1998). This new responsibility, which was transferred from the Department of Environmental Affairs in 2013/14, requires additional environmental inspectors and enhancements to the South African mineral resource administration system to process the licensing of mining rights.

The programme had 405 funded posts and 43 posts additional to the establishment. As a result of resignations, there were 66 vacancies at the end of November 2013. These posts are in the process of being filled.

Programme 4: Mineral Policy and Promotion

Objectives

- Promote investment in the mining and petroleum sectors to increase investment into these sectors by:
 - producing 13 publications which will inform investors on how to invest in the country's mining and petroleum sectors, in consultation with various state owned entities, in 2014/15
 - supporting 67 small scale mining operations and projects and holding 8 workshops to educate and inform the public about opportunities in mining, in 2014/15
 - drafting a report on progress in implementing the beneficiation framework, which is intended to ensure that mineral beneficiation becomes a significant part of the economy, in 2014/15.
- Promote sustainable resource use and management by:
 - annually reviewing the database of derelict and ownerless mines, state liability for these mines, and referring to the guideline document for financial provision for the rehabilitation of mines
 - rehabilitating a total of 150 derelict and ownerless mine sites by 2017
 - implementing 3 technical partnerships with state owned entities by 2015.
- Facilitate transformation in the mining and minerals sector by:
 - developing 2 policy impact reports on investment in the sector in 2014/15
 - amending the Mine Health and Safety Act (1996) regulations and the Mineral and Petroleum Resources Development Act (2002) regulations after approval by Cabinet in 2014/15
 - assessing and reviewing the Broad Based Socioeconomic Charter for the South African Mining Industry to ensure that previously disadvantaged South Africans participate in the economy through mining while ensuring mine workers' health and safety in 2014/15
 - reviewing the Precious Metals Act (2005) and the Second Diamond Amendment Act (2005) by 2015.

Subprogrammes

- *Management* provides overall management for the programme. This subprogramme had a staff complement of 21 at the end of November 2013.
- *Mineral Policy* develops new policies, reviews existing policies and amends legislation designed to promote investment and achieve transformation in the sector. In 2013/14, the focus was on finalising amendments to the Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996), a

process which began in 2012/13. Following substantial consultation with stakeholders in the mining industry, the Mineral and Petroleum Resources Development Act (2002) is currently being reviewed in Parliament. The subprogramme played a leading role in the shale gas development project and in drawing up regulations on hydraulic fracturing, which were approved by Cabinet in 2013/14. In addition, South Africa's role as chair of the Kimberley Process certification scheme in 2013 was also successfully supported. This subprogramme had a staff complement of 16 at the end of November 2013.

- *Mineral Promotion* is discussed in more detail below.
- *Assistance to Mines* transfers funds to prevent the uncontrolled movement of water into and out of underground mine openings and holdings. This entails providing subsidies to marginal mines for pumping extraneous water from underground mine openings; and researching, developing and implementing strategic solutions for mine water management, including managing the decanting of contaminated water. Transfers to the Council for Geoscience assist with researching, developing and implementing strategic solutions for mine water management; R18.4 million was transferred to the council in 2012/13 and R26.5 million was transferred in 2013/14. Portions of this subprogramme's total budget are transferred to marginal mining companies on a needs basis, according to conditions set out by the department.
- *Council for Geoscience* transfers funds to the Council for Geoscience, a national agency responsible for developing and maintaining a geoscience knowledge infrastructure for land and ocean environments. The subprogramme's total budget is transferred in full to the council.
- *Council for Mineral Technology* transfers funds to the Council for Mineral Technology and Research, which provides research, development and technology that fosters business development in the mineral and mineral products industries. The subprogramme's total budget is transferred in full to the council.
- *Economic Advisory Services* undertakes macroeconomic and related research and develops assessment tools, which enable it to advise the branch on key strategic economic issues relating to the mining and minerals industry. 35 publications were released in 2012/13 and 6 more publications were released by the end of September 2013. This subprogramme had a staff complement of 7 at the end of November 2013.
- *Mine Environmental Management* provides strategic guidance on mine environmental management, mine closures and managing the rehabilitation of derelict and ownerless mines. In 2012/13, 13 mine rehabilitation projects were completed. 17 mine holdings had been closed off by the end of September 2013 and a number of asbestos mine sites are currently in the process of being rehabilitated. The Florida Lake canal project, which was started a number of years ago to reduce acid mine drainage formation at the lake, was completed and handed over to the City of Johannesburg metropolitan municipality in 2013/14. As part of the interventions on ingress control, strategic mine water research is carried out regularly and is funded by the *Assistance to Mines* subprogramme. This subprogramme had a staff complement of 13 at the end of November 2013.

Expenditure estimates

Table 32.11 Mineral Policy and Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand					2010/11 - 2013/14					2013/14 - 2016/17	
Management	17 428	13 449	10 759	13 877	-7.3%	2.6%	14 342	15 146	16 085	5.0%	1.8%
Mineral Policy	4 908	10 636	14 061	28 774	80.3%	2.7%	17 921	18 896	20 040	-11.4%	2.6%
Mineral Promotion	48 911	50 409	34 267	44 276	-3.3%	8.2%	59 736	69 871	73 964	18.7%	7.5%
Assistance to Mines	3 000	—	—	—	-100.0%	0.1%	19 080	19 958	21 016	—	1.8%
Council for Geoscience	169 176	154 405	223 006	271 232	17.0%	37.7%	287 839	309 114	336 027	7.4%	36.4%
Council for Mineral Technology	195 840	196 956	253 531	341 509	20.4%	45.5%	338 456	390 742	311 416	-3.0%	41.8%
Economic Advisory Services	—	2 725	4 073	4 590	—	0.5%	4 445	4 702	5 001	2.9%	0.6%
Mine Environmental Management	3 007	17 607	6 581	31 672	119.2%	2.7%	45 963	51 119	117 093	54.6%	7.4%
Total	442 270	446 187	546 278	735 930	18.5%	100.0%	787 782	879 548	900 642	7.0%	100.0%
Change to 2013 Budget estimate				—			(20 600)	(20 928)	(977)		

Table 32.11 Mineral Policy and Promotion

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
Current payments	50 625	71 528	66 738	117 341	32.3%	14.1%	124 034	133 541	204 602	20.4%	17.5%
Compensation of employees	34 755	43 986	47 787	55 045	16.6%	8.4%	57 839	61 344	65 393	5.9%	7.3%
Goods and services	15 870	27 542	18 951	62 296	57.7%	5.7%	66 195	72 197	139 209	30.7%	10.3%
of which:											
Administration fees	650	403	1 039	988	15.0%	0.1%	1 451	1 520	1 600	17.4%	0.2%
Advertising	278	97	193	2 332	103.2%	0.1%	397	415	438	-42.7%	0.1%
Assets less than the capitalisation threshold	11	7	4	185	156.2%	—	41	42	46	-37.1%	—
Bursaries: Employees	—	—	—	127	—	—	40	42	44	-29.8%	—
Catering: Departmental activities	60	53	110	144	33.9%	—	195	206	216	14.5%	—
Communication	346	465	1 068	981	41.5%	0.1%	1 231	1 287	1 356	11.4%	0.1%
Computer services	300	496	645	290	-1.1%	0.1%	713	745	785	39.4%	0.1%
Consultants and professional services: Business and advisory services	321	—	42	6 173	167.9%	0.3%	128	134	141	-71.6%	0.2%
Consultants and professional services: Infrastructure and planning	—	—	—	—	—	—	51	53	56	—	—
Consultants and professional services: Legal costs	118	12 487	301	—	-100.0%	0.6%	—	—	—	—	—
Contractors	85	18	6	23 934	555.4%	1.1%	37 460	42 134	107 549	65.0%	6.4%
Agency and support / outsourced services	141	—	—	110	-7.9%	—	—	—	—	-100.0%	—
Entertainment	149	—	—	—	-100.0%	—	—	—	—	—	—
Fleet services (including government motor transport)	—	—	—	243	—	—	297	311	328	10.5%	—
Inventory: Clothing material and accessories	—	—	—	6	—	—	—	—	—	-100.0%	—
Inventory: Food and food supplies	—	7	14	—	—	—	—	—	—	—	—
Inventory: Materials and supplies	8	—	—	—	-100.0%	—	—	—	—	—	—
Inventory: Other supplies	27	43	16	—	-100.0%	—	—	—	—	—	—
Consumable supplies	—	—	—	327	—	—	238	248	261	-7.2%	—
Consumable: Stationery, printing and office supplies	89	41	325	879	114.6%	0.1%	1 131	1 183	1 246	12.3%	0.1%
Operating leases	6 858	4 768	3 877	865	-49.8%	0.8%	763	799	841	-0.9%	0.1%
Property payments	—	—	—	1 850	—	0.1%	—	—	—	-100.0%	0.1%
Travel and subsistence	5 264	6 656	9 403	12 982	35.1%	1.6%	13 138	13 745	14 475	3.7%	1.6%
Training and development	5	30	247	842	452.2%	0.1%	323	337	355	-25.0%	0.1%
Operating payments	564	936	153	6 587	126.9%	0.4%	7 237	7 571	7 973	6.6%	0.9%
Venues and facilities	596	1 035	1 508	2 451	60.2%	0.3%	1 361	1 425	1 499	-15.1%	0.2%
Transfers and subsidies	391 625	374 659	476 537	616 981	16.4%	85.7%	663 614	745 867	695 893	4.1%	82.4%
Departmental agencies and accounts	169 176	154 405	223 006	271 232	17.0%	37.7%	287 839	309 114	336 027	7.4%	36.4%
Public corporations and private enterprises	222 449	220 254	253 531	345 749	15.8%	48.0%	375 775	436 753	359 866	1.3%	46.0%
Payments for capital assets	15	—	2 999	1 608	375.0%	0.2%	134	140	147	-55.0%	0.1%
Machinery and equipment	15	—	2 999	1 608	375.0%	0.2%	134	140	147	-55.0%	0.1%
Payments for financial assets	5	—	4	—	-100.0%	—	—	—	—	—	—
Total	442 270	446 187	546 278	735 930	18.5%	100.0%	787 782	879 548	900 642	7.0%	100.0%
Proportion of total programme expenditure to vote expenditure	44.5%	43.3%	46.5%	52.8%			53.5%	55.0%	54.1%		

