

Department of Mineral Resources

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BRIEFING OF THE PORTFOLIO COMMITTEE ON 2016/2017 QUARTER 2 PERFORMANCE REPORT

2 November 2016



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PRESENTATION OUTLINE

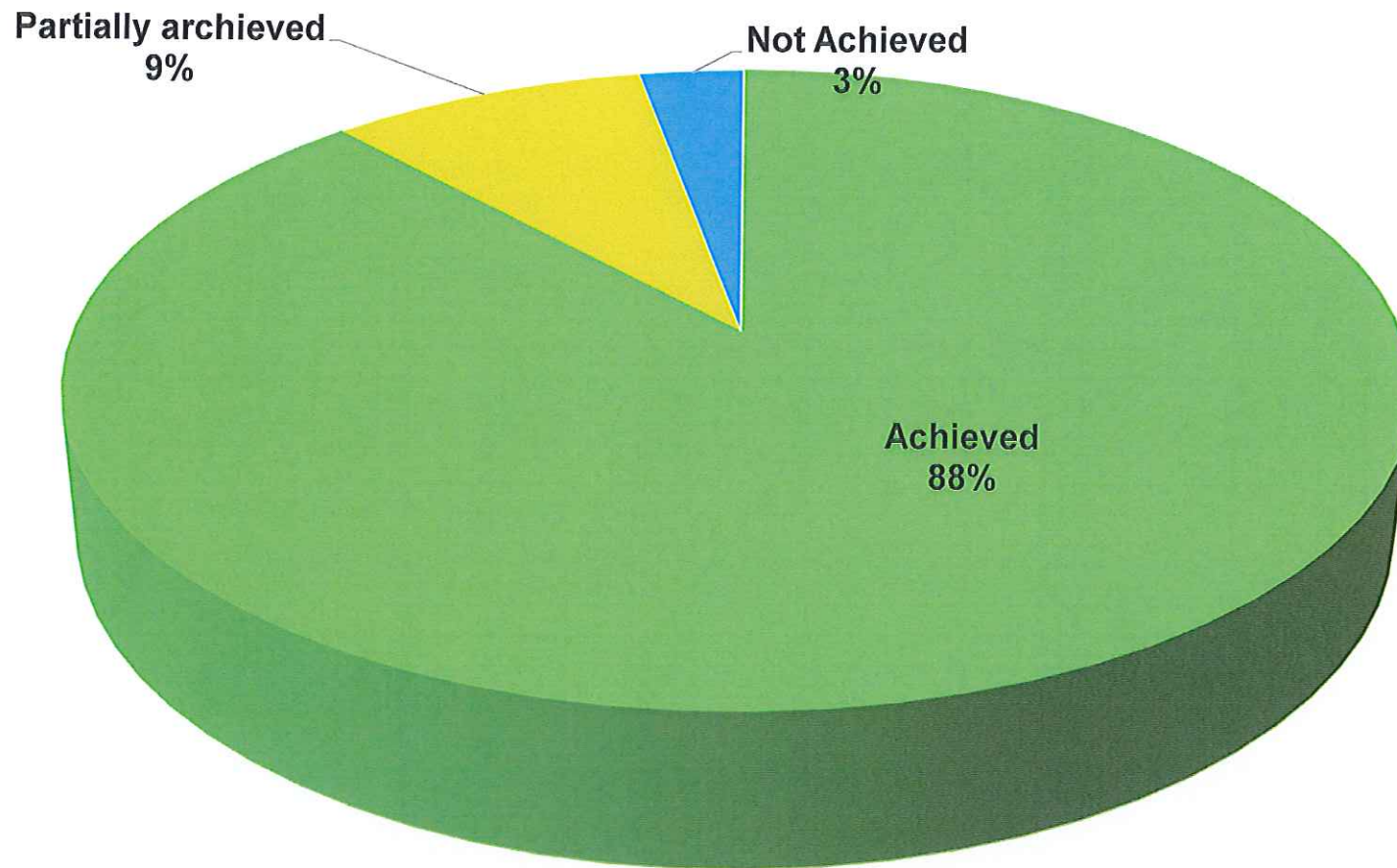
1. **Summary of Performance (Q2).**
2. **Highlights of the performance per branch/Programme**
 - a. Corporate Services
 - b. Mine Health and Safety
 - c. Mineral Regulation
 - d. Mineral Policy and Promotion
 - e. Financial Administration
3. **Progress on the implementation of the Auditor General's recommendations.**



