

## Department of Mineral Resources

Briefing by the Department of Mineral Resources on the Annual Performance Plan, Budget Vote and Strategic Plan.



DATE: 20 June 2017

VENUE: V227, 2nd Floor, Old Assembly Building

TIME: 12h00 - 13h45

Presented By: Director General



[www.dmr.gov.za](http://www.dmr.gov.za)  Department of Mineral Resources  @DMR\_SA



## Presentation outline

- 1.Strategic overview
- 2.Financial overview
- 3.Annual Performance plan per programme
- 4.Concluding Remarks

## Strategic overview

### Mandate

- The Department's mandate is derived from section 24 of the Constitution of South Africa (Act No. 108 of 1996).

### Legislative Mandate

- The Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) as amended, Mine Health and Safety Act (Act No. 29 of 1996) as amended 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.

## Strategic overview

### Vision 2020

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

### Vision 2030

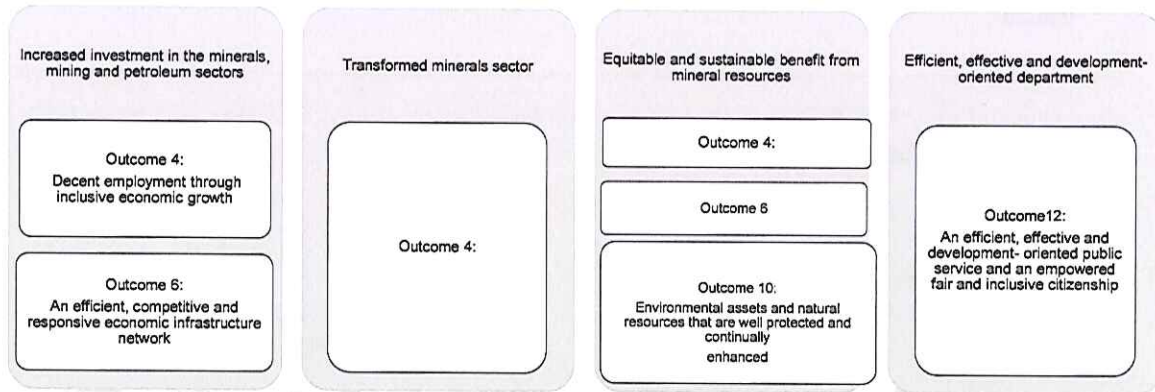
- A leader in the transformation of South Africa through economic growth and sustainable development by 2030.

### 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.

# Strategic overview

## Outcome oriented goals



# Strategic overview

## Programme structure





## Strategic overview

### Values

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

## Strategic overview

### Integrated Plan outlining priority areas of the Department

- **Transformation and Inclusion through decisive interventions to ensure increased black ownership and participation in the sector.**
  - Focus will be on black ownership and participation; Community benefit from mining activities; Monitoring and enforcement of compliance and finalising the MPRDA and Mining Charter
- **Attracting Investment and Growing the sector, through mineral investment promotion.**
  - Stakeholder engagements towards growing the sector sustainable
  - State ownership in the mining sector
  - Upstream Petroleum Investment including the hiving off of PASA

## Strategic overview

Integrated Plan outlining priority areas of the Department

- **Mineral Beneficiation**
  - Beneficiation strategy developed with implementation plan, and Identification of 3 practical projects for support as well as work of Mintek and State Diamond Trader.
- **Skills Development**
  - Improved coordination of skills development initiatives

## Strategic overview

Integrated Plan outlining priority areas of the Department

- **Enablers for the plan to be implemented**
  - Internal Efficiencies are improved, through:
    - Integrated information and systems including development of information sharing, management and efficient use of systems
    - Review and execution of a DMR Brand & Communication strategy
    - Review the Department Service Delivery Model



## Strategic overview

### Integrated Plan outlining priority areas of the Department

- **Enablers for the plan to be implemented**
  - Entity Oversight, through ensuring alignment of resources and collaboration across other Department and entities by:
    - Improving coordination and streamlining of efforts of SOEs especially in skills, beneficiation, small scale mining, investment promotion and international relations
    - Review of the Governance Framework for SOEs to include regular engagements with entities at a senior level.