Details of transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	154 148	152 905	210 506	248 607	17.3%	35.3%	260 083	274 081	299 137	6.4%	32.7%
Council for Geoscience	154 148	152 905	210 506	248 607	17.3%	35.3%	260 083	274 081	299 137	6.4%	32.7%
Capital	15 028	1 500	12 500	22 625	14.6%	2.4%	27 756	35 033	36 890	17.7%	3.7%
Council for Geoscience	15 028	1 500	12 500	22 625	14.6%	2.4%	27 756	35 033	36 890	17.7%	3.7%
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Current	202 248	200 558	204 146	289 812	12.7%	41.3%	306 616	352 412	280 004	-1.1%	37.2%
Industrial Development Corporation of South Africa	23 609	23 298	-	4 240	-43.6%	2.4%	18 239	26 053	27 434	86.3%	2.3%
Council for Mineral Technology	178 639	177 260	204 146	285 572	16.9%	39.0%	288 377	326 359	252 570	-4.0%	34.9%
Capital	17 201	19 696	49 385	55 937	48.2%	6.6%	50 079	64 383	58 846	1.7%	6.9%
Council for Mineral Technology	17 201	19 696	49 385	55 937	48.2%	6.6%	50 079	64 383	58 846	1.7%	6.9%
Public corporations and private enterprises											
Private enterprises											
Private enterprises - subsidies on products and production											
Current	3 000	-	-	-	-100.0%	0.1%	19 080	19 958	21 016	-	1.8%
Subsidies to mines	3 000	-	-	-	-100.0%	0.1%	19 080	19 958	21 016	-	1.8%

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Salary level	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Mineral Policy and Promotion			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
125	7		60	47.8	0.8	119	54.8	0.5	125	57.8	0.5	125	61.3	0.5	125	65.4	0.5	1.7%	100.0%
1 – 6	15	7	8	2.1	0.3	18	2.8	0.2	15	2.5	0.2	15	2.7	0.2	15	2.9	0.2	-5.9%	12.8%
7 – 10	56	–	33	16.8	0.5	54	19.5	0.4	56	18.1	0.3	56	19.2	0.3	56	20.4	0.4	1.2%	44.9%
11 – 12	37	–	14	17.5	1.2	33	19.8	0.6	37	21.3	0.6	37	22.6	0.6	37	24.1	0.7	3.9%	29.1%
13 – 16	17	–	5	11.4	2.3	14	12.7	0.9	17	16.0	0.9	17	16.9	1.0	17	18.0	1.1	6.7%	13.2%

2. Band million

The spending focus over the medium term will be on rehabilitating derelict and ownerless mines, organising consultations with mining stakeholders and attending parliamentary hearings.

An additional R40 million was allocated in the 2013 Budget to the derelict and ownerless mines project, which increased expenditure on transfers and subsidies over the medium term. This allowed the department to focus on the long outstanding Osizweni mine rehabilitation project in Newcastle, KwaZulu-Natal, that is posing extreme health, safety and environmental risks to nearby communities. The department will continue to use external service providers to carry out its rehabilitation work as the department lacks the necessary skills.

To give effect to Cabinet approved baseline reductions, transfers to the Council for Geoscience and the Council for Mineral Technology have each been reduced by R20 million over the medium term. These baseline reductions will not negatively affect service delivery as the entities also generate their own revenue.

The rehabilitation of derelict and ownerless mines project is expected to significantly increase spending on goods and services, mainly on contractors, over the medium term. In 2013/14, there was a significant increase in expenditure on goods and services in travel and subsistence as well as venues and facilities as a result of the intercessional and plenary meetings of the Kimberley Process certification scheme, which was chaired and hosted by South Africa. Hosting the meetings was important for the country's prestige and standing in the global minerals environment with regard to efforts to eliminate trade in conflict diamonds.

The programme had 125 funded posts and 7 posts additional to the establishment at the end of November 2013. There were 13 vacant posts, mainly due to resignations and the movement of staff to higher positions in the same period. These posts are in the process of being filled.

This subprogramme is responsible for promoting mineral development, advising on trends in the mining industry to attract investment, promoting small scale mining through subsidies managed by the Industrial Development Corporation of South Africa, and advising the Minister of Mineral Resources on growth and

competitiveness in the sector and on the contribution of mining to the economy. It plays a crucial role as the country's mining data repository, specifically data on mining production and employment. The subprogramme is responsible for the beneficiation strategy, which was adopted in 2011/12. This is designed to provide impetus to the value addition process of the country's minerals and to give effect to the government's developmental goals of transforming the economy. The draft mineral beneficiation implementation plan framework that has been developed is currently the subject of consultation in government and is expected to be finalised by the end of 2013/14.

Over the medium term, the department intends to conduct a vigorous local and international advocacy programme to local communities and targeted countries, to communicate mineral beneficiation as an opportunity for the country to create labour generating economic growth. *Mineral Promotion* also houses the international coordination hub, which coordinates the department's international engagements and activities to attract investment. The subprogramme had a staff complement of 62 at the end of November 2013.

Expenditure estimates

Table 32.13 Mineral Promotion

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome							2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Current payments	25 298	27 111	32 617	39 329	15.8%	69.9%	41 497	43 818	46 530	5.8%	69.1%
Compensation of employees	21 540	21 258	23 463	26 809	7.6%	52.3%	28 111	29 815	31 784	5.8%	47.0%
Goods and services	3 758	5 853	9 154	12 520	49.4%	17.6%	13 386	14 003	14 746	5.6%	22.1%
of which:											
Administration fees	428	224	868	717	18.8%	1.3%	1 196	1 251	1 318	22.5%	1.8%
Advertising	105	36	32	80	-8.7%	0.1%	170	178	187	32.7%	0.2%
Assets less than the capitalisation threshold	11	—	—	44	58.7%	—	—	—	—	-100.0%	—
Bursaries: Employees	—	—	—	88	—	—	40	42	44	-20.6%	0.1%
Catering: Departmental activities	6	14	59	51	104.1%	0.1%	100	105	110	29.2%	0.1%
Communication	157	136	418	437	40.7%	0.6%	669	700	737	19.0%	1.0%
Computer services	300	496	638	237	-7.6%	0.9%	700	732	771	48.2%	1.0%
Consultants and professional services:	—	—	42	450	—	0.3%	—	—	—	-100.0%	0.2%
Business and advisory services	—	—	—	—	—	—	—	—	—	—	—
Contractors	—	1	2	79	—	—	35	35	38	-21.6%	0.1%
Agency and support / outsourced services	141	—	—	110	-7.9%	0.1%	—	—	—	-100.0%	—
Fleet services (including government motor transport)	—	—	—	106	—	0.1%	135	141	149	12.0%	0.2%
Inventory: Clothing material and accessories	—	—	—	6	—	—	—	—	—	-100.0%	—
Inventory: Food and food supplies	—	2	3	—	—	—	—	—	—	—	—
Inventory: Materials and supplies	8	—	—	—	-100.0%	—	—	—	—	—	—
Inventory: Other supplies	26	22	—	—	-100.0%	—	—	—	—	—	—
Consumable supplies	—	—	—	158	—	0.1%	82	86	90	-17.1%	0.2%
Consumable: Stationery, printing and office supplies	50	25	116	487	113.6%	0.4%	685	717	755	15.7%	1.1%
Operating leases	—	181	2 116	473	—	1.6%	500	523	551	5.2%	0.8%
Property payments	—	—	—	650	—	0.4%	—	—	—	-100.0%	0.3%
Travel and subsistence	1 653	3 313	4 291	5 437	48.7%	8.3%	5 891	6 163	6 490	6.1%	9.7%
Training and development	—	4	89	345	—	0.2%	93	97	102	-33.4%	0.3%
Operating payments	564	902	104	1 970	51.7%	2.0%	2 363	2 472	2 603	9.7%	3.8%
Venues and facilities	309	497	376	595	24.4%	1.0%	727	761	801	10.4%	1.2%
Transfers and subsidies	23 609	23 298	—	4 240	-43.6%	28.8%	18 239	26 053	27 434	86.3%	30.7%
Public corporations and private enterprises	23 609	23 298	—	4 240	-43.6%	28.8%	18 239	26 053	27 434	86.3%	30.7%
Payments for capital assets	—	—	1 650	707	—	1.3%	—	—	—	-100.0%	0.3%
Machinery and equipment	—	—	1 650	707	—	1.3%	—	—	—	-100.0%	0.3%
Payments for financial assets	4	—	—	—	-100.0%	—	—	—	—	—	—
Total	48 911	50 409	34 267	44 276	-3.3%	100.0%	59 736	69 871	73 964	18.7%	100.0%
Proportion of total subprogramme expenditure to programme expenditure	11.1%	11.3%	6.3%	6.0%			7.6%	7.9%	8.2%		