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SUMMARY OF PERFORMANCE AT END OF SEPTEMBER 2016 (Q2)



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CORPORATE SERVICES



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

- **Implementation of Communication Strategy**

OUTCOME

Stakeholder Engagement

- ✓ Learners Focus Week in Free State.
- ✓ Career Guidance EXPO in Qwaqwa.
- ✓ Internal Departmental Women's Day in Klerksdorp.
- ✓ International Geological Congress in Cape Town.
- ✓ Women in mining workshop.
- ✓ South African Diamond Indaba.

Public Participations

- ✓ Xolobeni community engagement.
- ✓ Ex-mineworker Imbizos held at oPhongolo and Kuruman.



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

- % pre-employment screening requests processed
- Screening of service providers and contractors
- Number of wellness programmes

OUTCOME

✓ 276 requests of shortlisted candidates from HR were screened for the second quarter.

✓ Seven requests of contractors and service providers screened.

Employment Relations Management conducted two Programmes HRA's, Fitness programme and Fire workshop in HQ and Regional Offices:

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

- Nurses from GEMS.
- Trainer from GEMS.

The following tests were conducted:

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



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

- **Number of mining career awareness initiatives**

OUTCOME

- ✓ 18 was career awareness campaigns conducted.
- ✓ **Universities where Career awareness were conducted:**
 1. Durban University of Technology (DUT).
 2. Nelson Mandela Metropolitan University.
 3. UNISA Main Campus.
 4. UNISA Mthata.
 5. UNISA Nelspruit.
 6. UNISA Polokwane.
 7. UNISA Rustenburg.



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

Number of mining career awareness initiatives: Special Projects

OUTCOME

- ✓ **Number of mining career awareness initiatives: Special Projects**
1. Career Guidance Expo in Qwaqwa (Free State).
 2. Career Guidance at Bluehills High (Gauteng).
 3. Career Guidance at Diepsloot High (Gauteng).
 4. Mafu Secondary in Nkangala (Mpumalanga).
 5. Phumzile Secondary in Nkangala (Mpumalanga).



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

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

Number of improved processes/re-engineered

OUTCOME

- ✓ Advanced Management Development Programme (AMDP).
- ✓ Bursary.
- ✓ Experiential learners.
- ✓ Internship.

- ✓ 8 achieved through the implementation of the DPSA Operation Management Framework process.



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MINERAL POLICY & PROMOTION



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

Promote investment in the mining and upstream petroleum sectors

OUTCOME

- ✓ 3 Publications / reports were produced.
- ✓ 20 Investment promotion events/ forums/ workshops.
- ✓ Achieved 100% of the planned planned Implementation of Ocean Economy Operation Phakisa Plans.
- ✓ 40 planned SMME's supported.
- ✓ 4 Social dialogues held.



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

Promote Sustainable Resource Use and Management

Policy and Legislation

OUTCOME

- ✓ 1 Technical and strategic partnerships implemented.
- ✓ 17 Derelict and ownerless sites rehabilitated.

- ✓ MPRD Amendment Bill finalized by the Portfolio Committee.
- ✓ Communities will be consulted on the reviewed Mining Charter.