## Financial overview over the MTEF

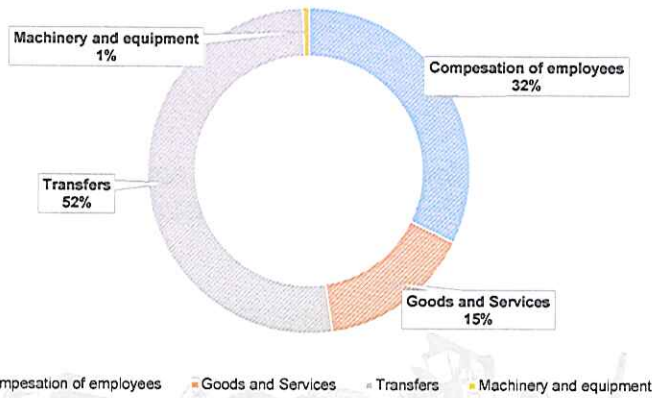
Description	2017/18	2018/19	2019/20	MTEF
		R '000	R '000	R '000
Revised Baseline	1 779 449	1 906 669	1 850 012	5 536 130
Reprioritised Indicative Baseline	1 847 244	1 824 594	1 938 867	5 610 705
<b>Change to baseline</b>	<b>(67 795)</b>	<b>82 075</b>	<b>(88 855)</b>	<b>(74 575)</b>

The budget allocation for the MTEF period amounts to R5.5 billion which represents 3.5% nominal growth, in real terms the MTEF budget growth is -2.2%.

- The net change to the baseline relates to a reduction of R74.575 million over the MTEF, of which R20.300 million was effected on compensation of employees, and R7,074 million on goods and services

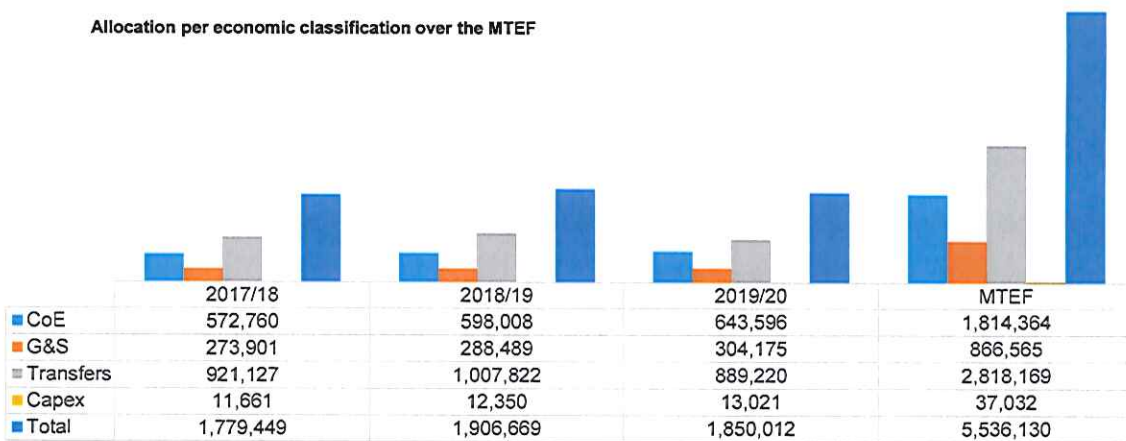
# Financial overview over the MTEF

## 2017/2018 ALLOCATION PER ECONOMIC CLASSIFICATION



# Financial overview over the MTEF

Allocation per economic classification over the MTEF



## Financial overview over the MTEF

DESCRIPTION	2017 MTEF		
	2017/18	2018/19	2019/20
	R '000	R '000	R '000
Compensation of employees (COE)	572 760	598 008	643 596

The original 2017/18 allocation for compensation of employees was R579, 130 million and during Estimate of National Expenditure an amount of R6, 370 million was reduced to R572, 760 million.

The CoE baseline allocation is now capped at R572.7 million in 2017/18; R598.0 million in 2017/18 and R643.6 million in 2018/19.