Personnel information

Table 32.14 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment														Number		
Mineral Promotion	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost	
Salary level	66	–	62	23.5	0.4	62	26.6	0.4	66	28.1	0.4	66	29.8	0.5	66	31.8	0.5	2.1%	100.0%
1 – 6	8	–	8	1.3	0.2	9	1.4	0.2	8	1.4	0.2	8	1.5	0.2	8	1.6	0.2	-3.9%	12.7%
7 – 10	34	–	35	11.6	0.3	34	13.5	0.4	34	11.7	0.3	34	12.4	0.4	34	13.2	0.4	–	52.3%
11 – 12	17	–	14	7.0	0.5	14	7.7	0.6	17	9.3	0.6	17	9.9	0.6	17	10.5	0.6	6.7%	25.0%
13 – 16	7	–	5	3.7	0.7	5	4.0	0.8	7	5.8	0.8	7	6.1	0.9	7	6.5	0.9	11.9%	10.0%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on finalising the beneficiation implementation framework and promoting the Mineral and Petroleum Resources Development Act (2002) and the Mine Health and Safety Act (1996).

Expenditure on transfers and subsidies decreased significantly between 2010/11 and 2012/13 due to the finalisation of the small scale mining strategy. The decrease did not have any impact on performance as the subprogramme still managed to support 239 small scale mining projects over the same period.

Over the medium term, expenditure on transfers and subsidies is expected to increase significantly as the beneficiation implementation framework gets finalised due to the provision of financial assistance in the form of subsidies to 221 small scale mining projects, to promote mineral development.

The subprogramme had a funded establishment of 66 with 8 vacant posts due to resignations and promotions. These posts are in the process of being filled.

Public entities and other agencies

Council for Geoscience

Mandate and goals

The Council for Geoscience was established in terms of the Geoscience Act (1993). Its principal mandate is to develop and publish world class geoscience knowledge products and to provide geoscience related services to the South African public and to industry. The Geoscience Amendment Act (2010) extends the entity's functions to include the provision of advisory services relating to geohazards and geo-environmental pollution, and to be the custodian of all geoscience information related to the South African mining industry.

Specifically, the act requires the council to:

- conduct systematic reconnaissance and documentation of the geology of the earth's surface and continental crust
- compile all geoscience data and information in the public domain
- conduct basic geoscience research into the nature and origin of rocks, the evolution of life, and the formation of the earth
- collect and curate all geoscience data and knowledge on South Africa in the national geoscience repository
- provide relevant geoscience knowledge services and advice to the state
- manage a number of national geoscience facilities
- provide commercial geoscience services and products to national and international clients.

The council is structured and geared to support national priorities, such as economic growth and empowerment, sustainable development, rural development, and development on the continent.

The council's strategic goals over the medium term are to:

- broaden the scientific expertise of the council
- provide more direct top level management expertise and scientific leadership in the organisation
- prioritise engineering, geology and physical geohazards, environmental and chemical geohazards and water resource assessment protection
- facilitate investment into the mining industry
- focus on initiatives that contribute to rural development and poverty eradication
- develop innovative products, system and services
- build scientific, managerial and administrative skills and capacity
- contribute to socioeconomic transformation.

Selected performance indicators

Table 32.15 Council for Geoscience

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Annual technical programme performance index ¹	Statutory projects	Outcome 4: Decent employment through inclusive economic growth	85%	85%	92%	85%	85%	85%	85%
Number of geoscience maps, map explanations and related manuscripts published in-house per year	Statutory projects	Outcome 10: Environmental assets and natural resources that are protected and continually enhanced	42	40	34	16	18	20	25
Number of geoscience papers and articles published each year	Local commercial		121	35	115	70	70	57	85
Number of rural development project reports completed	Statutory projects		33	30	29	12	14	14	18
Number of regional and African development project reports completed	Foreign commercial		29	22	22	25	27	82	81
Number of projects with external collaborators completed each year	Foreign commercial	Outcome 4: Decent employment through inclusive economic growth	77	45	45	50	55	60	60
Customer satisfaction level: Percentage of satisfied customers (of total customers completing satisfaction questionnaire)	Administration	Outcome 5: A skilled and capable workforce to support an inclusive growth path	89%	89%	88%	85%	85%	85%	85%

1. Measures feedback received from clients on the performance of the technical programme.

Programmes/activities/objectives

Table 32.16 Council for Geoscience

					Average growth rate	Expen- diture/ total:				Average	Expen- diture/ total:
Audited outcome				Revised estimate	rate (%)	Average (%)	Medium-term expenditure estimate			growth rate (%)	Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	130 844	155 979	197 727	208 264	16.8%	64.9%	223 121	242 281	271 852	9.3%	59.7%
Statutory projects	29 671	21 021	56 092	84 814	41.9%	16.7%	93 379	98 661	99 516	5.5%	23.8%
Foreign commercial	8 907	3 951	8 543	8 721	-0.7%	2.9%	9 506	10 364	11 300	9.0%	2.5%
Local commercial	26 283	43 871	46 974	48 223	22.4%	15.5%	52 718	57 629	63 002	9.3%	14.0%
Total expense	195 707	224 822	309 336	350 022	21.4%	100.0%	378 725	408 935	445 670	8.4%	100.0%

Expenditure estimates

Table 32.17 Council for Geoscience

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/ total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	71 855	94 099	102 032	82 754	4.8%	31.5%	90 885	99 821	109 643	9.8%	24.1%
Sale of goods and services other than capital assets of which:	61 866	79 365	86 467	79 860	8.9%	27.5%	87 846	96 631	106 293	10.0%	23.3%
Sales by market establishment	61 866	79 365	86 467	79 860	8.9%	27.5%	87 846	96 631	106 293	10.0%	23.3%
Other non-tax revenue	9 989	14 734	15 565	2 894	-33.8%	4.0%	3 039	3 190	3 350	5.0%	0.8%
Transfers received	139 171	157 070	225 671	271 268	24.9%	68.5%	287 839	309 114	336 027	7.4%	75.9%
Total revenue	211 026	251 169	327 703	354 022	18.8%	100.0%	378 724	408 935	445 670	8.0%	100.0%
Expenses											
Current expenses	195 707	224 822	309 336	350 022	21.4%	100.0%	378 725	408 935	445 670	8.4%	100.0%
Compensation of employees	124 207	128 468	160 312	162 289	9.3%	54.7%	172 787	186 148	206 904	8.4%	46.0%
Goods and services	56 615	77 590	133 712	171 155	44.6%	38.9%	189 067	204 229	222 352	9.1%	49.7%
Depreciation	14 878	18 755	15 301	16 552	3.6%	6.4%	16 831	18 514	16 365	-0.4%	4.3%
Interest, dividends and rent on land	6	10	12	26	58.8%	0.0%	40	44	49	23.8%	0.0%
Total expenses	195 707	224 822	309 336	350 022	21.4%	100.0%	378 725	408 935	445 670	8.4%	100.0%
Surplus/(Deficit)	15 319	26 347	18 367	4 000	-36.1%		(1)	-	-	-100.0%	
Statement of financial position											
Carrying value of assets	197 290	188 139	193 316	194 448	-0.5%	48.1%	202 688	221 202	238 460	7.0%	53.9%
of which:											
Acquisition of assets	1 994	9 776	21 037	40 095	171.9%	4.4%	46 060	30 010	31 601	-7.6%	9.3%
Inventory	-	5	5	5	-	0.0%	5	5	5	-	0.0%
Receivables and prepayments	27 628	33 980	45 847	48 139	20.3%	9.5%	50 546	53 074	50 727	1.8%	12.7%
Cash and cash equivalents	138 918	173 393	207 418	168 924	6.7%	42.4%	143 453	113 453	106 882	-14.2%	33.4%
Total assets	363 836	395 517	446 586	411 516	4.2%	100.0%	396 692	387 734	396 075	-1.3%	100.0%
Accumulated surplus/(deficit)	201 243	227 595	245 962	190 906	-1.7%	53.6%	190 906	190 906	190 906	-	48.0%
Capital reserve fund	85 674	-	-	-	-100.0%	5.9%	-	-	-	-	-
Deferred income	53 851	58 274	86 100	96 681	21.5%	18.1%	94 214	96 891	109 875	4.4%	25.0%
Trade and other payables	6 815	9 124	10 829	23 132	50.3%	3.1%	18 435	9 943	8 443	-28.5%	3.7%
Provisions	16 253	17 515	23 352	23 120	12.5%	4.9%	18 126	17 649	17 172	-9.4%	4.8%
Derivatives financial instruments	-	83 009	80 343	77 677	-	14.5%	75 011	72 345	69 679	-3.6%	18.5%
Total equity and liabilities	363 836	395 517	446 586	411 516	4.2%	100.0%	396 692	387 734	396 075	-1.3%	100.0%

