

# Department of Mineral Resources

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## BRIEFING TO THE PORTFOLIO COMMITTEE ON THE 1<sup>ST</sup> QUARTERLY REPORT FROM APRIL – JUNE 2015

02 SEPTEMBER 2015



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# PRESENTATION OUTLINE

1. Mandate, vision, mission and values.
2. DMR Structure.
3. Performance analysis per programme
4. Analysis per economic classification
5. Overall Departmental performance
6. Highlights of performance by branch.



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# MANDATE

## Constitutional mandate

- The department's mandate is found in section 24 of the Constitution of South Africa (Act No. 108 of 1996).

## Legislative mandate

- Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) and the Mine Health and Safety Act (Act No. 29 of 1996) provide the regulatory framework for the promotion and regulation of the industry, as well as the equitable access to and the sustainable development of the nation's mineral resources and related matters.

## Policy mandate

- The Minerals and Mining Policy for South Africa (White Paper published in October 1998) ensures the transparent and efficient regulation of the development of South Africa's mineral resources and mineral industry to meet national objectives and bring optimum benefit to the nation.



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# VISION

## Vision 2019

- A globally competitive, sustainable and meaningfully transformed mining and minerals sector.

## Vision 2030

- A leader in the transformation of South Africa through economic growth and sustainable development by 2030.



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# MISSION AND VALUES

## Mission

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

## Values

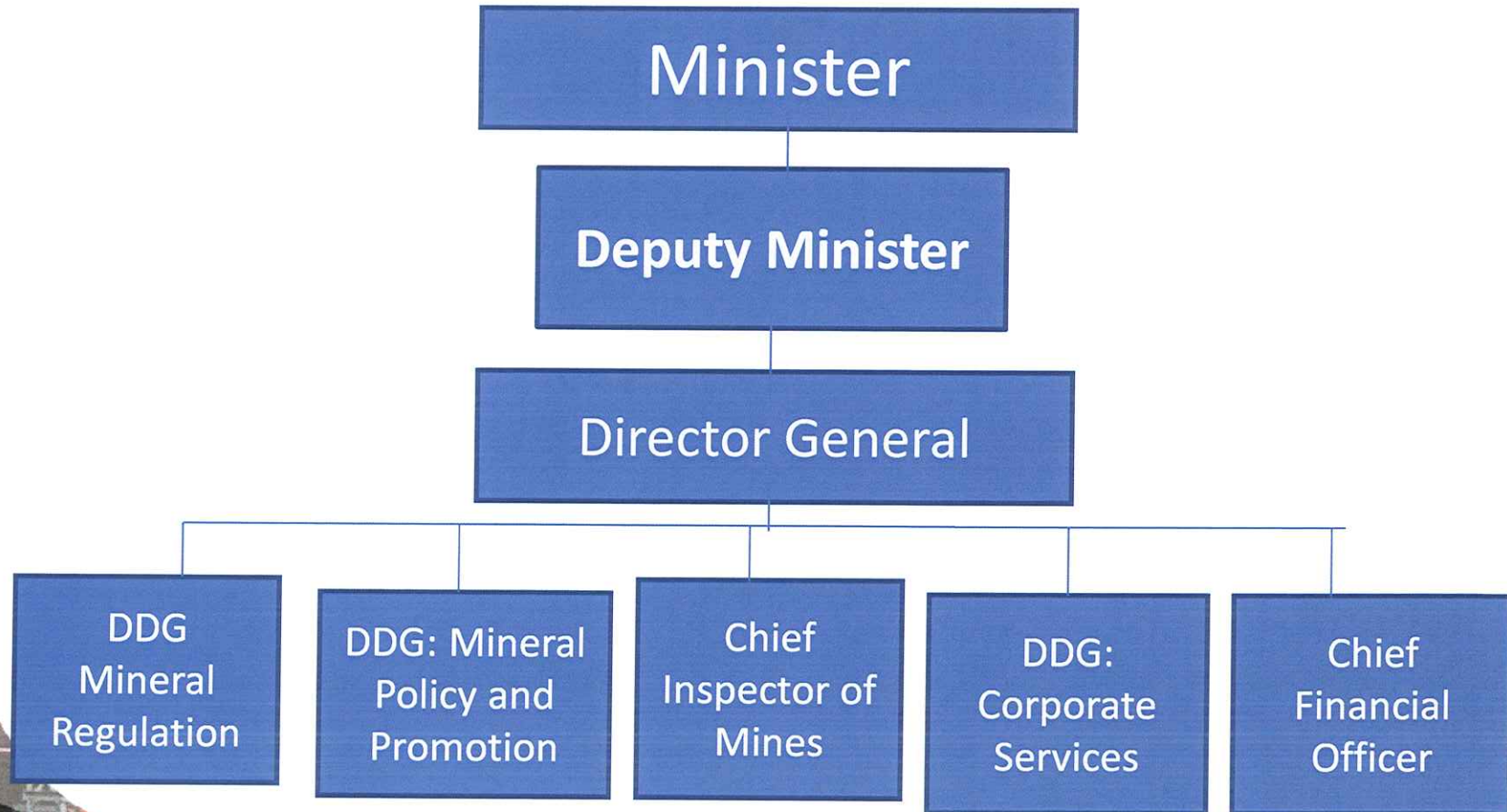
- Batho Pele (people first)
- Ethics
- Honesty
- Integrity
- Accountability
- Professionalism
- Ubuntu



