

Department of Mineral Resources

Briefing to the Portfolio Committee on the
Annual Report for 2017/18 financial year,
including the Mine Health and Safety Inspectorate

DG – ADV T MOKOENA
DATE: 09 October 2018



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Department of Mineral Resources



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2018/10/08

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PRESENTATION OUTLINE

1. Accounting officer overview
2. Financial Overview for 2017/18
3. Audit Outcomes 2017/18
4. Performance Highlights per Branch / Programme
 - ☐ Programme 1.1: Corporate Services
 - ☐ Programme 1.1: Financial Administration
 - ☐ Programme 2: Mine Health and Safety Inspectorate (MHSI)
 - ☐ Programme 3: Mineral Regulation (MR)
 - ☐ Programme 4: Mineral Policy and Promotion (MPP)
5. Concluding Remarks



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Financial Information Highlights

Departmental Receipts

Revenue	Estimate	Actual Amount Collected	(Over -)/ under expenditure	% Collected
Sales of scrap,waste,armsand other used current goods	1	1	0	100.0%
Sales of goods and services other than capital assets	11,355	11,642	-287	102.5%
Fines, penalties and forfeits	859	1,294	-435	150.6%
Interest, dividends and rent on land	25,580	23,575	2,005	92.2%
Financial transactions in assets and liabilities	2,457	2,400	57	97.7%
Total	40,252	38,912	1,340	96.7%

Collection up to 31 March 2018 amounted to R38.9 million or 96.7% which was below the estimated revenue of R40.3 million by R1.2 million for the 2017/18 financial year. The variance relates to mainly relates to prospective fees collections and related interest income.

Financial Information Highlights

Appropriation: Per Programme

Programme	Final Appropriation	Actual Expenditure	(Over -)/ under expenditure	% Spent
Administration	362,906	362,470	436	99.9%
Mine Health and Safety	203,687	203,657	30	100.0%
Mineral Regulation	370,392	370,104	288	99.9%
Mineral Policy and Promotion	842,464	840,454	2,010	99.8%
Total	1,779,449	1,776,685	2,764	99.8%

Financial Information Highlights

Appropriation: Per Economic Classification

Economic Classification	Final Appropriation	Actual Expenditure	(Over -)/ under expenditure	% Spent
Compensation of employees	590,665	588,355	2,310	99.6%
Goods and services	279,253	278,921	332	99.9%
Transfers and subsidies	896,862	896,740	122	100.0%
Payments for capital assets	12,669	12,669	0	100.0%
Total	1,779,449	1,776,685	2,764	99.8%

The budget for the department was R1.779 billion for the 2017/2018 financial year, of which R1.777 billion or 99.8% was spent:

- R588.4 million or 99.6% of the compensation of employees budget (R590.7 million) was spent
- R278.9 million or 99.9% of the allocated goods and services budget (R279.3 million) was spent
- R896.7 million or 100% of transfer to entities and other institutions was fully spent in line with its purpose.
- R12.7 million or 100% allocated towards capital assets was fully spent

The R2.3 million on Compensation of Employees is mainly due to delay on the filling of critical posts that were identified and advertising during the financial year, this is based only on the posts that could be funded during the period.

Transfer payments to public entities

Name of public entity	Final Appropriation	Amount transferred
Mintek	367,256	367,256
South African Diamond and Precious Metals Regulator	65,865	65,865
Mine Health and Safety Council	6,162	6,162
Council for Geoscience	366,988	366,988
Petroleum Agency South Africa	87,138	87,138
Total	893,409	893,409

AUDIT OUTCOME 2017/2018

Focus Area/	2017/18	2016/17	Movement
Financial statements	Unqualified	Unqualified	Unchanged
Pre-determine objectives	No material findings	No material findings	Unchanged
Compliance	Material findings	No Material findings	Irregular and fruitless as reported on the report

CONTINUE.....AUDIT OUTCOME 2017/2018

The financial statements were unqualified with material findings on irregular and fruitless wasteful expenditure on office accommodation leases.

- Internal audit received a tip off about certain expenditure incurred in 2014/2015 which were fraudulent, upon investigation they confirmed refurbishment costs paid for services not rendered and further investigation revealed lease agreement signed without authority.
- These relates to tenants installation in Mpumalanga and Western Cape. Disciplinary process relating to unauthorized lease agreements resulted in one dismissal and other investigations are on going.
- The matter is considered as fraudulent and for that reason a criminal case was opened against the alleged officials and service provider.

Programme 1.1 – Corporate Services

DDG: CORPORATE SERVICES Ms P Gamede

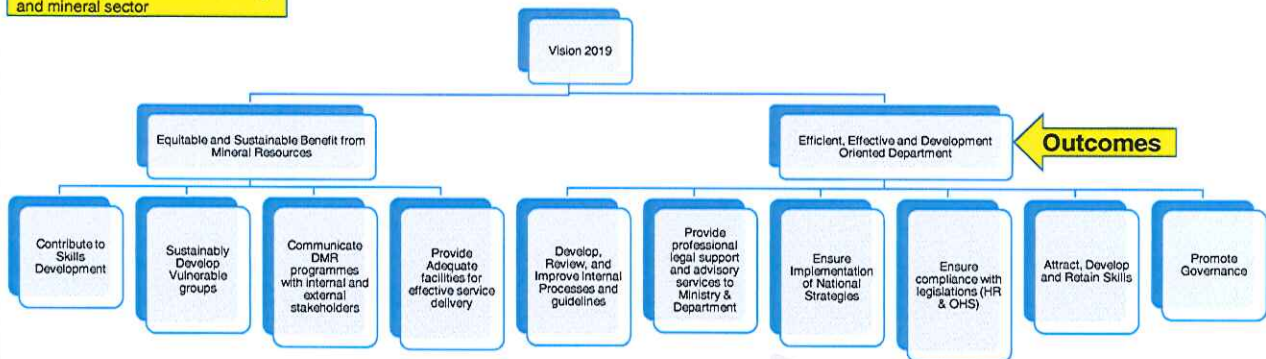
PROGRAMME 1.1: Corporate Services

Branch Key Strategic Objectives

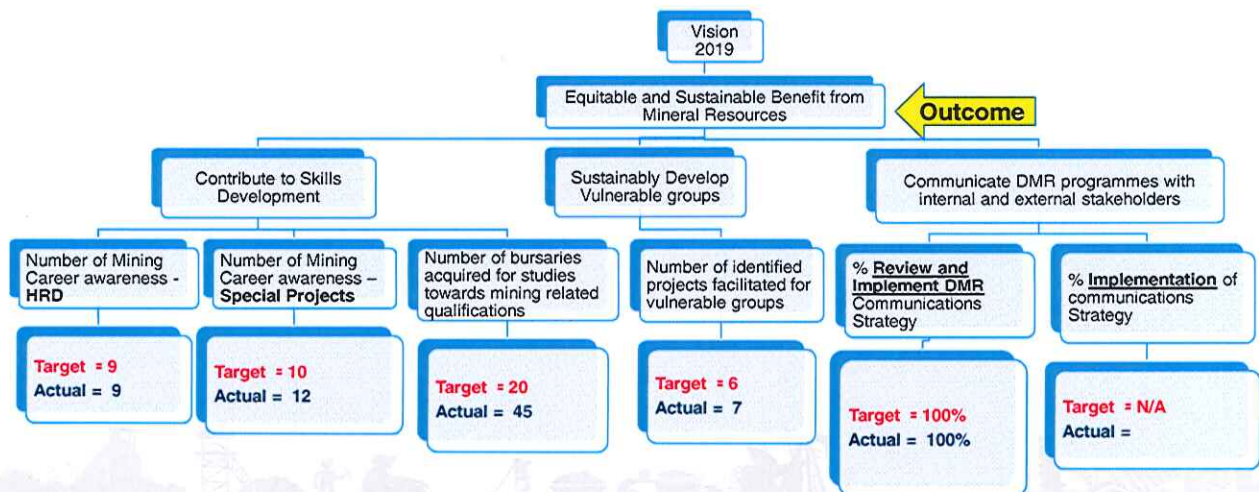
1. Contribution to skills development,
2. Sustainably develop vulnerable groups,
3. Communication of DMR programmes to internal and external stakeholders,
4. Provision of adequate facilities,
5. Development, review and improvement of processes,
6. Provision of legal support and advisory services to Ministry and Department,
7. Implementation of National Strategies,
8. Compliance with legislation,
9. Attraction, Development and Retention of Skills
10. Promotion of Corporate Governance

Branch – Corporate Services (1 of 7)

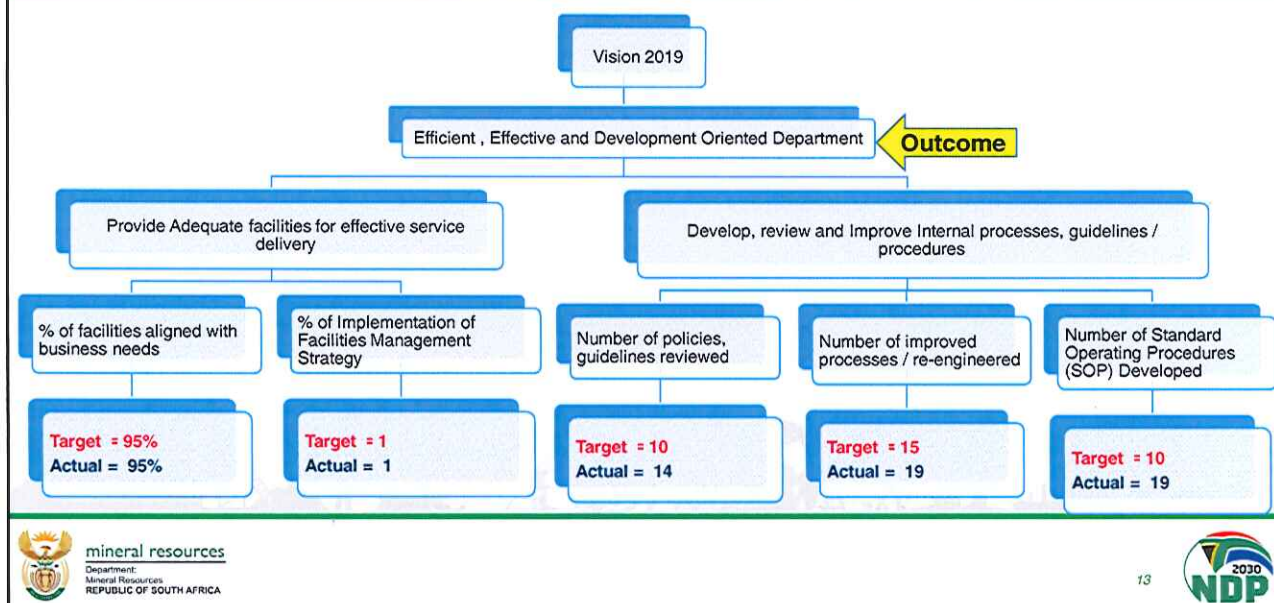
Vision 2019
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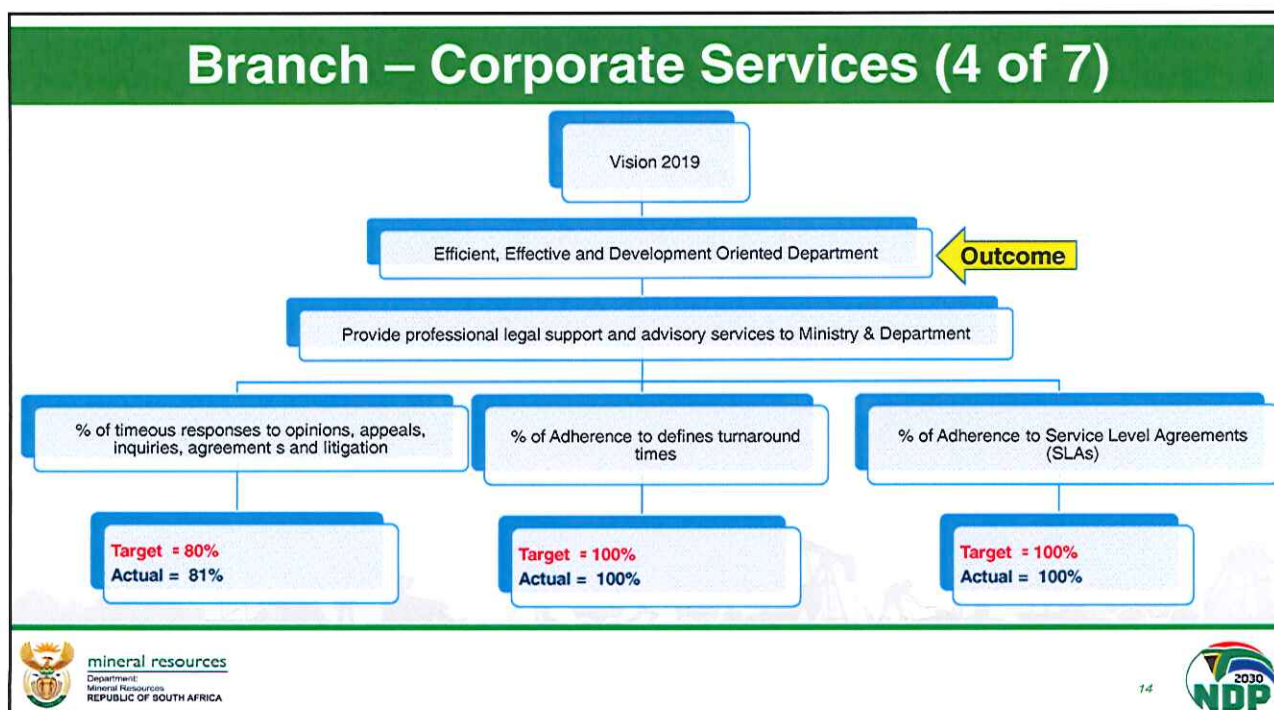
Branch – Corporate Services (2 of 7)