Personnel information

Table 32.18 Council for Geoscience

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15			2015/16					2016/17			2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
	338	338	363	160.3	0.4	344	162.3	0.5	382	172.8	0.5	405	186.1	0.5	438	206.9	0.5	8.4%	100.0%	
1 – 6	22	22	34	4.8	0.1	27	3.7	0.1	40	5.2	0.1	42	5.6	0.1	45	6.0	0.1	18.1%	9.7%	
7 – 10	116	116	128	30.7	0.2	125	29.2	0.2	144	32.8	0.2	155	35.5	0.2	157	38.3	0.2	9.4%	37.0%	
11 – 12	142	142	140	65.6	0.5	128	68.5	0.5	132	70.8	0.5	138	76.1	0.6	161	88.0	0.5	8.7%	35.6%	
13 – 16	57	57	60	58.1	1.0	63	58.5	0.9	65	61.4	0.9	69	66.6	1.0	74	72.1	1.0	7.2%	17.3%	
17 – 22	1	1	1	1.1	1.1	1	2.4	2.4	1	2.5	2.5	1	2.5	2.5	1	2.5	2.5	1.0%	0.3%	

1. Rand million.

Expenditure trends

Revenue for the Council for Geoscience is generated mainly from fees earned in terms of geological service contracts. In addition, a grant is received from the department, but this covers only personnel costs. All other operating and overhead expenses are funded through revenue.

Revenue increased between 2010/11 and 2013/14, and this is expected to continue over the medium term due to the increase in geological contracts. The increase in revenue will provide for improved conditions of service, the economic competitiveness support package, and various other projects such as the amendment of the Geoscience Act (1993) and the hosting of the 35th International Geological Congress in South Africa in 2016. The acquisition of technical and scientific equipment needed to make the council a leading earth science provider and establishing a national skills centre for carbon dioxide geological storage are other initiatives that will be prioritised with increased revenue.

The spending focus over the medium term will be on increasing investment, growing the sector and achieving meaningful transformation in the mining industry. Over this period, to achieve improvements in safety and health and to protect the environment, the council will spend R86 million on the water ingress project to provide solutions for decanting and ingressing acid mine drainage water. This will result in an increase in spending on goods and services, travel and subsistence, contractors and agency support.

In 2010/11, the council significantly cut spending on overheads by putting on hold or freezing the funding of certain items such as training and bursaries, travel and entertainment costs, and conferences, which led to a reduction in spending on those items and increased the number of outputs achieved as a result of savings reprioritised towards the completion of projects. In addition to the R20 million Cabinet approved budget cut over the medium term, efficiency savings of R2.9 million in 2013/14, R3.6 million in 2014/15 and R3 million in 2015/16 have been effected on travel and subsistence and training and bursaries. These savings and cost effectiveness measures will be maintained over the medium term with a limited number of expenditures being re-instated where necessary. Service delivery will not be negatively affected.

The increase in expenditure on goods and services between 2010/11 and 2013/14 was due to an additional allocation of R40 million to the rehabilitation of derelict and ownerless mines project to assist in the closing of old mines and the rehabilitation of old abandoned mines; and R80 million for producing maps targeting mineral potential in South Africa to stimulate investment in the minerals sector.

The council had a funded establishment of 338 posts, with no vacancies at the end of November 2013. Personnel numbers are expected to increase over the medium term, with personnel expenditure also expected to increase over the period due to inflation and improvements in conditions of service. According to its implementation plan, the council will need to recruit at least 56 researchers, professionals, technicians and administrative personnel in order to assist in the amendments of the Geoscience Act (1993) and to provide more stimulus to investment in the mineral sector.

Council for Mineral Technology

Mandate and goals

Mandate

The mandate of the Council for Mineral Technology as set out in the Mineral Technology Act (1989) is to maximise the value derived from South Africa's mineral resources. To this end, the council develops appropriate, innovative technology for transfer to industry, and provides industry with test work, and consultancy, analytical and mineralogical services.

Strategic goals

The council's strategic goals over the medium term are to:

- maximise the utilisation of finite ore resources
- alleviate poverty and create employment
- add value to mineral and metal products
- promote the transition from a resource dominated to a knowledge based economy.
- focus on strategic areas of research and development to keep the council and South Africa at the forefront of technological innovation
- operate effectively in the global environment
- satisfy the demands of a knowledgeable customer base.

- generate high economic returns for the national and regional economies through its technical programmes
- focus on skills development and educational initiatives through its social programmes
- nurture self-sustaining local economies in areas of South Africa where smaller minerals extraction and beneficiation enterprises have the capability to generate broad-based employment and wealth
- attract and retain crucial skills.

Selected performance indicators

Table 32.19 Council for Mineral Technology

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of new or improved technologies developed per year	Research and develop efficient mineral processing technologies and value added products and services	Outcome 4: Decent employment through inclusive economic growth	5	4	3	3	4	4	4
Number of reports on new or improved mining and minerals processing products and services developed per year	Research and develop efficient mineral processing technologies and value added products and services		14	13	17	17	17	17	17
Number of analytical and mineralogical methods and services developed per year, evidenced by reports	Research and develop efficient mineral processing technologies and value added products and services		3	13	11	9	10	9	9
Number of external reports on water and energy efficient flow sheets developed per year	Research and develop efficient mineral processing technologies and value added products and services	Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced.	1	3	3	3	3	3	3
Number of technologies adapted or developed relevant to SMMEs per year	Promote the mineral-based economies of rural and marginalised communities through technical assistance and skills development	Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all	3	2	2	2	2	2	2
Number of undergraduate bursars granted bursaries per year	Build world class research and development excellence through development of human organisational skills	Outcome 5: A skilled and capable workforce to support an inclusive growth path	85	72	45 ¹	45	45	45	45
Number of candidates employed per year	Build world class research and development excellence through development of human organisational skills		58	48	45	45	50	50	50

1. The decrease is due to the increased focus on postgraduate bursars, more than undergraduate.

Programmes/activities/objectives

Table 32.20 Council for Mineral Technology

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Administration	18 346	19 613	22 683	24 156	9.6%	5.0%		25 122	26 127	27 172	4.0%	5.0%
Enhance the council's visibility and credibility to all stakeholders	18 346	21 106	31 493	24 156	9.6%	5.5%		25 122	26 127	27 172	4.0%	5.0%
Research and develop efficient mineral processing technologies and value added products and services	183 465	196 125	226 826	241 555	9.6%	49.7%		251 217	261 266	271 717	4.0%	50.0%
Promote the mineral-based economies of rural and marginalised communities	55 039	58 838	68 048	72 468	9.6%	14.9%		75 367	78 381	81 517	4.0%	15.0%
Uphold good governance practices	36 693	39 225	45 365	48 311	9.6%	9.9%		50 243	52 253	54 343	4.0%	10.0%
Build world class research and development excellence by developing human organisational skills	55 039	58 838	68 048	72 467	9.6%	14.9%		75 366	78 380	81 516	4.0%	15.0%
Total expense	366 929	393 743	462 462	483 113	9.6%	100.0%		502 438	522 535	543 436	4.0%	100.0%