## Financial overview over the MTEF

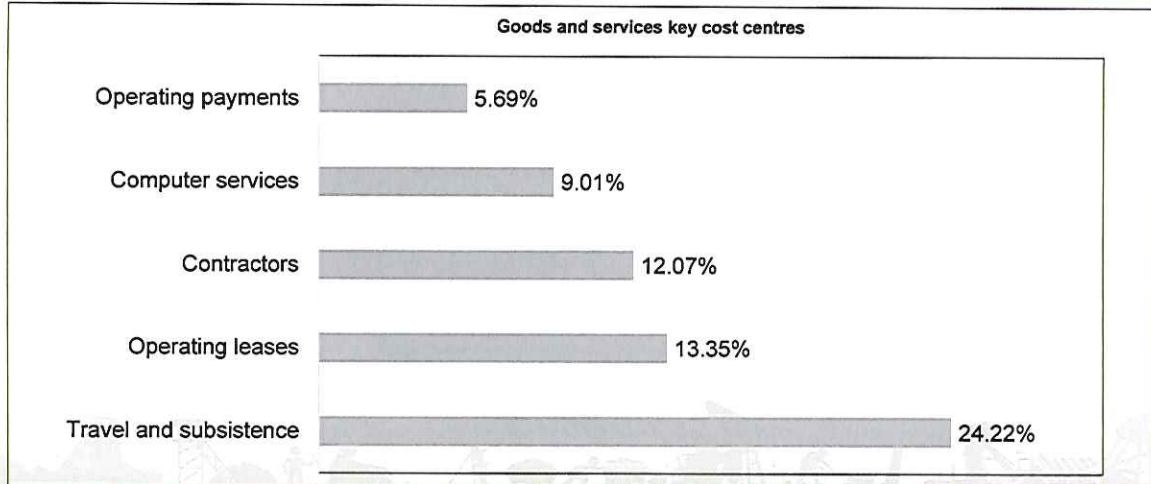
DESCRIPTION	2017 MTEF		
	2017/18	2018/19	2019/20
	R '000	R '000	R '000
Goods and Services	273 901	288 489	304 175

**Goods and services:** The budget was reduced by R7.074 over the MTEF period to cater for compulsory efficiency savings.

The Department continues to apply the cost savings measures in order to cater for the shortfall.



## Financial overview over the MTEF

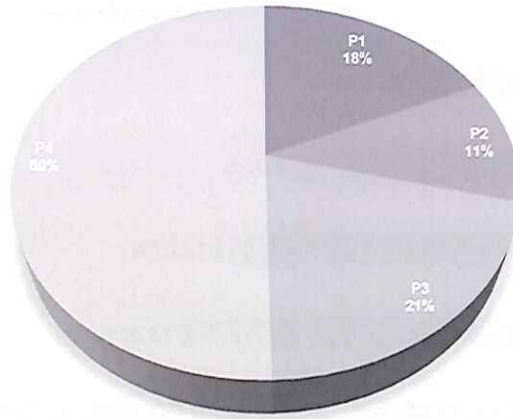


## Financial overview over the MTEF

Transfers and Subsidies	R'000			MTEF
	2017/18	2018/19	2019/20	MTEF
<b>Departmental agencies and accounts</b>		<u>430 855</u>	<u>461 506</u>	<u>392 310</u>
South African Diamond and Precious Metals Regulator	55 865	59 105	62 415	177 385
Mine Health and Safety Council	6 162	6 519	6 884	19 565
Council for Geoscience	366 988	393 909	320 928	1 081 825
Mining Qualification Authority	1 840	1 973	2 083	5 896
<b>Public corporations and private enterprises</b>	<u>483 199</u>	<u>538 833</u>	<u>489 008</u>	<u>1 511 040</u>
Mintek	367 256	420 368	369 989	1 157 613
Industrial Development Corporation of South Africa	28 805	30 476	32 183	91 464
Petroleum Agency of South Africa	87 138	87 989	86 836	261 963
<b>Total</b>	<u>914 054</u>	<u>1 000 339</u>	<u>881 318</u>	<u>2 795 711</u>