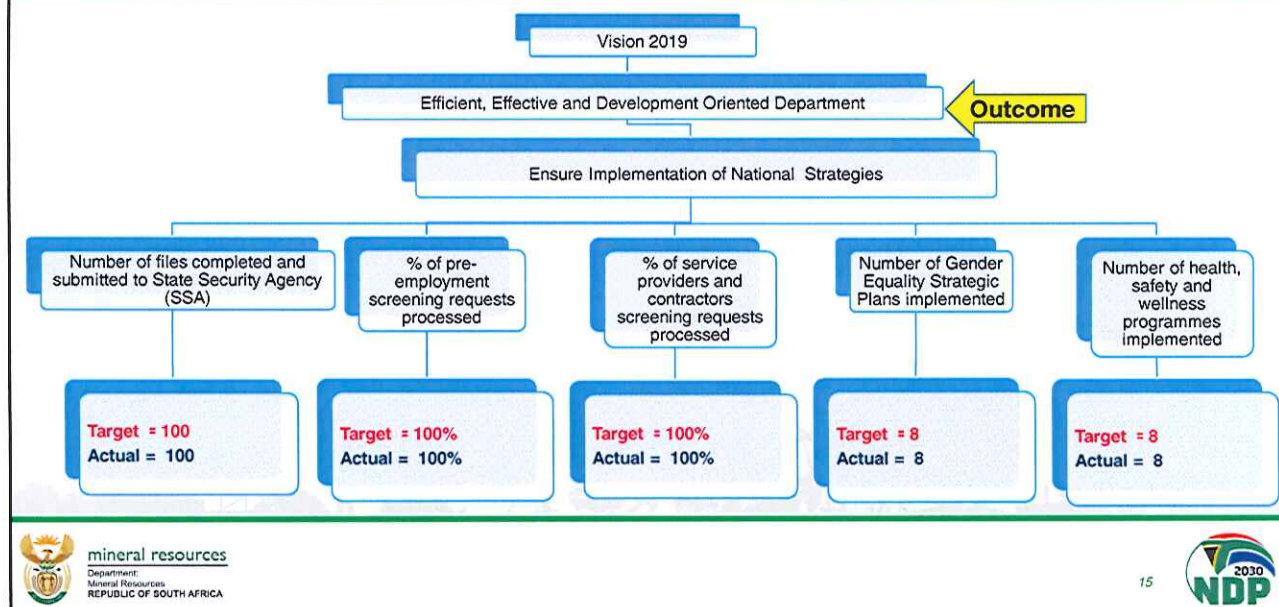
Branch – Corporate Services (3 of 7)



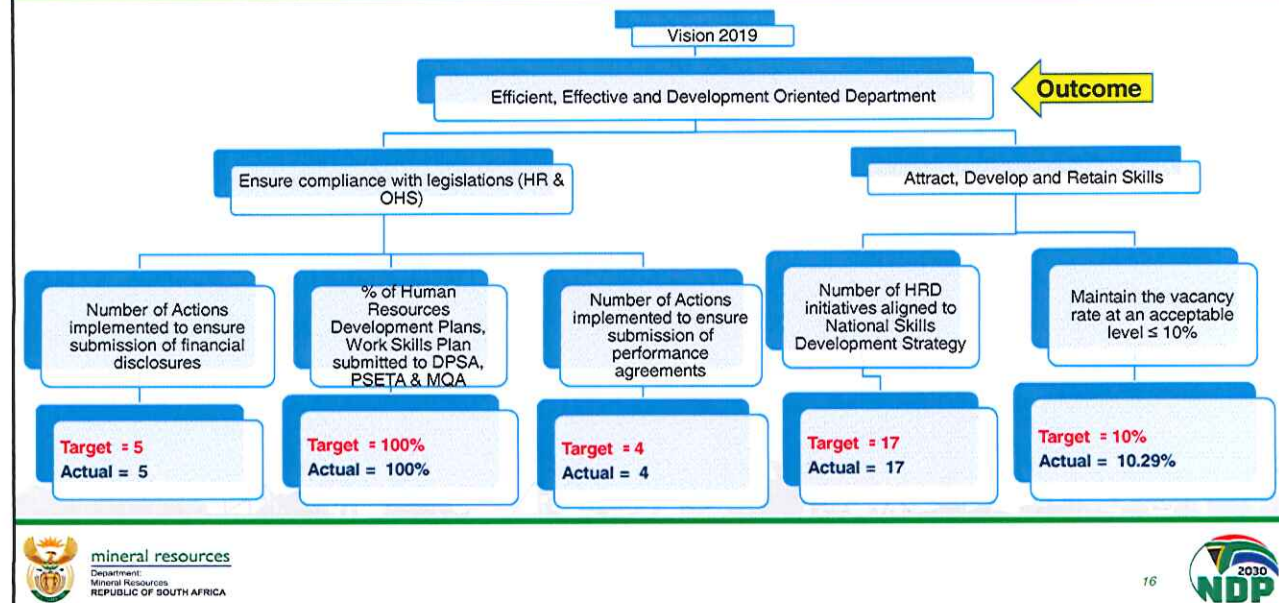
Branch – Corporate Services (4 of 7)



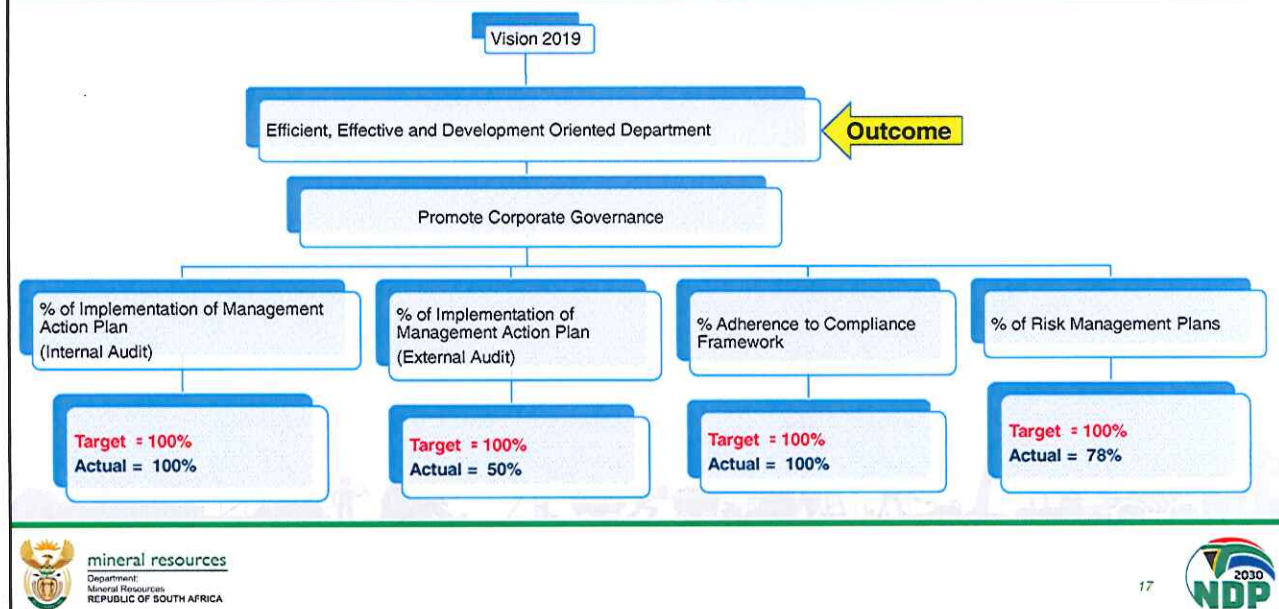
Branch – Corporate Services (5 of 7)



Branch – Corporate Services (6 of 7)



Branch – Corporate Services (7 of 7)



PROGRAMME 1.1: Corporate Services (CS)

Highlights for the year

The following were the branch highlights for the last half of the financial year:

- ☐ The Chief Directorate Special Projects accounts for a remarkable increase in the number of bursary recipients and resulting to a cumulative trajectory of 109 dating from 2014/15 to 2017/18 financial year, where a marked increase was experienced last year from a targeted number of 20 to an actual of 40,
- ☐ Although the department ended up with a vacancy rate of 10.29% at year end from 6.4 of the previous year, we started the process of filling critical posts in March 2018
- ☐ The signing of a pledge by SMS members to disclose financial interests on or before the deadline of 30 April culminated in the department achieving 100% disclosure of financial interests by departmental SMS members,
- ☐ The successful coordination of the extensive Mining Charter community consultations.

Programme 1.2 – Financial Administration

CHIEF FINANCIAL OFFICER
Ms R Singo

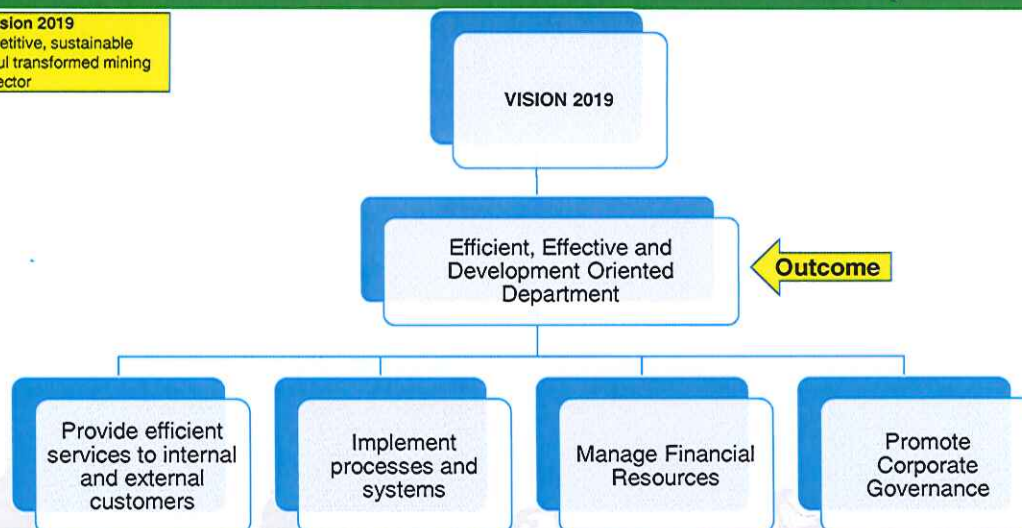
PROGRAMME 1.2: Financial Administration

Branch Objectives

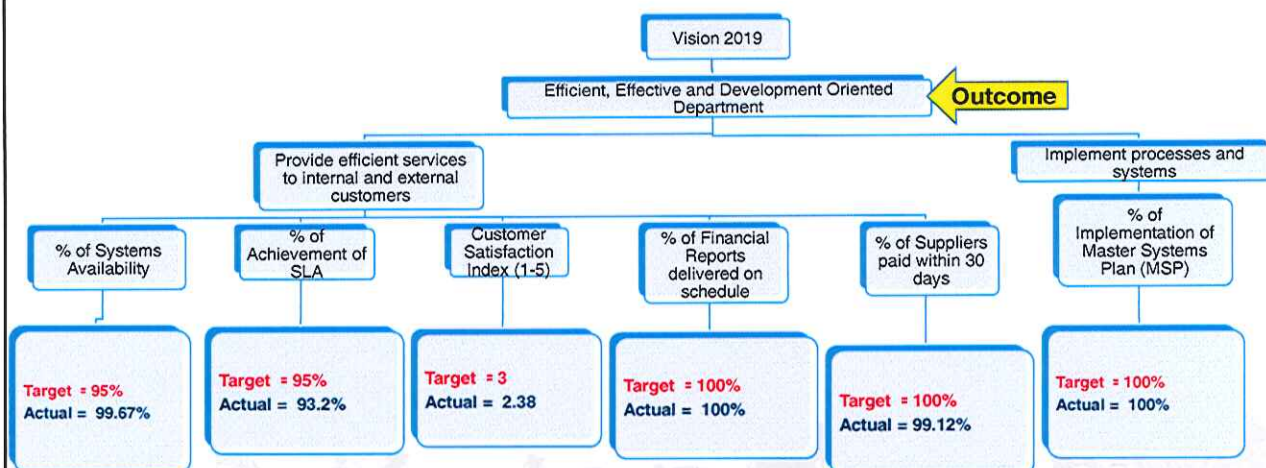
1. Provision of efficient services to internal and external customers,
2. Management of financial resources
3. Implementation of processes and systems
4. Promotion of Corporate Governance