Expenditure estimates

Table 32.21 Council for Mineral Technology

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)				Average growth rate (%)	Expenditure/ total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	259 990	310 918	286 025	281 575	2.7%	63.9%	294 670	301 547	311 838	3.5%	54.3%
Sale of goods and services other than capital assets	208 457	272 708	259 343	262 502	8.0%	56.1%	277 427	283 959	293 898	3.8%	51.0%
of which:											
Sales by market establishment	208 457	272 708	259 343	262 502	8.0%	56.1%	277 427	283 959	293 898	3.8%	51.0%
Other non-tax revenue	51 533	38 210	26 682	19 073	-28.2%	7.9%	17 243	17 588	17 940	-2.0%	3.3%
Transfers received	128 702	126 262	192 511	203 027	16.4%	36.0%	256 057	307 442	244 981	6.5%	45.7%
Total revenue	389 355	437 180	478 536	484 602	7.6%	100.0%	550 727	608 989	556 818	4.7%	100.0%
Expenses											
Current expenses	366 929	393 743	462 462	483 113	9.6%	100.0%	502 438	522 535	543 436	4.0%	100.0%
Compensation of employees	227 158	248 088	245 812	268 442	5.7%	58.4%	279 180	290 347	301 961	4.0%	55.6%
Goods and services	123 812	129 927	198 980	196 838	16.7%	37.6%	204 712	212 900	221 416	4.0%	40.7%
Depreciation	12 424	13 049	14 607	17 833	12.8%	3.4%	18 546	19 288	20 060	4.0%	3.7%
Interest, dividends and rent on land	3 535	2 679	3 063	–	-100.0%	0.6%	–	–	–	–	–
Total expenses	366 929	393 743	462 462	483 113	9.6%	100.0%	502 438	522 535	543 436	4.0%	100.0%
Surplus/(Deficit)	22 426	43 437	16 074	1 489	-59.5%		48 290	86 454	13 382	107.9%	
Statement of financial position											
Carrying value of assets	211 563	260 411	248 400	247 760	5.4%	41.6%	253 456	272 550	292 243	5.7%	39.4%
of which:											
Acquisition of assets	63 789	70 518	60 624	48 554	-8.7%	10.5%	68 601	71 965	71 985	14.0%	9.6%
Investments	246 809	274 493	255 294	304 714	7.3%	46.5%	339 153	400 724	369 788	6.7%	52.1%
Inventory	5 722	5 467	5 551	5 740	0.1%	1.0%	5 740	5 740	5 740	–	0.9%
Receivables and prepayments	43 915	45 739	45 464	45 739	1.4%	7.8%	45 739	45 739	45 739	–	6.8%
Cash and cash equivalents	20 703	30 806	13 072	5 533	-35.6%	3.0%	5 533	5 533	5 533	–	0.8%
Taxation	502	502	460	460	-2.9%	0.1%	460	460	460	–	0.1%
Total assets	529 214	617 418	568 241	609 946	4.8%	100.0%	650 082	730 746	719 503	5.7%	100.0%
Accumulated surplus/(deficit)	231 536	276 328	293 757	295 246	8.4%	47.2%	343 536	429 990	443 372	14.5%	55.4%
Capital and reserves	132 946	131 591	130 237	128 883	-1.0%	22.6%	127 529	126 175	124 821	-1.1%	18.8%
Deferred income	100 870	116 812	70 582	119 312	5.8%	17.5%	110 952	104 879	78 170	-13.1%	15.5%
Trade and other payables	35 008	64 090	43 953	35 008	–	7.6%	35 008	35 008	35 008	–	5.2%
Provisions	28 855	28 598	29 711	31 497	3.0%	5.1%	33 057	34 694	38 132	6.6%	5.1%
Total equity and liabilities	529 215	617 419	568 240	609 946	4.8%	100.0%	650 082	730 746	719 503	5.7%	100.0%

Personnel information

Table 32.22 Council for Mineral Technology

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15			2015/16					2016/17			2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
870		870	790	245.8	0.3	815	268.4	0.3	838	279.2	0.3	838	290.3	0.3	838	302.0	0.4	4.0%	100.0%	
1 – 6	303	303	275	26.9	0.1	279	29.7	0.1	294	30.8	0.1	294	31.9	0.1	294	33.0	0.1	3.6%	34.9%	
7 – 10	284	284	258	68.6	0.3	269	74.1	0.3	276	79.2	0.3	276	82.5	0.3	276	85.3	0.3	4.8%	33.0%	
11 – 12	205	205	186	84.3	0.5	193	90.1	0.5	193	93.9	0.5	193	98.5	0.5	193	102.7	0.5	4.5%	23.2%	
13 – 16	78	78	70	63.9	0.9	73	72.3	1.0	73	73.0	1.0	73	75.2	1.0	73	78.4	1.1	2.8%	8.8%	
17 – 22	1	1	1	2.1	2.1	1	2.3	2.3	1	2.3	2.3	1	2.4	2.4	1	2.5	2.5	3.0%	0.1%	

1. Rand million.

Expenditure trends

Revenue for the Council for Mineral Technology is mainly generated from commercial companies that purchase products, services and contracted research from the council. The council also receives transfer payments from the department.

The department's transfer payment to the council increased between 2010/11 and 2013/14, and is expected to increase to R245 million in 2016/17. This is due to additional funding received between 2011/12 and 2012/13 for research in water treatment, the rehabilitation of derelict and ownerless mines, the establishment of a precious gemstone facility in Northern Cape, waste and scrap reprocessing, and the building of a pilot plant for rare earth elements.

Revenue is expected to increase further over the medium term as a result of technical projects undertaken in the past years. These include the successful commissioning and implementation of the demonstration plant for water atomisation of alloys, a project with a cost of R44 million which was finalised in 2012/13. This project is expected to provide revenue streams over the medium term.

The spending focus over the medium term will include research and development activities in the commodity sector, advanced and specialty metals, water treatment research to protect water resources, the rehabilitation of derelict and ownerless mines, the development of technology for the treatment of acid mine drainage, and the promotion of value added downstream beneficiation. Further research on enhancing extraction techniques involving hydrometallurgy, pyro metallurgy and biotechnology; and accessing and processing low grade and complex ore bodies, residues and exposed rocks facility, will also be prioritised.

Compensation of employees takes up 55.4 per cent of the Council's total expenditure in 2013/14 due to the labour intensive nature of research and project work, with consultants mainly used for outsourcing arrangements such as the maintenance of the campus, security, garden services, canteen costs and IT support. Over the medium term, expenditure on compensation of employees and goods and services is expected to increase due to the strategic drive to attract, develop, nurture and retain a skilled workforce for research and other project work. The number of positions will increase from 815 in 2013/14 to 838 over the medium term to enable the council to carry out more research work, and to increase profits from commercial revenue. There were 55 vacancies at the end of November 2013 due to the significant increase in resignations, mainly in the professional field. However, over the medium term, the council will strive to fill all vacancies through its strategic recruitment plan.

Over the medium term, the council will continue to be vigilant with regard to unnecessary spending by enforcing strict controls over spending through procurement processes. The Cabinet approved budget reduction of R20 million over the medium term is to be effected on travel and subsistence under research projects. However, this reduction will not negatively impact on service delivery as commercial revenue is expected to increase over the medium term.

Mine Health and Safety Council

Mandate and goals

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

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

Specifically, the council's strategic goals over the medium term are to:

- advise the minister
- influence the health and safety legislative environment
- promote an occupational health and safety culture
- improve partnerships and cooperation within the tripartite partnership
- drive the implementation of all summit commitments within the mining industry
- conduct research and share best practices
- maintain effective financial management.

Selected performance indicators

Table 32.23 Mine Health and Safety Council

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of skills development projects per year	Promote the council's programmes in the mining industry	Outcome 4: Decent employment through inclusive economic growth	— ¹	— ¹	5	5	5	5	5
Number of scheduled advice processes with the minister per year	Provide advice reports that influence performance in mining health and safety		4	6	8	10	10	12	12
Number of high-level tripartite engagements with stakeholders on mine health and safety issues per year	Strengthen tripartite partnerships		— ²	2	2	2	2	2	2
Number of recommendations (legislative) submitted for promulgation through focused research per year	Provide advice reports that influence performance in mining health and safety		— ¹	6	6	6	6	6	6
Number of research programmes and reviews conducted per year	Become a knowledge leader in mine health and safety by conducting focused research		18	18	10	10	10	10	10

1. Past data is unavailable as the information was not collected before.

2. No past data, as reporting on the stakeholder engagements only began in 2011/12.

Programmes/activities/objectives

Table 32.24 Mine Health and Safety Council

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average (%)
R thousand											
Promote a health and safety culture in the mining industry	6 076	7 954	4 776	6 713	3.4%	11.8%	6 950	7 298	7 663	4.5%	10.2%
Provide advice reports that influence performance in mining health and safety	13 207	10 840	4 776	6 713	-20.2%	16.4%	6 950	7 298	7 663	4.5%	10.2%
Strengthen tripartite partnerships.	13 483	12 964	15 102	21 231	16.3%	28.7%	22 005	23 105	24 260	4.5%	32.4%
Become a knowledge leader in mine health and safety by conducting focused research	24 950	16 742	22 234	30 846	7.3%	43.1%	31 972	33 569	35 247	4.5%	47.1%
Total expense	57 716	48 500	46 888	65 503	4.3%	100.0%	67 877	71 270	74 833	4.5%	100.0%

Expenditure estimates

Table 32.25 Mine Health and Safety Council

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2010/11 - 2013/14	Average (%)	2014/15	2015/16	2016/17	2013/14 - 2016/17	Average (%)
R thousand											
Revenue											
Non-tax revenue	64 913	63 987	68 806	68 478	1.8%	92.9%	69 919	72 284	75 730	3.4%	92.9%
Sale of goods and services other than capital assets of which:	51 742	55 295	60 421	63 453	7.0%	80.5%	66 151	69 458	72 930	4.7%	88.2%
Administrative fees	210	—	—	—	-100.0%	0.1%	—	—	—	—	—
Sales by market establishment	51 533	55 295	60 421	63 453	7.2%	80.5%	66 151	69 458	72 930	4.7%	88.2%
Other non-tax revenue	13 171	8 692	8 385	5 025	-27.5%	12.4%	3 768	2 826	2 800	-17.7%	4.7%
Transfers received	5 358	5 288	4 531	5 035	-2.1%	7.1%	5 197	5 574	5 978	5.9%	7.1%
Total revenue	70 271	69 275	73 337	73 513	1.5%	100.0%	75 116	77 858	81 708	3.6%	100.0%