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# DMR STRUCTURE



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# FINANCIAL PERFORMANCE ANALYSIS PER PROGRAMME

	2015/16 Budget Allocation	Projected Expenditure	Actual Expenditure	Variance on Projected vs Actual Expenditure	% variance of projected expenditure	Actual Expenditure as a % of Total Budget
Programme Analysis	R'000	R'000	R'000	R'000	%	%
Administration	293,223	78,385	88,828	(10,443)	-13.32%	30.29%
Mine Health and Safety	175,840	45,278	42,916	2,362	5.22%	24.41%
Mineral Regulation	260,443	63,077	61,445	1,632	2.59%	23.59%
Mineral Policy and Promotion	889,036	306,144	268,765	37,379	12.21%	30.23%
<b>TOTALS</b>	<b>1,618,542</b>	<b>492,884</b>	<b>461,954</b>	<b>30,930</b>	<b>6.28%</b>	<b>28.54%</b>



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# FINANCIAL ANALYSIS PER ECONOMIC CLASSIFICATION

Departmental Analysis	2015/16 Budget Allocation	Projected Expenditure	Actual Expenditure	Variance on Projected vs Actual Expenditure	variance of projected expenditure	Actual Expenditure as a % of Total Budget
	R'000	R'000	R'000	R'000	%	%
Compensation of employees	528,440	131,435	125,572	5,863	4.46%	23.76%
Goods and Services	277,661	77,514	78,050	(536)	-0.69%	28.11%
Operational	247,920	70,079	71,950	(1,871)	-2.67%	29.02%
Office Accommodation	29,741	7,435	6,100	1,160	0.00%	20.51%
Capital payments	11,522	2,553	3,427	(874)	-34.23%	29.74%
Financial Transactions	-	-	25	(25)	0.00%	0.00%
Transfer Payments	800,919	281,382	254,880	26,502	9.42%	31.82%
<b>TOTALS</b>	<b>1,618,542</b>	<b>492,884</b>	<b>461,954</b>	<b>30,930</b>	<b>6.28%</b>	<b>28.54%</b>



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## OVERALL DEPARTMENTAL PERFORMANCE

- The Department has a total of 104 targets for the year.
  - Only 76 of those targets were due for quarter one, and of these 58 were achieved, which represents a 76% achievement.



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# PROGRAMME 2: MINE HEALTH AND SAFETY

## Purpose

Execute the Department's mandate to safeguard the health and safety of the mine workers and people affected by mining activities.

## Objective

Reduce mining-related deaths, injuries and ill health through the formulation of national policy and legislation, the provision of advice, and the application of systems that monitor, audit and enforce compliance in the mining sector.



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# HIGHLIGHTS – MINE HEALTH AND SAFETY

- **% Implementation of certificate of competency model to improve pass rate** - There was improvement in the pass rate with Mine Manager's and Mine Surveyor's Certificates of Competency.
- **Number of audits conducted (cumulative), individual audits included** – One hundred and fifteen (115) audits were conducted compared to a target of ninety nine (99). Areas identified in the previous quarters accidents were audited to prevent repeat accidents of these type of accidents mainly on fall of ground, transport, mining and general accidents.
- **Number of inspections conducted (cumulative)** - One thousand eight hundred and forty (1 840) inspections were conducted compared to a target of two thousand (2 000). As this measure is accumulative there will be more inspections conducted during the remaining fiscal period.