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MINERAL REGULATION



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

Promote job creation

Monitor and enforce compliance

OUTCOME

- ✓ 34 Social and Labour Plans (SLP) development projects completed.
- ✓ 3 black Industrialists created through procurement.
- ✓ 91 SLP compliance inspections conducted.
- ✓ 160 Mine Economics verification inspections conducted.
- ✓ 471 Environmental verification inspections conducted.



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

Transformation through Procurement

OUTCOME

- ✓ The department has identified procurement in the mining industry as a key economic driver which has the potential to create sustainable jobs.
- ✓ The aim is to actively promote the participation and competitiveness of black-owned and managed enterprises in the services and manufacturing sectors of the economy through the mining industry.
- ✓ For this quarter the Department has conducted 17 procurement sessions.



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MINE HEALTH AND SAFETY



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

Percentage implementation of certificate of competency model to improve pass rate.

Number of audits and inspections conducted.

Number of Tripartite workshops conducted.

Percentage of Investigations completed.

Percentage reduction in occupational diseases.

OUTCOME

✓ 100% implementation of the model was achieved.

✓ 285 audits and 4753 inspections conducted to monitor compliance with the legal provisions.

✓ 37 Tripartite workshops were conducted.

✓ 90% of investigations were completed.

✓ 38% reduction in occupational diseases achieved.



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

Percentage of identified internal processes developed, reviewed and implemented

Percentage adherence to existing SLA's

Percentage adherence to prescribed timeframes for CIOM appeals

Percentage implementation of management Action Plan (External audit)

OUTCOME

✓ 100% of the identified processes were achieved.

✓ 100% adherence to existing SLA's.

✓ 100% adherence to prescribed timeframes achieved.

✓ 100% implementation of Action Plan.



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PERFORMANCE AGAINST APP

Commodity	Fatalities		% Change in actual Fatalities
	1 Jan – 30 Sep 2015	1 Jan – 30 Sep 2016	
Gold	29	29	0
Platinum	13	23	77
Coal	5	4	-20
Other	10	11	10
Total	57	67	18



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PERFORMANCE AGAINST APP

Commodity	Injuries		% Change in actual Fatalities
	1 Jan – 30 Sep 2015	1 Jan – 30 Sep 2016	
Gold	908	827	-9
Platinum	976	763	-22
Coal	163	142	-13
Other	285	226	-21
Total	2332	1958	-16