Table 32.25 Mine Health and Safety Council

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Expenses					2010/11 - 2013/14					2013/14 - 2016/17	
Current expenses	57 716	48 500	46 888	65 503	4.3%	100.0%	67 877	71 270	74 833	4.5%	100.0%
Compensation of employees	8 626	12 157	14 186	24 011	40.7%	26.7%	25 930	26 999	29 648	7.3%	38.1%
Goods and services	48 230	34 398	29 182	37 542	-8.0%	68.5%	37 997	40 321	41 235	3.2%	56.2%
Depreciation	860	1 945	3 520	3 950	66.2%	4.8%	3 950	3 950	3 950	-	5.7%
Total expenses	57 716	48 500	46 888	65 503	4.3%	100.0%	67 877	71 270	74 833	4.5%	100.0%
Surplus/(Deficit)	12 555	20 775	26 449	8 010	-13.9%		7 239	6 588	6 875	-5.0%	
Statement of financial position											
Carrying value of assets	4 136	10 723	9 602	1 194	-33.9%	4.0%	1 015	1 066	1 066	-3.7%	0.9%
of which:											
Acquisition of assets	2 850	8 620	2 431	2 125	-9.3%	2.6%	2 231	2 349	2 473	5.2%	2.0%
Inventory	-	153	97	97	-	0.1%	-	-	-	-100.0%	0.0%
Receivables and prepayments	5 975	3 691	4 143	2 464	-25.6%	2.7%	2 341	2 341	2 341	-1.7%	2.0%
Cash and cash equivalents	116 921	144 259	170 823	170 838	13.5%	93.3%	96 251	103 122	103 122	-15.5%	97.0%
Total assets	127 032	158 826	184 665	174 593	11.2%	100.0%	99 607	106 529	106 529	-15.2%	100.0%
Accumulated surplus/(deficit)	119 575	140 351	166 800	85 672	-10.5%	91.3%	92 912	99 499	99 499	5.1%	82.3%
Finance lease	123	80	36	101	-6.4%	0.1%	108	113	113	3.8%	0.1%
Trade and other payables	5 569	17 200	14 876	4 532	-6.6%	7.0%	4 707	4 943	4 943	2.9%	4.2%
Provisions	1 764	2 429	2 897	1 790	0.5%	1.6%	1 880	1 974	1 974	3.3%	1.7%
Total equity and liabilities	127 031	160 060	184 609	92 095	-10.2%	100.0%	99 607	106 529	106 529	5.0%	88.2%

Personnel information

Table 32.26 Mine Health and Safety Council

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
			36	14.2	0.4	45	24.0	0.5	45	25.9	0.6	45	27.0	0.6	45	29.6	0.7			
45		45	36	14.2	0.4	45	24.0	0.5	45	25.9	0.6	45	27.0	0.6	45	29.6	0.7	7.3%	100.0%	
1 – 6	4	4	5	0.6	0.1	4	0.5	0.1	4	0.6	0.1	4	0.6	0.2	4	0.6	0.2	6.2%	8.9%	
7 – 10	15	15	15	2.8	0.2	15	4.5	0.3	15	4.8	0.3	15	5.0	0.3	15	5.3	0.4	5.6%	33.3%	
11 – 12	15	15	7	3.6	0.5	15	7.9	0.5	15	8.8	0.6	15	9.5	0.6	15	10.0	0.7	8.2%	33.3%	
13 – 16	11	11	9	7.2	0.8	11	11.1	1.0	11	11.7	1.1	11	11.9	1.1	11	13.7	1.2	7.3%	24.4%	

1. Rand million.

Expenditure trends

The council's source of revenue is mainly levies from the mines, which are determined according to the Mine Health and Safety Act (1996). The basis for this determination is the sum of the planned operational, research and administrative expenses required to meet the council's mandate. The revenue assists the council with funding research projects whose outcomes can sustain and improve health and safety performance in the mining industry in order to significantly reduce fatalities, injuries, and occupational diseases.

Revenue increased between 2010/11 and 2013/14, and is expected to increase over the medium term due to the increased levy income expected from inflationary and economic trends in the mining sector.

The spending focus over the medium term will be on transferring technology and implementing research outcomes to improve health and safety records in mines in order to promote a culture of occupational health and safety. Over the same period, expenditure on compensation of employees and goods and services, which constitutes the largest spending area of the council, will increase, due to the focus on the council's strategic objectives. These objectives are to use research findings to promote health and safety programmes, to strengthen tripartite engagements in order to improve health and safety performance in the mines. To this end the council

will conduct 30 health and safety research programmes and 6 high level tripartite stakeholder engagements to discuss mine health and safety issues.

The increase in expenditure on compensation of employees between 2010/11 and 2013/14 was due to the filling vacant posts and improved conditions of service. The key position of the chief executive officer was filled in March 2013. The council had 45 funded posts and had no vacancies at the end of November 2013.

South African Diamond and Precious Metals Regulator

Mandate and goals

In terms of the Diamond Amendment Act (2005), the Diamond Second Amendment Act (2005) and the Precious Metals Act (2005), the South African Diamond and Precious Metals Regulator was set up to replace the previous South African Diamond Board, which had been established in terms of the Diamonds Act (1986). The new legislation expanded the regulator's mandate from regulating control over the possession, purchase, sale, processing and export of diamonds to include the regulation of precious metals.

The regulator's strategic goals over the medium term are to:

- ensure competitiveness, sustainable development and job creation in the diamond and precious metals industry
- oversee the effective transformation of the diamond and precious metals sectors
- promote equitable access to resources for local beneficiation
- enforce compliance with the legislative requirements within the diamond and precious metals industry
- improve organisational capacity to achieve optimal performance.

Selected performance indicators

Table 32.27 South African Diamond and Precious Metals Regulator

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projected		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of clients accessing the Diamond Exchange and Export Centre per year	Diamond trade	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	1 000	1 100	1 200	1 250	1 400	1 500	1 600
Number of beneficiators accessing the Diamond Exchange and Export Centre tenders per year	Diamond trade		— ¹	— ¹	179	179	130	140	150
Number of licences issued to enable diamond and precious metals trade in accordance with the legislative timeframes per year	Regulatory compliance		541	980	728	250	250	300	300
Number of new entrepreneurs assisted ²	Regulatory compliance		— ¹	— ¹	2	5	5	8	10
Number of beneficiation licences issued per year	Regulatory compliance		147	210	227	50	50	50	50
Number of inspections conducted per year	Regulatory compliance		218	1 250	1 145	1 150	1 300	1 300	1 300

1. No past data as reporting only began in 2012/13.

2. Assistance with providing various sector skills development, which include providing training on diamond valuation.

Programmes/activities/objectives

Table 32.28 South African Diamond and Precious Metals Regulator

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	52 810	61 126	72 351	39 184	-9.5%	89.4%	41 784	45 489	50 428	8.8%	58.2%
Diamond trade	-	-	-	9 004	-	3.3%	19 715	20 897	22 150	35.0%	23.3%
Regulatory compliance	-	-	-	19 660	-	7.2%	11 168	11 833	12 543	-13.9%	18.6%
Total expense	52 810	61 126	72 351	67 848	8.7%	100.0%	72 667	78 219	85 121	7.9%	100.0%