Branch – Financial Administration (1 of 4)

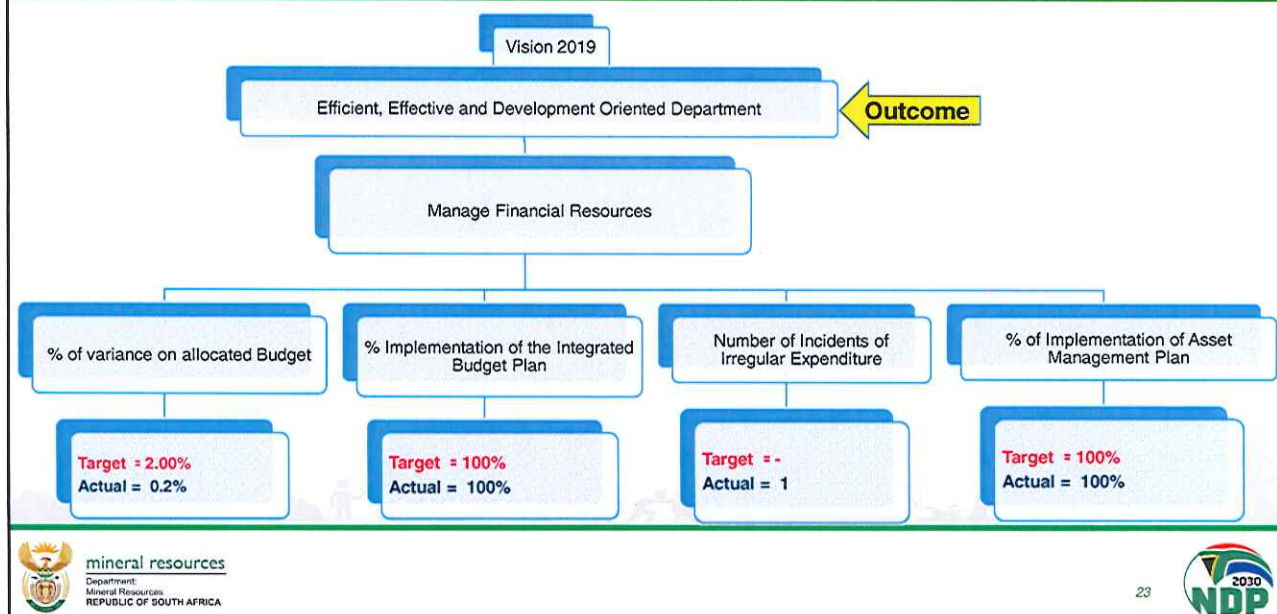
Vision 2019
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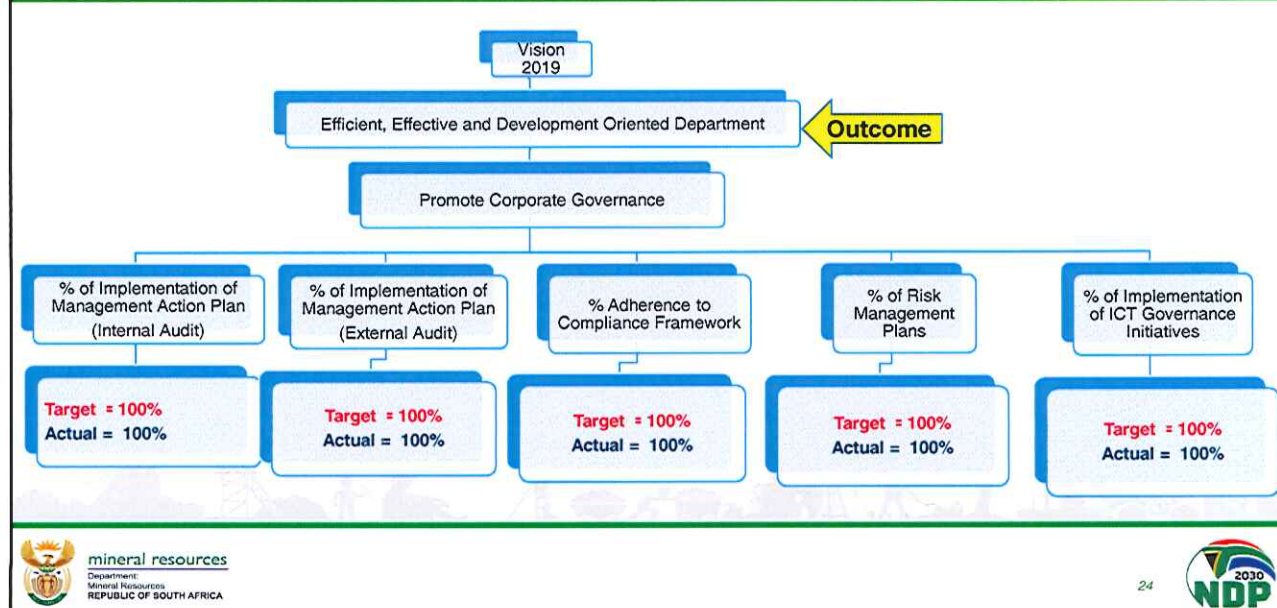
Branch – Financial Administration (2 of 4)



Branch – Financial Administration (3 of 4)



Branch – Financial Administration (4 of 4)



PROGRAMME 1.2: Financial Administration (FA)

Highlights for the year

Financial administration provides strategic and administration support management services for Ministry and the Department through financial stewardship, accountability and transparency in the use of financial resources, Corporate Governance of Information and Communication Technology

The following were the branch highlights for the financial year 2017/2018:

- ☐ Providing efficient services to internal and external customers by ensuring that:
 - ✓ Financial reports are delivered on schedule
 - ✓ Suppliers are paid within 30 days
 - ✓ Systems are available 95%
- ☐ Implementation of processes and systems through the Master Systems Plan (MSP)
- ☐ Ensure management of financial resources
- ☐ Implementation of asset management plan and budget integrated plan
- ☐ Ensure that the spending is within the allocated budget

Programme 2: Mine health and Safety Inspectorate

Chief Inspector of Mines
Mr D Msiza

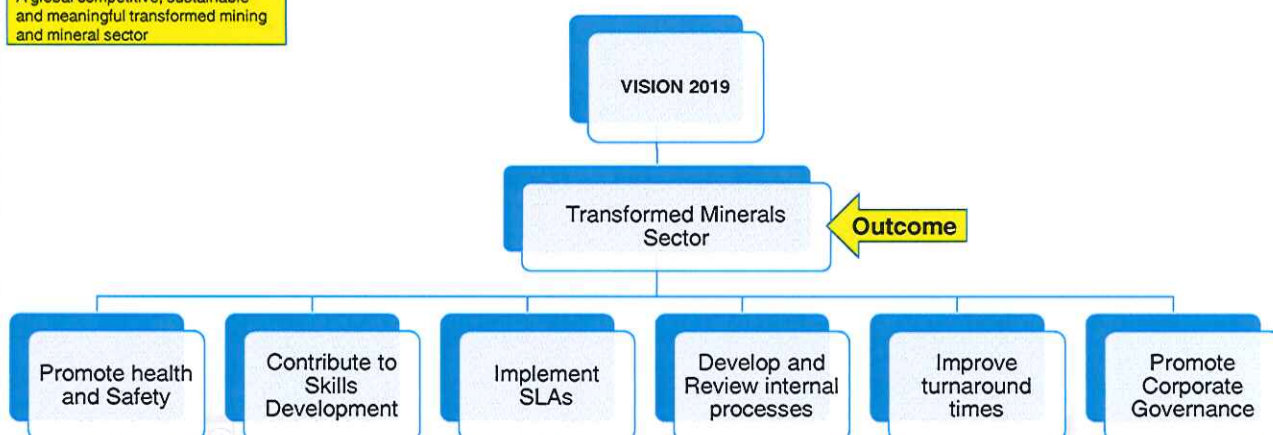
PROGRAMME 2: Mine Health and Safety Inspectorate

Branch Objectives

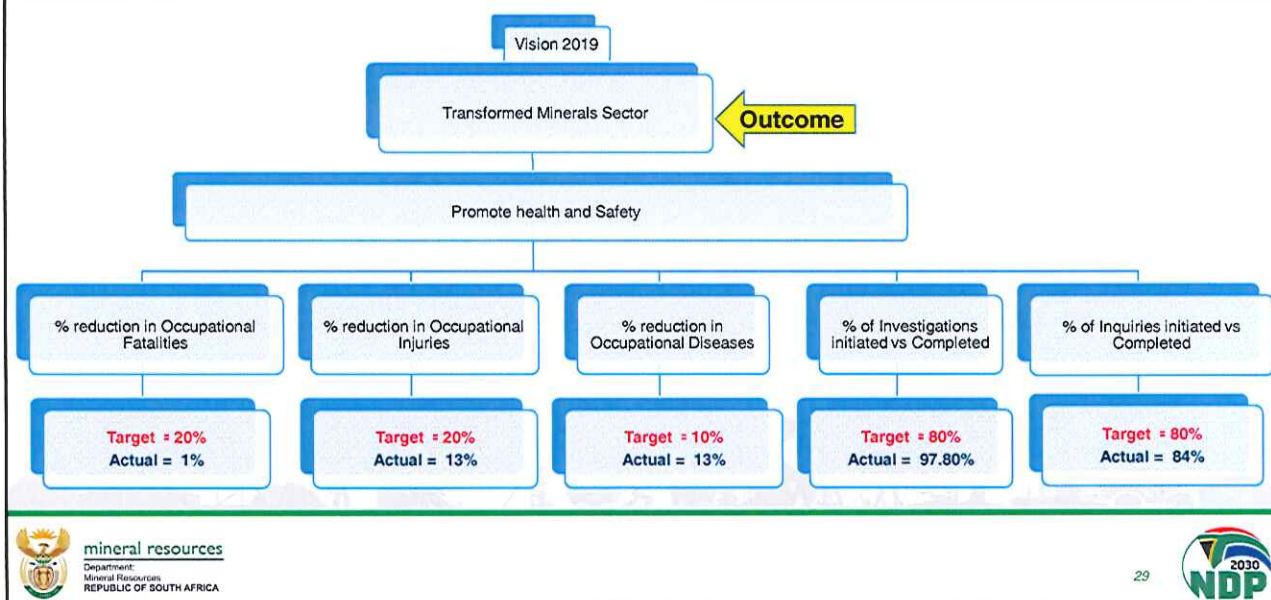
1. Promote health and Safety,
2. Contribute to skills development,
3. Implement SLA's
4. Develop and review internal processes,
5. Improve turnaround times,
6. Promote Corporate Governance,

Branch – Mine Health and Safety (1 of 6)