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FINANCIAL ADMINISTRATION

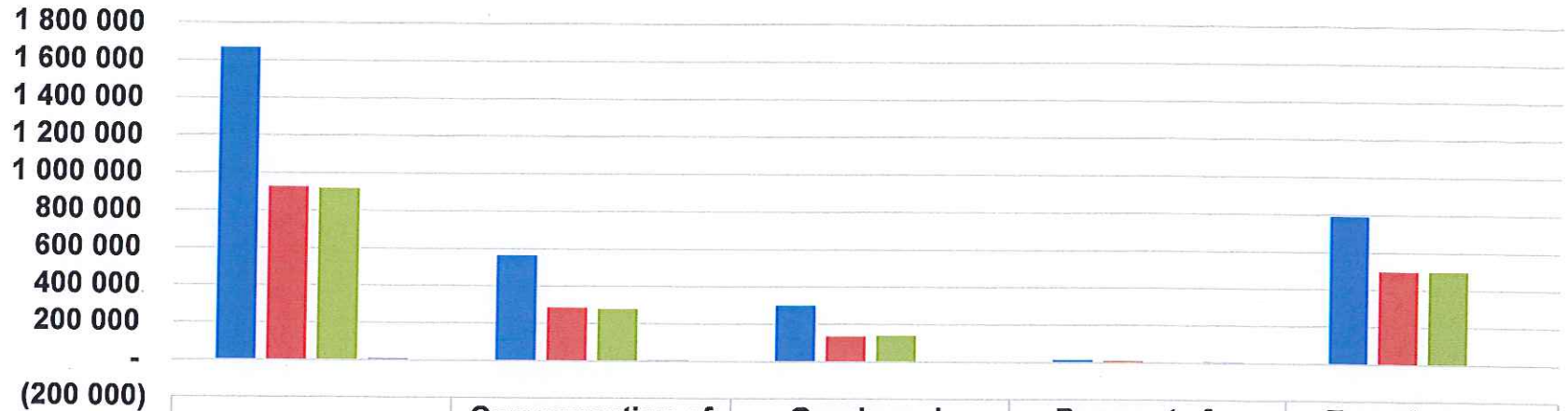


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FINANCIAL PERFORMANCE

Financial Performance per Economic Classification



	Appropriation	Compensation of Employees	Goods and Services	Payments for Capital Assets	Transfers and Subsidies
■ Budget	1 669 077	564 368	299 506	13 622	791 581
■ Projected Expenditure	926 884	284 342	137 255	8 188	497 099
■ Actual Expenditure	917 776	278 740	139 424	1 856	497 756
■ Variance	9 108	5 602	(2 169)	6 332	(657)