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# HIGHLIGHTS – MINE HEALTH AND SAFETY

Commodity	Fatalities		% Change in actual Fatalities
	1 Jan – 30 June 2014	1 Jan – 30 June 2015	
Gold	31	18	-42
Platinum	3	10	233
Coal	5	5	0
Other	10	5	-50
<b>Total</b>	<b>49</b>	<b>38</b>	<b>-22</b>



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# HIGHLIGHTS – MINE HEALTH AND SAFETY

## Women Conference

- The Department and the Mine Health and Safety Council planned and held the Women Conference days to reflect on some of the gains made and celebrate women in the mining sector by focusing on issues affecting their health and safety.
- Launched personal protective equipment (PPE) handbook and Sexual Harassment Promotional Material DVD.



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# Women showcasing new designs of personal protective equipment (PPE).



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# Minister launches women PPE handbook and Sexual Harassment Promotional Material DVD.



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# Skills Development

Department is collaborating with the Department of Higher Education and Training (DHET) and other stakeholders through the Mining Qualification Authority (MQA) to ensure that the skills programmes continuously respond to the needs of the mining sector, mining communities and labour sending areas. Some of the programmes include:

- Six hundred unemployed youth being trained in portable and entrepreneurial skills in the O R Tambo district municipalities in the Eastern Cape;
- Training of retrenched workers and their families who have been affected by the Blyvooruitzicht Gold Mine liquidation in Gauteng. They are being trained on portable skills, business and engineering studies;
- An agreement with Glencore in Limpopo to train community members living around the local mining area; and
- Collaboration with Lonmin to train community members from the Marikana area, in the North-West, on a variety of skills programmes.



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# PROGRAMME 3: MINERAL REGULATION

## Purpose

To regulate the minerals and mining sector to promote economic growth, employment, transformation and sustainable development.

Mineral Regulation is also responsible for the administration of prospecting and mining rights licensing and compliance with the MPRDA, including environmental management compliance by mines.

## Focus for the financial year is on:

1. Job creation.
2. SLP development projects implemented.
3. Monitoring and Enforcing compliance.



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# HIGHLIGHTS – MINERAL REGULATION

## **Jobs in the Mining industry -**

- The Minister called stakeholders early in August to address job losses in the Industry.
- Parties have jointly developed an intervention strategy with a clear milestone plan.

## **Jobs created through SLPs during the reporting period-**

- A total of 1 029 jobs were created against a target of 1 600.
- These jobs were created through the implementation Social and Labour Plan projects.
- Economic situation negatively affected the creation of jobs.



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# HIGHLIGHTS – MINERAL REGULATION

## SLP development projects implemented -

- A total of 31 Social and Labour Plan development projects were implemented against the target of 21 in the first quarter.
- Implementation of SLP development projects has a direct contribution towards job creation.

## Examples of these projects -

- Construction of classrooms by Vuka Crushers.
- Water treatment plant by Exxaro.
- Surfacing of roads by Sishen Iron Ore Co.



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**Road surfacing by Sishen Iron Ore Co**



**Water Treatment Plant by Exxaro**



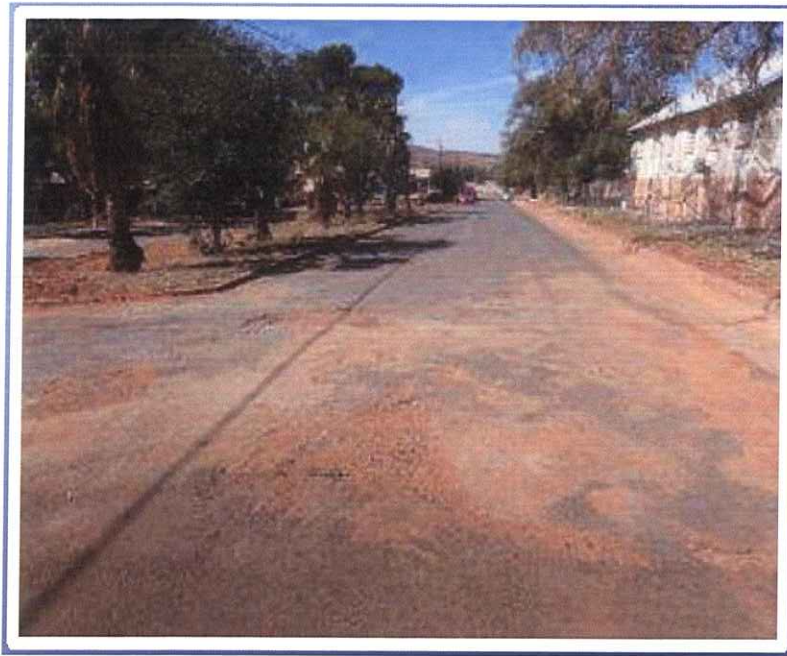
**Classrooms by Vuka Crushers**







## Road surfacing by Sishen Iron Ore





# HIGHLIGHTS – MINERAL REGULATION

## Monitoring and enforcing compliance -

**EMP inspections** - A total of 361 against a target of 600 inspections were conducted. To remedy this - Training of 60 EMRI officials is currently underway. EMRI training necessary to ensure legal compliance with Environmental Authorizations inspections conducted.