## Financial overview over the MTEF

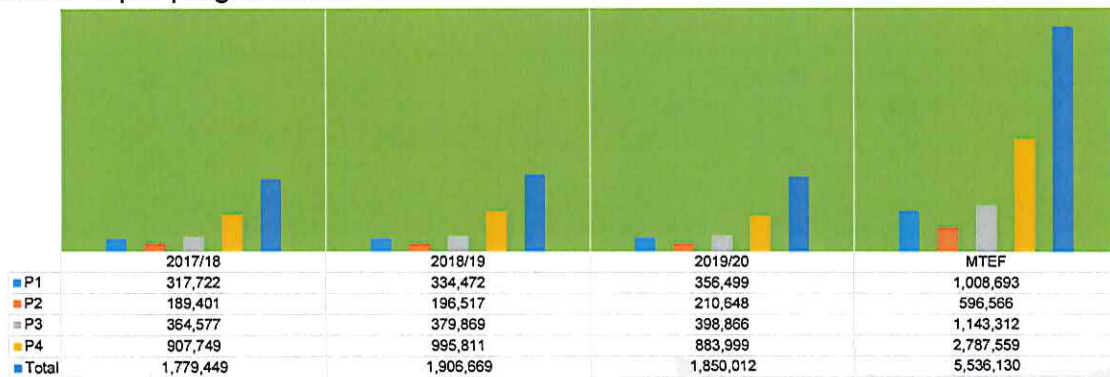
% allocation per programme



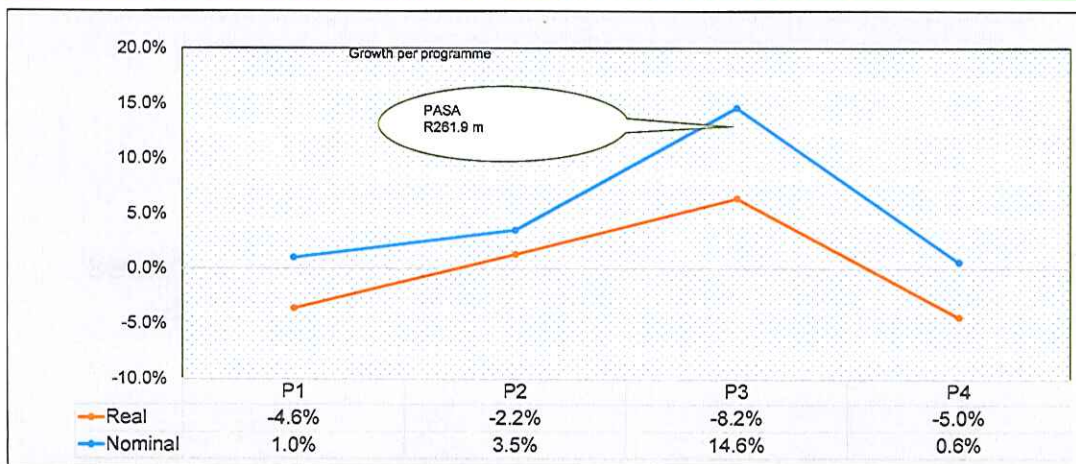
■ P1 ■ P2 ■ P3 ■ P4

## Financial overview over the MTEF

Allocation per programme in R'



## Financial overview over the MTEF



## Financial overview over the MTEF

- The targets set by programmes are based on the funds available, more needs to be done to transform the industry.
- The Department has seen an improved performance on the audit outcome of 2015/16 financial year – the Department however remain inadequately funded, these include funding for integrated systems which could make access to information easier and improve operational excellence.
- The funding of strategic priorities are sourced from the baseline allocation, with continuous trade-offs that the department must apply.
- This process is not sustainable, at some point permanent funding will have to be allocated to the baseline in order to improve efficiency and service delivery to the people of South Africa.



## Programme 1: Administration

### Purpose

- To provide strategic support and management services to Ministry and the Department of Mineral resources.



## Programme 1: Administration Financial Administration

### Strategic objectives

- Provide efficient services to internal and external customers (Customer perspective)
- Implement processes and systems( Processes).
- Manage financial resources(Financial).
- Promote corporate governance(Financial).



## Programme 1: Administration\_ Financial Administration

**Provide efficient services to internal and external customers**

95% achievement of Service Level Agreement

Level 3 Customer satisfaction index(1-5)

100% of financial reports delivered on schedule

100% of suppliers paid within 30 days

## Programme 1: Administration\_ Financial Administration

**Implement Processes and systems**

100% implementation of the Master Systems Plan

## Programme 1: Administration\_ Financial Administration

### Manage Financial Resources

≤2% variance on allocated budget

No incidents of irregular expenditure

100% implementation of asset management plan

## Programme 1: Administration\_ Financial Administration

### Promote corporate governance

100% implementation of management action plan (Internal Audit)

100% implementation of management action plan (External Audit)

100% adherence to compliance framework

100% implementation of risk management plans

100% Implementation of ICT Governance Initiatives % achievement of Service Level Agreement



## Programme 1: Administration \_ Corporate Services

### Strategic objectives

- Contribute to skills development
- Sustainably develop vulnerable groups
- Communicate DMR programmes with internal and external stakeholders
- Provide adequate facilities for effective service delivery

## Programme 1: Administration \_ Corporate Services

### Contribute to skills development

Mining Career Awareness Initiatives

Bursaries on Mining related qualifications

## Programme 1: Administration\_ Corporate Services

### Sustainably develop vulnerable groups

Facilitation of projects for women, people with disability and youth

## Programme 1: Administration\_ Corporate Services

### Communicate DMR programmes with internal and external stakeholders

Branding or re-branding of DMR offices – national and regional

Media and Stakeholder engagements held

Public Participation initiatives implemented to raise awareness on DMR programmes and policies

Published/Broadcast items from DMR initiated activities

Manage DMR Online platforms – Website, intranet and Social Media

Revamp of the DMR website

Internal Communication initiatives to raise awareness of DMR policies and programmes

