

Vote 29

Mineral Resources

Adjusted budget summary

2016/17				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 669 077	1 669 077	-	-
of which:				
Current payments	831 365	863 874	-	32 509
Transfers and subsidies	824 090	791 581	(32 509)	-
Payments for capital assets	13 622	13 622	-	-
Executive authority	Minister of Mineral Resources			
Accounting officer	Director-General of Mineral Resources			
Website address	www.dmr.gov.za			

Vote purpose

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

Mid-year performance status

Indicator	Programme	Outcome	Annual performance		
			Projected for 2016/17 as published in the 2016 ENE	Achieved in the first six months of 2016/17 (April to September)	Changed target for 2016/17
Number of occupational health and safety inspections and mine audits conducted per year	Mine Health and Safety	Outcome 4: Decent employment through inclusive economic growth	8 396	5 053	-
Number of mining rights and permits granted and /or issued to historically disadvantaged South Africans per year	Mineral Regulation		150	59	-
Number of industry workshops on compliance issues conducted per year	Mineral Regulation		9	6	-
Number of social and labour plan verification inspections per year	Mineral Regulation		212	117	-
Number of environmental verification inspections per year	Mineral Regulation		1 275	564	-
Number of mine economics verification audits per year	Mineral Regulation		425	246	-
Number of publications per year	Mineral Policy and Promotion		17	3	-
Number of legislative instruments reviewed and amended per year	Mineral Policy and Promotion		5	0	-
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	Outcome 10: Protect and enhance our environmental assets and natural resources	45	17	-
Number of SMMEs supported (new and established) per year	Mineral Policy and Promotion	Outcome 7: Comprehensive rural development and land reform	80	45	-
Number of consultations, promotional and monitoring activities on shale gas exploration conducted per year	Mineral Policy and Promotion	Outcome 4: Decent employment through inclusive economic growth	5	2	-
Number of investment promotion events/forums/workshops per year	Mineral Policy and Promotion		55	40	-
Number of strategic partnerships per year	Mineral Policy and Promotion		8	5	-

Mid-year progress

The number of occupational health and safety inspections and mine audits conducted within the first six months of the year was 5 053 against the annual target of 8 396, or 60 per cent of the inspections and audits

planned for the year. In addition, the department conducted 564 mining charter inspections and environmental management inspections, which constitutes 44 per cent of the annual target. Relatively slower progress has been achieved in the number of derelict and ownerless mines rehabilitated in the first half of the year, with only 17 out of the annual target of 45 having been rehabilitated.

There has been slow progress on the targeted number of legislative instruments reviewed and amended per year due to the amendments to the Mineral and Petroleum Resources Development Act, 2002 and the African Exploration Mining and Finance Corporation Bill, 2015 which are both still before Parliament.

The department conducted 6 industry workshops on compliance issues against an annual target of 9, and further conducted 117 social and labour verifications against an annual target of 212 in the period under review. 45 social labour plans aimed at creating SMMEs in the mining sector and developing the surrounding communities were supported against an annual target of 80.

Adjusted Estimates of the National Expenditure 2016

Programme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Administration	310 868	–	–	34 946	–	–	34 946	345 814
Mine Health and Safety	184 934	–	–	4 939	–	–	4 939	189 873
Mineral Regulation	270 786	–	–	(5 659)	–	–	(5 659)	265 127
Mineral Policy and Promotion	902 489	–	–	(34 226)	–	–	(34 226)	868 263
Total	1 669 077	–	–	–	–	–	–	1 669 077
Economic classification								
Current payments	831 365	–	–	32 509	–	–	32 509	863 874
Compensation of employees	572 130	–	–	(7 762)	–	–	(7 762)	564 368
Goods and services	259 235	–	–	40 271	–	–	40 271	299 506
Transfers and subsidies	824 090	–	–	(32 509)	–	–	(32 509)	791 581
Departmental agencies and accounts	433 519	–	–	–	–	–	–	433 519
Public corporations and private enterprises	389 125	–	–	(32 509)	–	–	(32 509)	356 616
Households	1 446	–	–	–	–	–	–	1 446
Payments for capital assets	13 622	–	–	–	–	–	–	13 622
Buildings and other fixed structures	3 852	–	–	–	–	–	–	3 852
Machinery and equipment	9 770	–	–	–	–	–	–	9 770
Total	1 669 077	–	–	–	–	–	–	1 669 077