**SLP inspections** - Sixty six (66) inspections conducted from a target of thirty seven (37). The variance is due to an increased drive to Enforce compliance and to address complaints received from communities.



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# HIGHLIGHTS – MINERAL REGULATION

## Monitoring and enforcing compliance ...

**Number of Mine Economics** - 99 out of 137 inspections Conducted. Target not met due to diversion of resources towards processing applications and unavailability of right holders for planned inspections. Rights holders were not available and requested postponement of the inspections, and regions diverted resources to processing applications.

**Number of Legal Compliance (MLA & SLP)** - Eighty Four (84) inspections were conducted during this period and 300 orders were issued for failure to comply with their Rights.



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# PROGRAMME 4: MINERAL POLICY AND PROMOTION

## Purpose

To formulate mineral-related policies and promote the mining and minerals industry of South Africa, making it attractive to investors.

## Objective

Through research, provide relevant information to enhance global competitiveness, review policies and formulate legislation to achieve transformation and attract new investment into South Africa's minerals industry.

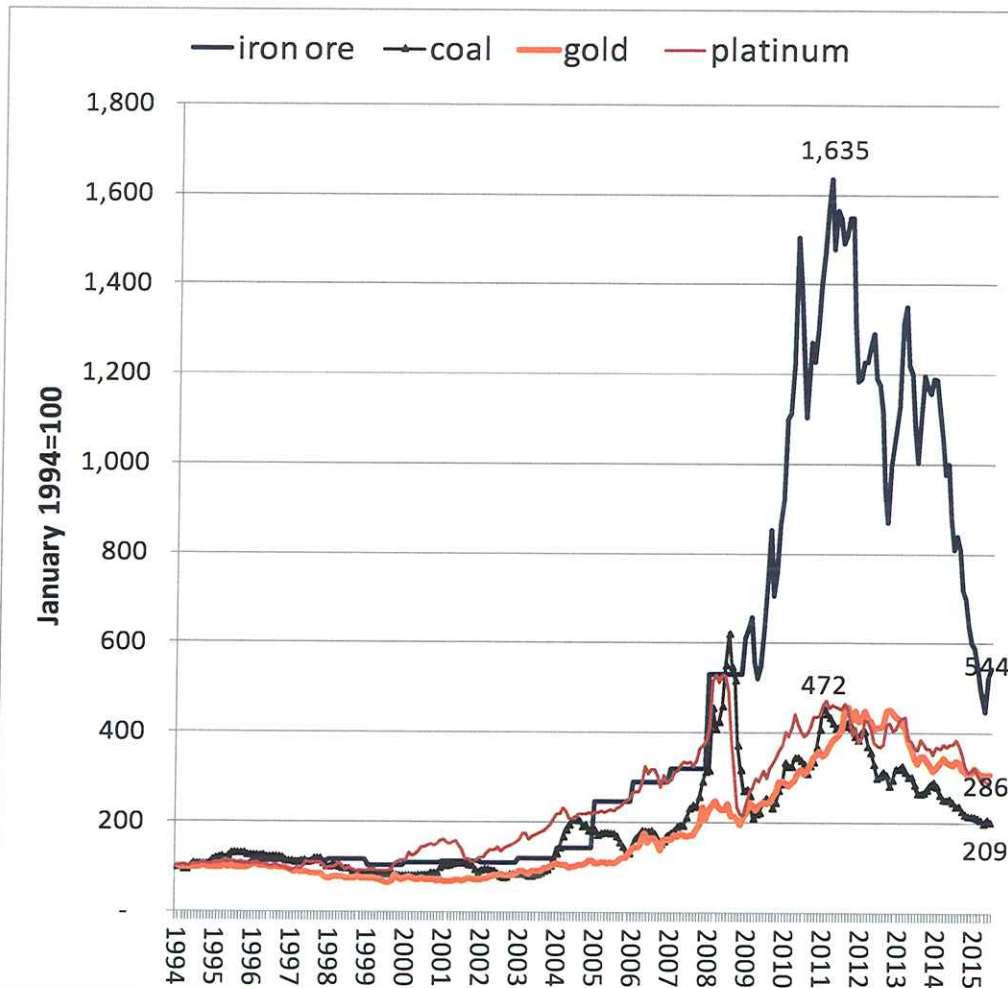


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# MINERAL PRICE TRENDS



- November 2013 to April 2015:
  - Iron ore price fell 62%.
  - Coal price fell 30%.
  - Platinum price fell 19%.
  - Gold price fell 6%.

