



ANNUAL REPORT

2015/16

Department of Mineral Resources



mineral resources

Department:
Mineral Resources
REPUBLIC OF SOUTH AFRICA

➔ TABLE OF CONTENTS

PART A: GENERAL INFORMATION

1.	DEPARTMENT GENERAL INFORMATION	
2.	LIST OF ABBREVIATIONS/ACRONYMS	
3.	FOREWORD BY THE MINISTER	
4.	DEPUTY MINISTER'S STATEMENT	
5.	REPORT OF THE ACCOUNTING OFFICER	
6.	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	
7.	STRATEGIC OVERVIEW	
	7.1. Vision 2016	
	7.2. Mission	
	7.3. Values	
8.	LEGISLATIVE AND OTHER MANDATES	
9.	ORGANISATIONAL STRUCTURE	
10.	ENTITIES REPORTING TO THE MINISTER	

5 PART B: PERFORMANCE INFORMATION

6	1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	20
7	2. OVERVIEW OF DEPARTMENTAL PERFORMANCE	20
	2.1 Service Delivery Environment	20
	2.1.1 Mine Health and Safety Inspectorate (MHSI)	21
	2.1.2 Mineral Regulation Branch	21
	2.1.3 Mineral Policy and Promotion Branch	21
	2.2 Service Delivery Improvement Plan	22
	2.3 Organisational environment	23
	2.4 Key policy developments and legislative changes	23
	2.4.1 African Exploration Mining Finance Corporation (AEMFC) Draft Bill	23
	2.4.2 The Mining Charter	23
17	3. STRATEGIC OUTCOME ORIENTED GOALS	24
17	Outcome 4 – Decent employment through inclusive growth	24
17	Outcome 6 – An efficient, competitive and responsive economic infrastructure network	24
17	Outcome 10 – Protect and enhance our environmental assets and natural resources	25
18	4. PERFORMANCE INFORMATION BY PROGRAMME	26
	4.1 Programme 1: Corporate Services	26
19	4.2 Programme 1.1: Financial Administration	34

19

4.3	Programme 2: Promotion of Mine Health and Safety
4.4	Programme 3: Mineral Regulation
4.5	Programme 4: Mineral Policy and Promotion
5.	TRANSFER PAYMENTS
5.1.	Transfer payments to public entities
5.2.	Transfer payments to all organisations other than public entities
6.	CONDITIONAL GRANTS
6.1.	Conditional grants and earmarked funds received/ paid
7.	DONOR FUNDS
7.1.	Donor Funds Received
8.	CAPITAL INVESTMENT
8.1.	Capital investment, maintenance and asset management plan

PART C: GOVERNANCE

1.	INTRODUCTION
2.	RISK MANAGEMENT
3.	FRAUD AND CORRUPTION
4.	MINIMISING CONFLICT OF INTEREST
5.	CODE OF CONDUCT

37	6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	63
42		
47	7. PORTFOLIO COMMITTEES	63
52	8. SCOPA RESOLUTIONS	63
52		
53	9. PRIOR MODIFICATIONS TO AUDIT REPORTS	63
58	10. INTERNAL CONTROL UNIT	63
58		
59	11. INTERNAL AUDIT AND AUDIT COMMITTEES	63
59	12. AUDIT COMMITTEE REPORT	66
59	PART D: HUMAN RESOURCE MANAGEMENT	67
59	1. INTRODUCTION	68
61	2. OVERVIEW OF HUMAN RESOURCES	68
62	3. HUMAN RESOURCES OVERSIGHT STATISTICS	69
62	PART E: FINANCIAL INFORMATION	107
62	1. REPORT OF THE AUDITOR-GENERAL	108
62	2. ANNUAL FINANCIAL STATEMENTS	111
62		

PART A

GENERAL INFORMATION



Right Image: Cluster of producing wellheads (Source: Tom Murphy, Pennsylvania State University, USA)

➔ 1. DEPARTMENT GENERAL INFORMATION

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➔ 2. LIST OF ABBREVIATIONS/ACRONYMS

AC	Audit Committee
AEMFC	African Exploration Mining and Finance Corporation
AGSA	Auditor-General of South Africa (AGSA)
AIDS	Acquired Immune Deficiency Syndrome
AMD	Acid mine drainage
AMDP	Advanced Management Development Programme
AMTS	Advanced Manufacturing Technology Strategy
AO	Accounting Officer
APP	Annual Performance Plan
BBBEE	Broad-Based Black Economic Empowerment
CEF	Central Energy Fund
CGS	Council for Geoscience
CIOM	Chief Inspector of Mines
CoE	Centre of Excellence
COO	Chief Operating Officer
CTF	Culture Transformation Framework
DEEC	Diamond Exchange and Export Centre
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations Cooperation
DMR	Department of Mineral Resources
D&O	Derelict and Ownerless
DoE	Department of Energy
DPE	Department of Public Enterprises
DPSA	Department of Public Service and Administration
dti	Department of Trade and Industry
EAP	Employee Assistance Programme
EDP	Executive Development Programme
EIA	Environmental Impact Assessment
EMDP	Executive Management Development Programme
EMP	Environmental Management Programme
EMRI	Environmental Mineral Resource Inspector

EU	European Union
GCC	Government Certificate of Competence
GCIS	Government Communication and Information System
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GG	Government Garage
HDSA	Historically disadvantaged South Africans
HIV	Human Immunodeficiency Virus
HOA	Home Owners' Allowance
HR	Human Resources
HRD	Human Resource Development
HRDS	Human Resource Development Strategy
ICT	Information and Communications Technology
IMC	Inter-Ministerial Committee
IOPC	International Oil Pollution Compensation
KOSH	KOSH (Klerksdorp–Orkney–Stilfontein–Hartbeesfontein)
KPCS	Kimberley Process Certification Scheme
LSM	Large-scale mining
MANCO	Management Committee
MBAP	Minerals Beneficiation Action Plan
MCS	Modified Cash Standards
MDP	Management Development Programme
MHS	Mine Health and Safety
MHSA	Mine Health and Safety Act
MHSC	Mine Health and Safety Council
MHSI	Mine Health and Safety Inspectorate
MIGDETT	Mining Industry Growth, Development and Employment Task Team
MINTEK	Council for Mineral Technology Research
MLA	Mineral Laws Administration
MRAC	Mining Regulation Advisory Committee
MSP	Master Systems Plan

MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MP	Member of Parliament
MPRDA	Mineral and Petroleum Resources Development Act
MQA	Mining Qualifications Authority
MR	Mineral Regulation
MWP	Mining Work Programme
N/A	Not applicable
NDP	National Development Plan
Nedlac	National Economic Development and Labour Council
NEMA	National Environmental Management Act
NGP	New Growth Path
NIHL	Noise Induced Hearing Loss
NIPF	National Industrial Policy Framework
NSDS	National Skills Development Strategy
OHS	Occupational Health and Safety
PAIA	Promotion of Access to Information Act
PAJA	Promotion of Administrative Justice Act
PAMDC	Pan-African Minerals Development Corporation
PASA	Petroleum Agency of South Africa
PDP	Personal Development Plan
PFMA	Public Finance Management Act
PPE	Personal Protective Equipment
PSCBC	Public Service Coordinating Bargaining Council

PSETA	Public Service Sector Education and Training Authority
PSHA	Probabilistic Seismic Hazard Analysis
PWP	Prospecting Work Programme
RPL	Recognition of prior learning
SADPMR	South African Diamond and Precious Minerals Regulator
SAMI	South African Minerals Industry
SAMRAD	South African Mineral Resources Administration System
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SDT	State Diamond Trader
SLA	Service Level Agreement
SLP	Social and Labour Plan
SMMEs	Small, medium and micro-enterprises
SMS	Senior Management Service
SOE	State-owned entities
SOMCO	State-owned mining company
SPP	Special Presidential Project
SSM	Small-scale mining
TB	Tuberculosis
UNCSD	United Nations Convention on Sustainable Development
WIM	Women in Mining
WSP	Workplace Skills Plan
WPL	Workplace Learning

➔ 3. FOREWORD BY THE MINISTER

Mr Mosebenzi J. Zwane, MP
Minister of Mineral Resources



South Africa's economic growth is closely linked to the mining industry's performance and growth. After the country's initially promising recovery following the global economic crisis of 2008, real gross domestic product (GDP) growth peaked at 3,6% in 2011, sliding to 1,5% in 2014 and 1,3% in 2015. South Africa's mining industry has in the past few years been declining in financial performance, impacted by a slump in commodity prices and increased cost pressures.

The mining industry contribution to GDP was 8% in 2015. The calendar year 2015 proved to be extremely challenging for South Africa's mining industry. Local cost pressures, labour action, and a continuing downswing in commodity prices have resulted in shrinking margins and impairment provisions. Mining companies are grappling to improve productivity in order to address the demanding global and local mining environment. Furthermore, challenges were compounded by the slowdown in the Chinese economic growth rate to around 7% from the double digit growth rates which have weighed down on the local and global performance and growth of the mining industry. However, the industry remains the cornerstone of the South African economy and has a strong bond with other sectors in the economy. In 2015, mining contributed the following:

- R262 billion or 8% to GDP and 11% to Gross Fixed Capital Formation (GFCF).
- The industry employed approximately 2,5% (481 723 employees) of South Africa's economically active population.
- R386,4 billion to South Africa's total primary minerals sales value of which R120,3 billion was for local sales and R266,2 billion was exports in 2015. The primary

minerals export sales percentage contribution to the country's total exports value of goods is approximately 26%.

- In 2014, foreign direct investment in mining industry was R377 million.

Despite the challenging phase the industry is faced with, there are number of positives. Labour stability has improved since the 2014 five-month strike in the platinum industry. Furthermore, the depreciation of the Rand has cushioned the mining industry from escalating production costs and downturn in commodity prices.

Although South African mining has faced challenging developments in recent years, opportunities exists for mining companies, labour and government to help the industry get through the difficult times ahead such as the socio-economic compact initiatives developed by the various industry players to address the prevailing challenges.

To date, the national database of derelict and ownerless (D&O) mines has been developed and about 90% of the total mines have been visited and adequately assessed through the Council for Geoscience (CGS). Field verifications have been completed in the Limpopo, Mpumalanga, Gauteng, KwaZulu-Natal and Eastern Cape provinces where a variety of commodities was assessed. Furthermore, the Department was able to identify and safely close about 190 dangerous holings that posed an immediate threat to communities in proximity to these sites. In addition to this progress, 19 asbestos mine sites have been rehabilitated by State entity Mintek (Council for Mineral Technology Research).

The small-scale mining (SSM) sector has grown over time with currently about 3 800 permits granted by the Department of Mineral Resources (DMR) to the public. This sector has great economic potential to sustain livelihoods, reduce poverty and generate revenue for the State, through ensuring that it becomes at least as important as large-scale mining (LSM) in South Africa. The Department provided technical support to 125 SSM projects throughout the country during the 2015/16 financial year. The support offered included assistance with legislative compliance,

facilitation for access to skills and finance, as well as encouraging the beneficiation of the produce to ensure sustainability of these projects. The sector still has a lot of challenges that need to be addressed including issues of environmental degradation, human rights abuse, labour standards, health and safety and gender, but these can be addressed with support from all stakeholders.

Since the signing of the Stakeholder Declaration to save jobs in August 2015, a task team has been put in place to drive its implementation. A major milestone has been the alignment of section 189 of the Labour Relations Act process with section 52 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) (MPRDA) process, to achieve better coordination.

Transformation of the mining industry and saving jobs remain key in our quest to sustainably develop the industry. These interventions are vital to our programme of creating black industrialists. South Africans must derive benefit from the country's mineral wealth - this is our objective, through the implementation of Social and Labour Plans (SLPs). Going forward, focus will shift towards greater participation and ownership of projects by communities, including income-generating projects and infrastructure development.

The safety and dignity of mineworkers are at the core of our drive to transform the mining industry. We will not compromise on our drive to ensure a safe and dignified work environment, in line with the Mine Health and Safety Act. Behind the cold statistics of fatalities in the sector are fathers, mothers, brothers and sisters whose families will never see them again. As a sector, the bar must be lifted, hence our call for workers not to work in unsafe areas, and our resolve to stop operations deemed unsafe - even if it incurs expense.

The Department will continue to provide support to parliamentary processes to finalise the Mineral and Petroleum Resources Development Amendment Bill, as

regulatory certainty is critical to attracting and retaining investment in the mining industry. Equally important is the resolution of matters pertaining to legal disputes on the ownership element and finalisation of the Mining Charter, so that investment can take place.

Streamlining the application process for prospecting and mining rights through the implementation of the One Environmental System, through implementation of the National Environmental Management Act (NEMA) gained momentum. An additional 60 officials were trained as Environmental Mineral Resource Inspectors (EMRIs). A stand-alone Enforcement and Compliance component is successfully being facilitated.

Good governance and management of the Department's finances is central to our drive to improving efficiency. Even within the constrained economic environment, we will continue to refine our business processes, and strive for efficiencies working with our state-owned entities (SOEs) in our drive to create a conducive environment for the creation of jobs, the growth of mining and beneficiation.

I take this opportunity to thank the Department's management, staff and stakeholders who have continued to work with me in driving the achievement of the goals of Government as outlined in the National Development Plan (NDP) and Medium Term Strategic Framework (MTSF). Let us together continue to move the mining industry forward.



Mr Mosebenzi J. Zwane, MP

Minister of Mineral Resources

➔ 4. DEPUTY MINISTER'S STATEMENT

Mr Godfrey Oliphant, MP
Deputy Minister of Mineral Resources



The mining industry is a significant contributor not only directly to the economy, but also through indirect and induced multipliers. In addition mining is one of the country's key economic sectors with the potential to substantial contribution to economic growth, job creation and transformation, consistent with Government's objectives of higher and more balanced inclusive economic growth.

However, we are still faced with challenges to improve the livelihood of all South Africans - including the health and safety of our mineworkers and ex-mineworkers. Our stakeholder engagements and commitments have led to the establishment of the first mobile One Stop Service facility comprising claims management, a health clinic including X-ray and lung function testing facilities and a mobile bank, rolled out in Kuruman, Northern Cape. Services rendered at these centres include health and rehabilitation services, social services, compensation services and facilitation access to other benefits (UIF, provident funds and pension funds). We are in the process of establishing centres in other labour-sending areas and neighbouring countries.

Through our concerted efforts and as part of the Special Presidential Package for the Revitalisation of Distressed Mining Communities and Labour Sending Areas we have, together with the Departments of Health and Social Development, conducted outreach and awareness programmes in all provinces in the country. Medical assessments and claims management have been conducted. The activities have supported ex-mineworker projects in the various provinces while dealing with social assistance interventions for the poor and vulnerable.

The health and safety of our mineworkers remains one of the Department's priorities to sustain and move the mining industry forward. As a result, our collaboration with the Mining Qualifications Authority (MQA) to enhance skills development and capacitate the Mine Health and Safety (MHS) Inspectorate yielded positive benefits, with 50 graduates recruited on a two-year Learner Inspector Training Programme. The programme is aimed at addressing the shortage of scarce and critical technical skills and ensuring an increase in the number of inspectors within the Department, redressing unemployment and reducing the number of unemployed South African graduates. I am positive that this is a step in the right direction and we will continue to use the provisions of the Mine Health and Safety Act (MHSA) to ensure that mineworkers have a safe and dignified work environment. We will not rest until this is achieved.

Together with the Department of Health, trade unions and the Chamber of Mines we have launched Operation Ku-Riha to pay R1,5 billion to approximately 103 000 ex-mineworkers with unclaimed compensation benefits. Furthermore, we are developing an integrated workers' compensation system with the support of the Department of Health and the Department of Labour.


In order to improve the health and safety of workers in the mining sector and strive to undertake activities that will seek to eliminate exposure to high occupational health and safety (OHS) risks and improve asset utilisation, we participated in the process to develop the proposal to the Global Fund for Acquired Immune Deficiency Syndrome (AIDS), tuberculosis (TB) and Malaria for the TB in the Mines Project. This project covers 10 countries in Southern Africa and the grant amounts to \$30 million. The grant is managed by the University of Witwatersrand Wits Health Consortium. We further plan to build two One Stop Centres in Lesotho, Mozambique and Swaziland respectively, and another One Stop Centre in Botswana. These should be operational by April 2017 and will greatly enhance service delivery for ex-mineworkers.

The Mining Charter advocates the upliftment of the socio-economic conditions of mining communities. In this regard, we participated in, and supported various socio-economic projects in the country such as the Macadamia Nut Initiative. The project provides an alternative economy for the rural communities in the Wild Coast and could create new economic opportunities for ex-mineworkers and their families. The Department has examined the macadamia business model and has found it to be ideal for building progressive economic partnerships between mining companies, government, ex-mineworkers and their families. A hectare of macadamia creates a job for life and generates R40 000 net profit in perpetuity. The trees last no less than 100 years if we measure ourselves against Australians who now have macadamia plantations as old as 127 years.

As the Department we are seriously concerned with the persisting illegal mining activities taking place across the country. The Department will continue to collaborate with relevant government departments, law enforcement agencies, mining companies,

unions and municipalities in implementing measures to prevent these illicit activities. In addition, we will continue to implement legislation that advocates the sealing of open shafts and holes to assist in preventing illegal mining as well as in enhancing the safety of communities in and around old mine operations.

With the many global and local mining challenges and the reported progress, we strongly remain committed as Government to collaborate with all stakeholders in order to move the mining industry forward for the benefit of all South Africans.



Mr Godfrey Oliphant, MP

Deputy Minister of Mineral Resources

➔ 5. REPORT OF THE ACCOUNTING OFFICER

Mr David Msiza

Acting Director-General: Department of Mineral Resources



Overview of the Operations of the Department

It is my pleasure to present the 2015/16 Annual Report of the Department of Mineral Resources. The Department continued to deliver on its mandate as tabled in the Annual Performance Plan (APP). As highlighted in Part B of this report, there were a number of successes and challenges, but I remain confident and optimistic about the future of the mining industry.

Sector Performance

The mining industry remains a key contributor to the Government's objectives as indicated in the NDP and the MTSF as tabled in Parliament, particularly outcome 4 (decent employment through inclusive growth), outcome 6 (an efficient, competitive and responsive economic infrastructure network) and outcome 10 (protect and enhance our environmental assets and natural resources). The success of the industry is therefore critical to ensuring a better life for all South Africans.

Transformation remains a central tenet of Government. In this regard, the Department leads implementation of transformation through the Mining Charter, whose 10-year assessment of implementation progress was concluded in 2015. The findings of this assessment have been used to strengthen the efficacy of this transformation instrument and constituted a basis for the draft review of the Mining Charter that has been published for public comment. The reviewed Charter, which emphasises the importance of effective ownership, is a requisite instrument to effect meaningful integration of black people into the mainstream economy.

The resilience of the mining industry has largely contained the potential for significant job losses, in line with the global employment performance in other jurisdictions. Accordingly, a Declaration for Saving Jobs was developed and adopted by the key industry stakeholders and a 10-point plan subsequently developed to elaborate on the mechanisms for giving effect to the Declaration. The Department is closely monitoring the employment performance in the industry as well as driving the implementation of the Declaration to contain job losses, as far as possible.

Regulatory Framework

The mining industry remains the foundation of the country's economy and is central to achieving Government's objectives as expressed in the NDP and the MTSF. The Department facilitates transformation in the mining sector through development and review of relevant legislation. There is notable progress on the review of the legislative instruments such as the MPRDA, the MHSA, the African Exploration Mining and Finance Corporation (AEMFC) Bill, and the Mining Charter. The detailed account of progress made thus far is outlined in Part B, under programme four's performance information.

Licensing

The integration of the National Environmental Management Act (NEMA) requirements to the application process has made a huge impact on the application of prospecting and mining rights. Although the actual results of this efficient process will only be seen in time to come, I believe that this represents a giant leap towards an effective and efficient application process.

Health and Safety

Health and safety in the South African mining industry remains a challenge, although there has been a downward trend in fatalities and injuries over the past 20 years. The number of mining accidents and occupational diseases which occurred during the reporting period are a reminder that more collaborative efforts between Government, industry and labour are required in ensuring that we realise the objective: "Every mine worker returns from work unharmed every day; striving for zero harm".

Overview of the Financial Results of the Department:

Departmental Receipts

The main source of revenue is the prospective fees which are levied in terms of the MPRDA. The tariff policy remained the same during the period under review. The prospecting fee revenue is classified as rent in land.

Departmental Receipts	2015/2016			2014/2015		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of scrap, waste, arms and other used current goods	-	-	-	2	-	(2)
Sale of goods and services other than capital assets	6,277	6,486	(209)	2,627	3,230	(603)
Fines, penalties and forfeits	2,244	847	1,397	924	1,117	(193)
Interest, dividends and rent on land	25,672	22,268	3,404	39,736	31,755	(7,981)
Sale of capital assets	-	-	-	-	1,360	1,360
Financial transactions in assets and liabilities	209	162	47	1,824	8,745	6,921
TOTAL	34,402	29,763	4,639	45,113	46,207	(1,094)

The total revenue collected of R29,763 million is lower than the estimated revenue of R34,402 million. This is mainly due to a decrease in the collection of prospecting fees and interest income. The actual collection for the 2015/2016 financial year is also lower than the 2014/2015 financial year for the same reasons. The R31,755 million collected in the previous financial year included royalty of R8,447 million which was received from mining right-holders. This is administered by the South African Revenue Service. The same was not applicable in the year under review. All the fees collected by the Department are paid over to the National Revenue Fund.

Programme Expenditure

The budget allocated per programme was utilised effectively to deliver on the mandate of the Department. As reflected on the Appropriation Statement, virement amounting to R50,197 million was applied in terms of section 43(1) of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). The funds shifted from programmes were used mainly to fund the shortfall on office accommodation. The details of the shifted funds and the reasons are outlined below:

2015/16 VIREMENT		
Shifting Funds From	R'000	Reasons
Mine Health and Safety	(12,922)	Savings on goods and services as a result of a delay in filling of vacant posts which had an impact on administrative costs.
Mineral Regulation	(17,479)	Savings on goods and services as a result of the delay in implementing activities planned for 2015/16 financial year.
Mineral Policy	(19,796)	Savings on goods and services and a delay in filling vacant posts, which had an impact on administrative costs.
TOTAL	50,197	
Shifting Funds To	R'000	Reasons
Administration	50,197	To cater for the shortfall on operating expenses that were more than anticipated
TOTAL	50,197	

Future Plans of the Department

The Department will continue to implement the Strategic Plan of 2014-2019 as tabled. The Strategic Plan focuses on, among others, promoting investment in the mineral and upstream petroleum sectors. The downward budget deficit on compensation of employees post-dates the Departmental strategic planning, during which delivery commitments were advanced on the basis of the availability of human capital, including the prospects of filling posts within a reasonable period of time. Accordingly, the budget decision has a material effect on the ability of the Department to deliver against the commitment to fill positions within the prescribed turnaround

times. The Department has since identified certain posts as priority whilst continuing to engage with the Department of Public Service and Administration (DPSA) as well as National Treasury in order to ensure that the service delivery commitments are not negatively impacted.