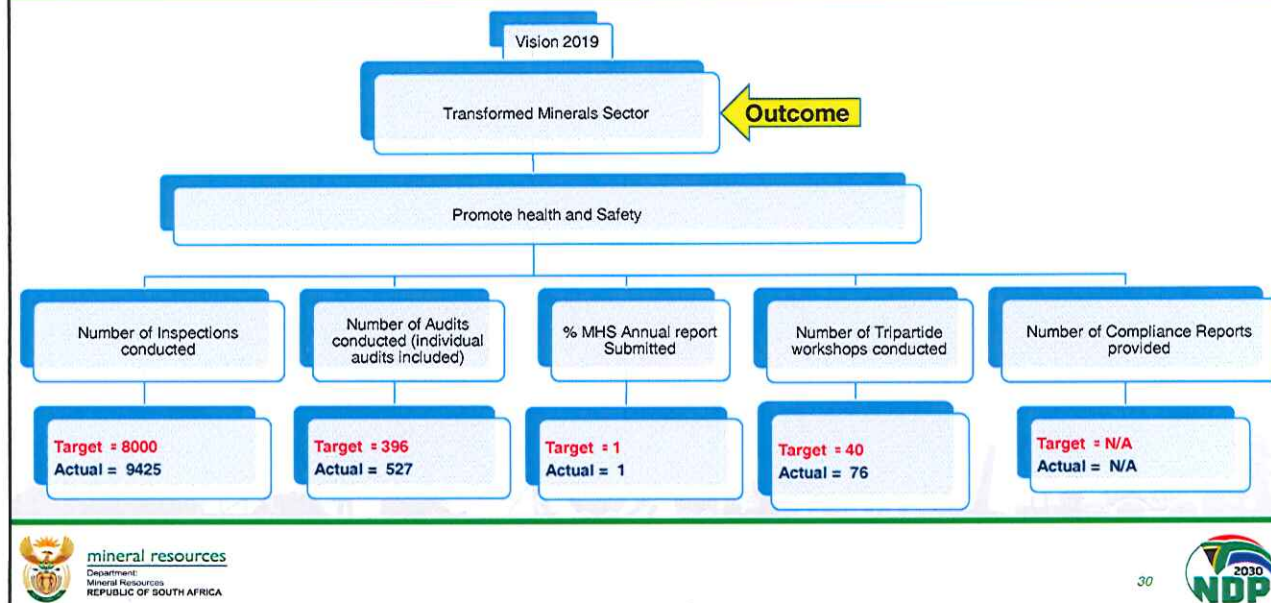
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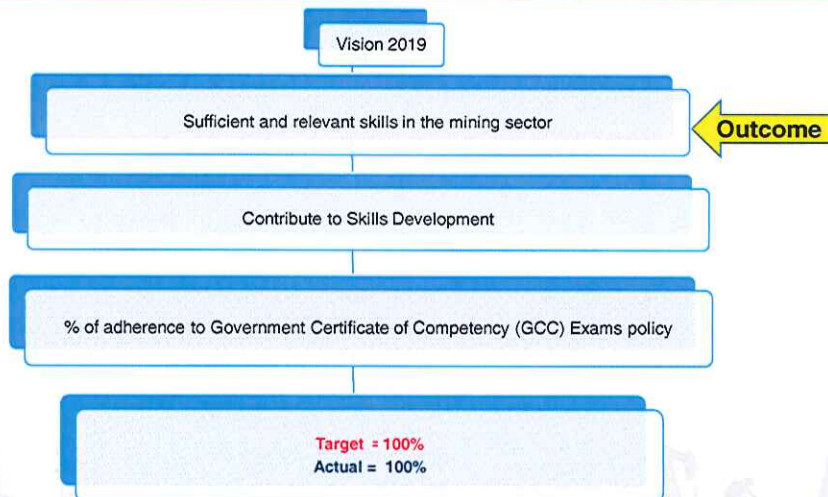
Branch – Mine Health and Safety (2 of 6)



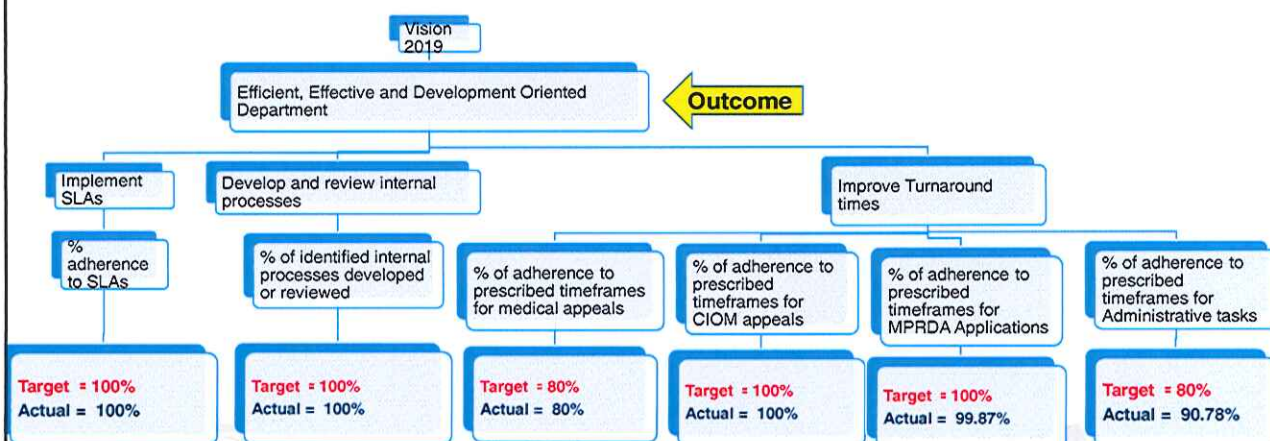
Branch – Mine Health and Safety (3 of 6)



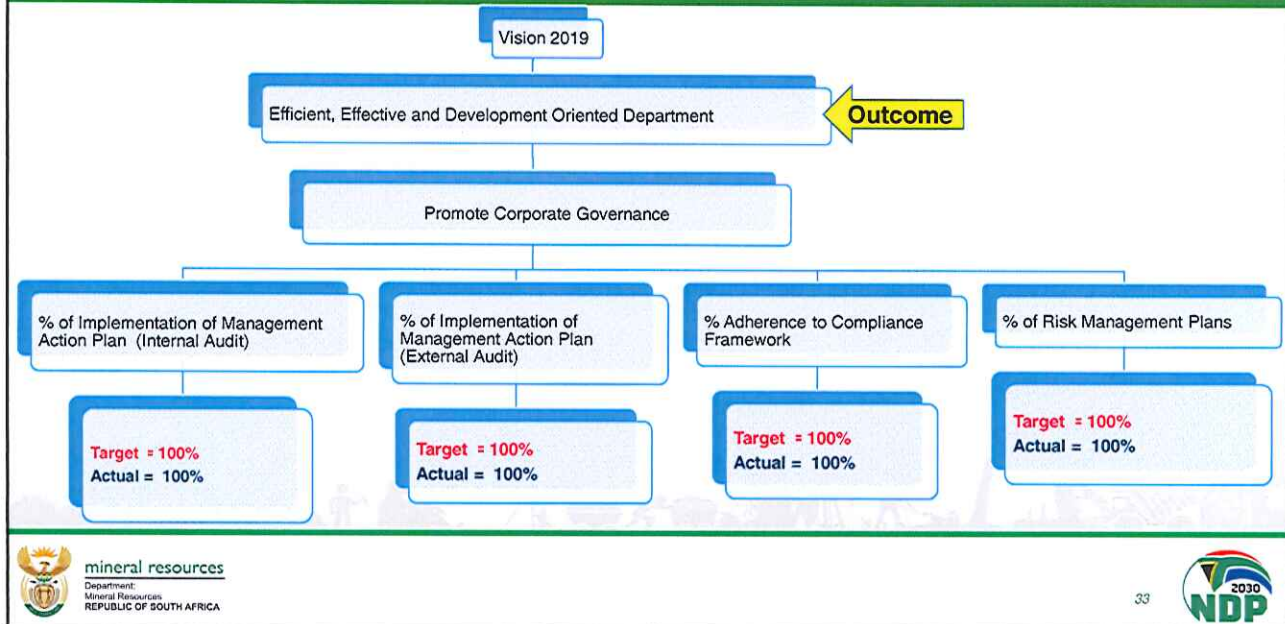
Branch – Mine Health and Safety (4 of 6)



Branch – Mine Health and Safety (5 of 6)



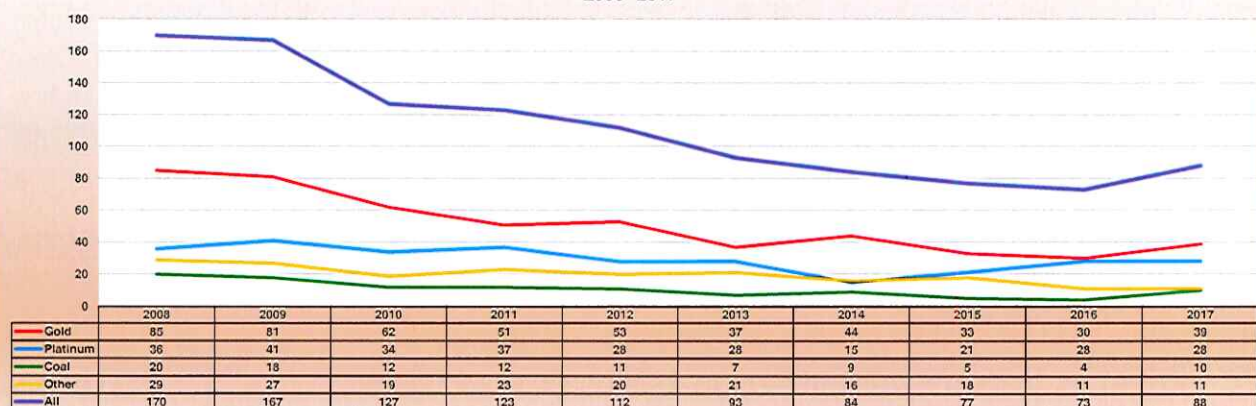
Branch – Mine Health and Safety (6 of 6)

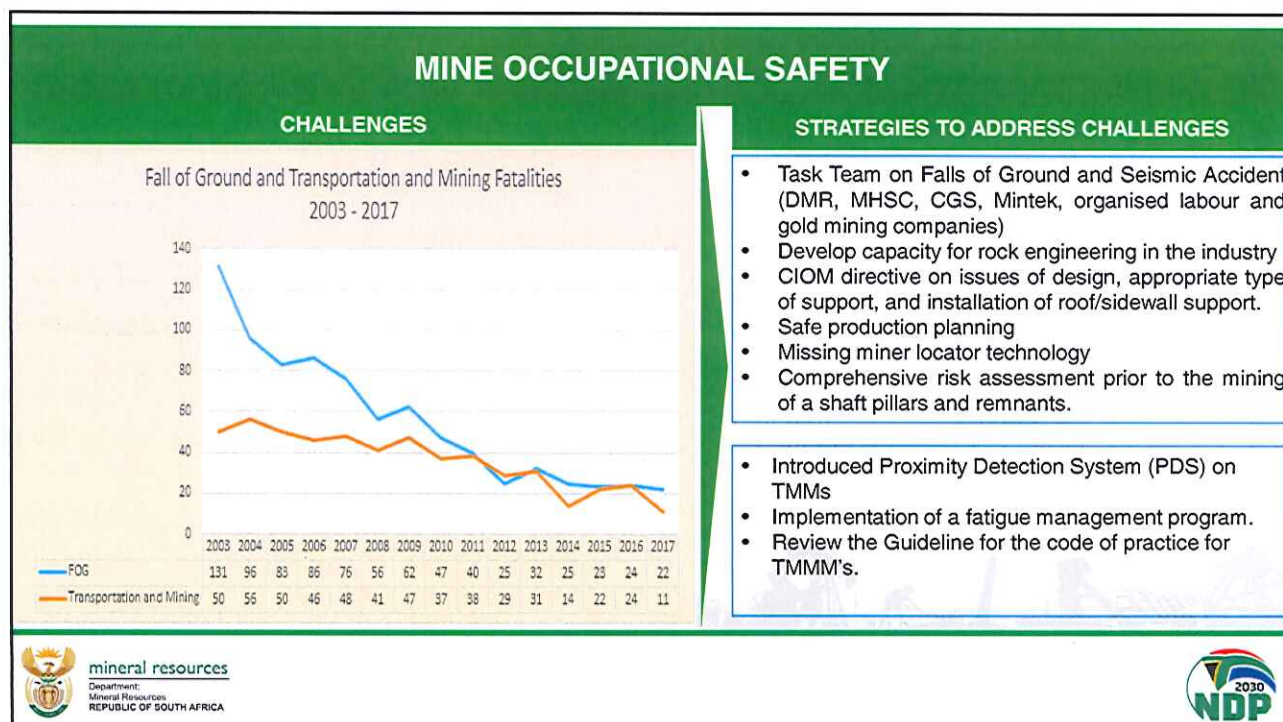


PROMOTE HEALTH AND SAFETY

REDUCTION ON FATAL ACCIDENTS

Fatalities by Commodity
2008 -2017







Fatalities in the Mining Sector			
Fatalities per Commodity			
Commodity	01/01/2016 31/12/2016	01/01/2017 31/12/2017	% Change in Fatalities
Gold	30	39	30 ↑
Coal	4	10	150 ↑
Platinum	28	28	0 ↔
Other	11	11	0 ↔
TOTAL	73	88	21 ↑