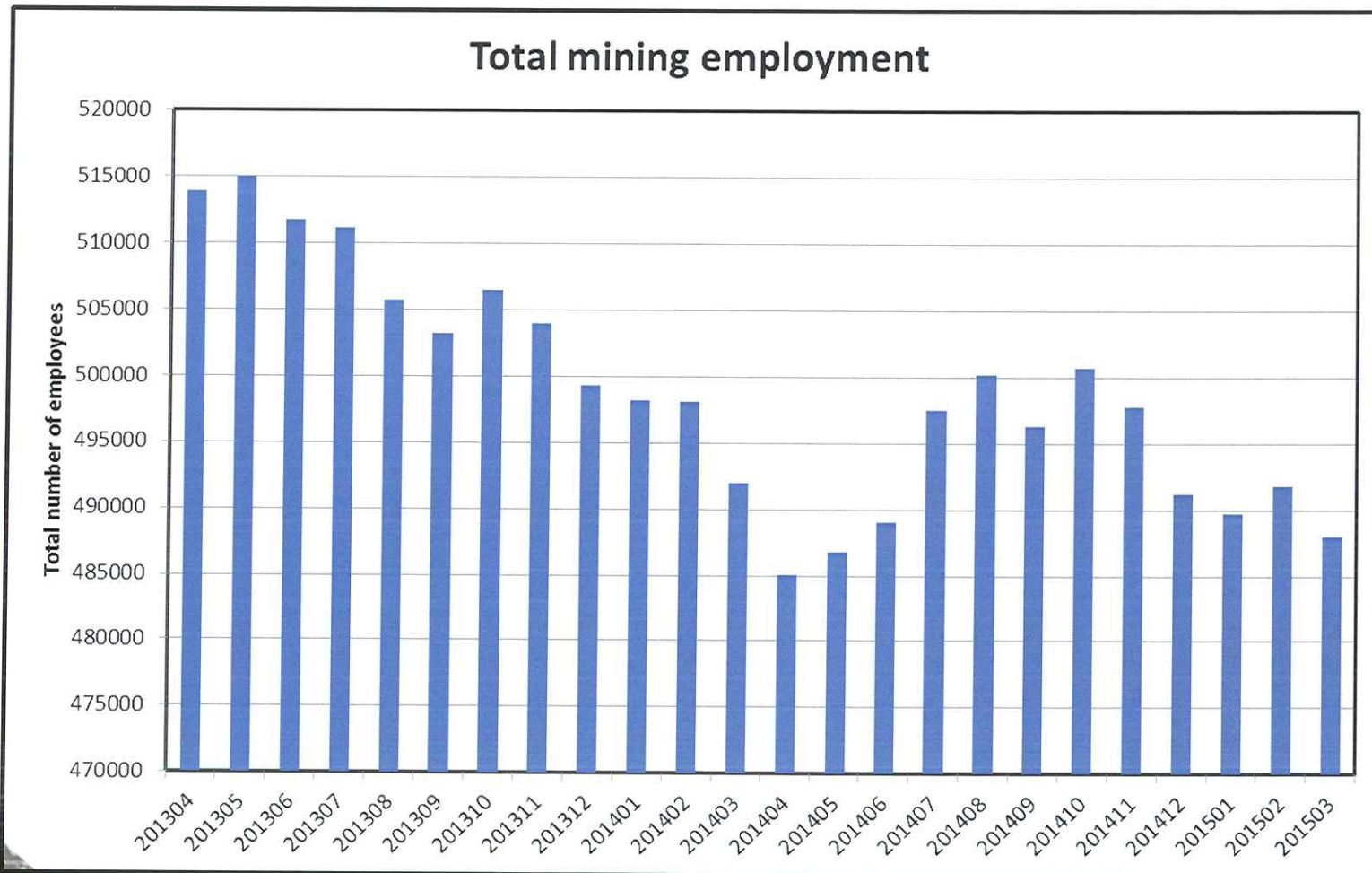
Source: TIPS



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# Total mining employment



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## HIGHLIGHTS – MINERAL POLICY AND PROMOTION

### Promote investment in mining and petroleum sectors

- Number of beneficiation promotional activities - target 2, achieved 4.
- Number of publications – target 1, achieved 2.
- Number of SMME's supported – target 20, achieved 28.