Expenditure estimates

Table 32.29 South African Diamond and Precious Metals Regulator

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	9 006	7 978	28 652	24 417	39.4%	27.8%	34 440	36 506	38 698	16.6%	41.1%
Sale of goods and services other than capital assets	3 819	3 981	25 403	21 187	77.0%	20.8%	33 350	35 351	37 473	20.9%	38.9%
of which:											
Sales by market establishment	3 819	3 981	25 403	21 187	77.0%	20.8%	33 350	35 351	37 473	20.9%	38.9%
Other non-tax revenue	5 187	3 997	3 249	3 230	-14.6%	7.1%	1 090	1 155	1 225	-27.6%	2.2%
Transfers received	40 643	39 374	41 601	44 161	2.8%	72.2%	45 878	48 631	51 547	5.3%	58.9%
Total revenue	49 649	47 352	70 253	68 578	11.4%	100.0%	80 318	85 137	90 245	9.6%	100.0%
Expenses											
Current expenses	52 810	61 126	72 351	67 848	8.7%	100.0%	72 570	78 219	85 121	7.9%	100.0%
Compensation of employees	34 196	41 254	48 706	49 392	13.0%	68.1%	52 109	55 236	60 759	7.1%	71.6%
Goods and services	15 942	17 330	21 799	16 672	1.5%	28.3%	18 817	19 941	21 137	8.2%	25.2%
Depreciation	2 601	2 472	1 794	1 733	-12.7%	3.5%	1 610	2 992	3 172	22.3%	3.1%
Interest, dividends and rent on land	71	70	52	51	-10.4%	0.1%	34	50	53	1.3%	0.1%
Transfers and subsidies	-	-	-	-	-	-	97	-	-	-	0.0%
Total expenses	52 810	61 126	72 351	67 848	8.7%	100.0%	72 667	78 219	85 121	7.9%	100.0%
Surplus/(Deficit)	(3 161)	(13 774)	(2 098)	730	-161.4%		7 651	6 918	5 124	91.5%	
Statement of financial position											
Carrying value of assets	5 663	10 655	11 057	1 633	-33.9%	11.0%	10 327	9 327	12 500	97.1%	15.9%
of which:											
Acquisition of assets	1 109	8 085	4 455	1 876	19.2%	6.1%	800	842	888	-22.1%	2.1%
Inventory	58	100	298	56	-1.2%	0.2%	56	62	150	38.9%	0.2%
Receivables and prepayments	872	652	2 323	1 015	5.2%	1.9%	979	950	800	-7.6%	1.8%
Cash and cash equivalents	20 490	11 355	12 951	11 550	-17.4%	21.6%	6 659	9 126	6 180	-18.8%	15.7%
Non-current assets held for sale	49 333	41 244	38 426	38 394	-8.0%	65.2%	34 911	36 125	32 111	-5.8%	66.5%
Total assets	76 416	64 006	65 055	52 648	-11.7%	100.0%	52 932	55 590	51 741	-0.6%	100.0%
Accumulated surplus/(deficit)	69 569	55 795	53 697	48 891	-11.1%	88.4%	48 891	48 891	48 891	-	91.9%
Borrowings	384	-	-	-	-100.0%	0.1%	-	-	-	-	-
Finance lease	498	309	118	725	13.3%	0.7%	690	597	-	-100.0%	0.9%
Deferred income	65	62	-	35	-18.6%	0.1%	15	10	50	12.6%	0.1%
Trade and other payables	3 899	5 743	8 597	997	-36.5%	7.3%	1 136	3 492	1 800	21.8%	3.5%
Provisions	2 000	1 900	2 600	2 000	-	3.3%	2 200	2 600	1 000	-20.6%	3.6%
Derivatives financial instruments	-	197	42	-	-	0.1%	-	-	-	-	-
Total equity and liabilities	76 415	64 006	65 054	52 648	-11.7%	100.0%	52 932	55 590	51 741	-0.6%	100.0%

Personnel information

Table 32.30 South African Diamond and Precious Metals Regulator

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
			119	48.7	0.4	120	49.4	0.4	124	52.1	0.4	127	55.2	0.4	127	60.8	0.5	7.1%	100.0%	
1 – 6	13	13	14	1.9	0.1	13	2.1	0.2	13	2.2	0.2	13	2.3	0.2	13	2.5	0.2	6.9%	10.4%	
7 – 10	54	56	53	17.6	0.3	54	18.2	0.3	56	19.2	0.3	57	20.3	0.4	57	22.3	0.4	7.0%	45.0%	
11 – 12	40	40	39	15.1	0.4	40	15.6	0.4	42	16.7	0.4	43	17.6	0.4	43	19.4	0.5	7.5%	33.7%	
13 – 16	13	13	13	14.1	1.1	13	13.5	1.0	13	14.0	1.1	14	15.0	1.1	14	16.5	1.2	7.0%	10.8%	

1. Rand million.

Expenditure trends

The South African Diamond and Precious Metals Regulator's revenue is derived from transfer payments from the department. This makes up about 58.9 per cent of average projected revenue, with the remaining 38.9 per cent generated from licensing fees, penalties, certificates, permits, and service fees. The transfers received from the department cover operational expenditure.

The revenue generated assists the regulator with regulating controls over the possession, purchase, sale, processing and export of diamonds. Commercially generated revenue has a significant impact on total revenue and augments the transfer payment. There was an increase between 2010/11 and 2013/14, and it is expected to increase by 16.6 per cent over the medium term due to the reintroduction of the service fees charged for handling goods represented at the Diamond Exchange and Export Centre. The regulator's board has granted approval for a review of the fee structure, which has not been reviewed since 2007.

The spending focus over the medium term will be on regulatory management, issuing licences, conducting diamond valuations, carrying out compliance inspections and audits, and facilitating tenders for rough and polished diamonds. These activities will ensure competitiveness, sustainable development and job creation in the diamond and precious metal industry, thereby fostering industrial development.

Between 2010/11 and 2013/14, expenditure on compensation of employees increased, due to the filling of vacant posts and improved conditions of service. Over the medium term, expenditure on compensation of employees and goods and services, mainly on travel and subsistence, is expected to increase due to the spending on contractual obligations including operating leases, the planned expansion of the Diamond Exchange and Export Centre, and the cost of overseeing inspections for diamond and precious metals licences, with 3 900 inspections expected to be conducted over this period. As part of the intensified focus on regulation, the anticipated increase in personnel numbers from 120 in 2013/14 to 127 by 2016/17 will result in higher spending on compensation of employees. At the end of November 2013, the regulator had 6 vacant posts, due to natural attrition. These vacancies will be filled over the medium term.

By reducing travel, printing and communication costs, the regulator has projected an efficiency saving of R1.5 million over the medium term, which will be reprioritised to compensation of employees. These cost containment measures will not impact negatively on the entity's ability to carry out its mandate as it will continue to implement cost saving measures in other areas, such as cheaper accommodation and travel.

State Diamond Trader

Mandate and goals

The mandate of the State Diamond Trader, as set out in the Diamond Amendment Act (2005), is to buy and sell rough diamonds to promote equitable access to, and the beneficiation of, diamond resources. It is required to address distortions in the diamond industry and to correct historical market failures to develop and grow South Africa's diamond cutting and polishing industry. The entity sells to approved customers through its application

and approval process, and is eligible by law and proclamation to purchase up to 10 per cent of the run of mine from all diamond producers in South Africa.

The organisation's strategic goals over the medium term are to:

- support the growth of the industry through relevant interventions
- establish, maintain and expand its client base of local diamond beneficiation companies
- ensure the sustainability of the organisation through sound management and good governance
- ensure a constant and suitable supply of, and access to, rough diamonds.

Selected performance indicators

Table 32.31 State Diamond Trader

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of diamond producers who sold rough diamonds to the State Diamond Trader per year	Sale of rough diamonds	Outcome 4: Decent employment through inclusive economic growth	15	8	9	8	19	19	19
Number of State Diamond Trader clients per year	Sale of rough diamonds		130	102	42 ¹	130	150	155	160
Number of diamond production inspections per year	Sale of rough diamonds		20	69	126 ²	79	30	30	30
Number of trainees employed per year	Administration		7	7	5	10	10	10	10

1. The decrease is due to the removal of a number of clients from the State Diamond Trader's register in 2012/13, as some clients were not actively engaged in their businesses in 2012/13 and were unable to comply with the requirements of the State Diamond Trader.

2. The large increase is attributable to an increase in the number of diamonds produced in the country in 2012/13.

Programmes/activities/objectives

Table 32.32 State Diamond Trader

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	794 663	428 137	416 103	560 324	-11.0%	100.0%	561 752	562 723	562 726	0.1%	100.0%
Total expense	794 663	428 137	416 103	560 324	-11.0%	100.0%	561 752	562 723	562 726	0.1%	100.0%

Expenditure estimates

Table 32.33 State Diamond Trader

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	811 122	434 744	413 400	569 415	-11.1%	99.0%	569 832	569 832	569 832	0.0%	100.0%
Sale of goods and services other than capital assets	810 406	433 054	411 463	568 297	-11.2%	98.7%	568 297	568 297	568 297	-	99.7%
of which:											
Sales by market establishment	810 406	433 054	411 463	568 297	-11.2%	98.7%	568 297	568 297	568 297	-	99.7%
Other non-tax revenue	716	1 690	1 937	1 118	16.0%	0.3%	1 535	1 535	1 535	11.1%	0.3%
Transfers received	7 136	6 307	4 256	-	-100.0%	0.8%	-	-	-	-	-
Total revenue	818 258	441 051	421 289	569 415	-11.4%	100.0%	569 832	569 832	569 832	0.0%	100.0%
Expenses											
Current expenses	794 663	428 137	416 103	560 324	-11.0%	100.0%	561 752	562 723	562 726	0.1%	100.0%
Compensation of employees	7 557	7 168	7 360	9 882	9.4%	1.5%	10 669	11 526	11 526	5.3%	1.9%
Goods and services	786 732	418 969	406 659	548 271	-11.3%	98.1%	548 768	548 906	548 951	0.0%	97.7%
Depreciation	199	334	440	440	30.3%	0.1%	479	363	225	-20.0%	0.1%
Interest, dividends and rent on land	175	1 666	1 644	1 731	114.7%	0.3%	1 836	1 928	2 024	5.4%	0.3%
Total expenses	794 663	428 137	416 103	560 324	-11.0%	100.0%	561 752	562 723	562 726	0.1%	100.0%
Surplus/(Deficit)	23 595	12 914	5 186	9 091	-27.2%		8 080	7 109	7 106	-7.9%	