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Injuries in the Mining Sector			
Injuries per Commodity			
Commodity	01/01/2016 31/12/2016	01/01/2017 31/12/2017	% Change in Injuries
Gold	1200	1018	15 ↓
Coal	189	200	6 ↑
Platinum	1140	1156	1 ↑
Other	317	290	9 ↓
TOTAL	2846	2664	6 ↓


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PROGRAMME 2: Min Health and Safety Inspectorate (MHSI)					
	FATALITY RATES PER COMMODITY				PERCENTAGE CHANGE IN RATES
	2016	FATALITY RATES	2017	FATALITY RATES	
ALL MINES	73	0.08	88	0.09	13
Gold	30	0.12	39	0.17	34
Platinum	28	0.08	28	0.08	0
Coal	4	0.03	10	0.06	100
Diamonds	3	0.07	4	0.10	43
Copper	0	0.00	0	0.00	0
Chrome	1	0.03	1	0.03	0
Iron ore	3	0.08	0	0.00	-100
Manganese	1	0.06	0	0.00	-100
Other mines	3	0.04	6	0.07	75

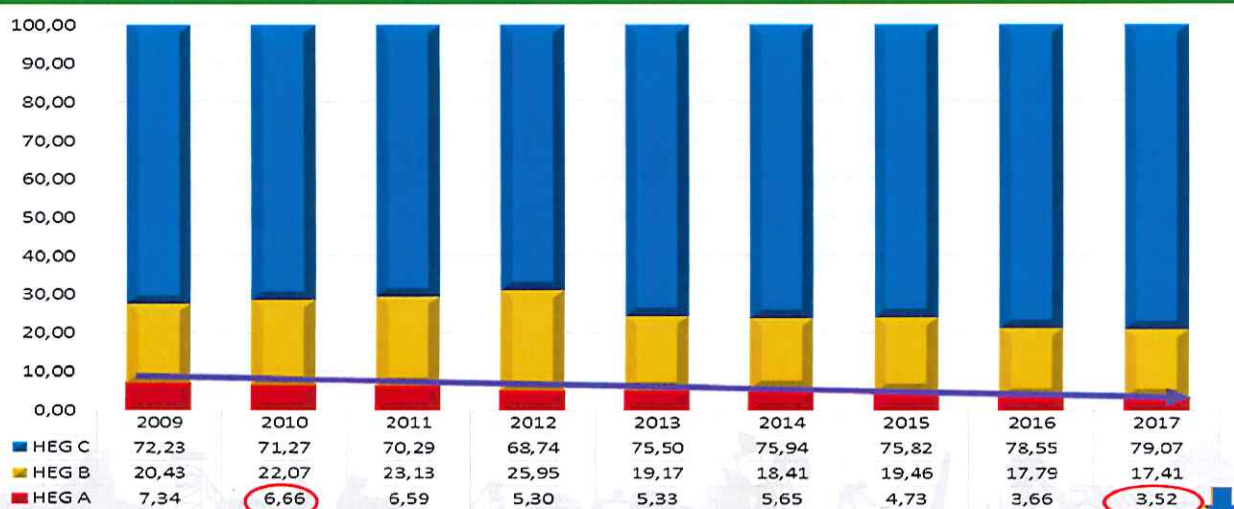

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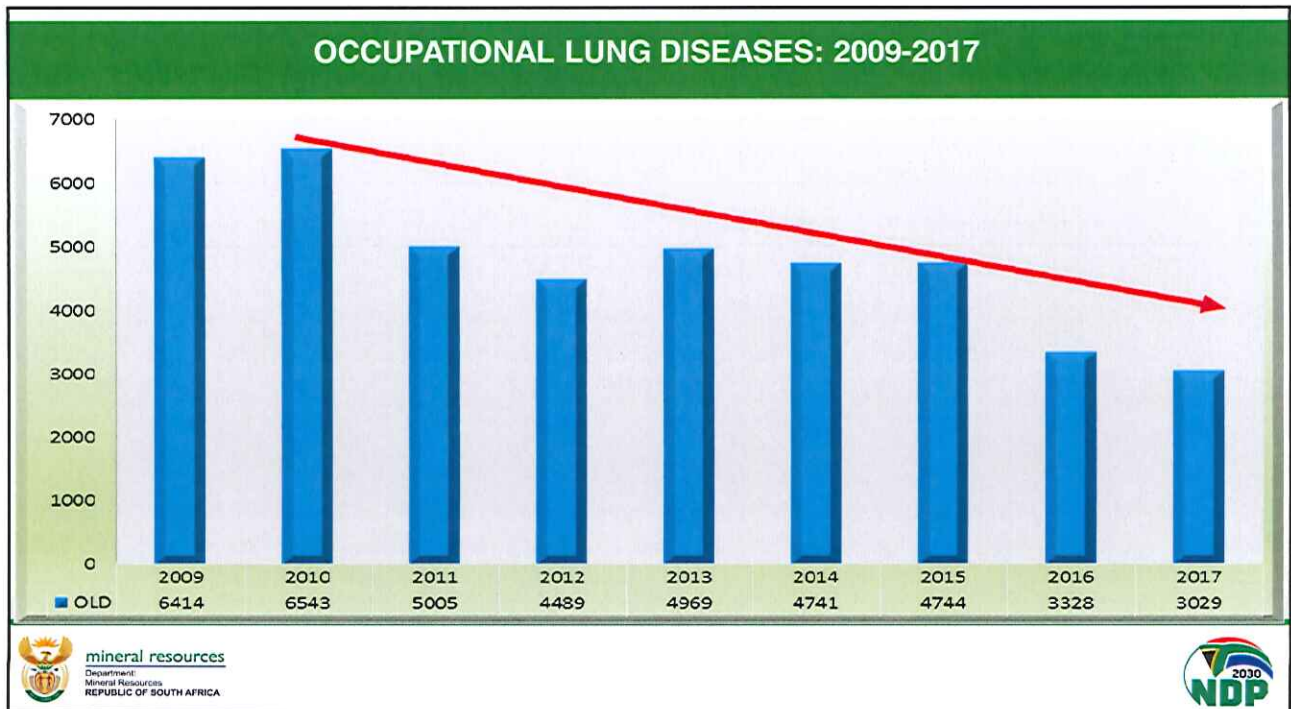
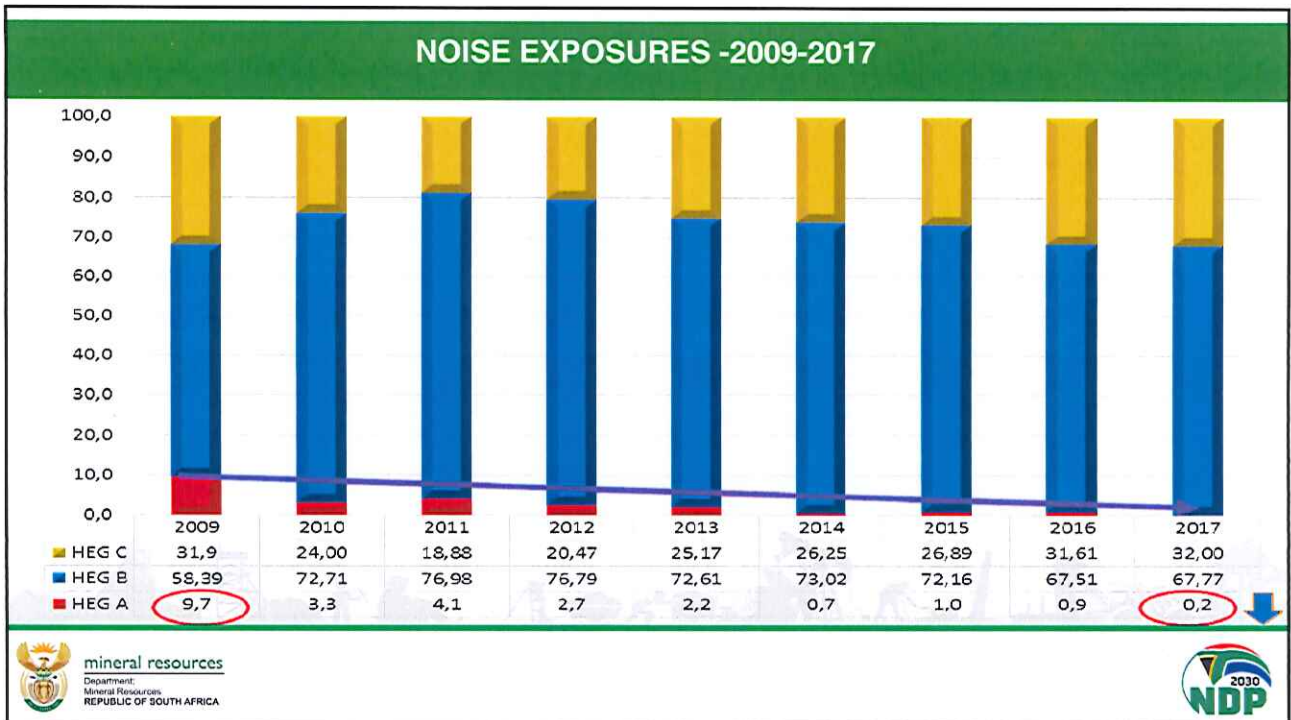
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PROGRAMME 2: Min Health and Safety Inspectorate (MHSI)

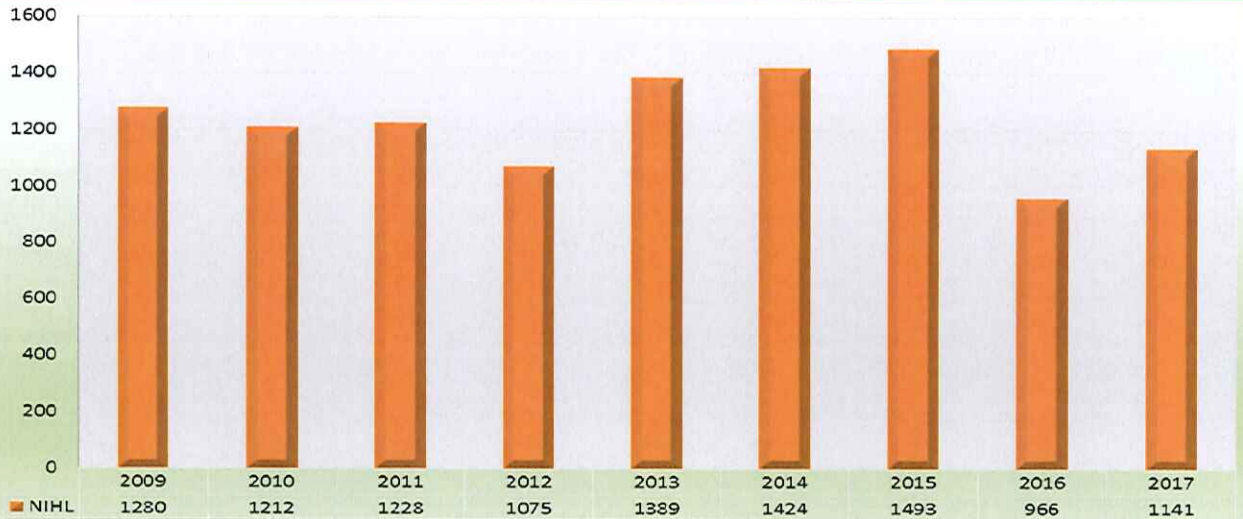
	INJURY RATES PER COMMODITY				PERCENTAGE CHANGE IN RATES
	2016	INJURY RATES	2017	INJURY RATES	
ALL MINES	2 846	2.98	2 664	2.75	-8
Gold	1 200	4.98	1 018	4.36	-12
Platinum	1 140	3.33	1 156	3.35	1
Coal	189	1.24	200	1.23	1
Diamonds	53	1.25	52	1.27	1.6
Copper	10	1.47	10	1.47	0
Chrome	58	1.73	30	0.80	-54
Iron ore	41	1.15	28	0.75	-35
Manganese	19	1.19	23	1.32	11
Other mines	136	1.60	147	1.71	7

AIRBORNE POLLUTANTS EXPOSURES: 2009-2017





NOISE INDUCED HEARING LOSS: 2009-2017



CONTRIBUTION TO SKILLS DEVELOPMENT

LEARNER INSPECTOR TRAINING PROGRAMME

50 unemployed graduates and diplomats recruited in 2014 in the following disciplines

Electrical Engineering	= 09
Mechanical Engineering	= 10
Surveying	= 05
Mining Engineering	= 15
Occupational Hygiene	= 11