Programme 1: Administration

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R thousand								
Ministry	23 407	–	–	–	–	–	–	23 407
Corporate Services	123 745	–	–	28 577	–	–	28 577	152 322
Department Management	20 169	–	–	(1 420)	–	–	(1 420)	18 749
Financial Administration	97 743	–	–	8 175	–	–	8 175	105 918
Internal Audit	14 487	–	–	(386)	–	–	(386)	14 101
Office Accommodation	31 317	–	–	–	–	–	–	31 317
Total	310 868	–	–	34 946	–	–	34 946	345 814
Economic classification								
Current payments	296 749	–	–	34 946	–	–	34 946	331 695
Compensation of employees	171 702	–	–	(5 325)	–	–	(5 325)	166 377
Goods and services	125 047	–	–	40 271	–	–	40 271	165 318
Transfers and subsidies	3 162	–	–	–	–	–	–	3 162
Departmental agencies and accounts	1 716	–	–	–	–	–	–	1 716
Households	1 446	–	–	–	–	–	–	1 446
Payments for capital assets	10 957	–	–	–	–	–	–	10 957
Buildings and other fixed structures	3 852	–	–	–	–	–	–	3 852
Machinery and equipment	7 105	–	–	–	–	–	–	7 105
Total	310 868	–	–	34 946	–	–	34 946	345 814

Programme 2: Mine Health and Safety

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation						Total adjustments appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Governance Policy and Oversight	52 641	-	-	(1 460)	-	-	(1 460)	51 181
Mine Health and Safety Regions	132 293	-	-	6 399	-	-	6 399	138 692
Total	184 934	-	-	4 939	-	-	4 939	189 873
Economic classification								
Current payments	183 804	-	-	4 939	-	-	4 939	188 743
Compensation of employees	153 995	-	-	4 939	-	-	4 939	158 934
Goods and services	29 809	-	-	-	-	-	-	29 809
Payments for capital assets	1 130	-	-	-	-	-	-	1 130
Machinery and equipment	1 130	-	-	-	-	-	-	1 130
Total	184 934	-	-	4 939	-	-	4 939	189 873

Programme 3: Mineral Regulation

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation						Total adjustments appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Mineral Regulation and Administration	190 369	-	-	(5 119)	-	-	(5 119)	185 250
Management Mineral Regulation	27 212	-	-	(540)	-	-	(540)	26 672
South African Diamond and Precious Metals Regulator	53 205	-	-	-	-	-	-	53 205
Total	270 786	-	-	(5 659)	-	-	(5 659)	265 127
Economic classification								
Current payments	216 983	-	-	(5 659)	-	-	(5 659)	211 324
Compensation of employees	178 390	-	-	(5 659)	-	-	(5 659)	172 731
Goods and services	38 593	-	-	-	-	-	-	38 593
Transfers and subsidies	53 205	-	-	-	-	-	-	53 205
Departmental agencies and accounts	53 205	-	-	-	-	-	-	53 205
Payments for capital assets	598	-	-	-	-	-	-	598
Machinery and equipment	598	-	-	-	-	-	-	598
Total	270 786	-	-	(5 659)	-	-	(5 659)	265 127

Programme 4: Mineral Policy and Promotion

Subprogramme	2016/17							
	Main appropriation	Adjustments appropriation						Total adjustments appropriation
Roll-overs		Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments			
R thousand								
Management	27 000	-	-	-	-	-	-	27 000
Mineral Policy	18 507	-	-	(368)	-	-	(368)	18 139
Mineral Promotion and International Coordination	76 450	-	-	(28 583)	-	-	(28 583)	47 867
Assistance to Mines	5 275	-	-	(5 275)	-	-	(5 275)	-
Council for Geoscience	378 598	-	-	-	-	-	-	378 598
Council for Mineral Technology	356 416	-	-	-	-	-	-	356 416
Economic Advisory Services	4 862	-	-	-	-	-	-	4 862
Mine Environmental Management	35 381	-	-	-	-	-	-	35 381
Total	902 489	-	-	(34 226)	-	-	(34 226)	868 263
Economic classification								
Current payments	133 829	-	-	(1 717)	-	-	(1 717)	132 112
Compensation of employees	68 043	-	-	(1 717)	-	-	(1 717)	66 326
Goods and services	65 786	-	-	-	-	-	-	65 786
Transfers and subsidies	767 723	-	-	(32 509)	-	-	(32 509)	735 214
Departmental agencies and accounts	378 598	-	-	-	-	-	-	378 598
Public corporations and private enterprises	389 125	-	-	(32 509)	-	-	(32 509)	356 616
Payments for capital assets	937	-	-	-	-	-	-	937
Machinery and equipment	937	-	-	-	-	-	-	937
Total	902 489	-	-	(34 226)	-	-	(34 226)	868 263