Supply Chain Management

The Department is committed to creating, maintaining and continually improving a fair, equitable, transparent, competitive and cost-effective Supply Chain Management System, and ensuring that decisions that are made are consistent with the Supply Chain Management Framework, as prescribed. Old cases of irregular expenditure were finalised during the year under review and, where applicable, consequence management has been applied.

Acknowledgement and Appreciation

I would like to thank the officials of the Department for their efforts and commitment throughout the year. The oversight bodies have been a constant source of support and guidance for the implementation of internal control systems and service delivery commitments. Lastly, I would like to acknowledge the guidance and leadership provided by the Minister and the Deputy Minister during the year under review.



Mr David Msiza
Acting Accounting Officer

➔ 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer (AO) is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

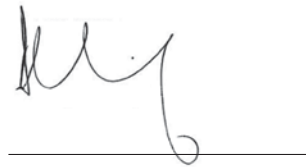
The AO is responsible for establishing and implementing a system of internal controls that has been designed to provide reasonable assurance as to the integrity and

reliability of the performance information, the human resources (HR) information and the Annual Financial Statements.

External auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, performance information, HR information and the financial affairs of the Department for the financial year ended 31 March 2016.

Yours faithfully



Acting Accounting Officer

Mr D Msiza

➔ 7. STRATEGIC OVERVIEW

7.1. Vision 2016

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.

7.2. 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.

7.3. Values

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

➔ 8. LEGISLATIVE AND OTHER MANDATES

• Constitutional Mandate

The Department of Mineral Resources derives its mandate from section 24 of the Constitution of South Africa, Act No. 108 of 1996.

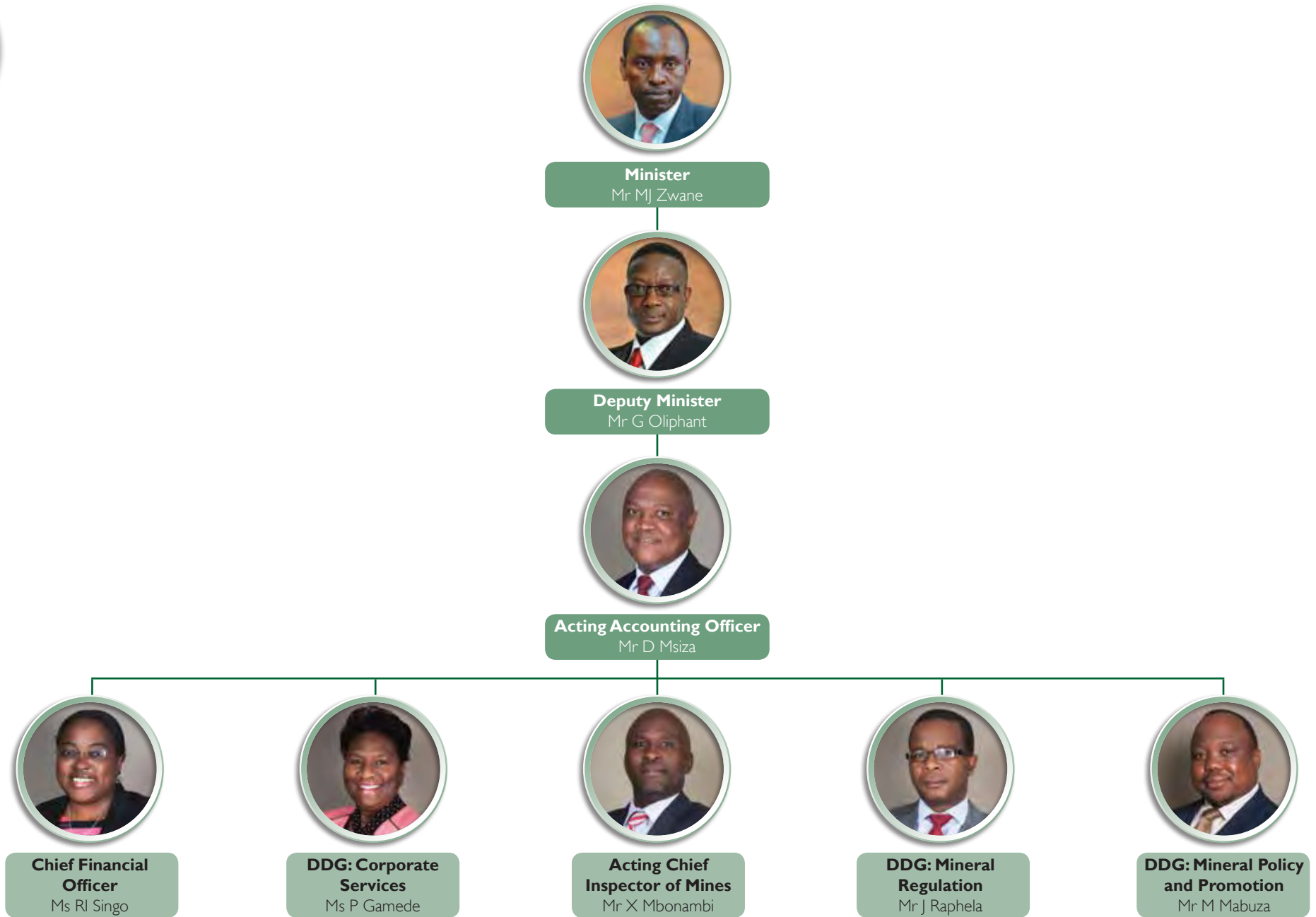
• Legislative Mandate

The principal acts driving the work of the Department are the MPRDA and the MHSA. The two acts provide the regulatory framework for the promotion and regulation of the mining, minerals and petroleum industry. They also provide a regulatory framework for ensuring equitable access to and sustainable development of the nation's mineral resources and related matters.

• Policy Mandate






The Minerals and Mining Policy for South Africa (White Paper, 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.

9. ORGANISATIONAL STRUCTURE



➔ 10. ENTITIES REPORTING TO THE MINISTER

The table below indicates entities reporting to the Minister:

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
 Mine Health and Safety Council (MHSC)	Established in terms of section 42 (1) of the Mine Health and Safety Act, 29 of 1996	Co-funding in terms of the establishment act	Research and advisory function to the Minister in terms of mine health and safety, as well as promoting a culture of health and safety in the mining industry.
 Council for Mineral Technology Research (MINTeK)	Established in terms of the Mineral Technology Act, 30 of 1989.	Co-funding in terms of the establishment act	Provides research, development and technology that fosters the development of business in the mineral and mineral products industries
 Council for Geoscience Applied Geoscience Solutions	Established in terms of the Geoscience Act, 100 of 1993.	Co-funding in terms of the establishment act	Development and maintenance of the national geosciences knowledge infrastructure for both the onshore (land) and offshore (oceans) environments of South Africa.
 South African State Diamond and Precious Minerals Regulator (SADPMR)	Established in terms of the Diamond Act, 1986, as amended, and the Precious Metals Act, 37 of 2005.	Co-funding in terms of the establishment act	Regulation of the diamond, platinum and gold sectors.
 state diamond trader REPUBLIC OF SOUTH AFRICA	Established in terms of the Diamond Act, 56 of 1986	Co-funding in terms of the establishment act	Promote equitable access to and beneficiation of diamond resources, address distortions in the diamond industry and correcting historical market failures to develop and grow South Africa's diamond cutting and polishing industry.



PART B

PERFORMANCE INFORMATION



➔ 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under 'Predetermined Objectives' in the Report.

During the year under review, the Department did not have material findings on pre-determined objectives. Refer to page 108 of the Report of the Auditor-General, published as Part E: Financial Information.

➔ 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

2.1.1 Mine Health and Safety Inspectorate (MHSI)

Mining Industry

The service delivery environment during the reporting period was difficult. This was in the main due to the aftermath of a protracted strike in the platinum belt in 2014 which led to deterioration of health and safety conditions at workplaces. The branch was also unable to conduct planned accident investigations and inquiries at affected mines during this period, which in turn resulted in backlogs on completion of investigations and inquiries processes.

Continued unprotected and violent strikes resulted in underground sit-ins at some mines, which had a negative impact on service delivery.

The frequent announcements of job cuts and retrenchments by the majority of mining companies caused anxiety and had a negative impact on health and safety at mines, thus adding to a hostile service delivery environment.

The tense environment due to union rivalry between organised labour members at some mines continues to hinder effectiveness of collaboration and consultation efforts on matters of health and safety between the State, employers and employees.

The Department continues to collaborate with the relevant law enforcement agencies and social partners on remedial measures, strategies and national coordination efforts in combating illegal mining activities across the country. There are serious safety and security challenges associated with these activities because of dangerous old mine workings and violent shootings amongst illegal miners fighting over territory.

Current Health and Safety Performance

The health and safety track record in the South African mining industry remains a challenge for the Department, although there has been a downward trend and a year-on-year improvement in the reported number of mine accidents and occupational diseases. The year 2015 saw the lowest ever fatalities recorded since the start of mining in South Africa. A total of 79 fatalities were reported in 2015/2016, compared to 71 reported for 2014/2015. However, the total injuries increased from 2 697 in 2014/2015 to 3 036 injuries during 2015/2016.

The high number of injuries reported at mines is as a result of repeat accidents, hence an increased number of routine inspections and audits to address this challenge.

There has also been an improvement in the number of occupational diseases reported during the period. The statistics also suggest that gold and platinum mines are the main contributors to accidents and occupational diseases. Although there has been improvement, the Department is still greatly concerned with the loss of life, injuries and occupational diseases in the sector. Hence, more focus will be directed at the mines moving forward.

Women in Mining (WIM) Conference

To address Personal Protective Equipment (PPE), safety and security challenges of WIM, the Department and the MHSC hosted a WIM conference in August 2015 to share research outcomes on these matters. For the first time in South Africa, standards for PPE for WIM were developed including maternity clothing for women. To this effect, a guideline for a code of practice with minimum standards of PPE for

women has been promulgated and a catalogue which will assist manufacturers with PPE for designs for women has been posted on the MHSC website. In order to increase awareness for WIM on sexual harassment and violence at mines, the MHSC developed a comic book, DVD and a poster that can be used by the mines during industry induction workshops.

Culture Transformation Framework (CTF)

As part of implementation of the CTF, a tool to assess and monitor behaviour for adoption and implementation of leading practices was developed by the Department in collaboration with the MHSC. This will go a long way in correcting human behaviour issues impacting on implementation of best practices aimed at improving OHS in the mining industry. The Department - through MHSC - is currently developing guidelines that will assist the small-scale mines to comply with the MHSA. Inherent in the guideline is a step-by-step process outlining risk identification and measures to assist these mines to control, eliminate or eradicate the OHS risks through requirements of the MHSA.

Human Capital Development

During the reporting period the MHSI developed the skills and knowledge base of its staff through implementation of an Assistant Inspector Programme. A total number of four assistant inspectors recruited with electrical/mechanical engineering tertiary qualifications underwent Inspector Training at various regional offices. Two out of four managed to attain their GCC and have been permanently absorbed as fully qualified inspectors of mines while the other two are at various stages of obtaining the Government Certificate of Competency (GCC).

The Department continued to support 50 learner inspectors at AngloGold Ashanti and Sibanye Gold for two years to obtain the required mine experiential training. The training is a collaboration between the Department and the MQA who sponsor the training. The reporting period was the second year of the Learner Inspectors Programme. Since the start of the programme five learners have resigned due to better career prospects, leaving 45 learner inspectors. One of the 45 is still finalising her mine experiential training at Sibanye Gold Academy and should be placed within the Department during the course of the next financial year. The other 44 learners have successfully completed the training programme, with seven currently attempting a Bachelor of Technology Degree at the University of Johannesburg and 38 placed on an Assistant Inspector Training at various regional offices.

2.1.2 Mineral Regulation Branch

The Department continued to regulate the industry through the MPRDA. This involved issuing licenses and undertaking inspections in the sector. Most targets relating to the Regulation Branch were achieved except for the number of jobs created through SLPs, owing to the mining sector's performance, which was caused by declining commodity prices. As for the allocation of rights, a target of 70% adherence to turnaround times was achieved.

During the year, the branch also implemented and/or launched the following projects:

- SLP projects in North West and Limpopo (Lephalale)
- The regulatory activities of the Department saw the implementation of additional 120 SLP development projects;
- Finalising of the South African Mineral Resources Administration System (SAMRAD) input strategy;
- Ongoing implementation of the Special Presidential Project (SPP)
- Engagements with communities in Steelpoort, Umzumbe, Xolobeni and others in an endeavour to create stability within the mining industry

The One Environmental System in terms of which the Department implements the NEMA, as amended, was successfully implemented on 8 December 2014. The Department has seen an improvement in effectively adjudicating applications for environmental authorisation, and has received a number of environmental complaints which have been investigated, with some referred to competent authorities for prosecution.

2.1.3 Mineral Policy and Promotion Branch

As part of the mine rehabilitation programme for D&O mines, the Department is busy with a project for the relocation of 22 households from an asbestos-contaminated site in Heuningsvlei in the Northern Cape. For the relocation to resume, the Department has to construct 22 houses to which the 22 families will be moved, away from asbestos contamination.

During the 2015/16 financial year the Department signed a memorandum of understanding (MoU) with the Housing Development Agency as the project implementing agency and a lot of mileage has been achieved from this partnership. To date technical studies including the Environmental Impact Assessment (EIA) have

been concluded and approved; the design and construction of civil services approved by the municipality; Eskom has advised of sufficient capacity to handle the project; and the municipality is currently finalising all relevant documentation for construction to commence. Actual construction of the houses is expected to get underway in August 2016 for completion by the end of the 2016/17 financial year.

A second Mining Charter review process was initiated in 2015 following the assessment into progress on implementation of the Charter which indicated non-compliance by industry. The reviewed Charter was gazetted for public comment at the end of the financial year and will be enhanced with inputs received from stakeholders before finalisation.

The AEMFC Bill was published on 22 January 2016 for public comment for a period of 60 days. Submissions received will be considered for inclusion into the Bill where possible to ensure finalisation and further processing of the Bill.

2.2 Service Delivery Improvement Plan (SDIP)

The Department has completed its SDIP, and the two services that were selected for improvement were:

- Improving the pass rate for the Government Certificate of Competency (GCC).
- Publish the South African Minerals Industry (SAMI) as part of promoting investment in the South African mining sector.

Below is a summary of the highlights for the service delivery plan and the achievements to date.

Government Certificate of Competency (GCC)

The pass rate on GCC has been consistent at 30% during the period under review. Proposals from the University of Johannesburg study are being implemented, and recommendations being considered for the GCC for mine engineers, mine managers, mine overseers and surveyors.

A task team comprising the Department, employers and labour was formed to implement recommendations emanating from the University of Johannesburg study. The task team reports to the MQA Board as the funders of the study. The consulting

process with the MHSC and Mining Regulation Advisory Committee (MRAC) on the findings and recommendations is to commence shortly once the implementation plan has been approved. The process to revise the rules has been concluded but not finalised due to a broader consultation process within the industry. Complaints are dealt with as they are received. Information has been shared through the website and relevant stakeholders.

The various Commissions of examinations have been informed of the University of Johannesburg findings including recommendations thereto. The review in terms of the practicality of some of the recommendations is fed back to the inclusive task team that reports to the MQA Board for implementation. Information on the GCC is available on the website for interested candidates.

Discussion of poor candidate results is currently done with supervisors/mentors. Workshops are also held with candidates to indicate areas where candidates made mistakes and how to correct them in future examinations without looking at individual cases. Mentors also attend these workshops.

The re-marking is part of the procedure, and this has continued to be done. The re-marking of an examination answer book is done by a moderator instead of the examiner who initially marked, to ensure objectivity.

Some of the proposals on improving the process are being implemented, whilst others are still being consulted with the relevant stakeholders prior to being implemented. The branch is currently preparing a gazette to increase examination fees. Due to an increase in the number of candidates and the increased risk attached, the time it takes to complete the process had not changed by end of November 2015.

Publish the SAMI as Part of Promoting Investment in the South African Mining Sector

The SAMI is an annual publication which was selected for improvement in areas pertaining to the production and distribution process. Although the plan is to publish the SAMI in November/December annually, the current processes result in the current standard being to publish in March annually. However, the branch is trying to fast-track the process so that the document is produced in November/ December of each year.

The current document which will be published has been improved in the following ways:

- Made available in CD-format for easier distribution, especially during events, meetings and conferences etc.
- The CD would also include other publications from the Department and not just the SAMI.
- The printed version now includes a subscription form which users can complete to get future publications, and not have to wait for an event or meeting before getting the latest documents produced by the Department.

The gaps which have been identified such as providing an e-mail address which readers can use to provide feedback will be addressed in the next quarter. Another gap was distributing the publication to universities, especially Schools of Mining and Geology etc. The branch has begun with this process by already distributing the last printed version to the University of Pretoria.

In order to ensure that our stakeholders access the SAMI more easily, the branch already distributes the SAMI to some embassies via the Department of Trade and Industry (dti). However, it is also sent to all regional offices and Department of International Relations Cooperation (DIRCO) is being engaged to assist in distributing to more embassies and consulates.

There was no improvement of the standard relating to the HR. The branch planned to obtain seven additional staff members to assist in the production and distribution of the SAMI and did not obtain the funding to employ the resources.

2.3 Organisational Environment

During 2015/2016 financial year, the Department experienced high staff turnover at the Senior Management level. Strategic positions such as, Chief Director: Strategy, Risk and Monitoring were vacated during this financial year and this brought instability to the environment.

The Department has already filled some of the positions and the rest are in the process of being filled. These include Chief Director: Mineral Regulation and Chief Director: Policy.

2.4 Key Policy Developments and Legislative Changes

2.4.1 African Exploration Mining Finance Corporation (AEMFC) Draft Bill

The Department has developed the AEMFC Draft Bill, 2015. This was informed by a Cabinet decision taken in 2010 mandating the Minister to develop modalities to give effect to the hiving off of AEMFC from the Central Energy Fund (CEF) to be a stand-alone entity.

The objectives of the Bill are, amongst others, to establish the AEMFC legislatively as a State-owned Mining Company and to manage the State's permits, rights, and interest acquired and exercised in terms of the MPRDA.

The Bill was published on 22 January 2016 for public comment for a period of 60 days. All submissions received will be considered for inclusion into the Bill where possible to ensure finalisation and further processing of the Bill.

2.4.2 The Mining Charter

The DMR initiated a second Mining Charter review process in 2015 following the assessment of progress on implementation of the Charter which indicated non-compliance by industry. This review was aimed at strengthening the efficacy of the Mining Charter as one of the tools for effecting meaningful transformation of the mining and minerals industry. The review process took into account the need to align and integrate government policies to remove ambiguities in respect of interpretation and create regulatory certainty. In this regard the reviewed Mining Charter is aligned to the provisions of the Broad-Based Black Economic Empowerment (BBBEE) Act, 2003 (Act 53 of 2003) and the Codes of Good Practice (the dti Codes).

The reviewed Mining Charter introduces new definitions, terms and targets due to the fact that Government identified the need to align the Mining Charter with the BBBEE Act and the dti Codes. The alignment of these policies will ensure meaningful participation of black people as per the objectives of the MPRDA and the Mining Charter. The Charter was gazetted for public comment at the end of the financial year.

➔ 3. STRATEGIC OUTCOME-ORIENTED GOALS

Outcome 4 – Decent Employment through Inclusive Growth

The Department contributed to Outcome 4 through supporting the dti to implement the Minerals Beneficiation Action Plan (MBAP). The Department is also amending the MPRDA to provide the regulatory basis to provide for:

- Security of mineral supplies intended for local beneficiation.
- Classification of minerals as strategic.

The Mineral Beneficiation Strategy lists a number of policy levers that would have to be reinforced in order to advance the strengthening of the interface between mining and manufacturing through mineral beneficiation. Some of the vital policy levers identified in the Strategy are administered by the DMR, namely, the Mining Charter and the MPRDA. These policy levers are in the process of being reviewed with the objective, amongst others, to advance mineral beneficiation. The current mineral bear market has starkly demonstrated the urgency with which mineral beneficiation needs to be advanced. To this end, activities of the Branch regarding beneficiation were focused on ensuring seamless implementation of the proposed amendments to Section 26 of the MPRDA.

A report on the status on mineral beneficiation was compiled. The purpose of this report is to give an overview of the current status of mineral beneficiation in the country and production baselines for the five value chains identified in the Beneficiation Strategy. This baseline will contribute to the process of determining the percentage of local production of designated minerals that has to be reserved for local beneficiation. This report also presents a coherent picture of the trends regarding mineral beneficiation in the past decade which will inform interventions given the change in environment and a reference point against which to measure the efficacy of the aforementioned interventions by Government to intensify local beneficiation.

The second dimension to leveraging the country's mineral wealth to intensify mineral beneficiation is by using the substantial procurement budget of the domestic

mining industry to drive demand for locally manufactured or sourced capital goods, consumables and services. A fatal flaw in the procurement element of the current version of the Mining Charter has thus been rectified by clarifying that mining companies must procure a certain percentage of their total procurement spend on locally manufactured capital goods, consumables and services.

Outcome 6 – An Efficient, Competitive and Responsive Economic Infrastructure Network

Government, through the NDP and MTSF process, has emphasised the importance of ensuring sustainable local coal supply for the country's energy requirements. This commodity currently plays a vital role in meeting South Africa's primary energy needs, as well as in the economy in general. It is recognised that coal contributes to the economy, not only to supply energy, but through the generation of export revenue, contributes to GDP and employment. To ensure increased benefits of coal to the country as a whole, the DMR was tasked to draft a coal policy.

A Coal Task Team was established under the auspices of MIGDETT, which consists of relevant State departments and the mining industry stakeholders, organised business and labour. The policy will address all aspects of the coal industry, the main objectives being to:

- Achieve domestic energy security;
- Ensure transformation within the coal industry;
- Reclaim South Africa's eminence in the coal industry; and
- Reflect on the environmental impact in respect of the stability of natural systems.