Gender	
Females	= 20
Males	= 30

CERTIFICATE OF COMPETENCY OBTAINED

Electrical / Mechanical Engineering	= 14
Surveying	= 02
Mining Engineering	= 05
Occupational Hygiene	= 04

- Funding of the programme by the MQA
- All learners absorbed by DMR in 2016
- 7 learners given opportunity to study B-Tech and all passed in 2017

Programme 3 – Mineral Regulation

DDG: Mineral Regulation Adv M Malebe

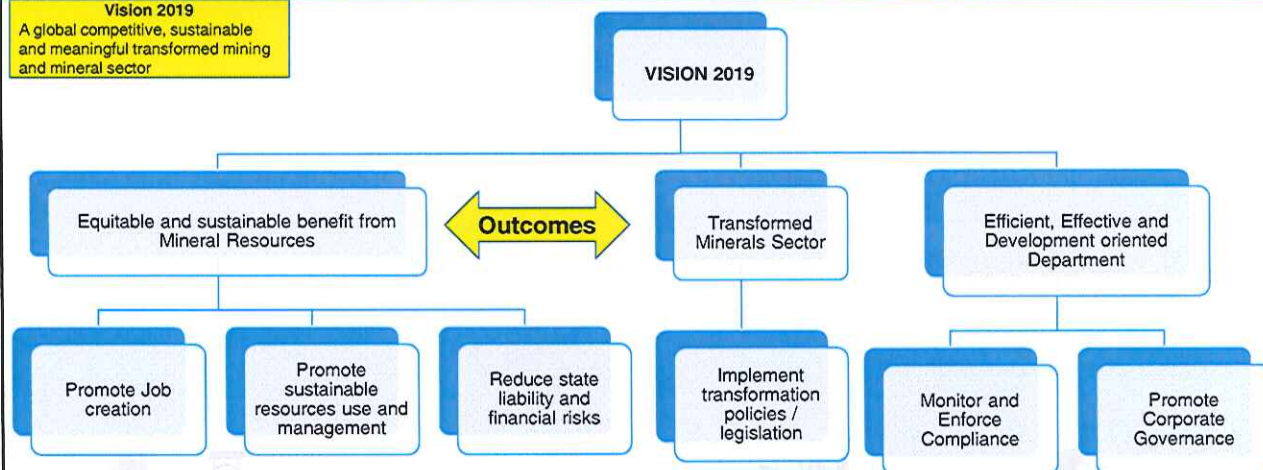
PROGRAMME 3: Mineral Regulation

Branch Objectives

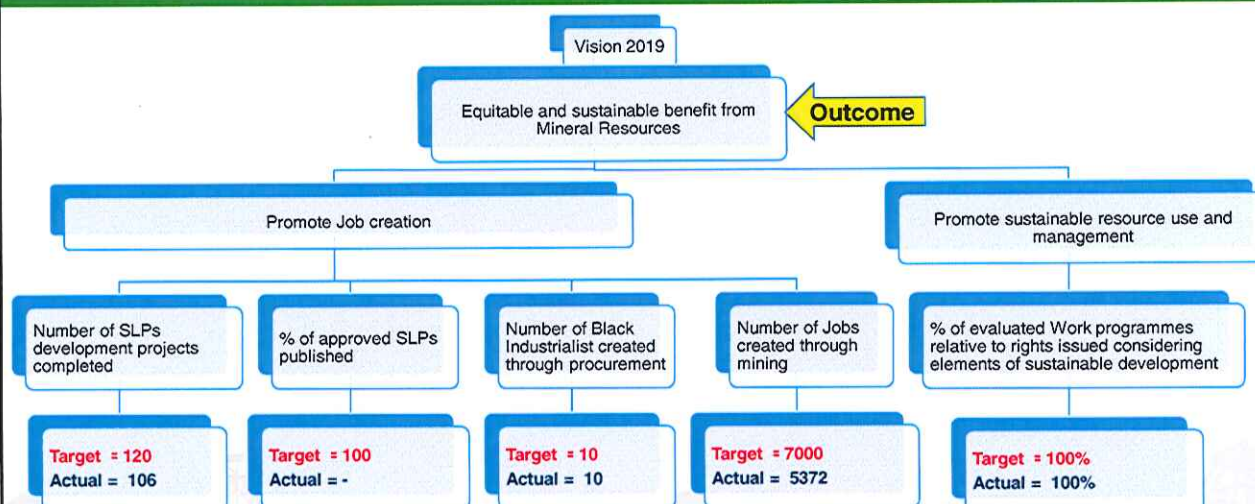
1. Promote Job creation,
2. Promote sustainable resource use and management,
3. Reduce state environmental liability and financial risks
4. Implement transformation Policies / legislation,
5. Monitor and enforce compliance,
6. Promote Corporate Governance,

Branch – Mineral Regulation (1 of 7)

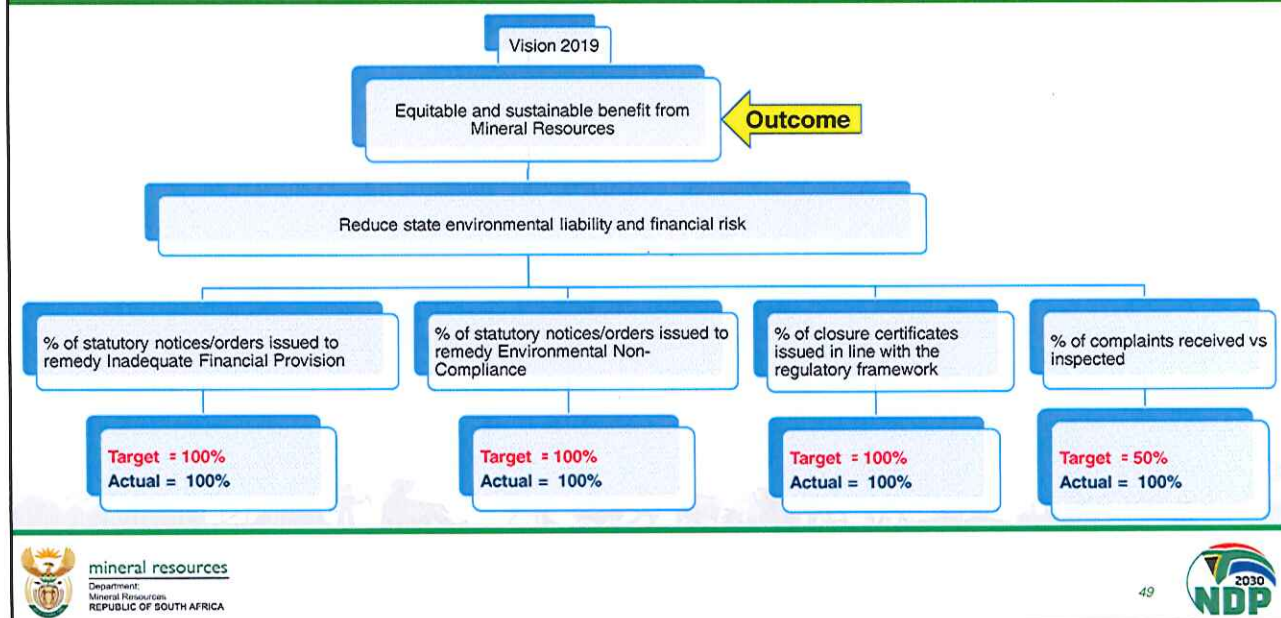
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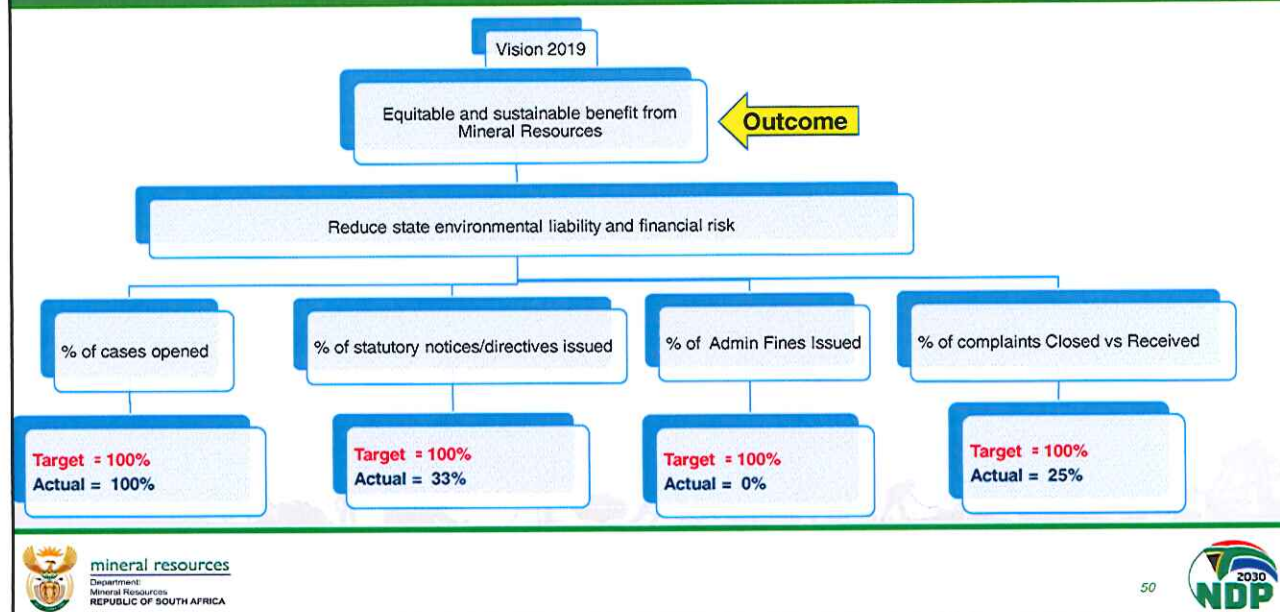
Branch – Mineral Regulation (2 of 7)



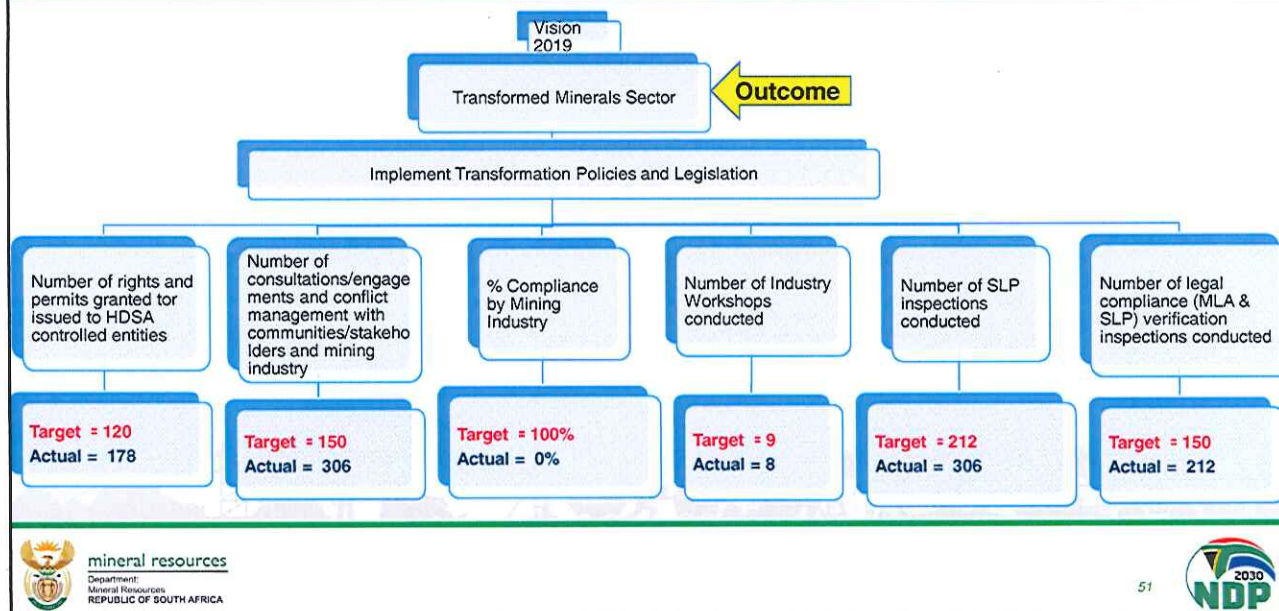
Branch – Mineral Regulation (3 of 7)



