

# **SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR (SADPMR)**

**Parliamentary Portfolio Committee Briefing**

**2021-2022 Annual Performance Plan**

**7 May 2021**



**SOUTH AFRICAN DIAMOND AND  
PRECIOUS METALS REGULATOR**

# PRESENTATION OUTLINE

- ❑ **Mandate of the SADPMR**
- ❑ **SADPMR Achievements of the Past 5 years**
- ❑ **Strategic Plan and APP Overview**
- ❑ **MTEF Budget**
- ❑ **Challenges and Interventions**



# MANDATE OF THE SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

- ❑ SADPMR is a schedule 3A public entity in terms of Public Finance Management Act, 1999
- ❑ The mandate of the South African Diamond and Precious Metals Regulator is to regulate both diamonds and precious metals industries on beneficiation, buying, selling, importing and exporting of rough diamonds and manufacturing of precious metals.

<b>Commodity</b>	<b>Local Production</b>	<b>Sales</b>	<b>Employment</b>
<b>Diamonds</b>	8.5 million carats	R7.2 Billion	13 939
<b>PGM's</b>	226.5 tonnes	R192.7 Billion	164 782
<b>Gold</b>	95.9 tonnes	R792.1 Billion	94 399

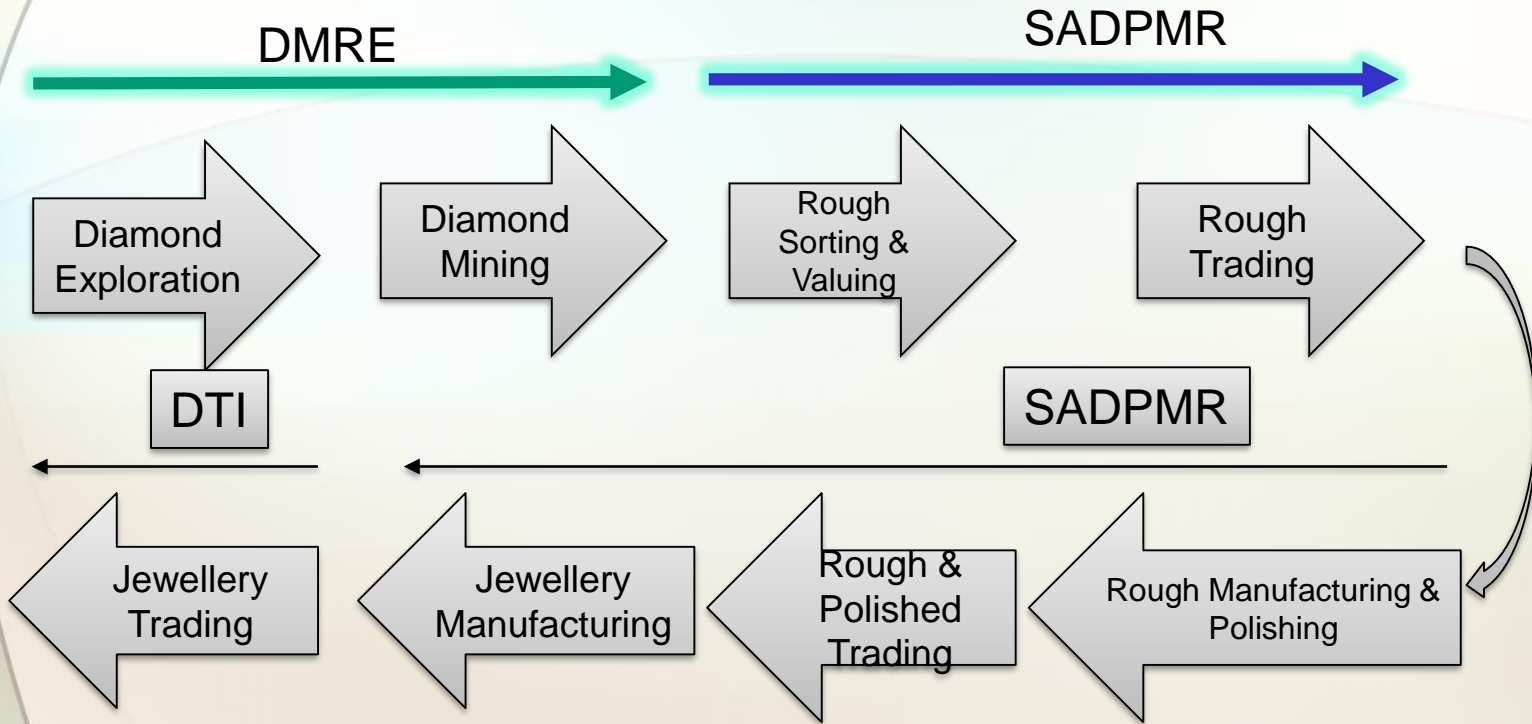


# MANDATE OF THE SADPMR – Continues ..

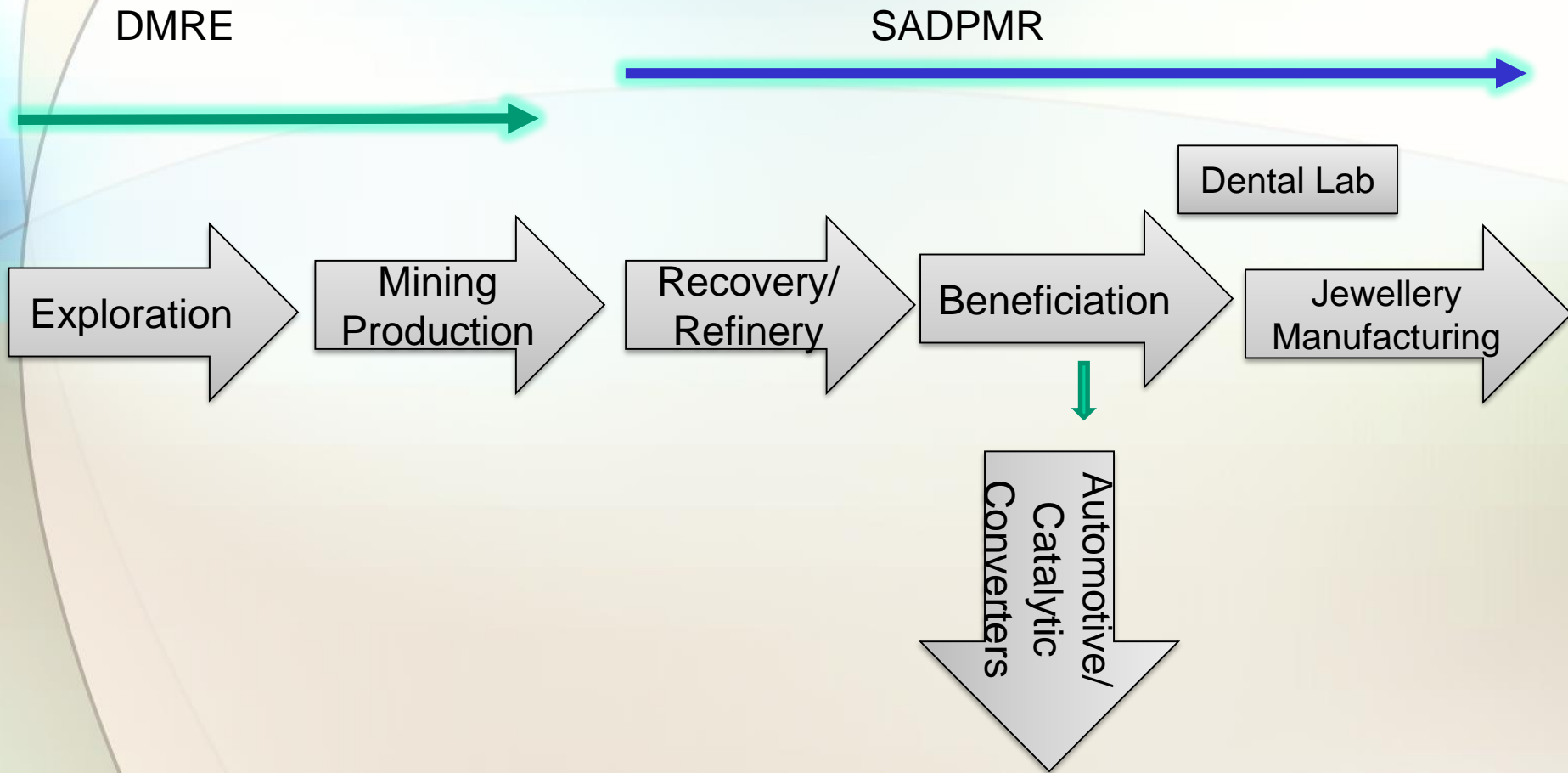
- ❑ In implementing this mandate the Regulator operates within the ambit of the following pieces of legislation:
  1. The Diamond Act, No 56 of 1986, as amended
  2. Diamond Export Levy (Administration) Act, No 14 of 2007
  3. Diamond Export Levy Act, No 15 of 2007
  4. Precious Metals Act (No. 37 of 2005)
  