## Programme 1: Administration\_ Corporate Services

Communicate DMR programmes with internal and external stakeholders

Branding or re-branding of DMR offices – national and regional

Media and Stakeholder engagements held

Public Participation initiatives implemented to raise awareness on DMR programmes and policies

Published/ Broadcast items from DMR initiated activities

Manage DMR Online platforms – Website, intranet and Social Media

Revamp of the DMR website

Internal Communication initiatives to raise awareness of DMR policies and programmes

## Programme 1: Administration\_ Corporate Services

Improve internal processes/guidelines/procedures

Policies and guidelines(10)

Processes improved(15)

Operating procedures(10)



## Programme 1: Administration\_ Corporate Services

Legal support and advisory

Timeous response to opinion, appeals, inquiries, agreement and litigations- (80%)

Incident enquiries

## Programme 1: Administration\_ Corporate Services

Improved Turnaround times

adherence to defined turnaround times (100%)

## Programme 1: Administration\_ Corporate Services

### Implementation of National Strategies

Vetting

Pre-  
employment  
screening

Screening of  
contractors

Gender Equality  
strategic plans

Health and  
safety and  
wellness  
programmes

## Programme 1: Administration\_ Corporate Services

### Compliance with HR legislation

Human resource development  
initiatives aligned to the  
National skills development  
strategy

Maintain vacancy to an  
acceptable level

Affirmative action measures  
implemented

## Programme 2: Mine Health and Safety

### Purpose

- To execute the Department's mandate to safeguard the health and safety of the mine workers and people affected by mining activities

## Programme 2: Mine Health and Safety

### Strategic objectives

- Promote Health and Safety.
- Contribute to skills development.
- Implement Service Level Agreements.
- Develop and review internal processes.
- Improve turnaround times.



## Programme 2: Mine Health and Safety

### Promote Health and Safety.

Percentage reduction in occupational fatalities and injuries.

- 20% improvement per annum.

Percentage reduction in occupational diseases (including TB).

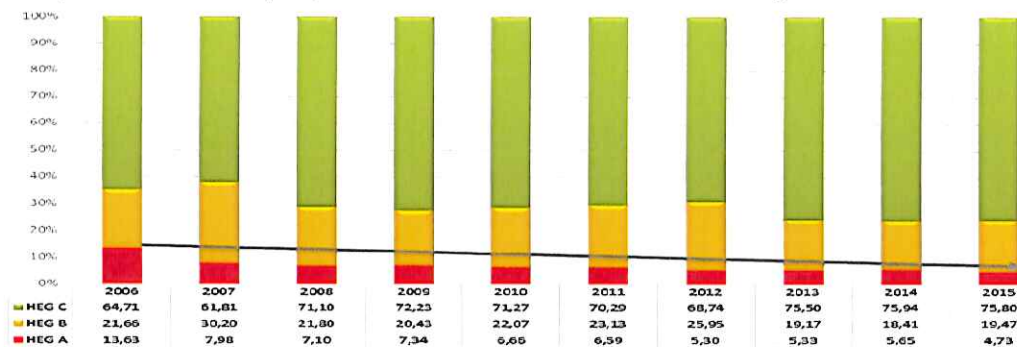
- 10% improvement per annum.

Percentage Investigations and Inquiries completed.

- 80% per annum.

## Programme 2: Mine Health and Safety

### % Exposures to Employees to Airborne Pollutants – 10 years trend



#### Homogeneous Exposure classification Groups (HEG)

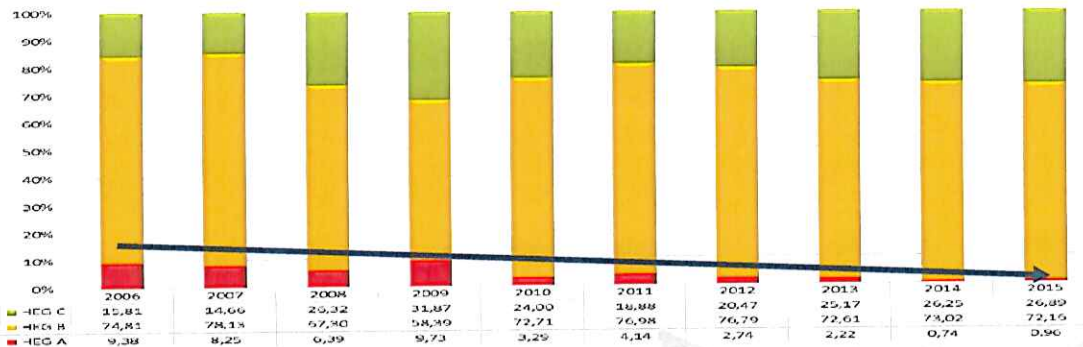
A = Exposures  $\geq$  the Occupational Exposure Limit (OEL) or mixture of exposures  $\geq 1$