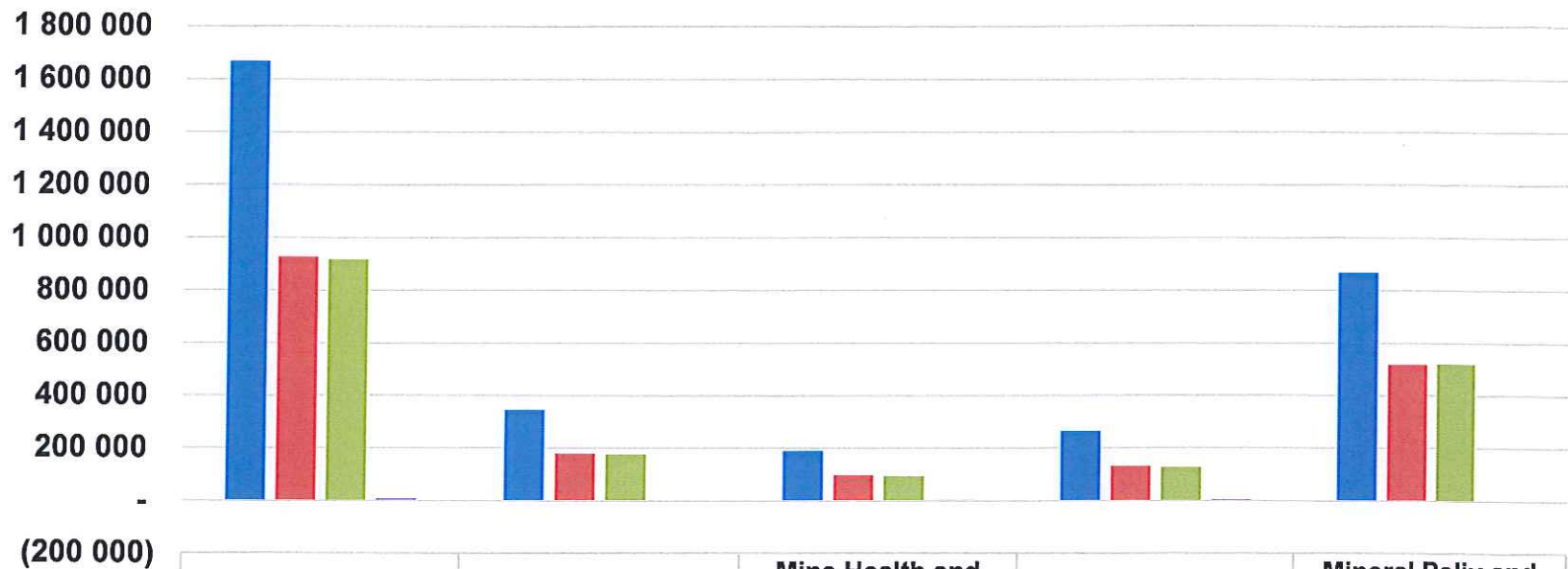


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FINANCIAL PERFORMANCE

Financial Performance per Programme



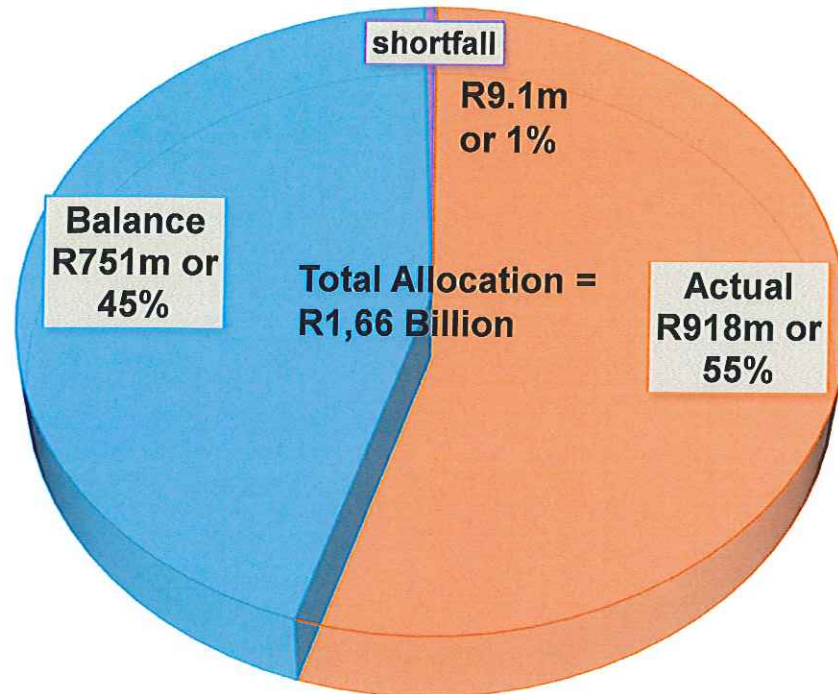
	Appropriation	Administration	Mine Health and Safety	Mineral Regulation	Mineral Policy and promotion
■ Budget	1 669 077	345 814	189 873	265 127	868 263
■ Projected Expenditure	926 884	179 052	97 135	132 506	518 191
■ Actual Expenditure	917 784	176 623	93 173	127 648	520 340
■ Variance	9 100	2 429	3 962	4 858	(2 149)



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FINANCIAL PERFORMANCE – EXPENDITURE VS BUDGET



- The R751.3 million is not sufficient to cover the departmental needs and there will be a resultant shortfall, which the Department has tried to make good through proposals for Virements in terms of section 43 (1) of the Public Finance Management Act 1999 and section 5(2) (a) of the Appropriation Act No 6 of 2016.



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PERFORMANCE AGAINST APP

STRATEGIC OBJECTIVE - ACHIEVEMENT

- **Providing efficient services to internal and external stakeholders**
- **Manage financial resources**
- **Promotion of corporate governance**

OUTCOME

- ✓ Agreed upon service level standards support programmes were all achieved.
 - ✓ The targets to ensure consistence availability of system was met.
 - ✓ Financial regulatory reports were delivered on schedule this, include interim financial statements submissions.
 - ✓ All suppliers were paid within 30 days.
-
- ✓ No incidents of irregular expenditure cases, expenditure against the budget is on track.
-
- ✓ Action plans on internal and external audit, compliance framework and risk management plans were fully implemented.



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PROGRESS ON THE IMPLEMENTATION OF THE AUDITOR GENERAL'S RECOMMENDATIONS



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PROGRESS ON AUDIT ACTION PLAN

The Auditor General annual audit examined three areas:

- Fair presentation and reliability of financial statements.
- Reliable and credible performance information for predetermined objectives.
- Compliance with key legislation on financial and performance management (including Internal controls).