Details of adjustments to the Estimates of National Expenditure 2016

Virements and shifts within votes

Programmes					
1. Administration					
2. Mine Health and Safety					
3. Mineral Regulation					
4. Mineral Policy and Promotion					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(5 325)	Programme 1		5 325
Compensation of employees	Vacant posts ¹	(5 325)	Goods and services	Operating leases for office accommodation	5 325
Shifts within the programme as a percentage of the programme budget		1.7%			
Virements to other programmes as a percentage of the programme budget		0.0%			
Programme 3		(5 659)	Programme 1		720
Compensation of employees	Vacant posts ¹	(720)	Goods and services	Operating leases for office accommodation	720
	Vacant posts	(4 939)	Programme 2		4 939
Compensation of employees			Compensation of employees	Increases in personnel remuneration	4 939
Shifts within the programme as a percentage of the programme budget		0.0%			
Virements to other programmes as a percentage of the programme budget		2.1%			
Programme 4		(51 808)	Programme 1		34 226
Compensation of employees	Vacant posts ¹	(1 717)	Goods and services	Operating leases for office accommodation	1 717
Public corporations and private enterprises	Reallocation from transfers and subsidies for the Industrial Development Corporation as there were fewer requests for assistance to small scale and marginal mines than anticipated ¹	(32 509)	Goods and services	Operating leases for office accommodation	32 509
	Reallocation of funds from capital to current transfers for Mintek due to delays in capital projects ¹	(17 582)	Programme 4		17 582
			Public corporations and private enterprises	Mintek operational budget ¹	17 582
Shifts within the programme as a percentage of the programme budget		1.9%			
Virements to other programmes as a percentage of the programme budget		3.8%			
Total		(62 792)			62 792

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

Expenditure outcome for 2015/16 and actual expenditure for 2016/17

Programme	2015/16 Audited outcome					2016/17 Actual expenditure				
	Adjusted appropriation	Apr 15 - Sep 15	adjusted % of	Apr 15 - Mar 16	adjusted % of	Adjusted appropriation/ Total (%)	Apr 16 - Sep 16	adjusted % of		
R thousand										
Administration	308 870	191 633	62.0	359 067	116.3	345 814	20.7	176 623	51.1	
Mine Health and Safety	184 431	89 270	48.4	171 506	93.0	189 873	11.4	93 173	49.1	
Mineral Regulation	263 715	127 306	48.3	246 236	93.4	265 127	15.9	127 648	48.1	
Mineral Policy and Promotion	881 526	516 607	58.6	861 672	97.7	868 263	52.0	520 340	59.9	
Total	1 638 542	924 816	56.4	1 638 481	100.0	1 669 077	100.0	917 784	55.0	
Economic classification										
Current payments	800 101	423 576	52.9	805 241	100.6	863 874	51.8	418 164	48.4	
Compensation of employees	548 440	267 888	48.8	526 265	96.0	564 368	33.8	278 740	49.4	
Goods and services	251 661	155 688	61.9	278 976	110.9	299 506	17.9	139 424	46.6	