The coal policy will be finalised during the next financial year.

The Transformation, Growth and Competitiveness Committee, which is part of MIGDETT, was allocated six key focus areas, with priorities to revise the mining sector strategy and develop a coal policy for the country in line with Vision 2030, as captured in the NDP.

As indicated above, work on the coal policy is in progress, whilst the revision of the mining sector strategy was deferred for alignment with outcomes of the imminent Mining Phakisa. The Mining Phakisa is a Government initiative, aimed at identifying

key constraints to investment and growth of the industry and the development of a shared long-term vision, growth strategy and transformation of the sector. Therefore, outcomes of this process, will inform the revision of the mining sector strategy.

Outcome 10 – Protect and Enhance our Environmental Assets and Natural Resources

Appointment of Compliance Inspectors in terms of NEMA

The Department successfully implemented the One Environmental System on 8 December 2014 and the results will become evident in subsequent years. The EMRI training is conducted in collaboration with the University of Pretoria and 28 officials completed it at the end of January 2015. An additional 60 officials were trained during this financial year, in collaboration with the University of Pretoria.

The Minister has designated officials in terms of NEMA for those who had completed the training together with newly recruited officials who already have the EMRI training from the Department of Environmental Affairs. The regional offices have been empowered in terms of NEMA to conduct compliance inspections, with each regional office having three officials attending the training:

- All regional managers and deputy directors are designated Grade 1 EMRIs,
- Security risk management officials are designated Grade 2 EMRIs and
- Assistant directors are designated Grade 3 EMRIs.

The licensing process and allocation of rights has an indirect effect on economic growth through the ability for new mines to come on stream. However, the granting of new rights and the ability for these new rights to create employment remains subject to the macro-economic climate prevailing at the time.

Rehabilitation of Derelict and Ownerless (D&O) Mines

During the 2015/ 2016 financial year the Department rehabilitated 50 D&O mines through the CGS and Mintek. These sites are spread across four provinces, namely Gauteng, KwaZulu-Natal, Limpopo and Mpumalanga.

Acid Mine Drainage (AMD)

The Department, through the CGS, is implementing interventions to address AMD as part of protecting and enhancing our environmental assets and natural resources. To this end Cabinet established an Inter-Ministerial Committee (IMC) on AMD, constituted by the Department of Water and Sanitation (Lead), Department of Environmental Affairs, Department of Planning Monitoring and Evaluation, DMR, Department of Science and Technology and National Treasury to consider appropriate interventions sought to mitigate the effects of AMD, with focus on the Wits Basin.

The IMC secured funding to implement emergency interventions to reduce the mine water to below the critical levels. Pumping and treatment facilities were installed at the Western Basin to neutralise acid water that was already decanting and to maintain acid mine water to well below the environmental critical level. Accordingly, the Department has constructed the Florida Canal to:

- Prevent ingress of fresh surface water from entering underground workings and the impact of AMD.
- Saving 1 Megalitre of fresh surface water per day, which is being diverted to the river system.

Three more canals are being proposed; one in the East Rand and two in the Central Wits Basin in order to minimise ingress of fresh surface water.

➔ 4. PERFORMANCE INFORMATION BY PROGRAMME

During the 2014/ 2015 financial year, the activities implemented by the Department were within the following programmes:

Programme 1: Administration (Corporate Services and Financial Administration)

Programme 2: Promotion of Mine Health and Safety

Programme 3: Mineral Regulation

Programme 4: Mineral Policy and Promotion

4.1 Programme 1: Corporate Services

Purpose: To enable the Department to deliver on its mandate by providing strategic support, management services and administrative support to the Department and Ministry.

Subprogrammes

4.1.1 Directorate: Human Resource Administration and Practices

The purpose of this Directorate is to manage relationships with the Department's business units on human resource matters. This entails recruitment and selection, service benefits, performance management and development systems, physical integration of new employees, managing conditions of service and implementation of Policy and Procedure for Incapacity Leave and Ill-health Retirement.

The Directorate achieved 100% implementation of management action plans (External Audit). The Uniform and Dress Code Policy was developed during this financial year to improve the corporate image in the Department by enforcing an acceptable dress code.

During the financial year, the Directorate organised a ceremony where employees received awards for long service and outstanding performance. A total of 93 employees received awards ranging from 10-, 15-, 20-, 25-, 30- and 35-year intervals. An additional 27 employees received special awards in eight categories as follows: Ubuntu, Mentorship, Employee of the Year, Innovator, Rising Star, Woman Manager, Team of the Year and Integrated Regional Award.

4.1.2 Directorate: Organisational Development

The purpose of the Directorate: Organisational Development is to provide a comprehensive organisational development service to the Department. The Directorate embarked on various projects to ensure efficiency in the Department, which include the mapping and re-engineering of processes as well as Organisational Functionality Assessment. In partnership with the DPSA, the Directorate: Organisational Development finalised the Organisational Functional Assessment and the report is ready for presentation to management with recommendations.

The exit interview questionnaire was successfully reviewed and the responses thereof assist to a large extent on the identification of reasons why officials leave the Department in order for management to come up with interventions to correct the identified shortcomings for possible staff retention.

4.1.3 Directorate: Human Resource Development

The main purpose of the Directorate: Human Resource Development is to address skills challenges through training and development programmes that ensure a supply of employees with the required skills to meet the departmental strategic needs, as well as the needs of the South African Economy. For the 2015/2016 financial year, the Directorate achieved the following:

- The Department enrolled 20 middle managers for the Emerging/Advanced Management Development Programme with the National School of Government for three months. Portfolios of evidence were submitted for assessment for all delegates and the results are still pending.
- Nineteen departmental middle women managers completed attending the Accelerated Development Programme with the National School of Government as part of the Departmental Women Empowerment Strategy. Portfolios of evidence were submitted for assessment and the Department is awaiting results.
- Fifty-nine new entrants (employees) in the Department were enrolled for Compulsory Induction Programme module one and their probation periods have been confirmed.
- Sixty-three officials were enrolled for the Environmental Management Inspection Course at the University of Pretoria. Of the 63, 62 were found competent and one official was found not yet competent.

- Sixty-one internal officials were awarded bursaries to further their studies in mining and mineral-related studies during 2015/2016 academic year. In addition to this, 16 external bursary holders re-registered for their final year in the following fields: Four for Mining Engineering, one for Mine Surveying, five for Geology, three for Chemical Engineering, three for Metallurgical Engineering, one for Electrical Engineering, and one for Mechanical Engineering.
- Sixty interns were recruited and placed in an internship programme for 12 months ending in August 2016. Twenty-three external bursary holders have been placed on an internship programme within mines and 13 are awaiting placement.
- The Department implemented 62% of the Workplace Skills Plan (WSP). To name a few, courses implemented include: GCC, Chamber of Mine Safety Office Certificate, Environmental Law, Mineral Economics, Records Management, Customer Service and Report Writing.
- Ten internal bursary holders successfully completed their qualifications in the following fields: Public Health, Safety Management, Business Management, Environmental Management, Logistics Management, OHS, Transport and Logistics Management.

4.1.4 Directorate: Employment Relations Management

The main aim of the Directorate: Employment Relations Management is to maintain sound labour relations through collective bargaining, management of discipline, disputes and grievances and also to ensure that the wellbeing of employees are catered for through implementation of employee health and wellness programmes.

During the financial year 2015/2016 13 disciplinary cases and 16 grievances were finalised. Three disputes were finalised and two of these were in favour of the Department whereas one was resolved through settlement in conciliation. Four policies were adopted at the Departmental Bargaining Chamber and approved by the employer. The Directorate conducted workshops on the use of the Employee Assistance Programme (EAP), sexual harassment and Code of Conduct in all regional offices and Head Office. Eight employee health and wellness programmes were implemented during the financial year. It must be mentioned that the conducting of the above workshops resulted in a decrease in the number of disciplinary cases in the Department.

4.1.5 Directorate: Security Risk Management

The purpose of this Directorate is to ensure effective security risk management service in the Department with the main focus areas being vetting, security operations, investigations

and information security in adherence to Minimum Information Security Standards, Minimum Physical Security Standards and the Department's security and vetting policies.

The Directorate extends its support services to the departmental events and provide security support and advice to entities that report to the Minister. During the year 2015/16 financial year, the Directorate upgraded and installed new security systems for the improved electronic integrated security system in Head Office and Eastern Cape Regional Office in Port Elizabeth, in order to address the challenges that were experienced in the previous financial years and as such no assets were reportedly lost within the Department since the installation of the new security system.

In improving access control, Control of Access to Public Premises and Vehicle Act pamphlets were distributed to all offices to improve access control which is one of the core security functions in preventing and detecting of unauthorised items.

The Directorate visited all Regional Offices for after-hours security inspections in order to identify possible risks and non-compliance to information security.

The Directorate signed a Service Level Agreement (SLA) with R&D Screening Technology for maintaining and sustaining the Department's X-ray machines, installed all offices with key cabinets to safeguard office keys and increase key control measures.

In line with the National Vetting Strategy that was approved by Cabinet in 2006, 477 pre-employment screenings of prospective employees were conducted and 21 service providers with access to sensitive areas/information within the Department were screened. In addition to this, 120 vetting files were completed and sent to the State Security Agency for completion as per the APP. The vetting strategy for the Department was approved by the AO.

4.1.6 Chief Directorate: Legal Services

The Chief Directorate: Legal Services consists of two Directorates, namely Directorate: Mineral Legal Services and Directorate: Legal and Support - Mine Health and Safety.

The Chief Directorate continues to provide the Department with comprehensive legal support services, which include legal opinions and advice, assistance with legal drafting, litigation management, administering of administrative appeal and assistance with inquiries and investigations.

The Chief Directorate further processes requests for access to information in terms of the Promotion of Access to Information Act (PAIA), 2000 (Act 2 of 2000).

The Chief Directorate also assists with the monitoring and implementation of the Promotion of Administrative Justice Act (PAJA), 2000 (Act 3 of 2000).

Furthermore, The Chief Directorate is responsible for debt collection as well as determination of liability of officials for departmental debt as a result of breach of contract and/or loss or damage of State assets. The Chief Directorate also assists in the certification and signing of international agreements between the South African Government and foreign states.

Prominent litigation the Chief Directorate is involved in, relates to defending opposition to progressive transformation expressed by industry as the 'once empowered always empowered' principle. Legal challenges on the validity of regulations to provide for the fracturing of shale gas in the Karoo is another watershed case for development of alternative energy and socio-economic development which is vigorously opposed.

The target of 80% for timeous responses to appeals, litigation, PAIA requests and opinions have exceeded once again by 6% in the 2015/2016 reporting period, despite a continued increase of inflow of work and limited HR. The Chief Directorate is severely hampered by the moratorium imposed on the filling of funded vacancies.

4.1.7 Chief Directorate: Communication

The Chief Directorate: Communication is responsible for providing efficient and effective communication services in line with the DMR's mandate, mission, vision and values, whilst bearing in mind the context and environment of the minerals and mining industry. Working together with the management of the Department, the Chief Directorate leads the Department's communication efforts in support of its overall objectives.

It is also charged with supporting the Minister, Deputy Minister, Director-General and line function branches in media management, branding, marketing, public relations, internal communications, publications services, library, knowledge management services, switchboard and reception services.

The Department's communication and stakeholder relations are driven by the need to:

- Profile and promote the objectives, policies and programmes of the Department.

- Sustain public confidence in Government's ability to deliver on its mandate through the Department's programmes.
- Build the reputation and brand of the Department.
- Demonstrate how the Department is contributing to Government's priorities, including the creation of decent jobs and sustainable communities through mining regulatory interventions.
- Help the mining industry to understand the Department's policies and programmes, especially as they relate to transformation and promote local beneficiation of raw materials.
- Communicate South Africa's mining legislative and regulatory framework, including licensing processes.
- Market South Africa and the mining industry abroad and build consensus on South Africa's reputation as a viable destination for foreign investment.
- Build the Department's capacity to communicate coherently and effectively with all stakeholders.
- Develop appropriate and ethical networks and relationships with stakeholders that enhance the image of the Department.

During the financial year the Chief Directorate developed and is implementing a Communication Strategy which aims to:

- Communicate South Africa's mining legislative and regulatory framework to all DMR stakeholders.
- Proactively profile the programmes of the Minister, Deputy Minister and Department, and promote its vision, mission and strategic objectives.
- Educate and inform South Africans on the DMR mandate.
- Review and strengthen internal communication.

The Chief Directorate hosts the function of public liaison services which deals with Presidential Hotline queries received from the general public. Through the Directorate's facilitation, the Departmental Presidential Hotline call resolution stands at 98%.

4.1.8 Chief Directorate: Special Projects

The purpose of the Chief Directorate: Special Projects is to promote transformation, skills development and training in mining-related fields and implementation of projects that focus on women, children, youth and persons with disabilities. During the year under review the Chief Directorate continued to encourage education and skills development amongst young people. This saw the component reaching out to rural

and urban areas in Mpumalanga, Eastern Cape, Free State, North West and Gauteng. This is all in a bid to encourage learners to study Mathematics and Physical Science at high school to enable them to take up technical careers such as Mining Engineering at tertiary institutions. This programme would not be effective without the support and partnership with stakeholders in the mining sector such as the mining companies, the DMR's state-owned entities (SOEs). To name but a few these include: Mintek, MQA and CGS.

The DMR also engages the government financing institutions such as the National Student Financial Aid Scheme and Eduloan so as to inform the students about possible funding opportunities and the requirements thereof to empower them to pursue their career of choice post-Grade 12.

Career Guidance Programme

Nine Career Guidance Programmes were achieved in the 2015/2016 financial year facilitated by the Chief Directorate: Special Projects/Outreach in Mpumalanga, Eastern Cape, Free State, North West, and Gauteng targeting learners from Grades 10 to 12 studying Mathematics and Physical Science.

Projects Implemented Targeting Vulnerable Groups

The following are projects that were implemented targeting vulnerable groups:

- N2/Skills Development Programme for youth at Sishen Mine in Kathu, Northern Province.
- Women's Sewing Project for PPE in Jindal, Piet Retief.
- Siyazigabisa Youth Centre Project.
- Bursaries for learners studying at Universities and Technical Colleges as an ongoing project.
- Four Entrepreneurship Workshops targeting women and youth in the Western Cape.
- Building of Balfour Stimulation Centre for children with disabilities as an ongoing project.
- Papendorp Beneficiation in Salt Project as an ongoing project.

4.1.9 Directorate: Auxiliary Support Services

The responsibilities of this Directorate entail providing support services in transport, facilities and records management to the Department.

Transport Management serves, manages and supports the Department with transport to deliver and achieve its strategic objectives through the provision of reliable and

safe vehicles for the Ministry and all DMR-qualifying officials. The types of transport include the following:

- Government Garage Vehicles (Pool Vehicles)
- Departmental vehicles for the Minister and Deputy Minister
- Subsidised Motor Vehicles
- Shuttle Service

Facilities Management provides adequate, efficient and safe office accommodation as well as building maintenance for DMR Head Office and Regional offices.

Records Management manages records within the Department according to records management principles contained in the National Archives and Records Service of South Africa Act, 1996 (Act 43 of 1996). The unit maintains all records of legal and historical transactions for the Department. It provides and manages courier services within the Department and also ensures the implementation, maintenance and management of the Departmental file plan. It also manages postal services as well as mail distribution within the Department.

As part of the Directorate's mandate of improving office accommodation for the DMR, we have successfully relocated the Port Elizabeth and Witbank regional offices to new offices and will further be busy with the relocation of the Cape Town, Klerksdorp and Durban Regional Offices.

The 2015/16 financial year has been a very successful year with the Directorate developing a Service Catalogue with defined turnaround times for all services rendered and entering into SLAs with eight service providers.

The challenges experienced and hampering some of the relocation projects is the budget cut experienced within Government. The other challenge is the shortfall of building in the regional offices which results in Department of Public Works to continually re-advertising tenders for office accommodation.

The responsibilities of the Directorate entail providing support services in transport, facilities and records management to the Department.

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safe vehicles for the Ministry and all DMR qualifying officials. The types of transport include the following:

- Government Garage Vehicles (Pool Vehicles)
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- Shuttle Service

Facilities Management provides adequate, efficient and safe office accommodation as well as the building maintenance for DMR Head Office and Regional offices.

Records Management manages records within the Department according to records management principles contained in the National Archives and Records Service of South Africa Act. The unit keeps and maintains all records of legal and historical transactions for the Department. It provides and manages courier services within the Department and also ensures the implementation, maintenance and management of the departmental file plan. It also manages postal services as well as mail distribution within the Department.

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Programme 1: Administration

BRANCH: CORPORATE SERVICES						
Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
Contribute to skills development	Number of mining career awareness initiatives	19	20	21	1	The deviation is due to the invitation from the Department of Labour which was not foreseen.
	Number of bursaries acquired and recipients identified to study towards mining-related qualifications	23	20	21	1	Mining Company gave the branch more bursaries.
Sustainably develop vulnerable groups	Number of identified projects facilitated for vulnerable groups	6	7	7	0	
Communicate DMR programmes with internal and external stakeholders	Implement DMR Communication Strategy	n/a	100%	100%	0	
Provide adequate facilities for effective service delivery	Percentage of facilities aligned to business needs	94%	90%	95%	5%	The variance is due to Witbank office relocation.
Develop, review and improve internal processes/ guidelines/ procedures	Number of policies/ guidelines developed and/or reviewed	10	6	6	0	

BRANCH: CORPORATE SERVICES

Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
	Number of improved processes/ re-engineered	15	15	17	2	The overachievement is due to the two processes that were not signed off during the third quarter.
Provide professional legal support and advisory service to the Ministry and the Department	Percentage of timeous responses to opinions, appeals, enquiries, agreements and litigations	84%	80%	86%	6%	Overachieved due to improvement in processing of PAIA requests.
Improve turnaround times	Percentage adherence to defined turnaround times	100%	100%	100%	0	
	Percentage adherence to SLA	100%	100%	100%	0	
Ensure implementation of national strategies	Number of vetting files completed	120	100	120	20	
	Percentage of pre-employment screening requests processed	100%	100%	100%	0	
	Percentage of service providers and contractors screening requests processed	100%	100%	100%	0	
	Number of health, safety and wellness programmes implemented	20	8	8	0	
	Number of Gender Equality Strategic Plans implemented	n/a	10	9	-1	Partially achieved due to financial constraints, the facility could not be established. The branch will introduce the facility in phases, establishment of private room instead of fully flashed care facility on 31 March 2017.
Ensure compliance with legislation (HR and OHS)	Percentage of financial disclosures submitted within the prescribed period	100%	100%	93	-7	Final written warnings were issued to those who submitted after the due date.

BRANCH: CORPORATE SERVICES

Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
	Human Resource Development (HRD) Plan/ WSP submitted to DPSA, the Public Service Sector Education and Training Authority (PSETA) and the MQA within the prescribed time frames	100%	100%	100%	0	
	Percentage of performance agreements signed within the prescribed period	100%	100%	78%	-22%	Final written warnings were issued to those who did not submit as well as those who submitted after the due date.
Attract, develop and retain skills	Number of HRD initiatives aligned to the National Skills Development Strategy (NSDS) goals implemented	14	17	17	0	
	Maintain the vacancy rate at an acceptable level (10%)	14%	</=10%	14	-4	Not achieved, as the branch is currently experiencing a backlog with regard to the filling of posts due to the budget constraints in the previous financial year. Given the current economic conditions and speech by the Minister of Finance during his state of the nation address on restrictions on filling of managerial and administrative vacancies, the Department is currently in the process of rationalisation, wherein a submission has already been drafted for approval to fill only critical positions in the Department. This was also necessitated by the fact that the Department is facing financial constraints relating to compensation of employees. A committee has also been established to address the capacity challenges given the current situation.
	Number of affirmative action measures implemented	4	4	4	0	

BRANCH: CORPORATE SERVICES						
Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
Promote corporate governance	Percentage implementation of management action plans (Internal Audit)	100%	100%	100%	0	
	Percentage implementation of management action plans (External Audit)	100%	100%	67%	-33%	To address budget constraints, reprioritisation process has now been concluded and will be implemented.
	Percentage adherence to Compliance Framework	100%	100%	100%	0	
	Percentage implementation of Risk Management Plans	97%	100%	89%	-11%	The outstanding action plans will be implemented on 30 June 2016

Strategy to Overcome Areas of Underperformance

Changes to Planned Targets

The target for the measure on the number of HRD initiatives aligned to the NSDS goals implemented had to be readjusted downwards due to one of the initiatives, which is the Recognition of Prior Learning Programme being put on hold for the entire public service.

Linking Performance with Budgets - Subprogramme Expenditure

Subprogramme Name	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	33,076	33,076	-	26,482	26,480	2
Corporate Services	178,593	180,307	(1,714)	159,501	159,320	181
Departmental Management	15,568	15,567	1	17,286	17,285	1
Financial Administration	97,077	95,431	1,646	84,634	84,442	192
Internal Audit	12,437	12,370	67	12,201	12,199	2
Office Accommodation	22,316	22,316	-	15,494	15,494	-
TOTAL	359,067	359,067	0	315,598	315,220	378

4.2 Programme 1.1: Financial Administration

Purpose: To enable the Department to deliver on its mandate by providing strategic support and administrative services.

Subprogrammes

- Finance (Financial Planning and Management Accounting, Expenditure Management, Supply Chain Management)
- Information Management (Information Technology and Systems Development and Maintenance)

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

The branch has successfully implemented the planned targets to support the strategic objectives of the Department as follows:

Provision of Efficient Services to Internal and External Stakeholders

The Department continued to improve on activities to ensure that invoices are paid within 30 days. Ninety-two percent of the invoices were paid on time.

The office of the Chief Information Officer has ensured that systems are available 99,99% of the time, this was done through continued monitoring of incidents, managing service levels with third parties and implementing corrective measures.

Implement Processes and Systems

The branch ensured that Information and Communications Technology (ICT) goals are aligned to support the strategic objectives of the Department through the implementation of the system master plans, some of the initiatives completed were the licensing system integration strategy and enforcement of ICT governance.

Manage Financial Resources

The Department managed the financial resources effectively with no new cases of irregular expenditure reported. Previous incidents of irregular cases were resolved with consequence management applied in line with the prescripts.