- ❑ The value chain of diamonds is beneficiation, trading, imports and exports.
- ❑ The value chain of Precious Metals is refining, beneficiation and jewellery.



# DIAMONDS VALUE CHAIN



# PRECIOUS METALS VALUE CHAIN



# SADPMR PERFORMANCE OVER THE PAST 5 YEARS (2015/2016 to 2019/2020)

Strategic outcome	Audited Performance	MTEF period target
Job creation, skills development and value addition to the precious metals and diamonds	<ul style="list-style-type: none"> <li>1584 licenses issued</li> <li>54 new entrepreneurs assisted</li> <li>17 skills initiatives facilitated</li> </ul>	<ul style="list-style-type: none"> <li>1415 to be licenses issued</li> <li>60 new entrepreneurs to be assisted</li> <li>28 Skills initiatives to be facilitated</li> </ul>
Transformed diamonds and precious metals industries	<ul style="list-style-type: none"> <li>364 licensees and permits verified in accordance with the Mining Charter</li> <li>14 Industry workshops conducted</li> </ul>	<ul style="list-style-type: none"> <li>390 licenses planned to be verified</li> <li>30 Industry workshops to be conducted</li> </ul>
Enhanced local beneficiation and trade	<ul style="list-style-type: none"> <li>15 258 clients accessed the DEEC</li> <li>518 diamond beneficiators accessed the DEEC</li> </ul>	<ul style="list-style-type: none"> <li>20 new diamond beneficiators accessed the DEEC</li> </ul>
Compliance to legislation	<ul style="list-style-type: none"> <li>All diamonds presented to the DEEC were valued for fair market value</li> <li>8005 inspections were conducted</li> <li>174 inactive licensees assisted</li> </ul>	<ul style="list-style-type: none"> <li>All diamonds presented to the DEEC were valued for fair market value</li> <li>3300 inspections planned</li> <li>24 Inactive licensees to be assisted</li> </ul>
Effective, efficient and development orientated regulator	<ul style="list-style-type: none"> <li>4 unqualified audits with findings and 1 clean audit.</li> </ul>	<ul style="list-style-type: none"> <li>Clean Audit</li> </ul>



# STRATEGIC PLAN AND APP OVERVIEW

## VISION

To be a socio-economic transformative regulator that is centred on local beneficiation of diamonds and precious metals and to strive for business excellence.

## MISSION

To render regulatory services by: Transforming, providing Equitable access, Local beneficiation, Collaboration, Supporting black industrialists, Enforcing compliance, Advancing intra-Africa trade, Promoting business development, Skills development, Promotion and Marketing, Research and Development within the Diamond and Precious Metals Industries.