Progress in implementing the Auditor General's findings

- ✓ The Department has successfully implemented the Auditor General's recommendations and continues to improve on the implementation of internal controls.
- ✓ The supply chain processes has improved significantly with no material findings or irregular expenditure .
- ✓ All findings were resolved during the Audit, the action plans are focusing on further internal controls that are put in place to enhance the process.

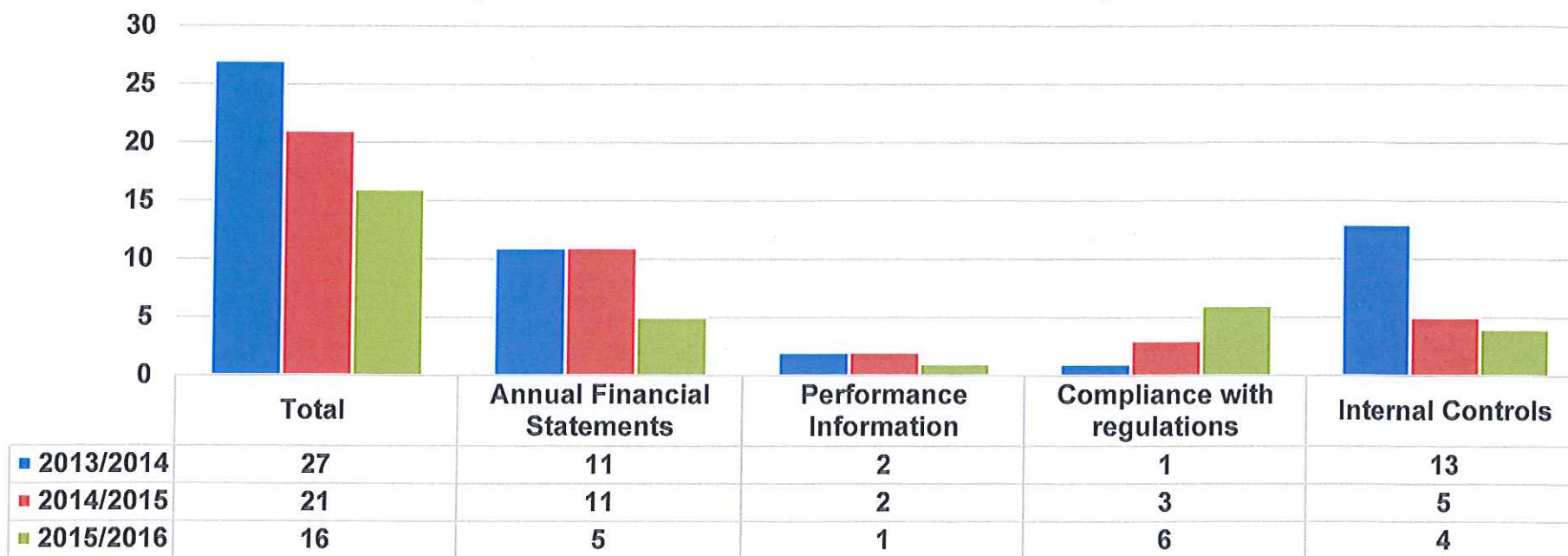


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THE NUMBER OF FINDINGS PER CATEGORY

Comparison over three financial years



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PROGRESS ON AUDIT ACTION PLAN

1. Fair presentation and reliability of financial statements

ISSUE	Status	Measure to avoid re-occurrence	Due Date	Progress
Prior period error – Contingent liability.	Resolved during the audit financial statements were corrected.	Propose input to National Treasury to consider the standards to be improved for the requirement to disclose prior period errors on estimates like contingent liabilities.	30/08/2016	Completed.
Completeness, valuation and correct disclosure of contingent liabilities and provisions.		Develop guidelines on assessment of contingent liabilities.	31/01/2017	On schedule.
Lease commitments incorrectly calculated.		Increase capacity , in the internal control unit and ensure that officials are trained on application of the MCS.	31/10/2016	Completed: Approval to appoint DD: internal control approved.