Promote Corporate Governance

The branch has successfully implemented the risk, Internal and External Audit action plan, this has resulted in the Department receiving no significant finding on non-compliance with laws and regulations relating to supply chain management. The Department will continue to capacitate the internal control unit to ensure that the complex accounting standards are correctly implemented.

Programme 1: Administration – Financial Administration

BRANCH: FINANCIAL ADMINISTRATION						
Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
Provide efficient services to internal and external stakeholders	Percentage system availability	99,5%	95%	99,99%	4,99%	The target had taken into account systems downtime but did not experience any in the quarter under review.
	Percentage achievement of SLA	98,46%	95%	86,11%	-8,89%	Calls are monitored twice daily and the CIO is in the process of procuring training services to up-skill the ICT team in the 2016/17 financial year.

BRANCH: FINANCIAL ADMINISTRATION

Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
	Customer satisfaction index (1-5)	3,4	4	3,2	-0,8	The branch scored below the set target on all 4 areas surveyed. The branch will strive to improve on all services that scored low in the next financial year.
	Percentage of financial reports delivered on schedule	100%	100%	100%	0	
	Percentage of suppliers paid within 30 days	99,57%	100%	92,5%	-7,5%	Out of the 1 688 invoices received only 1 543 were paid on time. This is due to the challenges experienced in quarter one relating to the budget reload.
Implement processes and systems	Percentage implementation of the Master Systems Plan	100%	100%	100%	0	
Manage financial resources	Percentage variance on allocated budget	0,02%	</=2%	0	0	
	Number of incidents of irregular expenditure	1	0	0	0	
	Percentage reduction in assets disposed of prior to end-of-lifespan	52,58%	100%	71,42	-28,58	Assets with a value of R 11 356,58 were disposed of prior to end of life span.
Promote corporate governance	Percentage implementation of management action plans (Internal Audit)	100%	100%	100%	0	
	Percentage implementation of management action plans (External Audit)	100%	100%	100%	0	
	Percentage adherence to Compliance Framework	100%	100%	100%	0	
	Percentage implementation of Risk Management Plans	100%	100%	100%	0	

Strategy to Overcome Areas of Underperformance

The Department continued to improve on activities to ensure that invoices are paid within 30 days. Ninety-two percent of the invoices were paid on time.

Linking Performance with Budgets - Subprogramme Expenditure

Subprogramme Name	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	33,076	33,076	-	26,482	26,480	2
Corporate Services	178,593	180,307	(1,714)	159,501	159,320	181
Departmental Management	15,568	15,567	1	17,286	17,285	1
Financial Administration	97,077	95,431	1,646	84,634	84,442	192
Internal Audit	12,437	12,370	67	12,201	12,199	2
Office Accommodation	22,316	22,316	-	15,494	15,494	-
TOTAL	359,067	359,067	-	315,598	315,220	378

4.3 Programme 2: Promotion of Mine Health and Safety

The purpose of the programme is to ensure the safe mining of minerals under healthy working conditions.

Subprogrammes

- Mine Health and Safety (Regions)
- Governance Policy and Oversight

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

The branch's significant achievements and contribution to the strategic outcome-oriented goals of Government, during the reporting period under review include contribution to skills development by issuing a total of 276 GCCs in the field of mining, engineering and surveying; absorption of 38 unemployed graduates on a permanent basis as assistant inspectors after their completion of two-year experiential training at various mines; improved turnaround times, covering a 98% percentage adherence to prescribed time frames for administrative tasks, 100% percentage adherence to prescribed time frames for Chief Inspector of Mines (CIOM) and medical appeals; 100% percentage adherence to prescribed time frames for health and safety inputs into MPRDA applications for mining and prospecting rights; and 100% achievement on all governance matters.



Programme 2: Mine Health And Safety

BRANCH: MINE HEALTH AND SAFETY INSPECTORATE

Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
Promote health and safety	Percentage reduction in occupational fatalities	26%	20%	-11%	9%	Not achieved due to several mine disaster accidents. One at a platinum mine where 4 employees were fatally injured due to exposure to harmful fumes caused by an underground conveyor belt fire. The other accident occurred at a diamond quarry mine due to collapse of a high wall and 3 employees were fatally injured. Calculation: $((79-71)/71)*100 = -11\%$ regression.
	Percentage reduction in occupational injuries	14%	20%	-13%	7%	Not achieved. There was an increase in injuries in platinum and gold mines. A total 3 036 injuries were reported in 2015/2016 compared to 2 697 in 2014/2015.
	Percentage reduction in occupational diseases (including TB)	3%	10%	-1%	9%	Not achieved because of the 5% increase on statutory reports received, 9% increase on TB cases reported and 5% increase on NIHL cases reported.
	Percentage of investigations completed (initiated vs. completed)	90%	80%	85%	5%	The reason for overachievement was due to processing the backlog on investigations.
	Percentage inquiries completed (initiated vs. completed)	67%	80%	100%	20%	The reason for overachievement was the improvement on the availability witnesses and legal representatives during accident inquiries.

BRANCH: MINE HEALTH AND SAFETY INSPECTORATE

Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
	Number of inspections conducted (cumulative)	8 555	8 000	7 539	-461	The reason for non-achievement from the 2nd quarter in 2015 was the challenge with high vacancy rate. The DMR has since absorbed 38 unemployed graduates on permanent basis as assistant inspector after their completion of 2 years of experiential training at various mines. The assistant inspectors also contributed to the number of inspections conducted.
	Number of audits conducted (cumulative), individual audits included	523	396	466	70	The reason for overachievement in the 4th quarter is that they increased the number of audits to ensure compliance to MHSA, thereby reducing the number of fatalities and injuries.
	MHS Annual Report	1	1	1	0	
	Number of tripartite workshops conducted	62	40	71	31	The reason for overachievement is that more workshops were requested by the stakeholders to ensure improvement on health and safety matters at mines.
Contribute to skills development	Percentage implementation of certificate of competency model to improve pass rate	100%	100%	100%	0	
Implement SLAs	Percentage adherence to existing SLAs	100%	100%	100%	0	
Develop and review internal processes	Percentage of identified Internal processes developed, reviewed and implemented	100%	100%	100%	0	

BRANCH: MINE HEALTH AND SAFETY INSPECTORATE

Strategic Objective	Performance Indicator	Actual Achievement 2014/ 2015	Planned Target 2015/ 2016	Actual Achievement 2015/ 2016	Deviation from Planned Target to Actual Achievement for 2015/ 2016	Comment on Deviations
Improve turnaround times	Percentage adherence to prescribed time frames for medicals appeals	127%	80%	95%	15%	The reasons for the overachievement was processing of backlog cases and the improved availability of the external medical specialist to deal with the appeals.
	Percentage adherence to prescribed time frames for CIOM appeals	100%	100%	100%	0	
	Percentage adherence to prescribed time frames for MPRDA applications	103%	100%	100%	0	
	Percentage adherence to prescribed time frames administrative tasks	88%	80%	98%	18%	The reason for overachievement was as a result of processing the backlog of administrative tasks from the previous quarters.
Promote corporate governance	Percentage implementation of management action plans (Internal Audit)	100%	100%	100%	0	
	Percentage implementation of management action plans (External Audit)	100%	100%	100%	0	
	Percentage adherence to Compliance Framework	100%	100%	100%	0	
	Percentage implementation of Risk Management Plans	100%	100%	100%	0	

Strategy to Overcome Areas of Underperformance

On health matters, the branch held a Health Dialogue in collaboration with MHSC and mining industry stakeholders, where commitments were made and strategies adopted to reduce the number of occupational diseases in line with the 2014 Mine Health and Safety Tripartite Summit Commitments.

In dealing with the high number of occupational injuries, fatalities and diseases reported by mines, the following strategies will be implemented: The Department has initiated investigations on each of the fatal accidents reported to determine the basic and underlying causes of these accidents. Based on the preliminary findings, the Department will issue Section 54 and 55 instructions, where applicable, to stop unsafe working areas until all the effective measures are implemented in making the working places safe. Inquiries in terms of the MHSA will commence timeously in all the fatal cases to ensure that similar accidents are not repeated. Newsletters and newsflashes about fatalities and injury accidents at mines will be issued to all mines regularly to sensitise and encourage employers and mineworkers to prevent such accidents from repeating themselves at their

respective mines. The Department will continue to collaborate with the mining companies to support initiatives and commitments to safeguard the health and safety of workers. There will be more focus on the gold and platinum sectors to support the prevention of fall of ground and transport accidents as well as the respiratory diseases, which continue to be the leading cause of loss of life at our mines. The Department will continue to monitor compliance and implement enforcement measures where necessary to prevent harm on mineworkers. To this end we have strengthened our enforcement capabilities through our Learner Inspector Programme. The first group of 38 learner inspectors were recently absorbed into the Department after successfully completing a two-year training programme. The Department will ensure that the mineworkers have the knowledge and skills to exercise their rights to withdraw or refuse to work in dangerous environments. In this regard the Department has early this year issued a guideline, through a Government Gazette, to all mines for the preparation and implementation of codes of practice on procedures to withdraw or refuse dangerous work. Mineworkers will be continuously urged not to risk their lives because of production bonuses. Also, directives for all the mines to be more vigilant and implement measures which will safeguard the lives of workers will be issued. The Department will also be collaborating with all the stakeholders through the health and safety campaigns or road shows during the course of the year. There will be continuous health and safety meetings between DMR, Chief Executive Officers of mining companies and senior leadership of organised labour. As a last resort, the Department will also be writing letters and conducting health and safety meetings with various chairpersons of boards of mining companies that have reported an increase in the number occupational diseases, injuries and fatalities. Later this year, the Department, in collaboration with the Mine Health and Safety Council will also hold the Mine Health and Safety Tripartite Summit to review efforts and identify further initiatives that will direct us towards our goal of zero harm.

Linking Performance with Budgets

Subprogramme Expenditure

Subprogramme Name	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Governance Policy and Oversight	44,916	44,913	3	48,636	48,634	2
Mine Health and Safety (Regions)	126,593	126,593	-	118,861	118,858	3
TOTAL	171,509	171,506	3	167,497	167,492	5

4.4 Programme 3: Mineral Regulation

The purpose of this programme is 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.

Subprogrammes

- Mineral Regulation and Administration
- Management Mineral Regulation

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

In terms of turnaround times the targets are now being consistently achieved and with the implementation of the One Environmental System, which has significantly improved the ability to effectively adjudicate applications for environmental authorisation, the performance in this regard is expected to improve even further.

Progress with the Implementation of the One Environmental System

The implementation of One Environment System contributes towards a vision of developing a one stop centre, as part of the vision of creating an integrated mining licencing system, which integrates mining authorisation, environmental authorisations and water use licence within the mining industry. In the past 12 months, training was provided for 94 officials, increasing our capacity for EMRIs, needed to ensure proper implementation of NEMA. The Department will continue to strengthen its capacity to implement the One Environment System, with a view of strengthening its monitoring and enforcement capacity. The unit is receiving complaints, mostly on illegal mining activities, from members of the public. Site inspections are dependent on cases received and attended to in order of receipt. Currently, 60% of all reported complaints have been attended to, and some of the cases have been referred to law enforcement agencies.

South African Mineral Resources Administration System (SAMRAD)

Over the medium term, the focus has been on strengthening SAMRAD. Further modules to enhance the system are also planned and as a result a workshop has

been held with the industry players and inputs have been received to improve the performance of the system and to ensure that lodging of applications becomes a seamless process.

Stakeholder Declaration on Saving Jobs

The mining sector has entered a phase characterised by lower global commodity prices, as a consequence, amongst others, of challenges within the global commodities market. In response to challenges relating to job losses, a declaration was signed by various stakeholders to save jobs. Implementation of the imperatives of the stakeholder declaration will continue and has started to yield some positive results. These were taken forward and will be implemented as a comprehensive package. Of particular importance to note, is the streamlining of Section 189 of the Labour Relations Act, with Section 52 of the MPRDA, in relation to management of downscaling within the mining industry. This will have the effect of avoiding duplication in processes and managing the downscaling process in line with commitments of mining companies as documented in their SLPs. As a step in this direction, checklists used by the Commission for Conciliation, Mediation and Arbitration have been adjusted to cater for the specific circumstances of mining companies.

Illegal Mining

Rooting out illegal mining of diamonds and other precious metals remains a priority for the Department. During the year, a number of joint operations were conducted in the Northern Cape in collaboration with the SADPMR, South African Police Services, and other stakeholders and this yielded positive results, in the form of illegally mined diamonds being without markets. This process has raised the compliance levels in all aspects of regulation; mine, health and safety and accurate recording of diamond production. This will be rolled out to other provinces. These joint inspections are conducted monthly once the tender process starts and form part of our inspection plans. This programme will continue to be a priority for the Department going forward. The Department continued to collaborate with law enforcement agencies and other stakeholders in tackling illegal mining of chrome in Limpopo, and gold in Gauteng, Mpumalanga and Free State. Working together with other government departments, traditional authorities and the public, awareness campaigns and enforcement operations were conducted in areas in the Eastern Cape (Port St John), KwaZulu-Natal, Limpopo, Mpumalanga and elsewhere to address this challenge. Progress with these will be reported in the next Annual Report.

Stability within the Mining Industry

Stability within the mining industry remains imperative to ensure sustainable growth and competitiveness of the industry. Mining activities often take place on communal land or within specific host communities. The importance of healthy relations between mining companies as well as communities and local government, cannot be overstated, as this contributes towards the social licence to operate. To achieve the objective of ensuring the rule of law, peace and stability, the Department together with other stakeholders has been engaging various community structures, where discontent between mining companies and some host communities became more pronounced. The discontent is often characterised by violence, destruction to property and to some extent loss of lives. The identified hot-spot areas include Xolobeni, Steelpoort, Nongoma, Phola, Umzumbe and many others, where engagements with communities which are aimed at facilitating an environment of stability is continuing.

Contribution towards creation of black industrialist

The Department has identified procurement in the mining industry as a key economic driver which has the potential to create sustainable jobs. The aim of creating black industrialists 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. The creation of black industrialists through ownership of the manufacturing plants/firms, and creation of large employment opportunities and skills development, will make a meaningful impact on the unemployment in our country. The Department has thus embarked on a programme which seeks to accelerate the creation and support of black mining industrialists in South Africa. The creation of these industrialists in the mining industry will add impetus towards the achievement of the targets set in the NDP. This will in turn help to rebrand the mining industry as a meaningful contributor towards the creation of vibrant and self-sustaining communities around mines in South Africa.

An additional 204 rights and permits were granted to historically disadvantaged South Africans (HDSA)-controlled entities. This achievement contributes towards the transformation programme.

Social and Labour Plan (SLP) Projects

A total of 120 SLP projects has been implemented, ranging from construction of roads, schools, clinics and other critical infrastructure projects. Through this, 6 528 jobs have been created. The implementation of SLPs continues to have an impact in improving the lives of communities. Through licensing activities a number of mining rights were approved by the Department, with the potential to create an estimated 7 000 jobs. This will add to other projects in the pipeline.

To improve housing and living conditions of mineworkers, mining companies are implementing facilitation of home ownership schemes. As an example, during the year under review, Exxaro implemented its housing project at Groot Geluk comprising 740 new houses, with associated infrastructure at a cost of R590 million, and creating employment and skills development opportunities. Partnership projects between mining companies and government in the delivery of housing continue to be implemented across the country.

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

In terms of turnaround times the targets are now being consistently achieved and with the implementation of the One Environmental System, which has significantly improved the ability to effectively adjudicate applications for environmental authorisation the performance in this regard is expected to improve even further.

PROGRAMME 3: Mineral Regulation

BRANCH: MINERAL REGULATION						
Strategic Objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from Planned Target to Actual Achievement for 2015/2016	Comment on Deviations
Promote job creation	Number of jobs created through mining	5 338	7 000	6 528	-472	Reported results includes only jobs created through SLPs. This is due to the depressed commodity prices and many mines are retrenching and closing down shafts.
	Number of SLP development projects implemented	133	120	120	0	
	Number of black industrialists created through procurement	n/a	5	5	0	
Promote sustainable resource use and management	Percentage of granted Environmental Authorisation related to rights issued/ exemption applications considering the elements of sustainable development	n/a	100%	100%	0	
	Percentage of approved SLPs relative to rights issued considering the elements of sustainable development	100%	100%	100%	0	
	Percentage of evaluated work programmes relative to rights issued considering the elements of sustainable development	100%	100%	100%	0	
Reduce state environment liability and financial risk	Percentage of closure certificates issued in line with the regulatory framework	100%	100%	100%	0	
	Percentage of statutory notices/orders issued to remedy inadequate financial provision	100%	100%	100%	0	

BRANCH: MINERAL REGULATION

Strategic Objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from Planned Target to Actual Achievement for 2015/2016	Comment on Deviations
Implement transformation policies/ legislation	Number of consultations/ engagements and conflict management with communities/ stakeholders and the mining industry	263	150	341	191	Overachieved due to an increase of interventions to stabilise the mining industry on the consultations/engagement with communities.
	Number of industry workshops conducted	16	9	15	6	Overachieved due to the number of workshops needed to address regulatory compliance transformation procurement opportunities in mining, implementation of NEMA
	Number of rights and permits granted and/ or issued to HDSA-controlled entities	203	200	204	4	Target exceeded due to assistance provided to more HDSA entities.
Improve turnaround times	Percentage adherence to prescribed time frames	70,4%	70%	71,8%	1,8%	Overachieved due to improved efficiency within the regional and national licensing committees.
Monitor and enforce compliance	Number of environmental verification inspections conducted	1 856	1 700	1 889	189	Target overachieved due to pre-closure inspections, this is also due to more officials being designated as EMRIs
	Number of legal compliance (Mineral laws and SLP) verification inspections conducted	253	250	502	252	Overachieved: this is due to various factors such as renewal inspections, complaints from the members of the public which have led to increase in legal compliance inspections. .
	Number of Mine Economics verification inspections conducted	n/a	550	595	45	Overachieved because of an increase on renewal applications falling within this period.
	Number of SLP verification inspections	268	150	270	120	Overachieved due to intensifying charter inspections, addressing procurement complaints from the public.
Monitor and enforce compliance	Percentage implementation of enforcement procedures to collect arrear prospecting fees	n/a	95%	100%	5%	Overachieved due to the increase in renewal applications and Mine Economics verification inspections, also due to the number of reminders sent to defaulters and action taken by legal services.

BRANCH: MINERAL REGULATION

Strategic Objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from Planned Target to Actual Achievement for 2015/2016	Comment on Deviations
Promote corporate governance	Percentage adherence to Compliance Framework	100%	100%	100%	0	
	Percentage implementation of Management Action Plan (External Audit)	100%	100%	100%	0	
	Percentage implementation of Management Action Plan (Internal Audit)	100%	100%	98%	2%	The branch will continue to improve on the monitoring and implementation of action plan.
	Percentage implementation of Risk Management Plans	94%	100%	100%	0	

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

In terms of turnaround times the targets are now being consistently achieved and with the implementation of the One Environmental System, which has significantly improved the ability to effectively adjudicate applications for environmental authorisation the performance in this regard is expected to improve even further.

Linking Performance with Budgets

Subprogramme Expenditure

Subprogramme Name	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Mineral Regulation and Administration	178,737	179,572	(835)	169,170	169,169	1
Management Mineral Regulation	16,972	16,137	835	20,680	20,680	-
South African Diamond and Precious metal Regulator	50,527	50,527	-	47,810	47,810	-
TOTAL	246,236	246,236	-	237,660	237,659	1

4.5 Programme 4: Mineral Policy and Promotion

The purpose of this programme is to formulate mineral-related policies and legislation, and help promote the mining and minerals industry of South Africa to attract investors.

Subprogrammes

- Mineral Policy
- Mineral Promotion
- Economic Advisory Services
- Mine Environmental Management

Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

Shale Gas

A shale gas workshop was held with both the CGS and the Petroleum Agency of South Africa (PASA), to finalise a shale gas development plan considering the budget allocation sitting under the DMR and the CGS. In implementing the plan, PASA hosted a training session on the Development of Unconventional Gas and Gas to Liquids Projects course offered by a leading international trainer in January 2016. The DMR together with the two institutions underwent a visit to Canada in order to formalise bilateral cooperation's in the area of shale gas development since Canada is a well-established jurisdiction on this area. The research element of the plan is still on going and on track with water sampling process being undertaken. The Department also held a shale gas Imbizo with the community of Cradock on 21 January 2016 and business session on 22 January 2016 in Cape Town.

Oceans Economy Operation Phakisa

Oceans Economy Operation Phakisa achieved the following as highlights in the 2015/16 financial year: An agreement to shorten the Strategic Environmental Assessment time frames to align with 3ft plans has been reached to help speed up the envisaged development of a phased gas pipeline network.

The establishment of an Incident Management Organisation which will drive the joint government industry emergency response drills in case of significant offshore oil spills

that may require a response of national proportions. Payment of some R35 million towards the settlement of the International Oil Pollution Compensation (IOPC) Fund arrears brought the operationalisation of the IOPC Fund closer to realisation.

The South African Marine Research Forum has been established and launched on the 29 January 2016, to exploit broader research opportunities presented by offshore oil and gas exploration. This is a collaborative research initiative between Government and the private sector.

While the above is a snapshot of progress made within the offshore Oil and Gas Delivery Unit the work on several initiatives remains in progress and the average performance of this unit has been above 90%.

Mining Charter Review

The DMR initiated a second Mining Charter review process in 2015 following the assessment into implementation of the Charter which indicated non-compliance by industry. This review was aimed at strengthening the efficacy of the Mining Charter as one of the tools for effecting meaningful transformation of the mining and minerals industry. The review process took into account the need to align and integrate government policies to remove ambiguities in respect of interpretation and create regulatory certainty. In this regard the reviewed Mining Charter is aligned to the provisions of the BBBEE Act, and the Codes of Good Practice (the dti Codes).

The reviewed Mining Charter introduces new definitions, terms and targets due to the fact that Government identified the need to align the Mining Charter with the BBBEE Act and the dti Codes. The alignment of these policies will ensure meaningful participation of black people as per the objects of the MPRDA and the Mining Charter. The Charter was gazetted for public comment at the end of the financial year.

African Exploration, Mining and Finance Corporation (AEMFC) Bill

The AEMFC Bill was published on 22 January 2016 for public comment for a period of 60 days. The objects of the Bill include, inter alia, to provide for the establishment of the Corporation as the state-owned mining company to be known as the African Exploration Mining and Finance Corporation SOC Limited. All submissions received were considered for inclusion into the Bill where possible to ensure finalisation and further processing of the Bill.