# REGULATORY COMPLIANCE AND DIAMOND TRADE – APP's

## CORE DIVISIONS



# REGULATORY COMPLIANCE

Outcome	Outcome indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>Compliance with Precious Metals and Diamonds legislation</b>	Number of compliance inspections conducted within the precious metals industries.	400	1500
	Number of compliance inspections conducted within the diamonds industries.	500	1800
	Number of precious metals joint inspections with law enforcement stakeholders	4	20
	Number of diamond joint inspections with law enforcement stakeholders	1	6
	Percentage of enforcement actions undertaken – Non compliance notices	100%	100%
<b>Transformation in the diamond and precious metals industries</b>	Number of licensees assessed against their commitments as per Mining Charter	120	390



# REGULATORY COMPLIANCE

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>Job creation, skills development and value addition to diamond and precious metal industries</b>	Percentage of licences issued within 60 working days based on completeness of the license application (precious metal)	65%	70%
	Percentage of licences issued within 60 working days based on completeness of the license application (diamonds)	65%	70%
	Number of Export Approval applicants catering for local demands of unwrought/ semi- fabricated precious metals addressed	12	42
	Percentage of beneficiation licenses/permits issued from the applications received within the legislated timeframe (60 working days)	100%	100%
	Number of inactive diamond businesses engaged	8	24



# DIAMOND TRADE

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>Job creation and Value addition to precious metals and diamonds</b>	Number of skills initiatives facilitated for the industries	5	15
<b>Compliance to legislation</b>	Percentage of valuations conducted	100%	100%
	Percentage of undisclosed synthetic diamonds subjected to detection	100%	100%
	Number of HDP's owned companies accessing DEEC	6	31
	Number of beneficiators accessing DEEC for the first time	3	11
	Percentage of compliance with the Kimberley Process Certification Scheme (KPCS)	100%	100%



# **FINANCE, CORPORATE , SECURITY& RISK AND LEGAL SERVICES**

## **ADMINISTRATION AND SUPPORT DIVISIONS**



# FINANCE

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>An effective, efficient and development orientated regulator</b>	Number of contracts awarded to HDIs	5	21
	Percentage of rand value of procurement spend awarded to HDI (Level 1 & 2)	70%	75%
	Number of instances of non-compliance to PFMA (Irregular, Fruitless and Wasteful expenditure)	Nil	Nil
	Revenue strategy developed and implemented	Implementation of the strategy	One additional revenue stream
	Identify and implement finance application modules to optimize utilization of enterprise resource planning (ERP)	Implementation of the approved application system renewal plan	Implementation of the approved application system renewal plan




# CORPORATE SERVICES

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
An effective, efficient and development orientated regulator	<b>Human Resources Development</b>		
	Percentage of compliance to the WSP requirements	100%	100%
	Number of new bursaries awarded	4	14
	Number of young graduates recruited on the Internship Programme	8	28



# CORPORATE SERVICES

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
An effective, efficient and development orientated Regulator	<b>Performance Management and Development System:</b>		
	Percentage of signed performance agreements and work plans facilitated	100%	100% 
	Number of Bi-annual performance assessments facilitated	2	6
	<b>Wellness Programme:</b>		
	Number of Employee Wellness events coordinated	2	10
	Number of Wellness programme interventions implemented	4	12





# CORPORATE SERVICES

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>An effective, efficient and development orientated Regulator</b>	<b>Organisational Development:</b>		
	Number of employee recognition events coordinated	1	3
	Number of organisational culture interventions implemented	1	5
	Number of leadership development programmes implemented	1	5
	Number of women and youth empowerment skills development, facilitated for internal staff	2	8



# CORPORATE SERVICES

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>An effective, efficient and development orientated Regulator</b>	<b>Information and Communication Technology:</b>		
	Number of Disaster Recovery Tests implemented	2	6
	Phases of online application developed	Develop and Implement Licensing App Module	Develop & Implement application for Licensing, Diamond Inspectorate & DEEC
	Number of ICT Security Measures implemented	2	8