Economic classification	2015/16					2016/17			
	Audited outcome					Actual expenditure			
R thousand	Adjusted appropriation	Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted appropriation	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted appropriation	Adjusted appropriation	Adjusted appropriation/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted appropriation
Transfers and subsidies	826 919	492 976	59.6	819 706	99.1	791 581	47.4	497 756	62.9
Departmental agencies and accounts	394 751	262 627	66.5	393 441	99.7	433 519	26.0	308 506	71.2
Public corporations and private enterprises	430 795	228 717	53.1	423 735	98.4	356 616	21.4	188 794	52.9
Households	1 373	1 632	118.9	2 530	184.3	1 446	0.1	456	31.5
Payments for capital assets	11 522	5 358	46.5	10 626	92.2	13 622	0.8	1 856	13.6
Buildings and other fixed structures	2 503	1 022	40.8	1 140	45.5	3 852	0.2	55	1.4
Machinery and equipment	8 889	4 336	48.8	9 349	105.2	9 770	0.6	1 801	18.4
Software and other intangible assets	130	-	-	137	105.4	-	-	-	-
Payments for financial assets	-	2 906	-	2 908	-	-	-	8	-
Total	1 638 542	924 816	56.4	1 638 481	100.0	1 669 077	100.0	917 784	55.0

Expenditure trends for the first six months of 2016/17

Total expenditure in 2015/16 was 100 per cent of the 2015/16 adjusted appropriation. Expenditure in the first six months of 2016/17 was R917.8 million or 55 per cent of the adjusted appropriation of R1.7 billion for the year. In comparison, mid-year expenditure in 2015/16 was R924.8 million, or 56.4 per cent of the 2015/16 adjusted appropriation. Compared to the first six months of 2015/16, expenditure over the same period in 2016/17 decreased by R7 million or 0.8 per cent. This was mainly due to delays in the filling of vacant posts.

Departmental receipts

	2015/16					2016/17				
	Adjusted estimate	Audited outcome			Actual receipts					
		Apr 15 - Sep 15	Apr 15 - Sep 15 % of adjusted estimate	Apr 15 - Mar 16	Apr 15 - Mar 16 % of adjusted estimate	Budget estimate	Adjusted estimate	Adjusted receipts estimate/ Total (%)	Apr 16 - Sep 16	Apr 16 - Sep 16 % of adjusted estimate
Departmental receipts	34 402	16 036	46.6	29 763	86.5	27 578	30 157	100.0	18 859	62.5
Sales of goods and services produced by department	6 277	3 284	52.3	6 486	103.3	6 883	9 288	30.8	5 026	54.1
Sales of scrap, waste, arms and other used current goods	-	-	-	-	-	-	1	-	1	100.0
Fines, penalties and forfeits	2 244	1 119	49.9	847	37.7	2 500	424	1.4	232	54.7
Interest, dividends and rent on land	25 672	11 545	45.0	22 268	86.7	17 985	18 014	59.7	11 292	62.7
Transactions in financial assets and liabilities	209	88	42.1	162	77.5	210	2 430	8.1	2 308	95.0
Total	34 402	16 036	46.6	29 763	86.5	27 578	30 157	100.0	18 859	62.5

Revenue trends for the first six months of 2016/17

Revenue in the first six months of 2016/17 was R18.9 million, or 62.5 per cent of the adjusted revenue estimate of R30.2 million for the year. In comparison, mid-year revenue in 2015/16 was R16 million, or 46.6 per cent of the 2015/16 adjusted estimate. Compared to the first six months of 2015/16, revenue over the same period in 2016/17 increased by R2.8 million, or 17.6 per cent. This was mainly due to environmental penalties imposed on mining companies for the implementation of the National Environmental Management Act, 1998 as amended.

Changes to transfers and subsidies

Summary of changes to transfers and subsidies per programme

R thousand	2016/2017							Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Total adjustments appropriation	
Mineral Policy and Promotion								
Public corporations and private enterprises								
Public corporations								
Subsidies on production or products								
Current	325 004	-	-	(9 652)	-	-	(9 652)	315 352
Industrial Development Corporation of South Africa	27 434	-	-	(27 234)	-	-	(27 234)	200
Council for Mineral Technology	297 570	-	-	17 582	-	-	17 582	315 152
Capital	58 846	-	-	(17 582)	-	-	(17 582)	41 264
Council for Mineral Technology	58 846	-	-	(17 582)	-	-	(17 582)	41 264
Public corporations and private enterprises								
Private enterprises								
Subsidies on production or products								
Current	5 275	-	-	(5 275)	-	-	(5 275)	-
Marginal mines	5 275	-	-	(5 275)	-	-	(5 275)	-