PROGRAMME 4: Minerals Policy and Promotion

BRANCH: MINERAL POLICY AND PROMOTION						
Strategic Objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from Planned Target to Actual Achievement for 2015/2016	Comment on Deviations
Facilitate transformation in the mining and minerals sector	Number of legislative instruments reviewed and or amended	4	2	2	0	
	Number of policy impact study reports on investment produced	2	2	2	0	
Promote investment in the mining sector	Number of beneficiation promotional activities	30	20	20	0	
	Number of consultations (advocacy), promotional activities and facilitation of research on shale gas exploration	11	10	10	0	
	Number of SSM stakeholder engagements	n/a	8	10	2	The variance is due to requests from stakeholders
	Number of publications	15	13	14	1	The variance is due to a publication that was carried over from the previous financial year.
	Number of reports on status of mineral beneficiation in South Africa		1	1	0	
Promote investment in the mining sector	Number of reports on interventions to facilitate strategic state participation in mining and upstream petroleum development	1	1	1	0	
	Number of small, medium and micro- enterprises (SMMEs) supported	87	80	125	45	The variance is due to requests for assistance by members of the public.
	Number of social dialogues (including the President-led Framework and MIGDETT)	8	8	9	1	The variance is due to additional meetings requested by stakeholders and the principals.

BRANCH: MINERAL POLICY AND PROMOTION

Strategic Objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from Planned Target to Actual Achievement for 2015/2016	Comment on Deviations
	Number of strategic partnerships	7	10	10	0	
	Number of reports on strategic minerals	n/a	1	0	-1	The report will be developed as part of the MPRDA Regulations of Section 26 once the Bill is approved.
	Percentage implementation of Ocean Economy Operation Phakisa Plans	n/a	100%	100%	0	
	Number of SSM workshops held	n/a	8	8	0	
Promote sustainable resource use and management	Framework for mining environmental management developed	4	3	3	0	
	Development of Coal Policy	n/a	1	0	-1	The policy could not be completed as additional stakeholders were identified for consultations. The Coal Policy will be finalised in 2016/17 financial year.
	Number of D&O mine sites rehabilitated	50	50	50	0	
	Revised Mining Strategy for Sustainable Growth and Meaningful Transformation	n/a	1	0	-1	The strategy has been deferred to the next financial year as its revision was dependent on the outcome of the Mining Phakisa's outcomes which stakeholders are still deliberating on. The revised mining sector strategy will be completed in the 2016/17 financial year.
	Number of technical partnerships implemented with SOEs	3	5	5	0	
Develop and review internal process	Number of internal business processes developed/reviewed	2	1	1	0	
Improve turnaround times	Percentage adherence to time frames	100%	95%	97,3%	2,3%	The variance is a result of stricter measures for increased adherence.

BRANCH: MINERAL POLICY AND PROMOTION

Strategic Objectives	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from Planned Target to Actual Achievement for 2015/2016	Comment on Deviations
Promote corporate governance	Percentage adherence to Compliance Framework	100%	100%	100%	0	
	Percentage implementation of Management Action Plan (external audit)	100%	100%	100%	0	
	Percentage implementation of Management Action Plan (internal audit)	100%	100%	100%	0	
	Percentage implementation of Risk Management Plans	88%	100%	100%	0	



Strategic Objectives, Performance Indicators, Planned Targets and Actual Achievements

The branch did not achieve the target set out for consultations on shale gas during this financial year, but these will be concluded in 2016/17 in the form of Ministerial Imbizos and awareness campaigns with relevant departments and the departments' SOEs.

On the coal policy a draft integrated coal policy has been developed and the branch will seek Minister's approval to consult with the Mining Industry Growth and Employment Task Team (MIGDETT) stakeholders, other government Departments, and other relevant structures of government before gazetting the draft policy for public comment. The policy should be finalised during the 2016/2017 financial year.

The revision of the mining sector strategy was deferred from the previous financial year for alignment with outcomes of the Mining Phakisa. The Mining Phakisa was a government initiative led by the Department of Planning Monitoring and Evaluation with the support of the DMR. Its objectives included the identification of key constraints to investment and growth of the industry and the development of a shared long – term vision, growth strategy and transformation of the sector. The Phakisa took place for six weeks during October and November 2015 with extensive engagements between stakeholders. The report of this process is still to be finalised and once done will inform the revised mining sector strategy.

Linking Performance with Budgets

Subprogramme Expenditure

Subprogramme Name	2015/2016			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Management	18,183	18,143	40	10,718	10,715	3
Mineral Policy	19,219	19,219	-	32,186	32,186	-
Mineral Promotion	53,101	53,085	16	37,104	37,086	18
Assistance to Mines	-	-	-	-	-	-
Council for Geoscience	342,914	342,914	-	292,839	292,839	-
Council for Mineral Technology	414,742	414,742	-	370,854	370,854	-
Economic Advisory services	3,958	3,958	-	2,646	2,753	(107)
Mine Environmental Management	9,613	9,611	2	8,439	8,353	86
TOTAL	861,730	861,672	58	754,786	754,786	-

➔ 5. TRANSFER PAYMENTS

5.1. Transfer Payments to Public Entities

Name of Public Entity	Services Rendered by the Public Entity	Amount Transferred to the Public Entity R'000	Amount Spent by the Public Entity
Council for Mineral Technology (Mintek)	Fundamental research and development in efficient mineral processing technologies and value added products and services.	R414,742	R404,860
South African Diamond and Precious Metals Regulator (SADPMR)	<ul style="list-style-type: none"> • To ensure competitiveness, sustainable development and job creation in the diamond and precious metals industry. • To ensure effective transformation of the diamond and precious metals sectors. • To ensure equitable access to resources for local beneficiation. • To ensure compliance with the legislative requirements. • To improve organisational capacity for maximum execution for excellence. 	R50,527	R50,527
Mine Health and Safety Council (MHSC)	<p>Various Services are provided by the entity with the major services being:</p> <ul style="list-style-type: none"> • Advising the Minister of Mineral Resources on OHS in the Mines. • Promote the Culture of Health and Safety in the Mining Industry. • Advising the mining industry through the Minister of Resources. 	Nil	Nil
Council for Geoscience (CGS)	Gather, compile, develop and publish world-class geoscience data, knowledge and products, and to render geoscience-related services to the South African public and industry.	R342,914	R242,123
State Diamond Trader (SDT)	Provide equitable access to the diamonds of South Africa. Promotion of the diamond beneficiation industry.	R100	R100

5.2 Achievements of the Public Entities

5.2.1 MINTEK

In the 2015/16 financial year, Mintek experienced an 18% decrease in commercial revenue, which presented a challenge for the organisation. The decrease was largely as a result of the decline in commodity demand and prices. However, the R414,745 million transfer from the DMR for fundamental research and development in efficient mineral processing technologies and value added products and services, assisted Mintek in meeting its objectives and the targets that were set for the financial year.

Strategic Achievements of Mintek in the 2015/2016 Financial Year

The strategic achievement that were recorded during the financial year 2015/2016 are summarised below.

- a) Mintek actively participated in the Mining Phakisa, both in establishing the structure and objectives as well as in the Phakisa Lab process. Mintek is currently waiting for the outputs of the Mining Phakisa so that it can appropriately play its role in the implementation of that strategy.
- b) The XRT Coal Sorting Project aims to demonstrate the successful application of the technology to specifically upgrade coal to a range of high quality products. A pilot plant is currently under construction at an AEMFC plant site. It is anticipated that this technology will assist in increasing Eskom's quality coal supply in order to address the country's electricity demand.
- c) Mintek continued to develop its SAVMIN technology for treating AMD. Its pilot plant, situated on a West Rand mine site, is being used to develop the technology to a level suitable for industrial evaluation.
- d) A significant part of Mintek's research is focused on reducing the environmental impact of mineral processing on the environment, as well as remediating polluted sites and re-processing old mine residues. During the year, Mintek began preparations for demonstrating some of these technologies to interested parties. Robinson Lake in Randfontein was selected as a suitable site to demonstrate the ability of combinations of various Mintek technologies being used to treat various residues. This demonstration will be scheduled for late in 2016.
- e) Mintek successfully completed a new pilot plant smelting campaign for the recovery of gold from waste material. In total, 2 500 tons of waste material was processed over a six-month period with more than 90% recovery of gold from difficult-to-treat materials.
- f) Foundries are a critical component of South Africa's industrial economy. Mintek focused on decreasing the energy usage in the metal casting and foundry industries.
- g) Two training and beneficiation centres were launched during the 2014/15 financial year in Prieska and Upington as part of the Medium Term Expenditure Framework (MTEF)-funded Northern Cape Gemstone project. In 2015/16 Mintek continued to provide technical and production assistance to the two centres that were launched in Prieska and Upington 2014/15 with a focus on market access and sale of products. MoUs between Mintek and the Northern Cape Department of Economic Development and Tourism and the Kimberley Diamond and Jewellery Incubator have been entered into which will see the centres in the province receive continued support after the MTEF project is completed.
- h) As part of the research in small scale mining, Mintek developed a low cost feldspar-based ceramic glaze for utilisation by new or existing small scale ceramic groups. During 2015/16 training was conducted in the villages of Dzingidzingi and Letsitele in Limpopo where 21 people were taught on how to use the water filtration system developed by Mintek in 2014/15 and also the process involved in purifying water for drinking and food preparation. A process flow sheet for a 40 ton/hour mobile plant for the recovery of chrome from chrome tailings dumps in the Bojanala Region, North West province was also developed.
- i) The Lab Cynoprobe was developed several years ago to broaden the impact of Mintek's cyanide measurement technology. A project was initiated to develop a portable Handheld Cynoprobe unit, which is based on the embedded technology developed for Mintek's Low Cost Cynoprobe instrument, to replace the expensive Lab Cynoprobe. Recently, battery operated prototype of the hand-held unit was tested and shown to produce excellent results.
- j) Mintek continued to implement the D&O Mines Project on behalf of the DMR, which is aimed at rehabilitating D&O mines. 2015/2016 represented the final year of the three-year duration contract. During the year under review, Mintek rehabilitated a total of four sites and completed designs and/or option reviews for three further sites.
- k) Mintek has been a strong, consistent participant in European Union (EU) collaborative research activities. Mintek remains the only non-EU member of the

European Technology Platform for Sustainable Mineral Resources, which assists in formulating policy and research direction for the EU minerals industry. Mintek is also one of the leading South African participants in the EC Horizon 2020 programme, currently partnering in six projects.

5.2.2 South African Diamond and Precious Metals Regulator (SADPMR)

During the year under review, the SADPMR has achieved the following:

ACHIEVEMENTS

- a) The SADPMR achieved its mandate of ensuring equitable access to South Africa's diamond and precious metals resources, through the issuing diamonds and precious metals, specifically amongst HDSAs and youth of South Africa.
- b) Business premises, compliance audits, export and import inspections were conducted in a timely manner according to the legislative mandate of the SADPMR.
- c) The SADPMR achieved its mandate of facilitating diamond imports and exports, through registration and valuation of all diamonds at the Diamond Exchange and Export Centre (DEEC).
- d) The SADPMR achieved its mandate of adhering to the provisions of the Kimberley Process Certification Scheme and ensured that all exports and imports of unpolished diamonds were conducted between scheme participants and according to minimum requirements.
- e) The SADPMR improved and strengthened its measures on ensuring that transformation takes place in the downstream diamond and precious metals industries. A Transformation Team was established to specifically verify and ensure that licence holders adhere to the undertakings they made in terms of transformation. The team has made great inroads in this regard.
- f) Administratively the SADPMR ensured that all internal controls were followed and that all legislative requirements were complied with. This resulted in the SADPMR receiving a Clean Audit opinion from the Auditor-General for the 2015/2016 financial year.

CHALLENGES

- a) Despite the SADPMR's interventions, the downstream diamond and precious metals industry have significantly declined due to the global economic downturn that resulted in some business closures and loss of jobs.

- b) There is still unfortunately a slow pace and/or reluctance of the industry in transforming their businesses in terms of the Mining Charter. It is for this reason that the Transformation Team was established to focus primarily on this issue and enforce the requirements of the Charter, to ensure that transformation is achieved.

Strategies to Address the Challenges:

- a) Engagements with dormant or struggling licence holders have been made in order to establish the nature and cause of the challenges they have experienced. As a result, seven businesses were assisted by the SADPMR during the 2015/2016 financial year.
- b) The SADPMR has increased its awareness campaign and held several workshops in various areas and schools to promote and inform communities about diamond and precious metals industries and entering the industry. The aim of this exercise is to introduce as many new entrants into the industry, specifically HDSAs and young people.
- c) The SADPMR plans to intensify its engagements with financial institutions to convince them to assist new entrants and dormant businesses with financial aid, as lack of funds have been identified as the main challenge of licence holders.
- d) The SADPMR will be relocating to the Gauteng Industrial Development Zone once the building phase is completed. This is an initiative of Government to stimulate the beneficiation and jewellery manufacturing sector of the South Africa, which will ensure job creation and economic development.

5.2.3 Mine Health and Safety Council (MHSC)

The entity has managed to strengthen the tripartite relationship (organised labour, organised business and the State) which in turn helped to increase focus on OHS in the mining sector. Included in achievements was provision of the following legislative advice reports to the Minister on:

- a) Accident investigation Guideline.
- b) Guidelines for the compilation of a Mandatory Code of Practice on the right to refuse dangerous and leave a dangerous workplace.
- c) Chairlift regulations.
- d) Lift regulations.

In addition to the above, the focus for the MHSC in the 2015/16 financial year was to improve the culture of OHS in the mining sector through the development of advisory reports to the Minister of Mineral Resources and various research projects on the following:

- a) How can we monitor behaviour changes due to the adoption of people-centred leading practices?
- b) The effects of the socioeconomic conditions on the health and safety of the SAMI workers.
- c) OHS Programme for Mine Health and Safety Council for 2016/17.
- d) Integration of National Seismograph with that of the mines in the Klerksdorp-Orkney-Stilfontein - Hartbeesfontein area.
- e) Guidelines for the compilation of a mandatory Code of Practice on prevention of fires at mines.
- f) Guidance note for the implementation of Standard Threshold Shift in the Medical Surveillance System Practice.
- g) Advisory note on the WIM Conference.
- h) Advisory note on TB Review.

During the 2015/16 financial year, the MHSC has finalised the projects mentioned below which will be disseminated to the industry as part of the MHSC knowledge and Technology transfer:

- a) The identification, selection and promotion of TB Leading Practices in the SAMI.
- b) Develop an operations manual for the revised guideline for the compilation of a mandatory Code of Practice for the assessment of personal exposure to airborne pollutants.
- c) Training on the technology transfer on support design in the Bushveld Complex.
- d) Identify opportunities to improve the safety of barring-down practices.
- e) Integration of the South African National Seismograph Network and Database with Mining Networks as per the recommendations in Chapter 1 of the Presidential Mine and Safety Audit 2008; Phase 2.
- f) Fluid-induced seismicity in the Central Basin Area: ground motion prediction and the development of an early warning system for risk reduction.
- g) Develop feasible methodologies to aid escape in poor visibility in underground environments.

- h) Adverse health impacts associated with dust emissions from mine tailings, Year 3.
- i) Handbook on Personal Protective Equipment (PPE) for WIM.
- j) Develop of a South African Minimum Standard on Ground Vibration, Noise, Air blast and Fly rock Near Surface Structures to be protected.
- k) Develop methodologies for determining maximum Bord Widths in Platinum and Chrome Bord and Pillar mines.

The development of the Business Plan for the Centre of Excellence was started in the fourth quarter of the 2015/2016 financial year and is to be completed early in the first quarter of the 2016/2017 financial year. The board approved the business plan during July 2016 and currently the implementation of the outcomes of the business plan has commenced, with the objective of fully operationalizing it by April 2017. It is expected that the Business Plan will map out the way the MHSC conducts its business, going forward, with special emphasis on the dissemination of research outputs which, up to now, had been identified inefficient.

In line with its Communication and Promotion of OHS Strategy, the council hosted firstly, a successful WIM Conference in August 2015, to launch the first minimum standards as gazetted by the Chief Inspector of Mines in South Africa for designing PPE for WIM. Mining companies are now following standards as outlined in the South African National Standards to manufacture PPE. At the same conference, issues relating to safety and security challenges facing WIM were discussed. The council has developed sexual harassment awareness materials in the form of a booklet and a DVD which mines can utilise at their operations during induction. A subcommittee has been established to implement the outcomes of the WIM Conference and will review progress and report to the Minister every two years.

Secondly, the MHSC commemorated World AIDS Day in collaboration with Exarro in Lephalale during December 2015. Lephalale had been identified to have high incidence of HIV and AIDS and the event was meant to raise awareness among mine workers and surrounding communities on knowing their status through testing and fostering of a healthy lifestyle.

Thirdly, the first ever Occupational Health Dialogue was arranged for the SAMI during March 2016. The aim of the dialogue was ensure that occupational health matters are discussed with decision makers, professionals and highest authorities at

mines to give them more attention as the view was that these issues had been previously neglected. Mines were urged to go beyond compliance when dealing with occupational exposures and diseases that impacted on the lives of mineworkers. Agreements were reached by Tripartite Stakeholders and plans are underway to implement the action plan through council committees. Finally, the MHSC hosted road shows around the country to unpack the 2014 Summit Milestones Agreement.

The MHSC continues to play a pivotal role to improve regulatory framework, oversee research and promote OHS in the mining industry. The mining industry will have to continuously look at new methods, best practice and technologies, to exploit the abundant mineral resources, without negatively impacting on the health and safety of mining workers and communities.

5.2.4 Council for Geoscience (CGS)

The CGS delivered on its mandate by releasing scientific publications and articles in the popular press in the following fields:

Geoscience Mapping

The CGS systematically gathered and documented geoscience information into in-house maintained databases which are, in turn, used by the other fields for their deliverables.

Minerals and Energy Development

The CGS performed research and systematically gathered information on minerals and energy resources in the country in order to stimulate investment in the mining sector and to contribute towards the energy security of South Africa.

Environment and Water

The CGS advised on the identification, prevention and mitigation of the effects of geo-hazards on people and the environment, as well as assisted in the delivery of water to communities, industry and to agriculture.

Engineering Geoscience and Physical Geo-hazards

The CGS provided advice in order to reduce the risk to lives and property from the effects of geo-hazards.

NATIONAL PROJECTS

Shale Gas Project

Natural gas derived from hydrocarbon-rich shale formations has the potential to be an efficient, clean and affordable energy source, if produced responsibly. The gas is held in fractures, pore spaces and adsorbed onto organic material within the shale. Published data show various potential sites for unconventional natural gas discoveries in the southern African region, specifically in the Karoo Basin. The southern portion of the Karoo Basin is potentially favourable for shale gas accumulation. Shale gas may become a game changer in the energy production regime of the country.

South Africa is new to the concept of shale gas and needs to conduct research into petroleum exploration in support of the development of regulations around production. In June 2015, Government released new regulations in this regard to the public. Chapter 7, Sections 86 (4), 87, 88 and 89 of the new Regulations for Petroleum Exploration and Production states that the CGS will act as a designated authority on behalf of the DMR to assess some of the activities of companies who wish to apply for onshore gas exploration rights. The shale gas activities proposed in the MTEF Project will assist the CGS in making the recommendations required for the newly released Regulations for Petroleum Exploration and Production.

The Shale Gas Project contains activities in alignment with the current regulations. The current regulations (NEMA and Petroleum Exploration and Production) will be utilised as a framework for the identification of shortfalls. The project will allow the CGS to build sufficient capacity to advise the DMR in the future processing of applications for onshore gas exploration licencing rights. The current project will also act as the baseline study for future shale gas and deep drilling exploration projects undertaken in the country.

Management of Derelict and Ownerless (D&O) Mines in South Africa

During the reporting period, good progress was made in the various task areas of the Management of D&O Mines Project. In particular, field investigations were conducted in various provinces, the database was developed and data capture was improved. Work also included the closure of unsafe mine openings, specialist studies and post-closure rehabilitation monitoring and maintenance.

Mine Water Management Programme

The Mine Water Management Programme is being undertaken by the DMR and the CGS, with the following high-level objectives:

- a) Technical support to the DMR, specifically the Directorate: Mining Environmental Research and Sustainable Development, on matters related to mine water.
- b) Development of a mine water database.
- c) Solution-oriented mine water management.
- d) Mine residue pollution solutions.
- e) Assessment of potential water and other environment-related constraints on mineral development.

A number of tasks was undertaken to support these objectives, which can be broadly summarised as follows:

All project data and related mine water information is being compiled into a single, secure, web-accessible database.

Passive treatment of mine water is the treatment of water using locally available materials and natural processes, with minimal external energy input. Where applicable, passive treatment offers a sustainable option to the often expensive methods used in mine water treatment.

The Florida Canal, constructed to reduce the ingress of water into the underground workings in the Central Rand, had been vandalised and damaged due to the actions of illegal miners operating in the area. Repairs were undertaken and, where possible, more robust construction methods were used.

A number of studies of mine residues were undertaken, with the aim of reducing their environmental impact.

A detailed hydrogeological study of the Free State Gold Field was undertaken. Pollution impacts relating to both poorly managed wastewater treatment plants and mines in the area were identified. These pollution streams were found to have distinct chemical signatures, allowing the identification of pollution sources. A number of recommendations were made to improve mine water management in the area.

Remote sensing studies were undertaken covering the Free State Gold Field, KOSH (Klerksdorp–Orkney–Stilfontein–Hartbeesfontein) Gold Field and portions of the Mpumalanga coal fields. A number of products were presented. Combining different remotely sensed and spatial methods, it was possible to directly detect pollution and to predict the dispersal of pollution in the environment.

Studies looking at the environmental and water-related constraints on current and future mining were undertaken.

Measures to reduce the cost of mine water management in the Witwatersrand were identified.

Answers were drafted for parliamentary questions related to the impact of mine water on the Cradle of Humankind World Heritage Site and the impact of mine residues on communities in Gauteng.

Promotion of Exploration and Mining Investment

New discoveries of mineral deposits in mature mineral belts in general and in South Africa in particular require a new approach to maximise the use of advancements in technology and to form an understanding of ore-forming processes. This endeavour requires a conceptual understanding of mineral systems and the integration of multiple geoscience datasets including mineral deposits, geophysical, geochemical, geological, structural and remote sensing data and other relevant information in order to investigate the subsurface and to generate mineral potential targets in greater detail.