# CORPORATE SERVICES

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>An effective, efficient and development orientated Regulator</b>	<b>Marketing &amp; Communication:</b>		
	Number of Internal and External stakeholders' engagements conducted	10	32
	Number of brand promotion activities implemented	8	30
	Number of Diamond and Precious Metal industry specific articles published about the services of the SADPMR	4	12
	Number of internal newsletter articles published	6	18
	Number of engagements uploads on digital media platforms	200	600



# CORPORATE SERVICES

Outcome	Outcome Indicator	APP Target 2021/22	MTEF target 2021/22 to 2023/24
<b>An effective, efficient and development orientated Regulator</b>	<b>Security Risk Management:</b>		
	Number of fraud and corruption prevention plan activities implemented	4	12
	Number of vetting files submitted to State Security Agency (SSA)	10	30
	Number of Occupational Health and Safety initiatives implemented	6	18
	<b>Legal Services:</b>		
	Percentage of matters referred for legal advice and addressed within 30 days.	100%	100%
	Percentage of legal opinions obtained on behalf of the Regulator.	100%	100%
	Percentage of contracts and SLAs vetted within 30 days.	100%	100%



# BUDGET ASSUMPTIONS AS PER MTEF DIRECTIVES

The SADPMR was successful in obtaining a R14 000 000 cash injection to fund the relocation to the Gauteng Industrial Development Zone (GIDZ) and thereby ensuring sustainability of the entity. This was as a result of numerous engagements with relevant stakeholders.

- ❑ During the 2021/2022 financial year and outer years zero increases were effected to employee costs due to financial constraints and MTEF budget guidelines due to projected decreases in the grant allocation and revenue.
- ❑ Office relocation expenditures will be funded from accumulated surplus as per the approval of the National Treasury and a ring fenced grant allocation received from the DMRE during the end of the 2020/2021 financial year.
- ❑ Projected inflation as per MTEF guidelines applied to expenditure budget items where applicable.



# MTEF BUDGET CYCLE ALLOCATIONS

Income	MTEF		
	2021/22	2022/23	2023/24
Grant allocation	62,027	62,894	63,136
Internal Generated Revenue	49,717	52,244	58,431
<b>Total Income</b>	<b>111,744</b>	<b>115,138</b>	<b>121,567</b>
Expenditure	111,744	114,469	115,815
<b>Surplus</b>	<b>-</b>	<b>669</b>	<b>5,752</b>