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# An Example of a successful small scale mining operation in KZN



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## HIGHLIGHTS – MINERAL POLICY AND PROMOTION

### Promote sustainable resource use and management -

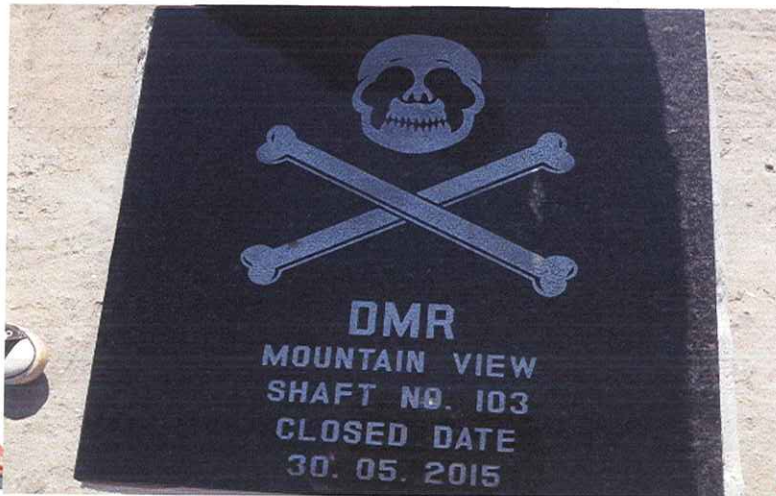
- Number of derelict and ownerless sites rehabilitated – target 4, achieved 7 (dangerous holings in proximity to a community in Mountain View, KwaMhlanga, Mpumalanga).



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# Holings closed in Mpumalanga (before and after closure)



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# HIGHLIGHTS – MINERAL POLICY AND PROMOTION

## Internal Processes

- Percentage adherence to timeframes, target 95%, achieved 100%.
- Percentage adherence to compliance framework – target 100%, achieved 100%.
- Percentage implementation of Risk Management Plans – target 100%, achieved 100%.



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# PROGRAMME 1 – CORPORATE SERVICES

## Communication activities

### Media and Stakeholder engagements held x 7

### Projects

- SLP Projects handover of Makause Combined School, at Mpumalanga.
- Hoofweg Computer centre launch in, Cape Town.
- Launching of boarding facilities at Ratanang Special School SLP Project, at Limpopo.
- Youth Day Celebration with Phillipstown youth, at Western Cape
- Macadamia Farming Project with other Deputy Ministers, at Eastern Cape.
- Award Ceremony of Sishen Iron Ore Mine in Kathu, at Northern Cape.
- Budget vote stakeholder engagement.



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## HIGHLIGHTS – CORPORATE SERVICES

### Communication activities...

#### Public Participation Programmes implemented x5

- Springbok Public Participation/Ministerial Imbizo.
- Postmasburg Public Participation/Ministerial Imbizo.
- Minister engaged Carletonville community on xenophobic attacks.
- Ex-mineworkers Programme in Barberton & Malelane, Mpumalanga.
- Engagement with Matsolo Community in Mpumalanga.



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# HIGHLIGHTS – CORPORATE SERVICES

## HR - % of pre-employment screening requests processed

- The target for first quarter was 100% and 100% was achieved.
- The target was achieved through the screening of shortlisted DMR candidates.

## HR - % of service providers' and contractors' screening requests processed

- The target for first quarter was 100% and 100% was achieved.
- The target was achieved through the screening of service providers and contractors of the Department.



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# HIGHLIGHTS – CORPORATE SERVICES

## **HR - Number of Improved processes/re-engineered**

- The target for the first quarter was 3 and 5 was achieved - overachievement is due to a number of sub processes that were mapped. The following processes were aligned:
  - Issuing of order number
  - Manage subsistence and travel allowance
  - Payment of claims
  - Processing of S&T claims
  - Reporting process

## **HR - Number of affirmative action measures implemented**

- The target for the first quarter was 1 and 1 was achieved.
- The target was achieved through the placement of the advertisements in newspapers to attract designated groups as well as people with disability.