This MTEF Project has the objective of stimulating investment in exploration/mining in South Africa by providing new high-quality geoscience data and mineral prospectivity maps.

ACHIEVEMENTS AND CHALLENGES

During the 2015/16 financial year, the CGS embarked on the Business Unusual Strategy. The move to the Business Unusual Strategy was necessitated by the financial loss that the organisation incurred in 2014/15. The primary aim of this strategy was to direct all the resources to the MTEF Projects to unlock the continuous deferred income that the organisation accumulated over the years.

The re-focus of the organisation on this strategy has indeed yielded positive fruits. The performance of the CGS has improved substantially in terms of revenue generation and the audit result of the Annual Technical Programme increased slightly. The organisation is striving to formulate a strong base for structured research programmes that will sustain the organisation in the immediate and long term. The CGS is a research organisation that is aiming to make a meaningful contribution to the developmental needs of South Africa.

5.2.5 State Diamond Trader (SDT)

The SDT continued to implement the following developmental and visionary activities during the year under review:

Access to International Markets

In September 2016, the SDT continued with its annual participation in the Hong Kong Pavilion and in partnership with the dti, managed to have 20 diamond and jewellery manufacturers exhibiting. Participation of diamond beneficiators in international pavilions is aimed at the growth of the diamond beneficiation industry in as far as access to profitable markets for its clients is concerned.

Enterprise Development (Pilot Projects)

The SDT has proven to be a resilient organisation, one that has a vision to be a catalyst for the transformation and growth of the local diamond beneficiation industry. At the beginning of the year the SDT commenced with its strategy to grow the local diamond beneficiation industry and launched its Youth Enterprise Development Project with invaluable support by industry partners. It is intended that the youth participating in the project will be in a position to apply for Beneficiation licenses and become industry players in their own right. The project provides extensive training covering diamond

factory experiential learning and college training on both diamond knowledge and business skills. As at 31 March 2016 there were nine trainees in two projects.

South Africa Diamond Indaba

One of the strategic activities of the SDT during the year under review was to facilitate stakeholder engagement in the industry. To this end the SDT launched a series of annual industry discussion platforms styled as the SA Diamond Indaba. The objective of these is to bring relevant stakeholders together to discuss ways of shaping the future of the diamond industry in South Africa and seek ways to contribute to the reversal of the trends that have brought about its decline. The Diamond Indaba is also intended to give an impetus to local beneficiation and industry transformation and will be used as a platform to plan the way forward towards the growth of the local diamond beneficiation industry. The SDT will hold a second South Africa Diamond Indaba in 2016.

5.2. Transfer Payments to all Organisations other than Public Entities

The Department did not do any transfer payments other than to public entities.

➔ 6. CONDITIONAL GRANTS

6.1. Conditional Grants and Earmarked Funds Received/Paid

The Department did not administer any conditional grants.

➔ 7. DONOR FUNDS

7.1. Donor Funds Received

Name of Donor	European Union
Full Amount of the Funding (R'000)	30,000
Period of the Commitment	1 April 2014
Purpose of the Funding	Microzonation Model of Johannesburg
Expected Outputs	<p>Identify the different geological entities within the city (Johannesburg) in order to feed into the Probabilistic Seismic Hazard Analysis (PSHA), so that the PSHA will have the correct information to perform the calculations.</p> <p>Correct data required for PSHA so that the calculations produce feasible results when the data is correct. Site grouping to obtain typical soil profiles which are easily incorporated into the PSHA calculations and liquefaction analyses.</p> <p>Site grouping to obtain typical soil profiles which are easily incorporated into the PSHA calculations and liquefaction analyses.</p> <p>Site characterisation by conducting various tests to propose velocity models and to establish empirical relations for easy incorporation into PSHA.</p> <p>The geological formation within Johannesburg and KOSH were identified and mapped and were utilised by the PSHA team for their calculations.</p> <p>Ground motion amplification factors for typical soil profiles which can be easily incorporated within the PSHA calculations. Liquefaction potential analysis which can be easily incorporated within the PSHA and Report of the Microzonation model which summarises the works done and assists the end users with implementing the model.</p>

Actual Outputs Achieved	<p>Borehole data was collected and electrical resistivity tomography surveys were conducted to obtain depth to bedrock and soil profiles. Surveys utilising the Multi-Channel Analysis of Surface Waves techniques were conducted and velocity models proposed.</p> <p>Estimations of seismic wave amplification within the region were conducted.</p> <p>The final report which summarises the model and assists the end users with implementing the report will be released in March 2017.</p>
Amount Received in Current Period (R'000)	16,615
Amount Spent by the Department (R'000)	14,843
Reasons for the Funds Unspent	The project will be finalised in the 2016/17 financial year
Monitoring Mechanism by the Donor	Progress reports are being submitted to National Treasury

➔ 8. CAPITAL INVESTMENT

8.1. Capital Investment, Maintenance and Asset Management Plan

The Department does not have any long-term infrastructure and other capital plans. The assets of the Department are managed in line with the Asset Management Policy.



Minister Zwane after a meeting with mining stakeholders.

PART C

GOVERNANCE



1. INTRODUCTION

The maintaining of an effective, efficient and transparent system of financial, risk management and internal controls is the foundation for a well-governed and controlled organisation.

2. RISK MANAGEMENT

The purpose of risk management is to facilitate the identification and management of risks that will adversely affect the achievement of departmental objectives. In complying with Treasury Regulations and the PFMA, annual risk assessments were conducted to ensure that emerging risks were identified.

During the risk assessment, action plans to mitigate the risks were developed and the risk management unit on a quarterly basis monitors the implementation of action plans to mitigate risks identified.

The risk management reports are discussed at Departmental Management Committee (MANCO) meetings and the Risk Management Committee together with the Audit Committee (AC) continue to provide an independent oversight and assurance into the process of risk management.

3. FRAUD AND CORRUPTION

The Department has an approved Anti-Fraud and Corruption Strategy and the Whistle-Blowing Policy in place. During the period under review, both of these were reviewed to ensure alignment with the recently reviewed Code of Conduct for the Public Service.

The Department continues to promote the culture of zero tolerance towards fraud and corruption through awareness campaigns and the fraud risk assessment.

Employees of the Department are aware of the fraud indicators and report suspected acts of fraud and corruption through appropriate channels as outlined in the Whistle-Blowing Policy and employees are also required to subscribe and conduct themselves according to the Code of Conduct and Code of Ethics as developed by the Public Service Commission.

4. MINIMISING CONFLICT OF INTEREST

The Department has introduced the following measures to curb conflict of interest:

- Members of the Senior Management Service (SMS) are required on an annual basis to disclose their financial interests.
- SMS members who do not comply are charged with misconduct according to the regulations.
- All employees were requested to sign declarations in terms of remunerative work outside employment. Employees are therefore well aware that they must obtain the Director-General's approval before embarking on any remunerative work outside employment.
- The Department also has a policy on remunerative work outside employment.

The DPSA is also in the process of finalising a new directive on ethics in the workplace with emphasis on financial disclosures, gifts and remunerative work outside employment. Once the new directive is in place, the Directorate HR Planning and Policies will have to review its policies/procedures in this regard.

5. CODE OF CONDUCT

The Department is in the process of distributing an Explanatory Manual on the Code of Conduct for the Public Service to all DMR officials and is also conducting workshops. If an employee is in breach of the Code, disciplinary action will be taken against the employee in terms of the Public Service Coordinating Bargaining Council (PSCBC) Resolution 1 of 2003: disciplinary Code and Procedures for the Public service.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

NO	NATURE OF CONDITION	EFFECTS
1.	Slippery staircases	Slipping hazard to employees
2.	Poor provision of thermal requirements	Sick building syndrome
3.	Poor provision of extraction system	Accumulation of toxic or obnoxious gases, TB and other communicable diseases.
4.	Poor provision of lighting	Headaches, glare, body pains, (Ergonomic conditions)
5.	Poor provision of emergency evacuation systems	Loss of life, injury to staff and visitors
6.	Non-compliance with statutes	Financial loss and/ or conviction of management

7. PORTFOLIO COMMITTEES

The Department had numerous engagements with the Portfolio Committee on Mineral Resources and Select Committee on Land and Mineral Resources in line with their programme. Matters the Department was engaged with ranged from its Strategic Plan, the Annual Report and other specific areas which the Committees deemed appropriate and which were within the mandate of Mineral Resources. All the questions and issues raised were addressed on an ongoing basis.

8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

There were no SCOPA resolutions during the year under review.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The report of the Department was not previously modified, there was however a case of non-compliance with laws and regulations reported which was investigated and concluded.

Nature of Qualification, Disclaimer, Adverse Opinion and Matters of Non-compliance	Financial Year in which it first Arose	Progress made in Clearing /Resolving the Matter
None	2015/2016	Resolved

10. INTERNAL CONTROL UNIT

During the year under review, the unit compiled the Annual Financial Statements, quarterly Interim Financial Statements, and monthly Compliance Certificates. The unit also monitored the clearance of suspense accounts in order to ensure that financial periods are closed on time.

In addition, the unit performed the system control functions; and coordinated and facilitated the audit activities between the Department and the Auditor-General.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The purpose of internal auditing is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Internal Audit Activity (intends to function in a manner that monitors that:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as required.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- All the Department's assets are appropriately safeguarded and the existence of such assets, where applicable, can be verified.
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programmes, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the Department's control process.
- Significant legislative or regulatory issues impacting the Department are recognised and addressed appropriately.

The primary objective of Internal Audit is to assist the AO and the AC in the effective discharge of their responsibilities. Internal Audit will provide them with independent analyses, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and performance.

The Internal Audit Activity will provide the Department with the following benefits:

- The regular presence of internal auditors helps to protect the Department's assets by deterring fraud, waste, and abuse.
- Input from internal auditors helps employees to improve their overall job performance and adherence to established controls.
- The Internal Audit Activity helps to keep the Department accountable to the public by reviewing and reporting on adherence to established policies and procedures, laws, and the effectiveness, economy, and efficiency of operations.

The Internal Audit Activity provides both the oversight structures such as the AC and relevant parliamentary structures with required information for them to exercise their monitoring role.

Internal Audit performed the following audit work during the year under review:

- Financial Audits: Chief Financial Officer Branch
- Performance Audits: All branches
- Operational Audits: All branches
- Information Communication Technology Audit: Chief Financial Officer Branch.

Key Activities and Objectives of the Audit Committee (AC)

The AC is a non-executive committee in an advisory capacity to the AO primarily responsible for oversight over the Department's governance, control and risk management processes.

The primary objective of the AC is to assist the senior management of the Department in fulfilling their responsibility relating to financial and operating reporting processes, the system of internal controls, governance, risk management, audit process and monitoring compliance with applicable laws, regulations, relevant prescripts and directives.

Attendance of AC meetings by AC members (Tabular form)

The Table Below Discloses Relevant Information on the Audit Committee (AC) Members:

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Mr Stefaan Sithole	<ul style="list-style-type: none"> • CA (SA) • CIA • Post Graduate Diploma Business • Programme –SBL • B Accountancy • B COMM 	External	01/09/2004	To date	06
Prof. DP van der Nest	<ul style="list-style-type: none"> • B COM (ACCOUNTACY) • Higher Education Diploma (Post Graduate) • B COM HONS (Economics) • M COM (Economics) • Doctor Technologies 	External	01/09/2004	To date	06
Ms Zienzile Musamirapamwe	<ul style="list-style-type: none"> • MBA • Chartered Secretaries & Administrators (CSA) • Portfolio Management I and II 	External	01/09/2010	To date	04

12. AUDIT COMMITTEE (AC) REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee (AC) Responsibility

The AC reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the PFMA and Treasury Regulation 3.1.13. The AC also reports that it has adopted appropriate formal terms of reference as its AC Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Department revealed certain weaknesses, which were then raised with the Department for subsequent agreement on the risk mitigation actions.

The following Internal Audit work was completed during the year under review:

Full Audits

- ICT Governance Review, Audit on SCM and Payment processes, Review of the Annual Financial Statements, Performance Information Review Q1; Performance Information Review Q2, Performance Information Review Q3, OHS, Application Controls Review (Procurement Management System), Annual Report Review, MPAT 1.5 Review, Revenue and Receivable for Prospecting Fees, Information Security Management Review, APP Review

Follow-up Audits

- S&T, A-G Management Letter, Mine Economics, Recruitment and Retention, Performance Information, Environment Plan, Mineral Licensing (prospecting rights), Asset Management and User Access Management.

The following were areas of concern:

- ICT Governance
- Revenue Management

In-Year Management and Monthly/Quarterly Report

The Department has been reporting monthly and quarterly to the Treasury as is required by the PFMA.

Evaluation of Financial Statements

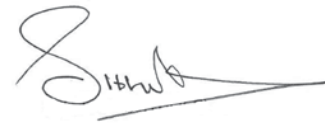
We have reviewed the Annual Financial Statements prepared by the Department and provided our input and also relied on the review performed by Internal Audit.

Auditor-General's Report

We have reviewed the Department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved except for the following:

- Financial statements still submitted with material misstatement.
- Key positions have been vacant for period of more than 12 months, mainly due to the moratorium on recruitment issued by the National Treasury.

The AC concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



Stefaan Sithole

Chairperson of the Audit Committee
Department of Mineral Resources

PART D

HUMAN RESOURCE MANAGEMENT



➔ 1. INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister for the Public Service and Administration for all Departments in the public service.

➔ 2. OVERVIEW OF HUMAN RESOURCES (HR)

2.1. The Status of Human Resources (HR) in the Department.

During the year under review, the vacancy rate for the Department was 14% against the accepted level of 10%. This was due to financial constraints experienced by the Department resulting in the moratorium imposed on the filling of posts. However, the situation did not significantly affect the work as a result of the commitment and resilience of the DMR staff.

The percentage of financial disclosures submitted and performance agreements signed within the prescribed period were 93% and 78% respectively. Final written warnings were issued to those who did not submit as well as those who submitted after the due date.

2.2. Human Resources (HR) Priorities for the Year Under Review and the Impact of These.

The challenges experienced due to the moratorium necessitated the identification of critical posts to be filled only like the environmental posts for Regulation. The impact of filling these posts enabled the compliance with the NEMA.

2.3. Workforce Planning and Key Strategies to Attract and Recruit a Skilled and Capable Workforce.

The strategy to attract and retain staff was developed, wherein mechanisms were identified to manage skills required by the Department. Benefits other than direct

finance, of the Public Service, were marketed through the strategy. Also, preference is given to internal candidates with equal and competence level for a post. The training and development of the workforce also enable them to compete fairly, including through bursaries offered. Targeted recruitment for people with disability and other race groups like Coloureds and Indians was also identified as an attraction strategy.

2.4. Employee Performance Management.

The Department provides regular performance assessments of employees so that good performance can be rewarded and corrective measures put in place to bring poor performing employees to speed. Performance Awards are given to deserving employees for excellent performance.

2.5. Employee Wellness Programmes.

The Department has an EAP which provides assistance to employees to increase their productivity by looking after their welfare. Other interventions are the Health Risk Assessments and all the Sporting Codes of the Department.

2.6. Highlight Achievements and Challenges Faced by the Department, as well as Future Human Resources (HR) Plans /Goals.

The Department strives to finalise all the disciplinary cases within prescribed time. The HRD Plan also has a timely submission of its documents. There is also a 100% achievement of pre-employment screening as well as the completion of files for vetting.

The only challenge the Department faces is that of financial resources which constrains the work of the Department.

➔ 3. HUMAN RESOURCES (HR) OVERSIGHT STATISTICS

3.1. Personnel-Related Expenditure

The following tables summarise the final audited personnel-related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel.
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2015 and 31 March 2016

Programme	Total Expenditure	Personnel Expenditure	Training Expenditure	Professional and Special Services Expenditure	Personnel Expenditure as a % of Total Expenditure	Average Personnel Cost per Employee
	(R'000)	(R'000)	(R'000)	(R'000)	%	(R'000)
Administration	361,712	160,987	2,425	620	44,5	143
Mine Health and Safety	168,985	141,529	295	184	83,8	126
Mineral Policy and Promotion	876,214	61,000	2,003	0	7	54
Mineral Regulation	246,526	162,756	674	4,318	66	145
Total as on Financial Systems (BAS)	1,653,437	526,272	5,397	5,122	31,8	468

Table 3.1.2 Personnel costs by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Personnel Expenditure (R'000)	% of Total Personnel Cost %	Number of Employees	Average Personnel Cost per Employee (R'000)
Skilled (Levels 3-5)	42,710	7,7	213	200,516
Highly skilled production (Levels 6-8)	96,634	17,4	317	304,839
Highly skilled supervision (Levels 9-12)	268,868	48,3	444	605,559
Senior management (Levels 13-16)	81,363	14,6	76	1,070,566
Contract (Levels 3-5)	1,735	0,3	4	433,750
Contract (Levels 6-8)	3,552	0,6	36	98,667
Contract (Levels 9-12)	18,566	3,3	29	640,207
Contract (Levels 13-16)	8,450	1,5	6	1,408,333
Periodical Remuneration	378	0,1	47	8,043
Abnormal Appointment	2,994	0,5	100	29,940
TOTAL	525,250	94,4	1,272	412,932

Table 3.1.3 Salaries, Overtime, Home Owners' Allowance (HOA) and Medical Aid by programme for the period 1 April 2015 and 31 March 2016

Salary Band	Salaries		Overtime		Home Owners' Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of Personnel Costs %	Amount (R'000)	Overtime as a % of Personnel Costs %	Amount (R'000)	HOA as a % of Personnel Costs %	Amount (R'000)	Medical Aid as a % of Personnel Costs %
Administration	119,410	73,1	2,578	1,6	4,375	2,7	5,386	3,3
Mine Health and Safety	111,851	70,2	0	0	2,462	1,5	3,249	2
Mineral Policy and Promotion	47,447	74,9	1	0	1,356	2,1	1,561	2,5
Mineral Regulation	120,000	70,3	94	0,1	4,379	2,6	5,956	3,5
TOTAL	398,708	71,6	2,673	0,5	12,572	2,3	16,152	2,9

Table 3.1.4 Salaries, Overtime, Home Owners' Allowance and Medical Aid by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Salaries		Overtime		Home Owners' Allowance		Medical Aid	
	Amount	Salaries as a % of Personnel Costs	Amount	Overtime as a % of Personnel Costs	Amount	HOA as a % of Personnel Costs	Amount	Medical Aid as a % of Personnel Costs
	(R'000)	%	(R'000)	%	(R'000)	%	(R'000)	%
Skilled (Levels 3-5)	28,318	65,3	1,266	2,9	2,643	6,1	3,352	7,7
Highly skilled production (Levels 6-8)	69,412	70,5	715	0,7	3,864	3,9	4,904	5
Highly skilled supervision (Levels 9-12)	205,696	71,1	685	0,2	4,260	1,5	6,533	2,3
Senior emangement (Levels 13-16)	65,506	75,9	0	0	1,412	1,6	1,009	1,2
Contract (Levels 3-5)	1,298	73,6	4	0,2	95	5,4	4	0,2
Contract (Levels 6-8)	2,792	77,2	3	0,1	105	2,9	65	1,8
Contract (Levels 9-12)	15,736	73,6	0	0	146	0,7	282	1,3
Contract (Levels 13-16)	6,971	81,2	0	0	48	0,6	5	0,1
Periodical Remuneration	0	0	0	0	0	0	0	0
Abnormal Appointment	2,979	96,1	0	0	0	0	0	0
TOTAL	398,708	71,6	2,673	0,5	12,573	2,3	16,154	2,9

3.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2016

Programme	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate %	Number of Employees Additional to the Establishment
Administration, Permanent	425	360	15,3	1
Administration, Temporary	2	2	0	0
Mine Health and Safety	317	291	8,2	0
Mineral Policy and Promotion	125	109	12,8	0
Mineral Regulation	434	363	16,4	0
TOTAL	1,303	1,125	13,7	1

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2016

Salary Band	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate %	Number of Employees Additional to the Establishment
Skilled (Levels 3-5), Permanent	238	213	10,5	0
Highly skilled production (Levels 6-8), Permanent	371	316	14,8	0
Highly skilled production (Levels 6-8), Temporary	1	1	0	0
Highly skilled supervision (Levels 9-12), Permanent	519	443	14,6	0
Highly skilled supervision (Levels 9-12), Temporary	1	1	0	0
Senior management (Levels 13-16), Permanent	98	76	22,4	0
Contract (Levels 3-5), Permanent	4	4	0	0
Contract (Levels 6-8), Permanent	36	36	0	0
Contract (Levels 9-12), Permanent	29	29	0	0
Contract (Levels 13-16), Permanent	6	6	0	1
TOTAL	1,303	1,125	13,7	1

Table 3.2.3 Employment and Vacancies by critical occupations as on 31 March 2016

Critical Occupation	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate %	Number of Employees Additional to the Establishment
Administrative related, Permanent	128	114	10,9	0
Agriculture, animal, oceanography, forestry and other sciences, Permanent	1	1	0	0
Biologists, botanists, zoologists and related professionals, Permanent	133	103	22,6	0
Cartographers and surveyors, Permanent	2	2	0	0
Cleaners in offices, workshops, hospitals etc., Permanent	3	3	0	0
Client inform clerks (switchboard receptionist inform clerks), Permanent	12	11	8,3	0
Communication and information related, Permanent	11	10	9,1	0
Communication and information related, Temporary	1	1	0	0
Economists, Permanent	49	43	12,2	0
Engineering sciences related, Permanent	2	2	0	0
Finance and economics related, Permanent	12	9	25	0
Financial and related professionals, Permanent	44	34	22,7	0
Financial clerks and credit controllers, Permanent	20	15	25	0
General legal administration and related professionals, Permanent	4	4	0	0
Head of Department/Chief Executive Officer, Permanent	1	0	100	0
Human Resources and organisational development and related professionals, Permanent	35	32	8,6	0
Human Resources clerks, Permanent	15	15	0	0
Human Resources related, Permanent	2	1	50	0
Information Technology related, Permanent	11	9	18,2	0
Language practitioners interpreters and other communicators, Permanent	6	6	0	0
Legal related, Permanent	7	4	42,9	0