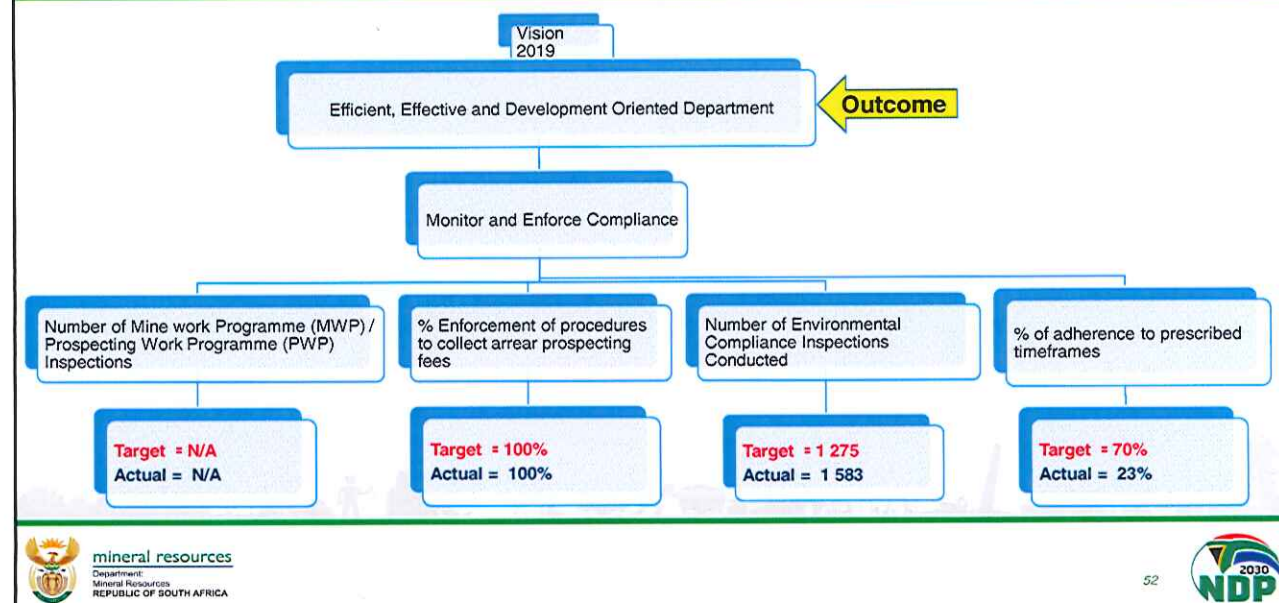
Branch – Mineral Regulation (4 of 7)



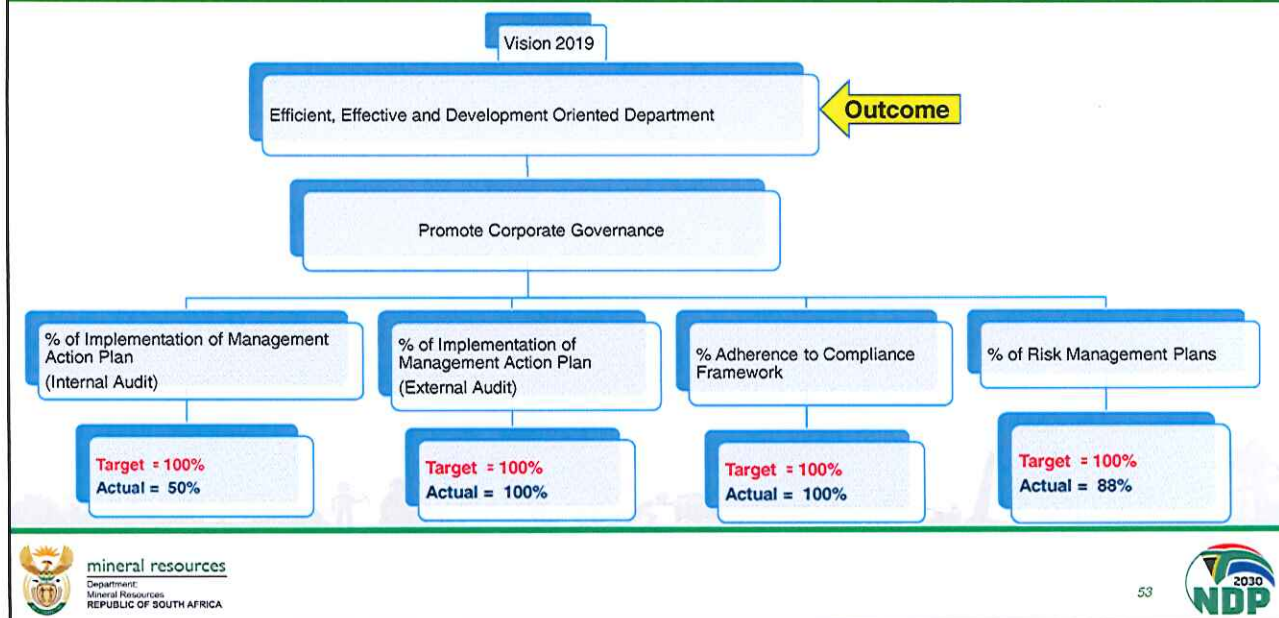
Branch – Mineral Regulation (5 of 7)



Branch – Mineral Regulation (6 of 7)



Branch – Mineral Regulation (7 of 7)



Mineral Regulation Highlights

Skills training development center by Harmony Gold (Free State)



Mineral Regulation Highlights

Construction of water treatment plant by Assmang Limited Beeshoek Mine (Northern Cape)



Mineral Regulation Highlights

Construction and upgrade of roads between Deben & Olifantshoek by Assmang Limited Khumani Mine (Northern Cape)



Mineral Regulation Highlights

Upgrading of ECD center by Buy - Line Trading (Pty) Ltd (Western Cape)



Mineral Regulation Highlights

Construction of a multi purpose centre in Umhlathuze local Municipality by Tronox Sands (Pty) Ltd (Kwa Zulu Natal)



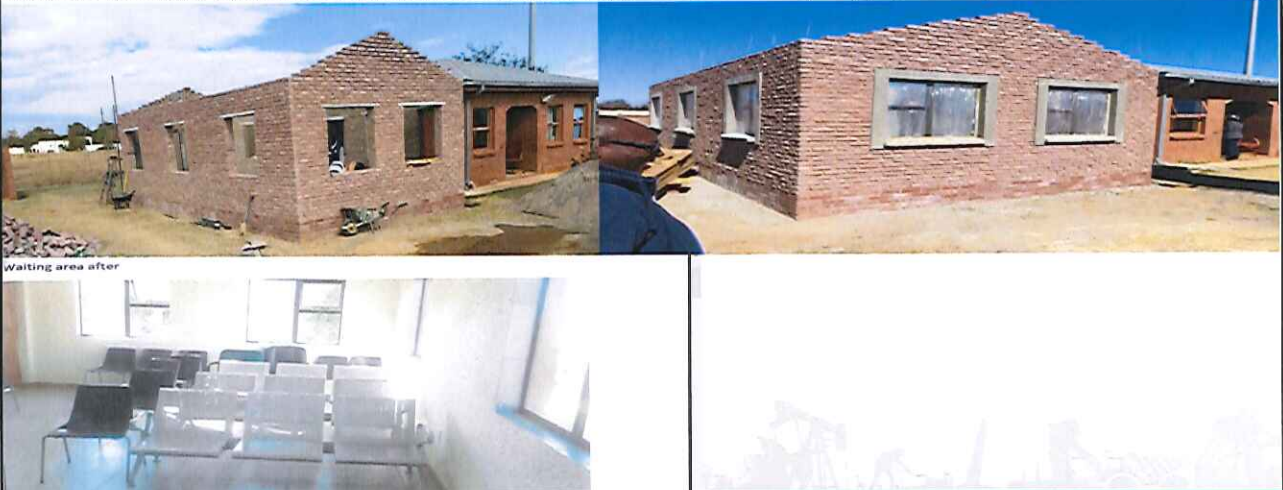
Mineral Regulation Highlights

Installation of solar panels to 577 households and a community hall in Doornkop farm village(Steve Tshwete Municipality) by Yoctolux Colliery (Pty) Ltd (Mpumalanga)



Mineral Regulation Highlights

Extension of the community clinic in Derby location (Ketleng Rivier local municipality) by Woodstock Sandwerke (Edms) Bpk (North West)



Waiting area after

Programme 4 – Mineral Policy and Promotion

DDG: Mineral Policy and Promotion Mrs F Ngcwabe

PROGRAMME 4: Mineral Policy and Promotion

Branch Objectives

1. Contribute to **Economic Growth** through Mining,
2. Promote **Mining Investment** in South Africa,
3. Promote **Sustainable Mining**,
4. Continue to **Transform the Mining Industry** through policy review

Branch – Mineral Policy & Promotion (1 of 7)

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A global competitive, sustainable and meaningful transformed mining and mineral sector

VISION 2019

Increased Investment in the Mineral and Mining Petroleum Sectors

Equitable and sustainable Benefit from Mineral Resources

Transformed Minerals Sector

Efficient, Effective and Development oriented Department

Outcomes

Promote Investment in the mining, minerals and upstream petroleum sectors

Manage and manage Mineral Resources Diplomacy

Promote sustainable resources use and management

Integrated and aligned environmental efforts

Facilitate transformation in the mining and minerals sector

Develop and review internal processes

Improve Turnaround Times

Promote Corporate Governance

Branch – Mineral Policy & Promotion (2 of 7)