B = 50% of the OEL  $\leq$  exposures  $<$  OEL or 0.5  $\leq$  mixtures of exposures  $<$  1

C = 10% of the OEL  $\leq$  exposures  $<$  50% of the OEL or 0.1  $\leq$  mixtures of exposures  $<$  0.5

## Programme 2: Mine Health and Safety

% Exposures to Employees Noise – 10 years trend

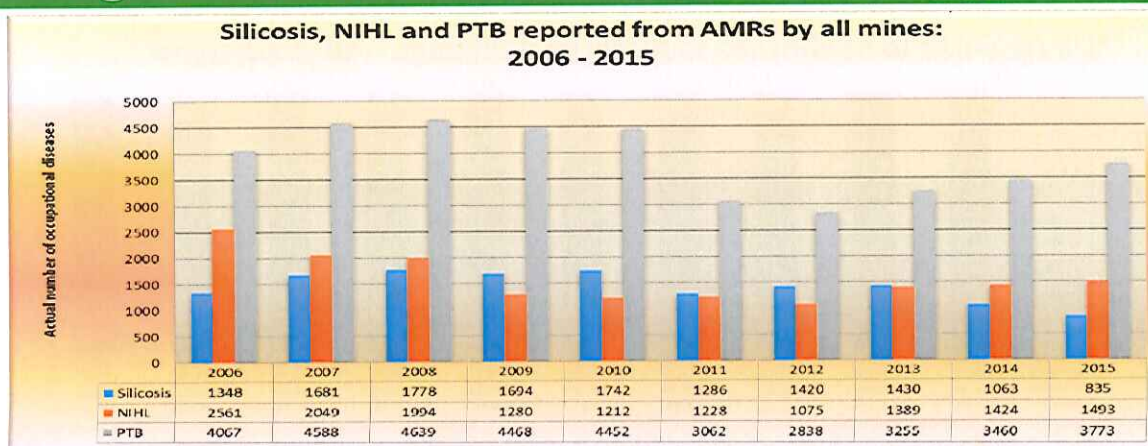


Homogeneous Exposure classification Groups (HEG):

A = Exposures  $\geq 105$  dB  $L_{Aeq, 8h}$  B =  $85$  dB  $L_{Aeq, 8h} \leq$  exposures  $< 105$  dB  $L_{Aeq, 8h}$  C =  $82$  dB  $L_{Aeq, 8h} \leq$  exposures  $< 85$  dB  $L_{Aeq, 8h}$