Critical Occupation	Number of Posts on Approved Establishment	Number of Posts Filled	Vacancy Rate %	Number of Employees Additional to the Establishment
Librarians and related professionals, Permanent	3	2	33,3	0
Library mail and related clerks, Permanent	86	78	9,3	0
Logistical support personnel, Permanent	13	11	15,4	0
Material-recording and transport clerks, Permanent	35	30	14,3	0
Messengers porters and deliverers, Permanent	4	3	25	0
Other administrators and related clerks and organisers, Permanent	98	90	8,2	0
Other administrative policy and related officers, Permanent	69	54	21,7	0
Other Information Technology personnel, Permanent	33	26	21,2	0
Other machine operators, Permanent	1	1	0	0
Other occupations, Permanent	3	3	0	0
Risk management and security services, Permanent	8	7	12,5	0
Safety health and quality inspectors, Permanent	197	181	8,1	0
Secretaries and other keyboard operating clerks, Permanent	91	80	12,1	0
Security officers, Permanent	52	51	1,9	0
Senior managers, Permanent	92	70	23,9	1
Senior managers, Temporary	1	1	0	0
Trade/industry advisers and other related professions, Permanent	18	18	0	0
TOTAL	1,303	1,125	13,7	1

3.3. Filling of Senior Management Service (SMS) Posts

The tables in this section provide information on employment and vacancies as it relates to members of the SMS by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed time frames and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2016

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General/ Head of Department	1	0	0%	1	100%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	5	5	100%	0	0%
Salary Level 14	24	15	63%	9	37%
Salary Level 13	69	56	81%	13	19%
TOTAL	99	76	77%	23	23%

Table 3.3.2 SMS post information as on 30 September 2015

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	5	5	100%	0	0%
Salary Level 14	24	14	58%	10	42%
Salary Level 13	72	62	86%	10	14%
TOTAL	102	82	80%	20	20%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016

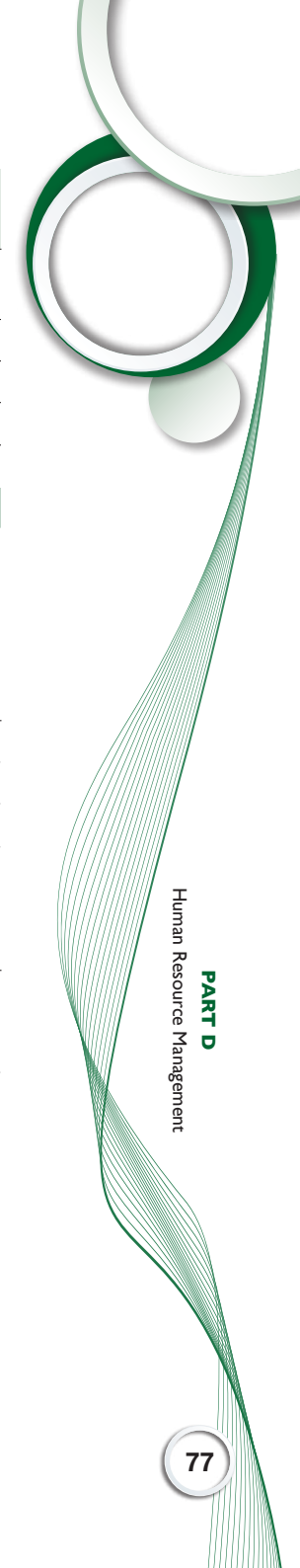
SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Posts Filled	% of SMS Posts Filled	Total Number of SMS Posts Vacant	% of SMS Posts Vacant
Director-General/ Head of Department	1	0	0%	1	100%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	5	5	100%	0	0%
Salary Level 14	25	16	64%	9	36%
Salary Level 13	72	59	82%	13	18%
TOTAL	103	80	78%	23	22%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2015 and 31 March 2016

Reasons for Vacancies Not Advertised Within 6 Months

Reasons for Vacancies Not Filled Within 6 Months

Given the current economic conditions and the speech by the Minister of Finance during his state of the nation address on the restrictions on filling of Managerial and Administrative vacancies, the Department is currently in the process of rationalisation, wherein a submission has already been drafted and approved to fill what is considered to be critical positions within the Department. This was necessitated by the fact that the Department is facing financial constraints relating to compensation of employees.



3.4. Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Posts Upgraded		Posts Downgraded	
				Number	% of Posts Evaluated	Number	% of Posts Evaluated
Contract (Levels 3-5)	4	0	0	0	0	0	0
Contract (Levels 6-8)	36	0	0	0	0	0	0
Contract (Levels 9-12)	29	0	0	0	0	0	0
Contract (Band A)	6	0	0	0	0	0	0
Skilled (Levels 3-5)	238	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	372	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	520	18	3,5	1	5,6	0	0
Senior management service Band A	68	3	4,4	0	0	0	0
Senior management service Band B	21	0	0	0	0	0	0
Senior management service Band C	6	0	0	0	0	0	0
Senior management service Band D	3	0	0	0	0	0	0
TOTAL	1,303	21	1,6	1	4,8	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 and 31 March 2016

Gender	African	Asian	Coloured	White	Total
Female	14	0	1	2	17
Male	9	0	0	2	11
TOTAL	23	0	1	4	28
Employees with a disability					0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2015 and 31 March 2016

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation
None	0	0	0	Not Applicable
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2015 and 31 March 2016

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
TOTAL	0	0	0	0	0
Employees with a disability	0	0	0	0	0

3.5. Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Number of Employees at Beginning of Period-1 April 2015	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Skilled (Levels 3-5), Permanent	207	10	8	3,9
Highly skilled production (Levels 6-8), Permanent	311	15	19	6,1
Highly skilled production (Levels 6-8), Temporary	1	0	0	0
Highly skilled supervision (Levels 9-12), Permanent	444	16	29	6,5
Senior management service (B and A), Permanent	55	3	4	7,3
Senior management service (B and B), Permanent	13	1	2	15,4
Senior management service (B and B), Temporary	0	1	0	0
Senior management service (B and C), Permanent	5	1	0	0
Senior management service (B and D), Permanent	2	1	1	50
Contract (Levels 3-5), Permanent	11	3	2	18,2
Contract (Levels 6-8), Permanent	13	37	6	46,2
Contract (Levels 9-12), Permanent	34	6	11	32,4
Contract Band A, Permanent	4	5	2	50
Contract Band B, Permanent	1	0	1	100
Contract Band D, Permanent	2	0	2	100
TOTAL	1,103	99	87	7,9

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2015 and 31 March 2016

Critical Occupation	Number of Employees at Beginning of Period-April 2015	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Administrative related, Permanent	114	6	8	7
Agriculture animal oceanography forestry and other sciences, Permanent	1	0	0	0
Biologists botanists zoologists and related professionals, Permanent	100	6	4	4
Cartographers and surveyors, Permanent	2	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	3	0	0	0
Client inform clerks (switchboard receptionist inform clerks), Permanent	12	0	1	8,3
Communication and information related, Permanent	9	2	1	11,1
Communication and information related, Temporary	1	0	0	0
Economists, Permanent	44	1	2	4,5
Engineering sciences related, Permanent	2	0	0	0
Finance and economics related, Permanent	9	1	1	11,1
Financial and related professionals, Permanent	36	3	6	16,7
Financial clerks and credit controllers, Permanent	17	0	3	17,6
Food services aids and waiters, Permanent	1	0	0	0
General legal administration and related professionals, Permanent	4	0	0	0
Head of Department/Chief Executive Officer, Permanent	1	0	1	100
Human Resources and organisational development and related professionals, Permanent	34	0	1	2,9
Human Resources clerks, Permanent	15	0	0	0
Human Resources related, Permanent	2	0	1	50
Information Technology related, Permanent	8	2	0	0
Language practitioners interpreters and other communicators, Permanent	6	0	0	0
Legal related, Permanent	5	0	1	20

Critical Occupation	Number of Employees at Beginning of Period-April 2015	Appointments and Transfers into the Department	Terminations and Transfers out of the Department	Turnover Rate
Librarians and related professionals, Permanent	2	0	0	0
Library mail and related clerks, Permanent	79	3	2	2,5
Logistical support personnel, Permanent	12	1	2	16,7
Material-recording and transport clerks, Permanent	25	6	4	16
Messengers porters and deliverers, Permanent	4	2	2	50
Other administrators and related clerks and organisers, Permanent	91	1	2	2,2
Other administrative policy and related officers, Permanent	57	2	4	7
Other Information Technology personnel, Permanent	26	0	5	19,2
Other machine operators, Permanent	1	0	0	0
Other occupations, Permanent	3	1	1	33,3
Risk management and security services, Permanent	6	2	1	16,7
Safety health and quality inspectors, Permanent	153	45	19	12,4
Secretaries and other keyboard operating clerks, Permanent	81	5	6	7,4
Security officers, Permanent	51	0	0	0
Senior managers, Permanent	69	8	9	13
Senior managers, Temporary	0	1	0	0
Trade/industry advisers and other related professions, Permanent	17	1	0	0
TOTAL	1,103	99	87	7,9

The table below identifies the major reasons why staff left the Department.

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2015 and 31 March 2016

Termination Type	Number	% of Total Resignations
Death, Permanent	1	1,1
Resignation, Permanent	26	29,9
Expiry of contract, Permanent	20	23
Transfers, Permanent	31	35,6
Discharged due to ill health, Permanent	1	1,1
Dismissal-misconduct, Permanent	1	1,1
Retirement, Permanent	7	8
TOTAL	87	100
Total number of employees who left as a % of total employment	7,9	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2015 and 31 March 2016

Occupation	Employees 1 April 2015	Promotions to another Salary Level	Salary Level Promotions as a % of Employees by Occupation	Progressions to another Notch within a Salary Level	Notch Progression as a % of Employees by Occupation
Administrative related	114	8	7	76	66,7
Agriculture animal oceanography forestry and other science	1	0	0	0	0
Biologists botanists zoologists and related professional	100	1	1	74	74
Cartographers and surveyors	2	0	0	2	100
Cleaners in offices workshops hospitals etc.	3	0	0	0	66,7
Client inform clerks (switchboard receptionist inform clerks)	12	0	0	7	58,3
Communication and information related	10	0	0	5	50
Economists	44	2	4,5	19	43,2
Engineering sciences related	2	0	0	2	100
Finance and economics related	9	0	0	6	66,7
Financial and related professionals	36	1	2,8	25	69,4
Financial clerks and credit controllers	17	0	0	10	58,8

Occupation	Employees 1 April 2015	Promotions to another Salary Level	Salary Level Promotions as a % of Employees by Occupation	Progressions to another Notch within a Salary Level	Notch Progression as a % of Employees by Occupation
Food services aids and waiters	1	0	0	1	100
General legal administration and related professionals	4	0	0	2	50
Head of Department/Chief Executive Officer	1	0	0	0	0
Human Resources and organisational development and relate professionals	34	1	2,9	25	73,5
Human Resources clerks	15	0	0	8	53,3
Human Resources related	2	0	0	1	50
Information Technology related	8	1	12,5	5	62,5
Language practitioners interpreters and other communicators	6	0	0	3	50
Legal related	5	0	0	4	80
Librarians and related professionals	2	0	0	2	100
Library mail and related clerks	79	0	0	55	69,6
Logistical support personnel	12	0	0	10	83,3
Material-recording and transport clerks	25	0	0	18	72
Messengers porters and deliverers	4	0	0	2	50
Other administrators and related clerks and organisers	91	0	0	63	69,2
Other administrative policy and related officers	57	4	7	43	75,4
Other Information Technology personnel.	26	1	3,8	14	53,8
Other machine operators	1	0	0	1	100
Other occupations	3	0	0	1	33,3
Risk management and security services	6	2	33,3	3	50
Safety health and quality inspectors	153	1	0,7	75	49
Secretaries and other keyboard operating clerks	81	2	2,5	67	82,7
Security officers	51	0	0	39	76,5
Senior managers	69	1	1,4	32	46,4
Trade/industry advisers and other related professions	17	0	0	14	82,4
TOTAL	1,103	25	2,3	716	64,9

Table 3.5.5 Promotions by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Employees 1 April 2015	Promotions to another Salary Level	Salary Bands Promotions as a % of Employees by Salary Level	Progressions to another Notch within a Salary Level	Notch Progression as a % of Employees by Salary Bands
Skilled (Levels 3-5), Permanent	207	0	0	144	69,6
Highly Skilled Production (Levels 6-8), Permanent	311	2	0,6	219	70,4
Highly Skilled Production (Levels 6-8), Temporary	1	0	0	0	0
Highly Skilled Supervision (Levels 9-12), Permanent	444	19	4,3	307	69,1
Senior Management (Levels 13-16), Permanent	75	3	4	35	46,7
Contract (Levels 3-5), Permanent	11	0	0	0	0
Contract (Levels 6-8), Permanent	13	1	7,7	5	38
Contract (Levels 9-12), Permanent	34	0	0	6	17
Contract (Levels 13-16), Permanent	7	0	0	0	0
TOTAL	1,103	25	2,3	716	64,9

3.6. Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2016

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers, Permanent	44	0	0	6	22	0	0	0	72
Legislators, senior officials and managers, Temporary	0	0	1	0	0	0	0	0	1
Professional, Permanent	135	1	2	7	152	2	2	5	306
Professional, Temporary	0	0	0	1	0	0	0	0	1
Technicians and associate professional, Permanent	167	3	0	32	145	5	1	7	360
Clerks, Permanent	80	2	0	1	204	16	0	16	319
Service and sales workers, Permanent	35	3	0	4	15	1	0	0	58
Plant and machine operators and assemblers, Permanent	1	0	0	0	0	0	0	0	1
Elementary occupations, Permanent	1	0	0	0	6	0	0	0	7
TOTAL	463	9	3	51	544	24	3	28	1 125
Employees with disabilities	4	0	0	2	2	0	0	0	8

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management, Permanent	5	0	0	0	3	0	0	0	8
Senior management, Permanent	38	0	0	6	24	0	0	0	68
Professionally qualified and experienced specialists and mid-management, Permanent	214	4	2	32	177	2	3	9	443
Professionally qualified and experienced specialists and mid-management, Temporary	0	0	1	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	83	1	0	5	193	16	0	18	316
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Temporary	0	0	0	1	0	0	0	0	1
Semi-skilled and discretionary decision making, Permanent	84	3	0	1	119	5	0	1	213
Contract (Senior management), Permanent	5	0	0	0	1	0	0	0	6
Contract (Professionally qualified), Permanent	11	1	0	6	10	1	0	0	29
Contract (Skilled technical), Permanent	22	0	0	0	14	0	0	0	36
Contract (Semi-skilled), Permanent	1	0	0	0	3	0	0	0	4
TOTAL	463	9	3	51	544	24	3	28	1,125

Table 3.6.3 Recruitment for the period 1 April 2015 to 31 March 2016

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management, Permanent	1	0	0	0	1	0	0	0	2
Senior management, Permanent	3	0	0	0	1	0	0	0	4
Senior management, Temporary	0	0	1	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	9	1	0	0	5	0	0	0	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	7	0	0	0	8	0	0	0	15
Semi-skilled and discretionary decision making, Permanent	2	0	0	0	9	0	0	0	11
Contract (Senior management), Permanent	4	0	0	0	1	0	0	0	5
Contract (Professionally qualified), Permanent	3	0	0	0	3	0	0	0	6
Contract (Skilled technical), Permanent	23	0	0	0	14	0	0	0	37
Contract (Semi-skilled), Permanent	1	0	0	0	2	0	0	0	3
TOTAL	53	1	1	0	44	0	0	0	99

Table 3.6.4 Promotions for the period 1 April 2015 to 31 March 2016

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management, Permanent	1	0	0	0	2	0	0	0	3
Senior management, Permanent	16	0	0	5	14	0	0	0	35
Professionally qualified and experienced specialists and mid-management, Permanent	167	4	2	16	129	1	3	4	326
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	50	1	0	4	137	13	0	16	221
Semi-skilled and discretionary decision making, Permanent	62	3	0	1	73	4	0	1	144
Contract (Professionally qualified), Permanent	2	0	0	4	0	0	0	0	6
Contract (Skilled technical), Permanent	4	0	0	0	2	0	0	0	6
TOTAL	302	8	2	30	357	18	3	21	741
Employees with disabilities	3	0	0	2	1	0	0	0	6

Table 3.6.5 Terminations for the period 1 April 2015 to 31 March 2016

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management, Permanent	1	0	0	0	0	0	0	0	1
Senior management, Permanent	0	1	0	1	4	0	0	0	6
Professionally qualified and experienced specialists and mid-management, Permanent	12	1	0	4	7	0	0	0	24
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	9	0	0	0	12	0	0	2	23
Semi-skilled and discretionary decision making, Permanent	6	0	0	1	2	0	0	0	9
Contract (Top management), Permanent	2	0	0	0	0	0	0	0	2
Contract (Senior management), Permanent	2	0	0	0	1	0	0	0	3
Contract (Professionally qualified), Permanent	0	0	0	9	2	0	0	0	11
Contract (Skilled technical), Permanent	3	0	0	0	3	0	0	0	6
Contract (Semi-skilled), Permanent	2	0	0	0	0	0	0	0	2
TOTAL	37	2	0	15	31	0	0	2	87
Employees with disabilities	1	0	0	0	0	0	0	0	1

Table 3.6.6 Disciplinary action for the period 1 April 2015 to 31 March 2016

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
TOTAL	9	0	0	1	3	0	0	0	13

Table 3.6.7 Skills development for the period 1 April 2015 to 31 March 2016

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	0	0	1	17	0	0	0	31
Professionals	106	1	0	5	118	1	2	5	238
Technicians and associate professionals	27	0	0	9	53	1	0	2	92
Clerks	24	0	0	1	46	5	0	1	77
Service and sales workers	11	2	0	1	3	0	0	2	19
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
TOTAL	181	3	0	17	237	7	2	10	457
Employees with disabilities	1	0	0	1	0	0	0	0	2

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific time frames. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed time frames and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2016

SMS Level	Total Number of Funded SMS Posts	Total Number of SMS Members	Total Number of Signed Performance Agreements	Signed Performance Agreements as % of Total Number of SMS Members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	0	0	0	100%
Salary Level 15	5	5	2	40%
Salary Level 14	24	15	12	80%
Salary Level 13	69	59	47	80%
TOTAL	99	80	62	78%

Table 3.7.2 Reasons for not having concluded Performance Agreements for all SMS members as on 31 March 2016

Reasons
Lack of commitment from the affected managers.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2016

Reasons
Disciplinary actions were taken.

3.8 Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016

Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Average Cost per Employee
African, Female	413	542	76,2	5,227	12,657
African, Male	337	459	73,4	5,578	16,551
Asian, Female	3	3	100	41	13,520
Asian, Male	2	3	66,7	50	25,233
Coloured, Female	20	24	83,3	160	7,991
Coloured, Male	9	9	100	99	10,947
Total Blacks, Female	436	569	76,6	5,428	12,449
Total Blacks, Male	348	471	73,9	5,727	16,456
White, Female	29	28	103,6	318	10,959
White, Male	48	49	98	1,319	27,474
Employees with a disability	8	8	100	136	17,054
TOTAL	869	1,125	77,2	12,925	14,873

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service (SMS) for the period 1 April 2015 to 31 March 2016

Salary Band	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Average Cost per Employee
Skilled (Levels 3-5)	169	213	79,3	808	4,781
Highly skilled production (Levels 6-8)	249	317	78,5	1,911	7,675
Highly skilled supervision (Levels 9-12)	386	444	86,9	6,848	17,741
Contract (Levels 3-5)	1	4	25	4	4,000
Contract (Levels 6-8)	0	36	0	0	0
Contract (Levels 9-12)	17	29	58,6	293	17,235
Periodical Remuneration	0	47	0	0	0
Abnormal Appointment	0	100	0	0	0
TOTAL	822	1,190	69,1	9,864	12,000

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016

Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Average Cost per Employee
Administrative related	98	114	86	1,613	16,459
Agriculture animal oceanography forestry and other sciences	0	1	0	0	0
Biologists botanists zoologists and related professionals	73	103	70,9	1,074	14,712
Cartographers and surveyors	2	2	100	19	9,500
Cleaners in offices workshops hospitals etc.	3	3	100	10	3,333
Client inform clerks (switchboard reception inform clerks)	9	11	81,8	43	4,778
Communication and information related	8	11	72,7	133	16,625

Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Average Cost per Employee
Economists	27	43	62,8	518	19,185
Engineering sciences related	2	2	100	50	25,000
Finance and economics related	9	9	100	185	20,556
Financial and related professionals	30	34	88,2	314	10,467
Financial clerks and credit controllers	13	15	86,7	81	6,231
General legal administration and related professionals	2	4	50	38	19,000
Human Resources and organisational development and related professionals	28	32	87,5	382	13,643
Human Resources clerks	10	15	66,7	67	6,700
Human Resources related	1	1	100	9	9,000
Information Technology related	7	9	77,8	123	17,571
Language practitioners interpreters and other communicators	4	6	66,7	35	8,750
Legal related	4	4	100	83	20,750
Librarians and related professionals	2	2	100	17	8,500
Library mail and related clerks	62	78	79,5	322	5,194
Logistical support personnel	10	11	90,9	87	8,700
Material-recording and transport clerks	19	30	63,3	111	5,842
Messengers porters and deliverers	2	3	66,7	9	4,500
Other administrators and related clerks and organisers	83	90	92,2	520	6,265
Other administrative policy and related officers	47	54	87	533	11,340

Critical Occupation	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Average Cost per Employee
Other Information					
Technology personnel	14	26	53,8	149	10,643
Other machine operators	1	1	100	4	4,000
Other occupations	1	3	33,3	5	5,000
Risk management and security services	6	7	85,7	69	11,500
Safety health and quality inspectors	122	181	67,4	2,597	21,287
Secretaries and other keyboard operating clerks	71	80	88,8	510	7,183
Security officers	44	51	86,3	227	5,159
Senior managers	41	71	57,7	2,756	67,220
Trade/industry advisers and other related professions	14	18	77,8	232	16,571
TOTAL	869	1,125	77,2	12,925	14,873

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service (SMS) for the period 1 April 2015 to 31 March 2016

Salary Band	Beneficiary Profile			Cost		Total Cost as a % of the Total Personnel Expenditure
	Number of Beneficiaries	Number of Employees	% of Total within Group	Cost (R'000)	Average Cost per Employee	
Band A	35	61	57,4	2,194	62,686	3,5
Band B	9	13	69,2	664	73,778	4
Band C	3	6	50	205	68,333	2,6
Band D	0	2	0	0	0	0
TOTAL	47	82	57,3	3063	65,170,2	3,5