Vision 2019

Increased Investment in the Mineral and Mining Petroleum Sectors

Outcome

Promote Investment in the Mining, Minerals and Upstream Petroleum Sectors

Number of Publications

Target = 12
Actual = 14

Number of Investment promotion events/forums/workshops

Target = 55
Actual = 56

% of Implementation of Oceans Economy Operation Phakisa Plan

Target = 100%
Actual = 80%

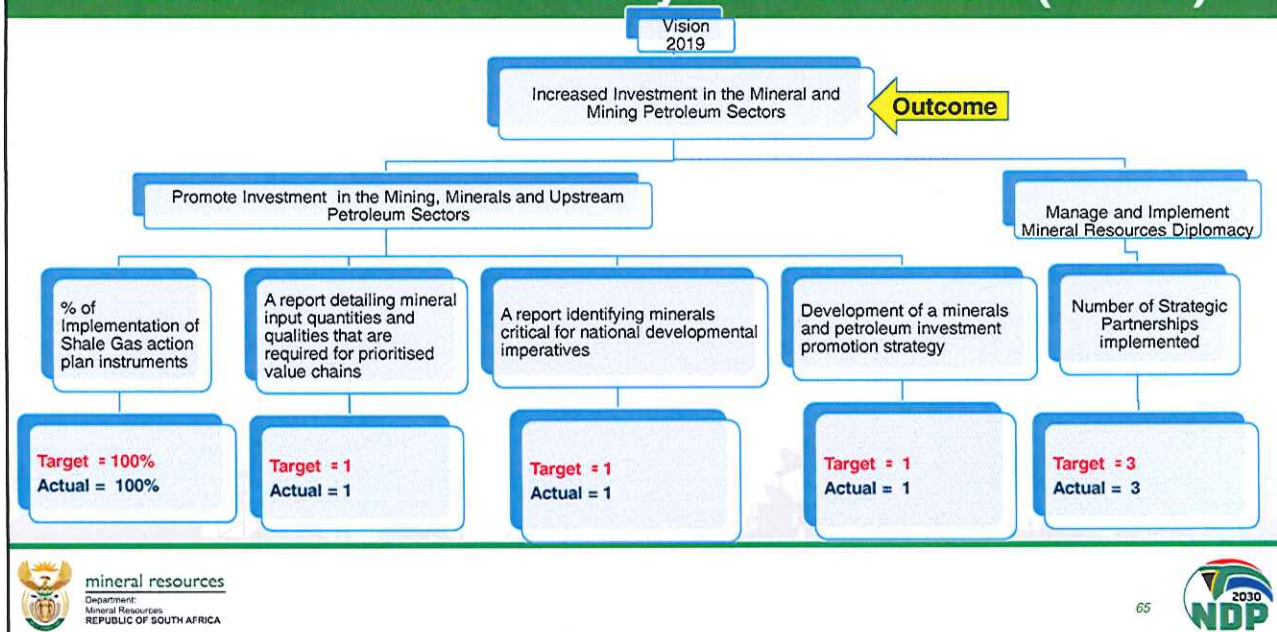
Number of SMMEs Supported

Target = 80
Actual = 96

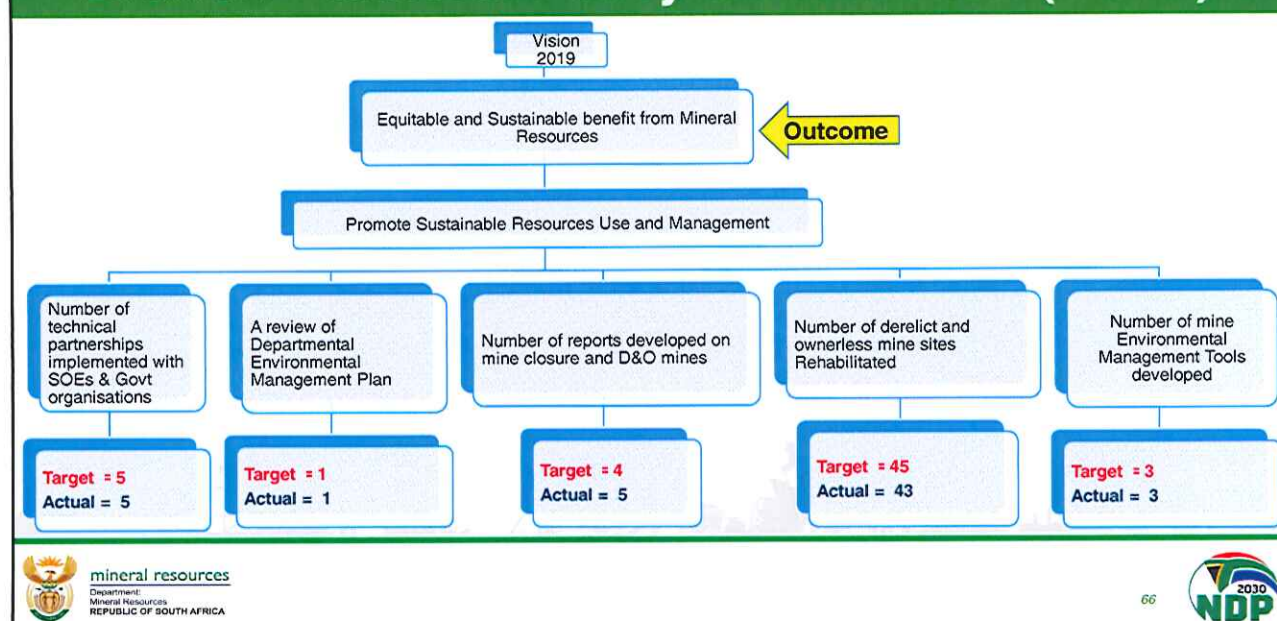
Number of social dialogues with Stakeholders

Target = 4
Actual = 4

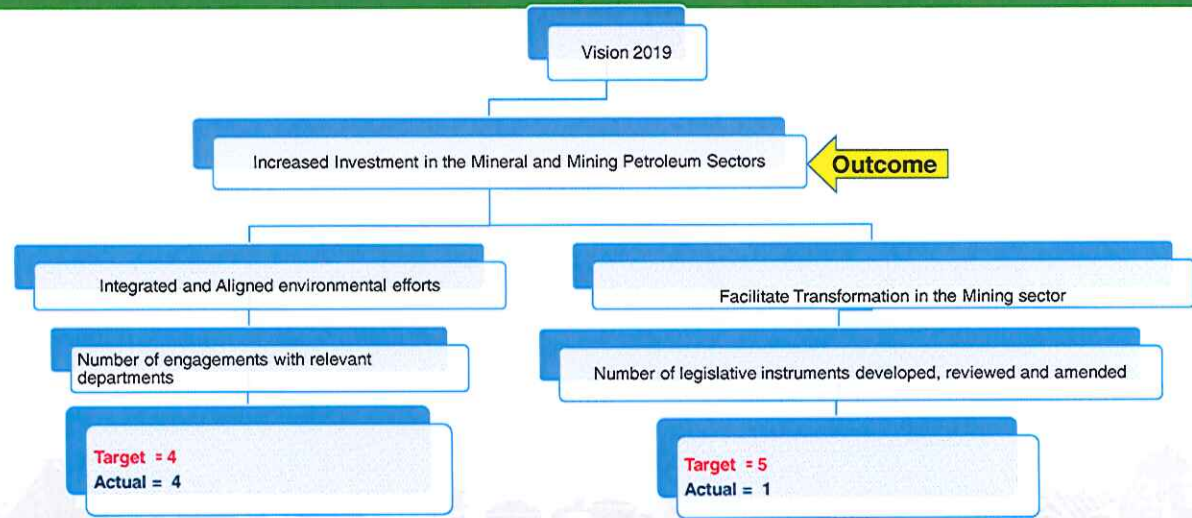
Branch – Mineral Policy & Promotion (3 of 7)



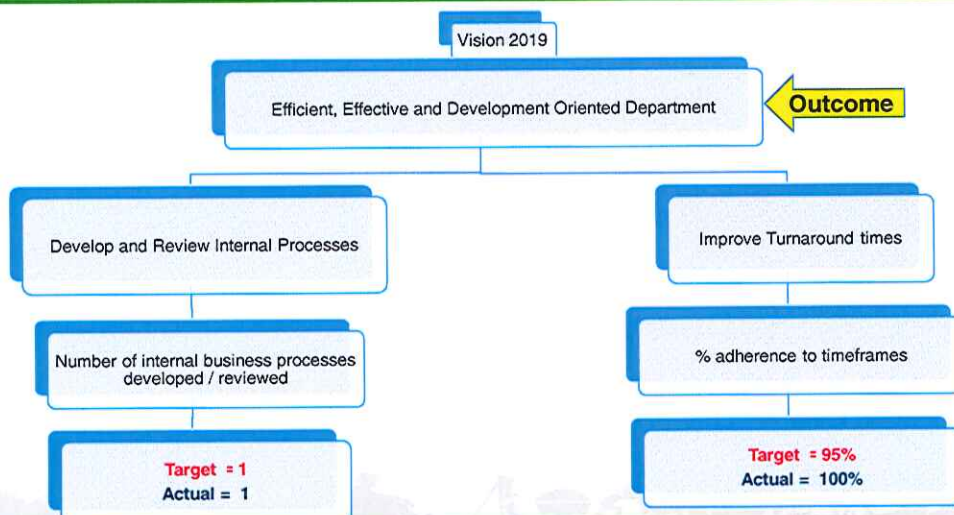
Branch – Mineral Policy & Promotion (4 of 7)



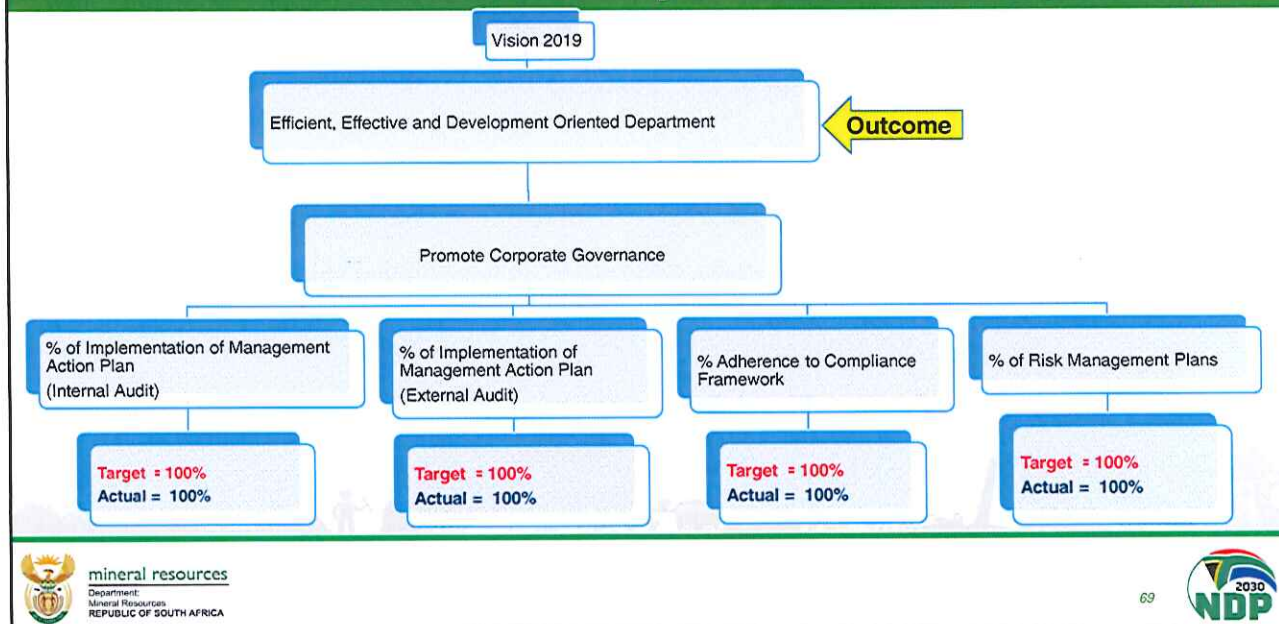
Branch – Mineral Policy & Promotion (5 of 7)



Branch – Mineral Policy & Promotion (6 of 7)



Branch – Mineral Policy & Promotion (7 of 7)



PROGRAMME 4: Mineral Policy and Promotion (MPP)

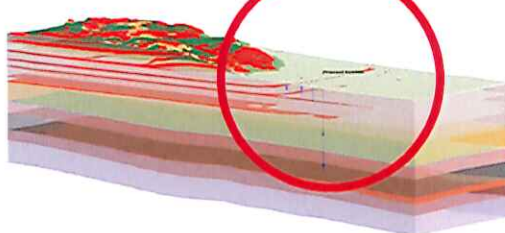
Highlights for the year

The following were the branch highlights for the last half of the financial year:

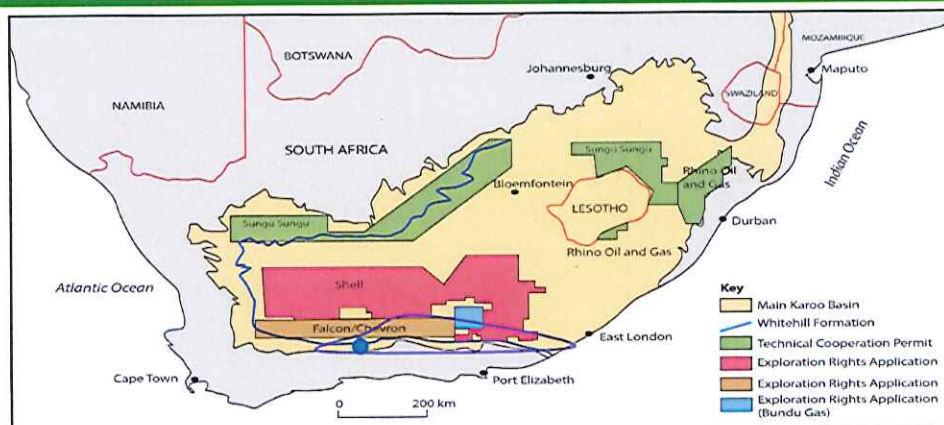
- ☐ Review of Mining Charter, 2017 – began in March 2018 with a mining social partners' meeting held where 2 Task Teams
 - ☐ Growth and Competitiveness, and
 - ☐ Transformation Task Teams were formed – the work is on-going
- ☐ A Mineral Investment Promotion Strategy has been developed.
- ☐ Progress on the shale gas research project
 - ☐ 5 monitoring boreholes drilled in Beaufort West;
 - ☐ The drilling uncovered fresh water resources which have been handed over to the Beaufort West Municipality;
 - ☐ An amount of 691 200 L of water has been made available to the municipality per day and an amount of 20 736 000 L per month from one borehole.;
 - ☐ Pump tests are being conducted on the other boreholes to check the viability of the water for community utilisation.

Shale GAS

- 5 observation holes 169 m. These were designed to intersect shallow aquifers and understand shallow groundwater dynamics
- These boreholes were sited through multi-disciplinary techniques (e.g. geological mapping, structural mapping, ground and airborne geophysics, hydrogeology, etc.)
- 2 monitoring holes 750 m – *Just concluded the drilling of these two*
- *Intercepted gas at 1402m*
- 1 deep stratigraphic research hole 3 500 m



Shale GAS



The study area is located in an area earmarked as a shale gas 'sweetspot' outside the shale gas license application blocks.

Examples of SSM Projects supported in 2017/18

Eastern Cape:

Brainwave Project in Flagstaff, Alfred Nzo District municipality.

It is a dolerite mining operation.



SSM Projects

Eastern Cape:

Mzintlava Project in Lusikisiki, Ngquza Hill Municipality

- It is also a dolerite mining operation.



Example of SSM Projects supported in 2017/18

Northern Cape:

Project owned by Mr David Williams in Barkley West. It is a diamond alluvial and diamond kimberlite operation.



THANK YOU