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PROGRESS ON AUDIT ACTION PLAN

1. Fair presentation and reliability of financial statements

ISSUE	Status	Measure to avoid re-occurrence	Due Date	Progress
Receivables (prospecting fees) incorrectly calculated).	No adjustment as the amount was identified during interim audit.	Update and review information captured on the revenue system monthly.	31/10/2016	On schedule.
Understatement of Key Management Personnel.	In progress.	The key management report will be prepared monthly to ensure that all acting employees are included in the final calculations monthly.	31/03/2017	On schedule.



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PROGRESS ON AUDIT ACTION PLAN

2. Reliable and credible performance information for predetermined objectives

ISSUE	Status	Measure to avoid re-occurrence	Due Date	Progress
Receivables (prospecting fees) incorrectly calculated).	No adjustment as the amount was identified during interim audit.	Update and review information captured on the revenue system monthly.	31/10/2016	On schedule.
Understatement of Key Management Personnel.	In progress.	The key management report will be prepared monthly to ensure that all acting employees are included in the final calculations monthly.	31/03/2017	On schedule.



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PROGRESS ON AUDIT ACTION PLAN

3. Compliance with key legislation on financial and performance management

ISSUE	Status	Measure to avoid re-occurrence	Due Date	Progress
Deviation not reported to AGSA within 10 working days.	Resolved during the audit, this was one incident identified.	Deviations will be reported as per the new template introduced by National Treasury for the quarterly reporting on the procurement plans.	31/10/2016	Completed.
Key positions vacant for more than 12 months.	Resolved during the audit.	Only critical posts approved will be filled.	31/10/2016	Completed Vacancy rate: 5%
Non-compliance with Public Service Regulations – Signing of Performance Agreements.	Completed.	Action has been taken against those officials, internal communications are send out as reminders to submit performance agreements.	31/05/ 2016	Performance Agreements is 96%. Financial disclosures is 99%.



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PROGRESS ON AUDIT ACTION PLAN

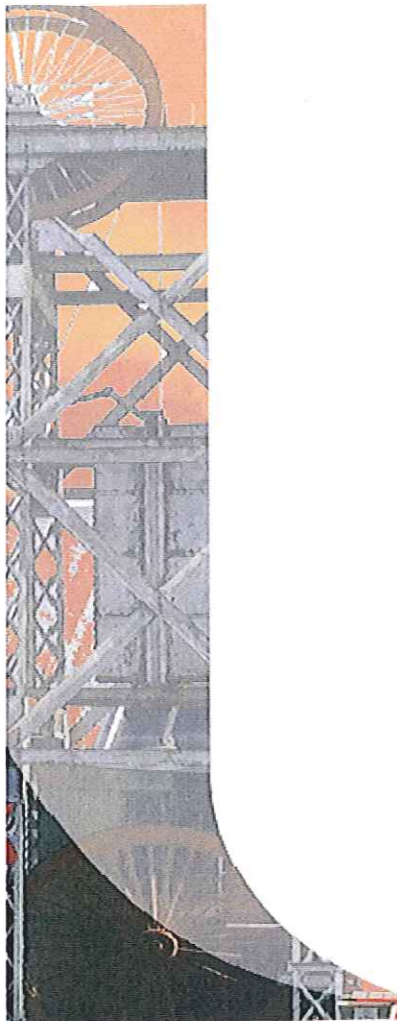
3. Compliance with key legislation on financial and performance management

ISSUE	Status	Measure to avoid re-occurrence	Due Date	Progress
Claims not done within prescribed period.	Completed.	Implemented the revised S&T policy and claims are followed up regularly and reported monthly.	01/07/2016	Completed.
Bid Response not Advertised on the Department's website.	In progress	Management to check the website regularly to ensure that the bid responses are published on the Departmental website.	31/10/2016	Completed.



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THANK YOU.



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