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# HIGHLIGHTS – CORPORATE SERVICES

## Employment Relations Management – Number of Wellness Programmes

- The target for first quarter was 2 programmes and 2 was achieved.
- Employment Relations Management conducted two Wellness Programmes: Occupational Health and Safety Programmes (OHS) and Health Risk Assessment Programmes (HRA's) in April at Head Office and regional offices.

The followings professionals were invited to conduct the HRA's:

- Practitioners (dentist, optometrist, physiotherapist and othorpodist).
- Nurses from GEMS.
- Dietician.



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# HIGHLIGHTS – CORPORATE SERVICES

## ERM – Number of Wellness Programmes ...

The following tests were conducted:

- Cholesterol
- Hypertension
- Sugar diabetes/glucose
- Body mass index
- HIV and AIDS counselling and testing



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# HIGHLIGHTS – CORPORATE SERVICES

**Legal Services - % timeous response to opinions, appeals, enquiries, agreements and litigations**

- The target for the first quarter was 80% and 92% was achieved.
- Total requests received for the quarter were 199.
- Total timeous responses to requests received were 185 (92% of 199) against a target of 159 (80% of 199).

Requests were on the following:

- Opinions
- Appeals
- Inquiries
- Agreements
- Litigations



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# HIGHLIGHTS – CORPORATE SERVICES

## Auxiliary - % adherence to defined turnaround times

- The target for the first quarter was 100% and 100% was achieved
- The target was achieved through the introduction and monitoring of the Service Catalogue for services rendered (courier, shuttle, cleaning, building maintenance and mail management) in-line with the defined response time.

## Auxiliary - % adherence to SLA

- The target for the first quarter was 100% and 100% was achieved.
- The target was achieved through the procurement of services and signing of service level agreements with all service providers.



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# HIGHLIGHTS – CORPORATE SERVICES

## HRD & Special Projects - Number of mining career awareness initiatives

- The target for first quarter was 5 and 6 was achieved - the overachievement is due to an invite by Tshwane University of Technology to exhibit at their careers fair.
  1. Facilitate Mining Career guidance at at Setlhwathwe, North West on 15 April 2015.
  2. Facilitate Mining Career guidance at Madiboo, North West on 16 April 2015.