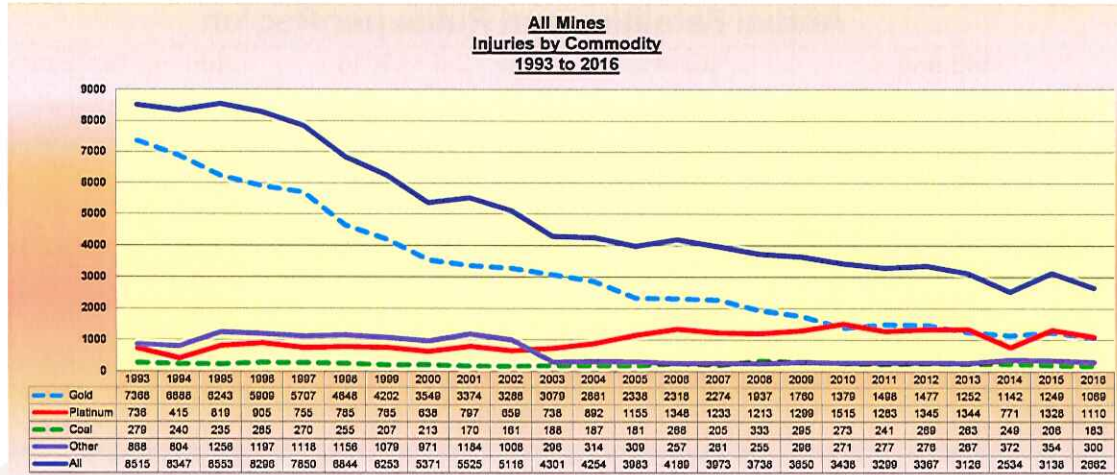
## Programme 2: Mine Health and Safety

Silicosis, NIHL and PTB reported from AMRs by all mines:  
2006 - 2015

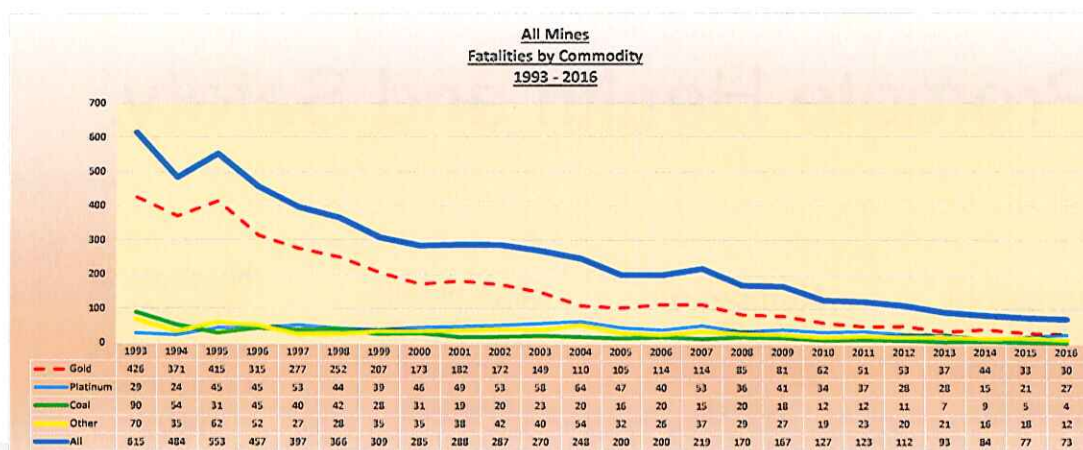


AMR – Annual Medical Report NIHL – Noise Induced Hearing Loss PTB – Pulmonary TB

## Programme 2: Mine Health and Safety



## Programme 2: Mine Health and Safety





## Programme 2: Mine Health and Safety

### Actual Fatalities and Rates per Region

Regions	2014	rates	2015	rates	% Change
Gauteng	30	0.18	17	0.18	-39
NW - Klerksdorp	3	0.08	7	0.18	125
NW - Rustenburg	21	0.08	19	0.06	-25
Free State	11	0.15	10	0.14	-7
Mpumalanga	9	0.05	6	0.04	-20
Limpopo	6	0.05	4	0.03	-40
KwaZulu- Natal	3	0.09	2	0.06	-33
Northern Cape	1	0.01	10	0.12	1100
Western Cape	0	0.00	1	0.08	100
Eastern Cape	0	0.00	1	0.24	100
All Mines	84	0.09	77	0.08	-11

## Programme 2: Mine Health and Safety

Promote Health and Safety.

Number of  
Inspections  
conducted  
(8000).

Number of  
Audits  
conducted  
(396).

Mine Health  
and Safety  
Annual  
Report.

Number of  
Tripartite  
workshops  
conducted  
(40).

## Programme 2: Mine Health and Safety

### Contribute to skills development

Implement certificates of competency model to improve pass rate.

Collaborate with DHET and other stakeholders through Mining Qualifications Authority (MQA) to ensure implementation of skills development programmes.

## Programme 2: Mine Health and Safety

Implement Service Level Agreements.

Percentage adherence to SLAs (100%).

## Programme 2: Mine Health and Safety

**Develop and review internal processes.**

Percentage of identified internal processes developed, implemented and reviewed (100%).

## Programme 2: Mine Health and Safety

**Improve turnaround times.**

Percentage adherence to prescribed timeframes for medical appeals (80%).

Percentage adherence to prescribed timeframes for Chief Inspector of Mines appeals (100%).



## Programme 3: Mineral Regulations

### Purpose

- To regulate the minerals and mining sectors to ensure economic development, employment and ensure transformation and environmental compliance.



## Programme 3: Mineral Regulations

### Strategic objectives

- Promote Job Creation
- Promote Sustainable Resource Use and Management
- Reduce State environmental liability and financial risk
- Implement transformation policies / legislation
- Monitor and enforce compliance
- Improve turn around times

## Programme 3: Mineral Regulations

### Promote Job Creation

**Number of jobs created –**  
Issuing mining rights and implementation of  
Social and Labour Plans  
Compliance inspections

**Number of SLP development projects**  
Implementation of Social and Labour Plans  
Compliance inspections

## Programme 3: Mineral Regulations

### Promote Sustainable Resource Use and Management

Percentage of approved work programmes relative to Rights issued considering the elements of sustainable development  
100% - Adjudicate work programmes

Percentage of approved Social and Labour Plans relative to Rights issued considering the elements of sustainable development  
100% - Adjudicate Social and Labour Plan

Percentage of approved Environmental Authorisations (EAs) relative to rights issued considering the elements of sustainable development  
100% - Adjudicate Environmental Management Programme/ Environmental Authorisations