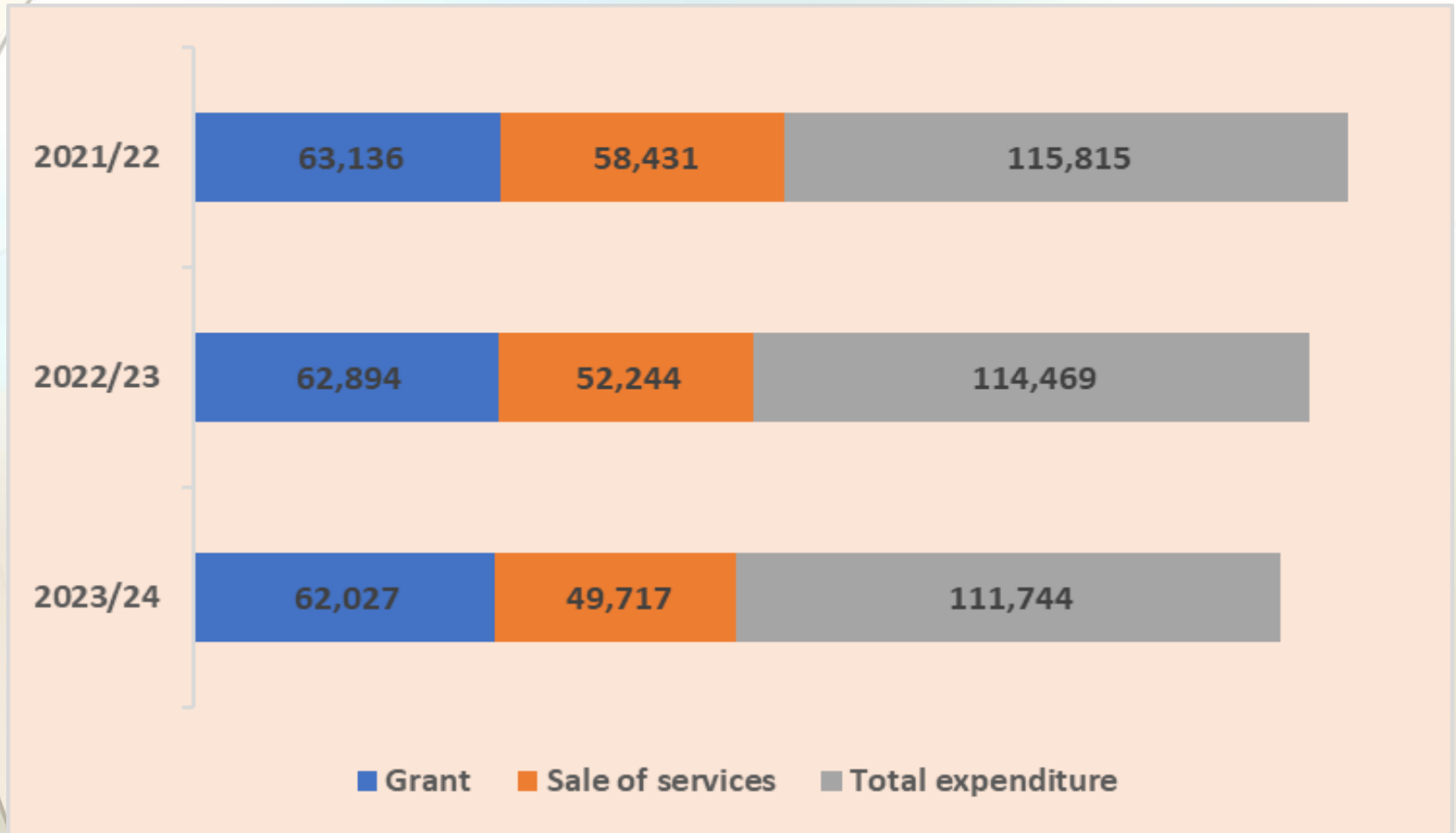


# PRELIMINARY BUDGET

Budget allocation	MTEF		
	2021/22	2022/23	2023/24
Grant allocation	62,027	62,894	63,136
Internal Generated Revenue	49,717	52,244	58,431
<b>Total Revenue</b>	<b>111,744</b>	<b>115,138</b>	<b>121,567</b>
<b>Expenditure</b>	<b>111,744</b>	<b>114,469</b>	<b>115,815</b>
Compensation of employees	86,529	86,529	86,529
Goods and services	24,115	26,840	28,186
Depreciation	1,100	1,100	1,100
<b>Surplus</b>	<b>-</b>	<b>669</b>	<b>5,752</b>



# REVENUE V/S EXPENDITURE





# INTERVENTIONS POST COVID-19

Challenges	Interventions	Support Required
<p><b>VAT exemption on imports for industry on to free up much-needed cash.</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> No VAT on import of diamonds destined to South Africa.</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Engagement with SARS</li> </ul>
<p><b>Export levy – Discourage exports in order to increase local beneficiation</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Introduce export levies and service fees on precious metals exports and imports</li> <li><input type="checkbox"/> Increase export levy on diamonds from the current 5%</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Amendment of Diamonds Act, Precious Metals Act and Export Levy (Administration) Act</li> </ul>
<p><b>SADPMR Revenue is impacted by COVID-19 pandemic with no certainty on future revenue generation as per budget</b></p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Continuous monitoring of impact of revenue generation on the sustainability of the Regulator with regular feedback to the Oversight division at the DMRE</li> <li><input type="checkbox"/> Implementation of Revenue Strategy and stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Regular meetings with DMRE Oversight division and National Treasury where relevant</li> </ul>



**THANK YOU  
&  
DISCUSSIONS**