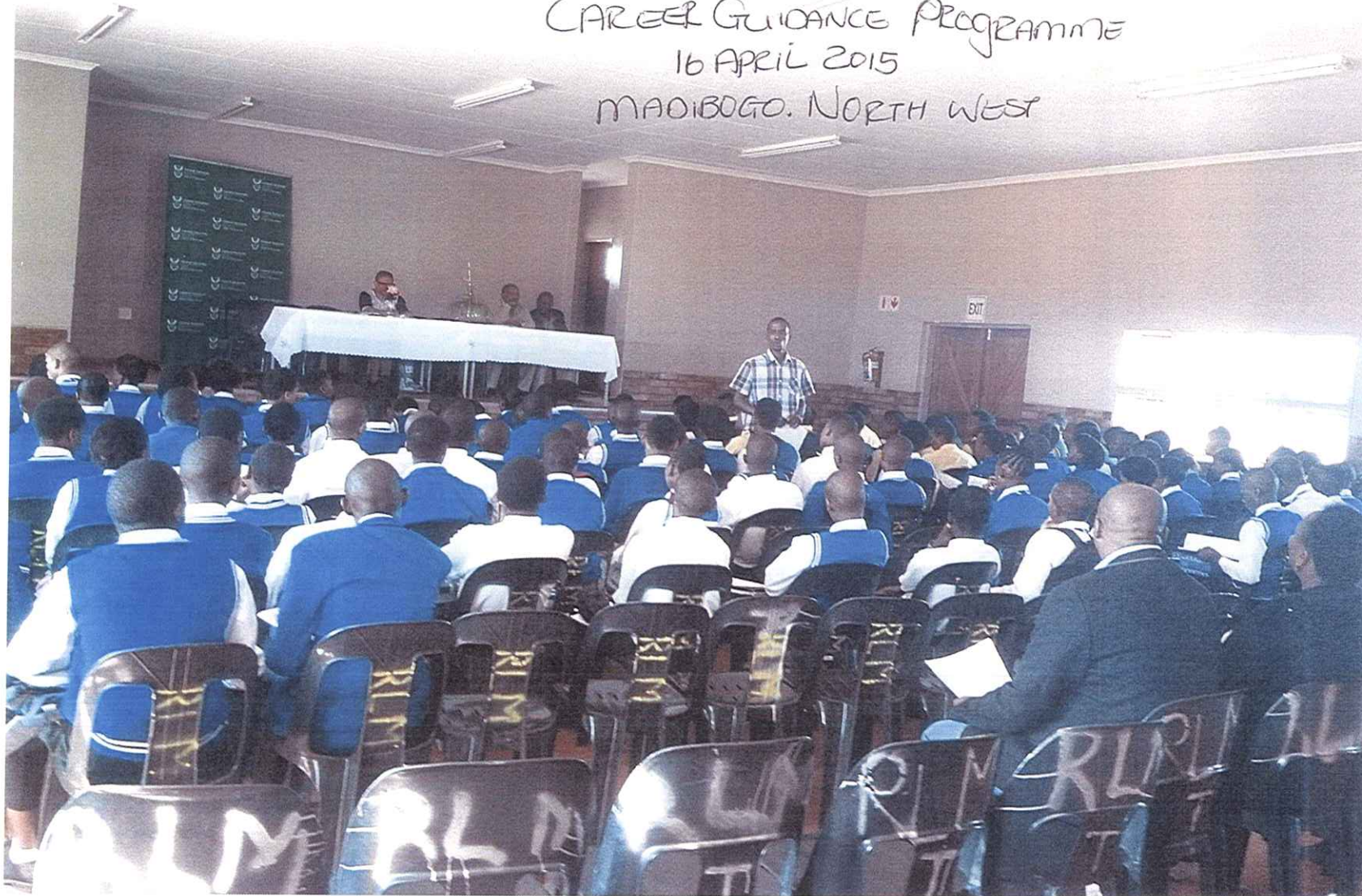


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CAREER GUIDANCE PROGRAMME  
16 APRIL 2015  
MAOIBOGO, NORTH WEST



# HIGHLIGHTS – CORPORATE SERVICES

Universities where Career awareness was conducted:

3. University of Western Cape



UNIVERSITY *of the*  
WESTERN CAPE

5. North-West University



NORTH-WEST UNIVERSITY  
YUNIBESITI YA BOKONE-BOPHIRIMA  
NOORDWES-UNIVERSITEIT  
POTCHEFSTROOM CAMPUS

4. Central University of Technology



6. Tshwane University of Technology



Tshwane University  
of Technology

*We empower people*



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# HIGHLIGHTS – CORPORATE SERVICES

Number of HRD initiatives aligned to National Skills Development Strategy (NSDS) goals implemented.

- Career counseling conducted in all nine regional offices.
- Workplace learning- different short course were provided such as:
  - Mineral Economics
  - Mineral Marketing
  - Mine Ventilation
  - Macro Economics



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# PROGRAMME 1: FINANCIAL ADMINISTRATION

## Purpose

To provide strategic and administration support to Ministry and the Department through financial stewardship, accountability and transparency in the use of financial resources; and Corporate Governance of Information and Communication Technology.



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## HIGHLIGHTS – FINANCIAL ADMINISTRATION

- The focus for the year is to ensure improvement of financial management processes and also to ensure that optimum business value is realised from ICT related investment.
- The Strategic objectives to be achieved are as follows:
  - The provision of efficient services to internal and external customers
  - Efficient and effective Implementation of processes and systems
  - Efficient and effective management of financial resources
  - Promotion of Corporate Governance



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# HIGHLIGHTS – FINANCIAL ADMINISTRATION

## CUSTOMER FOCUS

- The provision of efficient services to internal and external customers was achieved ensuring system availability, achieving service level standards and ensuring that regularity financial reports are delivered on schedule.
- The target for payment of invoices in 30 days was not met in the first quarter of the financial year. The matter has since been resolved and the Department will be on target for the remainder of the financial year.



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# HIGHLIGHTS – FINANCIAL ADMINISTRATION

## FINANCIAL

- Efficient and effective management of financial resources was done through monitoring of budget, irregular expenditure and asset management.
  - There were no irregular expenditure incidents reported during the period.
  - Only one incident of asset disposed off prior to its lifespan due to theft was reported. The department continues to raise awareness relating to physical security of asset management.



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# HIGHLIGHTS – FINANCIAL ADMINISTRATION

## CORPORATE GOVERNANCE

- In relation to promotion of corporate governance, in the first quarter the branch focused on the development of risk management plans and preparation of financial statements.
- The financial statements were submitted for auditing by the due date , and risk management plans were developed and adopted by the risk management committee.
- The report of the Auditor General will be tabled in Parliament in September.



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# THANK YOU



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