## Programme 3: Mineral Regulations

# Reduce State environmental liability and financial risk

Percentage orders issued to remedy inadequate financial provision - (100%)

Through:

review of environmental management programmes in respect of financial provision and performance assessment reports

Issue statutory notices in cases of non-compliance

Percentage closure certificates issued in line with regulatory framework -(100%)

assessment of closure applications in line with section 43 of the MPRDA

## Programme 3: Mineral Regulations

# Implement transformation policies / legislation

Number of rights and permits issued to HDSA controlled entities

150 per annum

Number of consultations/engagements and conflict management with communities and the mining industry

150 per annum

Number of industry workshops

(9) (1 per province)



## Programme 3: Mineral Regulations

### Monitor and enforce compliance

A total of 2062 inspections would be conducted to monitor and enforce compliance (100%)

## Programme 3: Mineral Regulations

Regional Offices	Number of rights/permits issued to HDSA	Number of Consultation/Engagements	Number of Industry workshops
EC	10	20	1
FS	10	10	1
GP	15	16	1
KZN	15	16	1
LP	15	15	1
MP	20	20	1
NC	30	20	1
NW	20	18	1
WC	15	15	1

## Programme 3: Mineral Regulations

Regional Office	Number of legal compliance inspections	Number Mine Economics compliance inspections	Number of Environmental compliance inspections
EC	15	28	119
FS	11	43	136
GP	16	47	141
KZN	16	47	142
LP	16	47	141
MP	18	48	142
NC	24	71	142
NW	18	47	170
WC	16	47	141

## Programme 3: Mineral Regulations

**Improve turn around times**

Adjudicate prospecting and mining rights applications in line with granting or refusal timeframes

## Programme 4: Mineral Policy and Promotion

### Purpose

- To develop mining, minerals and upstream petroleum industries' policies and promote investment and development of these industries.

## Programme 4: Mineral Policy and Promotion

### Strategic objectives

- Promote investment in the mining, minerals and upstream petroleum sectors
- Manage and implement mineral resource diplomacy
- Promote sustainable resource use and management
- Integrated and aligned environmental efforts
- Facilitate transformation in the mining and minerals sector
- Develop and review internal processes
- Improve turnaround times



## Programme 4: Mineral Policy and Promotion

Promote investment in the mining, minerals and upstream petroleum sectors

Technical and promotional publications (12)	Investment Promotional Events (55)	Implementation of Ocean Economy Operation Phakisa (100%)	Support for SMME's in mining (80)	Social dialogue with social partners (4)	Implementation of Shale Gas Action Plan (100%)	Minerals and Petroleum Investment Promotion Strategy (1)	Report on Critical Minerals for NDP (1)	Report on mineral input quantities for beneficiation value chains (1)
---	------------------------------------	--	-----------------------------------	--	--	--	---	---

## Programme 4: Mineral Policy and Promotion

Manage and Implement Mineral Resource Diplomacy

Technical and Strategic Partnerships with other Countries  
(3)

## Programme 4: Mineral Policy and Promotion

### Promote sustainable resource use and management

Technical partnerships implemented with SOE's and governmental organisations  
(5)

A reviewed EMP Document  
(1)

Rehabilitation of derelict and ownerless mines  
(45)

Reports on Mine Closure & Derelict and Ownerless Mines  
(4)

Mine Environmental Tools Developed  
(3)

## Programme 4: Mineral Policy and Promotion

### Integrated and Aligned Environmental Efforts

Engagements with Relevant Departments  
(4)

## Programme 4: Mineral Policy and Promotion

### Facilitate transformation in the mining and minerals sector

**Legislative Instruments developed and reviewed**  
**(5)**

Ensure MPRDA, MinCoSA and MHSA Bills are processed and finalised

Finalise Mining Charter

Develop MinCoSA and amend MPRDA, & MHSA Regulations, Coal Policy

## Programme 4: Mineral Policy and Promotion

### Develop and review internal processes

**Develop and review internal processes**  
**(1)**

- Review of internal business processes to improve efficiency

**Improve turnaround times**  
**(95%)**

- Adherence to prescribed time frames



## Concluding Remarks

The Department will continue to implement the plan in a co-ordinated manner which advance the objectives of the National Development Plan .

We remain committed to implement the Annual Performance Plan in order to improve the lives of South Africans.

It is almost towards the end of the 1<sup>st</sup> quarter and the Department is already at work in implementing the annual performance plan, the Department will be available to brief the committee further on the work that has been done to date.

## Department of Mineral Resources



# Thank You