Table 32.33 State Diamond Trader

Statement of financial position				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)				Average growth rate (%)	Expenditure/ total: Average (%)
Audited outcome							Medium-term estimate				
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Carrying value of assets	636	2 121	1 840	3 357	74.1%	3.5%	3 621	3 621	3 621	2.6%	4.2%
of which:											
Acquisition of assets	–	1 781	159	–	–	1.2%	–	–	–	–	–
Inventory	6 526	6 726	15 164	35 025	75.1%	24.8%	38 352	38 352	38 352	3.1%	44.6%
Receivables and prepayments	2 109	971	5 240	9 152	63.1%	7.0%	209	217	217	-71.3%	2.1%
Cash and cash equivalents	21 115	31 952	24 707	71 089	49.9%	64.5%	28 795	30 634	30 649	-24.5%	44.0%
Taxation	–	–	–	1 249	–	0.3%	5 120	4 952	4 934	58.1%	5.1%
Total assets	30 386	41 770	46 951	119 872	58.0%	100.0%	76 097	77 776	77 773	-13.4%	100.0%
Accumulated surplus/(deficit)	27 986	40 900	46 085	47 671	19.4%	82.0%	31 709	33 360	33 325	-11.2%	41.8%
Capital and reserves	–	–	–	43 834	–	9.1%	–	–	–	-100.0%	9.1%
Borrowings	816	–	–	26 000	217.0%	6.1%	43 721	43 721	43 721	18.9%	47.9%
Finance lease	53	–	–	–	-100.0%	0.0%	–	–	–	–	–
Trade and other payables	1 533	870	866	2 367	15.6%	2.7%	667	695	727	-32.5%	1.2%
Total equity and liabilities	30 388	41 770	46 951	119 872	58.0%	100.0%	76 097	77 776	77 773	-13.4%	100.0%

Personnel information

Table 32.34 State Diamond Trader

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15			2015/16					2016/17			2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
			16	7.4	0.5	21	9.9	0.5	21	10.7	0.5	20	11.5	0.6			20	11.5	0.6	
	21	21	16	7.4	0.5	21	9.9	0.5	21	10.7	0.5	20	11.5	0.6	20	11.5	0.6	5.3%	100.0%	
1 – 6	6	6	6	0.7	0.1	6	0.8	0.1	6	0.9	0.2	6	1.0	0.2	6	1.0	0.2	5.3%	29.3%	
7 – 10	8	8	4	0.7	0.2	8	2.9	0.4	8	3.2	0.4	7	3.4	0.5	7	3.4	0.5	5.3%	36.5%	
11 – 12	3	3	5	4.4	0.9	3	2.3	0.8	3	2.5	0.8	3	2.7	0.9	3	2.7	0.9	5.3%	14.6%	
13 – 16	4	4	1	1.6	1.6	4	3.8	0.9	4	4.1	1.0	4	4.4	1.1	4	4.4	1.1	5.3%	19.5%	

¹. Rand million.

Expenditure trends

The State Diamond Trader's revenue is collected through the sale of rough diamonds. Expenditure, which is mainly for entity's operational costs, is funded from its own revenue as budgeted for according to anticipated purchases and sales of diamonds. The trader will not receive any allocation from the department over the medium term.

In 2011/12, the trader's operations came under severe pressure as a result of global volatility in the diamond market. The blockages experienced in the pipeline movement of good, rough and polished diamonds in the pipeline caused stagnation in the market. While this did not augur well for the operations of an entity the size of the trader, a profit margin of 3 per cent was nevertheless achieved. Revenue rose significantly in 2010/11 due to an interim sales strategy, which led to an increase in rough diamond sales.

Over the medium term, revenue is projected to increase to R569.8 million in 2016/17 as the trader increases purchases and sales of diamonds. Continuing over the medium term, the spending focus will mainly be on improving the trader's operational profitability; providing support to clients through the facilitation of diamond exhibitions in order to establish and maintain the client base of local diamond beneficiation companies; implementing and maintaining administrative systems, procedures and controls; and enforcing compliance with legislation. The trader will also develop and maintain trading relations with other African diamond producing countries, contribute to the sustainable development of the local diamond beneficiation sector by purchasing up to 10 per cent of all unpolished diamonds from local producers and selling these to diamond processors. As more staff will be travelling, this will result in more spending on travel over the medium term.

The purchase of rough diamonds for resale, which is recorded under goods and services, is the most significant fixed cost item of expenditure for the trader. The decline in goods and services costs between 2010/11 and

2013/14 was due to a decline in the purchasing of diamonds, resulting from the volatility in the global diamond market. Owing to the declining market conditions, there was a decrease in the number of diamond producers from 15 in 2010/11 to 8 in 2013/14.

The trader has a funded establishment of 21 posts, with no vacancies. Personnel numbers are expected to decrease to 20 in 2015/16 and remain at this level in 2016/17, with spending on compensation of employees increasing due to improved conditions of service. The trader has continued to build its capacity by making available key permanent positions and facilitating training. In 2013/14, 5 new diamond trainees were employed and are undergoing on the job training in purchasing, sales, the client relations office, and production departments within the operations section. The success of this training programme was evident in 2012/13 when 2 trainees from the first intake of trainees became permanent employees of the trader. The use of consultants is limited to human resources, secretarial services, IT, internal audit, security, cleaning and legal services.

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	Adjustments	Adjusted	
R thousand	2012/13		2012/13	2013/14			2013/14
Administration	238 929	257 259	295 254	271 459	10 821	282 280	300 420
Promotion of Mine Safety and Health	154 472	150 618	140 715	163 731	–	163 731	161 115
Mineral Regulation	180 098	187 786	191 395	222 729	(10 821)	211 908	199 605
Mineral Policy and Promotion	595 563	579 870	546 278	735 930	–	735 930	708 228
Total	1 169 062	1 175 533	1 173 642	1 393 849	–	1 393 849	1 369 368
Economic classification							
Current payments	602 605	613 623	623 804	747 889	(39 800)	708 089	691 147
Compensation of employees	401 892	402 272	395 914	435 020	9 095	444 115	441 950
Goods and services	200 713	211 194	227 890	312 869	(48 895)	263 974	249 197
Interest and rent on land	–	157	–	–	–	–	–
Transfers and subsidies	560 317	541 843	525 110	630 079	39 800	669 879	660 211
Departmental agencies and accounts	266 510	269 138	269 138	315 091	6 000	321 091	317 393
Public corporations and private enterprises	292 633	271 531	253 531	313 749	32 000	345 749	338 249
Households	1 174	1 174	2 441	1 239	1 800	3 039	4 569
Payments for capital assets	6 140	20 067	24 536	15 881	–	15 881	18 008
Buildings and other fixed structures	–	3 378	408	3 200	(1 400)	1 800	1 123
Machinery and equipment	6 140	15 939	24 128	12 681	1 400	14 081	16 885
Software and other intangible assets	–	750	–	–	–	–	–
Payments for financial assets	–	–	192	–	–	–	2
Total	1 169 062	1 175 533	1 173 642	1 393 849	–	1 393 849	1 369 368

Table 32.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Compensation of employees (R thousand)	326 457	364 562	395 914	444 115	476 757	505 651	539 022
Training expenditure (R thousand)	7 764	3 083	2 335	8 295	6 873	7 193	7 573
Training spend as percentage of compensation	2.4%	0.8%	0.6%	1.9%	1.4%	1.4%	1.4%
Total number trained (headcount)	49	342	352	194			
of which:							
Employees receiving bursaries (headcount)	53	101	73	121			
Learnerships (headcount)	–	–	–	85			
Internships (headcount)	49	43	40	70			

Table 32.C Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R thousand													
Foreign													
In cash													
European Union	Microzonation model of Johannesburg for seismic risk prediction	Mineral Policy and Promotion	36 months	22 063	Compensation of employees	Carry out a seismic hazard assessment of Johannesburg at bedrock; investigate the surface geology of Johannesburg to identify its soil layer distribution; and calculate the seismic hazard of Johannesburg at the surface	–	–	–	–	3 010	10 008	9 045
European Union	Microzonation model of Johannesburg for seismic risk prediction	Mineral Policy and Promotion	36 months	1 047	Goods and services	Carry out a seismic hazard assessment of Johannesburg at bedrock; investigate the surface geology of Johannesburg to identify its soil layer distribution; and calculate the seismic hazard of Johannesburg at the surface	–	–	–	–	60	887	100
European Union	Microzonation model of Johannesburg for seismic risk prediction	Mineral Policy and Promotion	36 months	6 890	Machinery and equipment	Carry out a seismic hazard assessment of Johannesburg at bedrock; investigate the surface geology of Johannesburg to identify its soil layer distribution; and calculate the seismic hazard of Johannesburg at the surface	–	–	–	–	630	3 905	2 355
Total				30 000			–	–	–	–	3 700	14 800	11 500



BUDGET 2014

ESTIMATES OF NATIONAL EXPENDITURE

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