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	01 April 2015		31 March 2016		Change		Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
	Number	% of Total	Number	% of Total	Number	% Change			
Periodical Remuneration	1	100	0	0	-1	100	1	0	-1
TOTAL	1	100	0	0	-1	100	1	0	-1

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2015 and 31 March 2016

Major Occupation	01 April 2015		31 March 2016		Change		Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
	Number	% of Total	Number	% of Total	Number	% Change			
Other occupations	1	100	0	0	-1	100	1	0	-1
TOTAL	1	100	0	0	-1	100	1	0	-1

3.10 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2015 to 31 December 2015

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Skilled (Levels 3-5)	1,206	83,5	168	20,7	7	837
Highly skilled production (Levels 6-8)	1,831	78	256	31,6	7	2,003
Highly skilled supervision (Levels 9-12)	2,142	77,1	304	37,5	7	4,613
Senior management (Levels 13-16)	265	78,9	44	5,4	6	914
Contract (Levels 3-5)	15	73,3	3	0,4	5	8
Contract (Levels 6-8)	18	83,3	7	0,9	3	22
Contract (Levels 9-12)	166	88	23	2,8	7	344
Contract (Levels 13-16)	41	92,7	5	0,6	8	149
TOTAL	5,684	79,3	810	100	7	8,890

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Skilled (Levels 3-5)	102	100	10	32,3	10	69
Highly skilled production (Levels 6-8)	187	100	12	38,7	16	184
Highly skilled supervision (Levels 9-12)	153	100	8	25,8	19	342
Contract (Levels 9-12)	12	100	1	3,2	12	26
TOTAL	454	100	31	100	15	621

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2015 to 31 December 2015

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees using Annual Leave
Skilled (Levels 3-5)	4,940,92	22	220
Highly skilled production (Levels 6-8)	7,703	23	333
Highly skilled supervision (Levels 9-12)	11,365	24	471
Senior management (Levels 13-16)	1,872	23	83
Contract (Levels 3-5)	86	14	6
Contract (Levels 6-8)	68	10	7
Contract (Levels 9-12)	749	18	42
Contract (Levels 13-16)	114	11	10
TOTAL	26,897,92	23	1,172

Table 3.10.4 Capped leave for the period 1 January 2015 to 31 December 2015

Salary Band	Total Days of Capped Leave Taken	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at 31 December 2015	Number of Employees who Took Capped Leave	Total Number of Capped Leave Available at 31 December 2015	Number of Employees as at 31 December 2015
Skilled (Levels 3-5)	8	4	24	2	552	23
Highly skilled production (Levels 6-8)	4	1	18	4	1,057	60
Highly skilled supervision (Levels 9-12)	92	9	25	10	1,750	69
Senior management (Levels 13-16)	4	2	23	2	495	22
TOTAL	108	6	22	18	3,854	174

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2015 and 31 March 2016

Reason	Total Amount (R'000)	Number of Employees	Average per Employee (R'000)
Capped leave pay-outs on termination of service for 2015/16	1,382	26	53,154
Current leave pay-outs on termination of service for 2015/16	463	30	15,433
TOTAL	1,845	56	32,946

3.11 HIV/AIDS and Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/Categories of Employees Identified to be at High Risk of Contracting HIV and Related Diseases (if any)	Key Steps Taken to Reduce the Risk
None	Not applicable

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if Yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter I of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Director: Employment Relations Management, Mr SS Hlongwane
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		The Department has an Employee Wellness unit
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		The Department has outsourced an EAP and recently launched a Fitness programme and a Pre-retirement programme.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Martha Muthathi, Mathapelo Kenosi, Lungi Mondela, Gabi Khanyile, Chrizelle Farmer, Andrew Kolobe, Musa Zikhali, Zimkita Tyala, Zukiswa Kheswa, Sandra Ntlenzi, Anna Charlie and Olivia Mabuza
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		HIV and AIDS Policy and Wellness Policy were reviewed and adopted during 2015
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The Department has created a non-discriminatory work environment, dealing with HIV testing, confidentiality and disclosure, dealing with dismissals, and managing grievance procedures.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.	Yes		Reduction of stigma and discrimination, uptake of voluntary counselling and testing during Wellness Days, sharing results and joining support groups.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	
TOTAL	1 845	56	32 946

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2015 and 31 March 2016

Subject Matter	Date
None	Not applicable

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2015 and 31 March 2016

Outcomes of Disciplinary Hearings	Number	% of Total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	5	38%
Final written warning	3	23%
Suspended without pay	3	23%
Fine	0	0%
Demotion	0	0%
Dismissal	2	15%
Not guilty	0	0%
Case withdrawn	0	0%
TOTAL	13	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2016

Type of Misconduct	Number	% of Total
Dereliction of duties	3	23%
Irregular appointment	2	15%
Misuse of GG vehicles	3	23%
Submission fraudulent claim	1	8%
Absenteeism	1	8%
Non-financial disclosure	3	23%
TOTAL	13	100%

Table 3.12.4 Grievances logged for the period 1 April 2015 and 31 March 2016

Grievances	Number	% of Total
Number of grievances resolved	16	89%
Number of grievances not resolved	2	11%
Total number of grievances lodged	18	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2015 and 31 March 2016

Disputes	Number	% of Total
Number of disputes upheld	0	0%
Number of disputes dismissed	2	100%
Total number of disputes lodged	2	100%

Table 3.12.6 Strike actions for the period 1 April 2015 and 31 March 2016

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2015 and 31 March 2016

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

3.13 Skills Development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2015 and 31 March 2016

Occupational Category	Gender	Number of Employees as at 1 April 2015	Training Needs Identified at Start of the Reporting Period			
			Learnerships	Skills Programmes and Other Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	22	0	8	0	8
	Male	50	0	10	0	10
Professionals	Female	158	29	156	0	185
	Male	149	25	138	0	163
Technicians and associate professionals	Female	191	0	100	0	100
	Male	149	0	63	0	63
Clerks	Female	236	0	120	0	120
	Male	87	0	60	0	60
Service and sales workers	Female	16	0	3	0	3
	Male	41	0	6	0	6
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	6	0	0	0	0
	Male	2	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	0	0	6	0	6
	Male	0	0	1	0	1
Subtotal	Female	629	29	393	0	422
	Male	479	25	278	0	303
TOTAL		1,108	54	671	0	725

Table 3.13.2 Training provided for the period 1 April 2015 and 31 March 2016

Occupational Category	Gender	Number of Employees as at 1 April 2015	Training Needs Identified at Start of the Reporting Period			
			Learnerships	Skills Programmes and Other Courses	Other Forms of Training	Total
Legislators, senior officials and managers	Female	22	0	17	0	17
	Male	50	0	14	0	14
Professionals	Female	158	22	101	0	123
	Male	149	16	99	0	115
Technicians and associate professionals	Female	191	0	56	0	56
	Male	149	0	36	0	36
Clerks	Female	236	0	52	0	52
	Male	87	0	25	0	25
Service and sales workers	Female	16	0	5	0	5
	Male	41	0	14	0	14
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	6	0	0	0	0
	Male	2	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Subtotal	Female	629	22	231	0	253
		479	16	188	0	204
TOTAL		1,108	38	419	0	457

3.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2015 and 31 March 2016

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only	1	33,3
Temporary Total Disablement	2	66,7
Permanent Disablement	0	0
Fatal	0	0
TOTAL	3	100%

3.15 Utilisation of Consultants

The following tables relate information on the utilisation of consultants in the Department. In terms of the Public Service Regulations 'consultant' refers to a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a Department against remuneration received from any source:

- (a) The rendering of expert advice.
- (b) The drafting of proposals for the execution of specific tasks.
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a Department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2015 and 31 March 2016

Project Title	Total Number of Consultants that Worked on Project	Duration (Work Days)	Contract Value in Rand
Appointment of Enovate Ict Solutions for the procurement of professional services for the support and maintenance of revenue management system for a period of four months.	2	4 Months	155,040.00
Appointment of ESRI SA for the procurement of professional services for the support and maintenance of Geographic Information systems (GIS) utilised for the SAMRAD Licencing system for a period of 12 months	3	12 Months	325,584.00
Appointment of Outsourced Risk and Compliance Assessment (Pty) Ltd to perform the external quality assurance review (EQAR) for the Internal Audit Activity in the DMR for a period of 3 months.	3	3 Months	176,130.00
Total Number of Projects	3	Total Individual Consultants	Total Duration (Work Days)
		8	19 Months
			Total contract value in Rand
			656,754.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

Project Title	% Ownership by HDI Groups	% Management by HDI Groups	Number of Consultants from HDI Groups that Worked on Project
---------------	---------------------------	----------------------------	--

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2015 and 31 March 2016

Project Title	Total Number of Consultants that Worked on Project	Duration (Work days)	Donor and Contract Value in Rand
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Total Number of Projects	Total Individual Consultants	Total Duration (Work Days)	Total Contract Value in Rand
--------------------------	------------------------------	----------------------------	------------------------------

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

Project Title	% Ownership by HDI Groups	% Management by HDI Groups	Number of Consultants from HDI Groups that Worked on Project
Appointment of Enovate Ict Solutions for the procurement of professional services for the support and maintenance of revenue management system for a period of four months.	40% Black ownership		0
Appointment of ESRI SA for the procurement of professional services for the support and maintenance of Geographic Information systems (GIS) utilised for the SAMRAD Licencing system for a period of 12 months		0%	1
Appointment of Outsourced Risk and Compliance Assessment (Pty) Ltd to perform the external quality assurance review (EQAR) for the Internal Audit Activity in the DMR for a period of 3 months.	72,9% Black ownership		2

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2015 and 31 March 2016

Salary Band	Number of Applications Received	Number of Applications Referred to the MPSA	Number of Applications Supported by MPSA	Number of Packages Approved by Department
Lower skilled (Levels 1-2)				
Skilled (Levels 3-5)				
Highly skilled production (Levels 6-8)				
Highly skilled supervision (Levels 9-12)				
Senior management (Levels 13-16)				
TOTAL				

DMR Interns for the 2015/16 financial year.



PART E

FINANCIAL INFORMATION



➔ 1. REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2016

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 29: DEPARTMENT OF MINERAL RESOURCES

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the DMR set out on pages 112 to 185, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's Responsibility for the Financial Statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Mineral Resources as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with MCS and PFMA.

Emphasis of Matter

7. I draw attention to the matters below. My opinion is not modified in respect of this matter:

Restatement of Corresponding Figures

8. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during

➔ 1. REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2016

31 March 2016 in the financial statements of the DMR at, and for the year ended, 31 March 2015. It relates to contingent liability which was incorrectly disclosed in the prior year.

Additional Matter

9. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited Supplementary Schedules

10. The supplementary information set out on pages 186 to 194 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Report on other Legal and Regulatory Requirements

11. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programme presented in the Annual Performance Report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined Objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programme

presented in the annual performance report of the department for the year ended 31 March 2016:

- Programme 4: Mineral policy and promotion on pages 47 to 51.

13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

15. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:
- Mineral policy and promotion.

Additional Matters

16. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programme, I draw attention to the following matters:

Achievement of Planned Targets

17. Refer to the annual performance report on pages 26 to 51 for information on the achievement of planned targets for the year.

➔ 1. REPORT OF THE AUDITOR GENERAL

for the year ended 31 March 2016

Unaudited Supplementary Information

18. The supplementary information set out on pages 186 to 194 does not form part of the annual performance report and is presented as additional information. I have not audited these schedule(s) and, accordingly, I do not express a conclusion on them.

Compliance with Legislation

19. I performed procedures to obtain evidence that the Department had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial Statements, Performance and Annual Reports

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the PFMA. Material misstatements of contingent liabilities, lease commitments, leave entitlement and accruals identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal Control

21. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported

below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

22. The accounting officer did not exercise oversight of financial reporting and compliance and related internal controls.

Financial and Performance Management

23. Management did not prepare regular, accurate and complete financial reports as the financial statements submitted for audit contained misstatements that were subsequently corrected.

Auditor-General

Pretoria
31 July 2016



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

 ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

Table of Contents

Appropriation Statement	112
Notes to the Appropriation Statement	146
Statement of Financial Performance	147
Statement of Financial Position	148
Statement of Changes in Net Assets	149
Cash Flow Statement	150
Notes to the Annual Financial Statements (including Accounting Policies)	157
Annexures	186

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

Appropriation per Programme

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Administration	308,870	-	50,197	359,067	359,067	-	100,0%	315,598	315,220
Mine Health and Safety	184,431	-	-12,922	171,509	171,506	3	100,0%	167,497	167,492
Mineral Regulation	263,715	-	-17,479	246,236	246,236	-	100,0%	237,660	237,659
Mineral Policy and Promotion	881,526	-	-19,796	861,730	861,672	58	100,0%	754,786	754,786
TOTAL	1,638,542	-	-	1,638,542	1,638,481	61	100,0%	1,475,541	1,475,157
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				29,763				46,207	
NRF receipts				-				-	
Aid assistance				16,615				1,938	
Actual amounts per statement of financial performance (total revenue)				1,684,920				1,523,686	
ADD									
Aid assistance					14,843				1,938
Prior year unauthorised expenditure approved without funding									
Actual amounts per statement of financial performance (total expenditure)					1,653,324				1,477,095


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Appropriation per Economic Classification

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	800,101	-848	6,832	806,085	805,241	844	99,9%	737,163	736,883
Compensation of employees	548,440	-	-22,169	526,271	526,265	6	100,0%	484,629	484,619
Salaries and wages	472,702	505	-15,149	458,058	459,704	-1,646	100,4%	425,123	425,122
Social contributions	75,738	-505	-7,020	68,213	66,561	1,652	97,6%	59,506	59,498
Goods and services	251,661	-848	29,001	279,814	278,976	838	99,7%	252,534	252,265
Administrative fees	3,542	6	-195	3,353	2,618	735	78,1%	2,279	2,115
Advertising	3,613	-331	-1,040	2,242	846	1,396	37,7%	1,445	1,055
Minor assets	3,547	-325	-90	3,132	1,608	1,524	51,3%	1,224	262
Audit costs: External	4,411	-	-	4,411	6,465	-2,054	146,6%	5,280	5,280
Bursaries: Employees	1,842	-476	-12	1,354	979	375	72,3%	1,056	992
Catering:									
Departmental activities	3,097	-582	-209	2,306	1,534	772	66,5%	1,134	510
Communication (G&S)	18,273	-1,792	-3,557	12,924	13,723	-799	106,2%	13,099	14,577
Computer services	22,253	-5,457	1,081	17,877	23,446	-5,569	131,2%	17,981	18,936
Consultants: Business and advisory services	9,905	-2,713	-765	6,427	5,461	966	85,0%	11,957	14,778
Infrastructure and planning services	503	-	-503	-	-	-	-	1	-
Legal services	1,852	2,415	2,195	6,462	6,476	-14	100,2%	4,363	7,900
Contractors	3,304	400	-380	3,324	1,875	1,449	56,4%	3,760	2,990
Agency and support/outsourced services	27	-	-	27	-	27	-	64	13
Entertainment	133	-47	-3	83	-	83	-	57	-

➔ APPROPRIATION STATEMENT

for the year ended 31 March 2016

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Fleet services (including government motor transport)	5,650	2,087	878	8,615	10,503	-1,888	121,9%	5,395	6,595
Inventory: Clothing material and accessories	315	-181	-12	122	-	122	-	61	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-64	-
Inventory: Food and food supplies	79	-45	-	34	16	18	47,1%	17	16
Inventory: Materials and supplies	621	-162	-	459	67	392	14,6%	861	581
Inventory: Medical supplies	34	1	-	35	2	33	5,7%	6	1
Consumable supplies	2,949	-203	-220	2,526	1,740	786	68,9%	2,963	2,302
Consumable: Stationery, printing and office supplies	9,511	-569	-1,132	7,810	4,690	3,120	60,1%	6,239	3,949
Operating leases	42,939	-373	43,560	86,126	94,177	-8,051	109,3%	76,470	75,600
Property payments	5,597	-104	-163	5,330	5,860	-530	109,9%	4,551	4,137
Travel and subsistence	72,807	5,659	-4,387	74,079	71,021	3,058	95,9%	58,270	55,731
Training and development	7,738	1,210	-1,715	7,233	5,410	1,823	74,8%	5,551	4,736
Operating payments	16,159	-833	-1,735	13,591	12,883	708	94,8%	23,963	24,207
Venues and facilities	10,416	1,567	-2,595	9,388	6,581	2,807	70,1%	4,539	4,989
Rental and hiring	544	-	-	544	1,002	-458	184,2%	12	13
Transfers and subsidies	826,919	-	-6,832	820,087	819,706	381	100,0%	723,731	723,733
Departmental agencies and accounts	394,751	-334	-748	393,669	393,441	228	99,9%	347,276	347,278


APPROPRIATION STATEMENT

for the year ended 31 March 2016

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies (non-business entities)	394,751	-334	-748	393,669	393,441	228	99,9%	347,276	347,278
Public corporations and private enterprises	430,795	-	-6,832	423,963	423,735	228	99,9%	370,854	370,854
Public corporations	430,795	-	-6,832	423,963	423,735	228	99,9%	370,854	370,854
Subsidiaries on products and production (pc)	430,795	-	-6,832	423,963	423,735	228	99,9%	370,854	370,854
Households	1,373	334	748	2,455	2,530	-75	103,1%	5,601	5,601
Social benefits	1,107	334	-	1,441	1,762	-321	122,3%	3,126	3,126
Other transfers to households	266	-	748	1,014	768	246	75,7%	2,475	2,475
Payments for capital assets	11,522	-	-	11,522	10,626	896	92,2%	14,647	14,541
Buildings and other fixed structures	2,503	-500	-491	1,512	1,140	372	75,4%	3,036	2,937
Other fixed structures	2,503	-500	-491	1,512	1,40	372	75,4%	3,036	2,937
Machinery and equipment	8,889	499	484	9,872	9,349	523	94,7%	7,164	7,163
Transport equipment	628	-118	-296	214	-	214	-	362	-
Other machinery and equipment	8,261	617	780	9,658	9,349	309	96,8%	6,802	7,163
Software and other intangible assets	130	1	7	138	137	1	99,3%	4,447	4,441
Payment for financial assets	-	848	-	848	2,908	-2,060	342,9%	-	-
TOTAL	1,638,542	-	-	1,638,542	1,638,481	61	100,0%	1,475,541	1,475,157

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

Programme 1: Administration

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Subprogramme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Ministry	28,833	3,312	931	33,076	33,076	-	100,0%	26,482	26,480
Corporate Services	120,568	11,574	46,451	178,593	180,307	-1,714	101,0%	159,501	159,320
Department Management	21,337	-5,769	-	15,568	15,567	1	100,0%	17,286	17,285
Financial Administration	93,789	506	2,782	97,077	95,431	1,646	98,3%	84,634	84,442
Internal Audit Office	14,602	-2,198	33	12,437	12,370	67	99,5%	12,201	12,199
Accommodation	29,741	-7,425	-	22,316	22,316	-	100,0%	15,494	15,494
	308,870	-	50,197	359,067	359,067	-	100,0%	315,598	315,220
Economic classification									
Current payments	295,887	-848	51,654	346 693	348,430	-1,737	100,5%	304,400	304,125
Compensation of employees	160,701	-	-	160,701	161,003	-302	100,2%	148,085	148,079
Salaries and wages	138,059	505	-	138,564	140,365	-1,801	101,3%	129,558	129,556
Social contributions	22,642	-505	-	22,137	20,638	1,499	93,2%	18,527	18,523
Goods and services	135,186	-848	51,654	185,992	187,427	-1,435	100,8%	156,315	156,046
Administrative fees	1,199	149	-	1,348	1,110	238	82,3%	1,045	1,038
Advertising	1,326	168	-	1,494	413	1,081	27,6%	814	660
Minor assets	3,117	-297	-	2,820	1,583	1,237	56,1%	640	151
Audit costs: External	4,411	-	-	4,411	6,465	-2,054	146,6%	5,280	5,280
Bursaries: Employees	1,716	-447	-	1,269	979	290	77,1%	1,031	992
Catering:									
Departmental activities	1,972	-166	-	1,806	1,071	735	59,3%	593	306
Communication (G&S)	5,009	264	-	5,273	5,935	-662	112,6%	5,551	6,331


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Computer services	13,899	228	2,775	16,902	23,016	-6,114	136,2%	16,968	16,803
Consultants: Business and advisory services	5,043	-1,180	-	3,863	816	3,047	21,1%	7,481	10,327
Legal services	387	-	2,258	2,645	2,628	17	99,4%	370	853
Contractors	2,548	287	-	2,835	1,659	1,176	58,5%	2,921	2,163
Agency and support / outsourced services	22	-	-	22	-	22	-	59	13
Entertainment	53	-	-	53	-	53	-	15	-
Fleet services (including government motor transport)	3,570	1,276	931	5,777	7,218	-1,441	124,9%	3,472	4,413
Inventory: Clothing material and accessories	3	-	-	3	-	3	-	2	-
Inventory: Food and food supplies	79	-45	-	34	16	18	47,1%	17	16
Inventory: Materials and supplies	561	-155	-	406	62	344	15,3%	560	391
Inventory: Medical supplies	34	-	-	34	2	32	5,9%	3	1
Consumable supplies	1,477	-205	-	1,272	770	502	60,5%	1,188	758
Consumable: Stationery, printing and office supplies	4,453	-428	-	4,025	2,353	1,672	58,5%	3,117	1,996
Operating leases	39,793	-181	45,690	85,302	93,643	-8,341	109,8%	75,351	75,119
Property payments	4,588	190	-	4,778	5,555	-777	116,3%	3,641	3,537
Travel and subsistence	23,384	648	-	24,032	21,507	2,525	89,5%	16,783	15,249
Training and development	4,525	-388	-	4,137	2,424	1,713	58,6%	2,730	2,208


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Operating payments	6,766	-442	-	6,324	4,964	1,360	78,5%	4,450	4,239
Venues and facilities	4,707	-124	-	4,583	2,711	1,872	59,2%	2,221	3,190
Rental and hiring	544	-	-	544	527	17	96,9%	12	12
Transfers and subsidies	2,683	-	-748	1,935	1,782	153	92,1%	4,932	4,934
Departmental agencies and accounts	1,310	-334	-748	228	-	228	-	1,430	1,432
Departmental agencies (non-business entities)	1,310	-334	-748	228	-	228	-	1,430	1,432
Households	1,373	334	-	1,707	1,782	-75	104,4%	3,502	3,502
Social benefits	1,107	334	-	1,441	1,762	-321	122,3%	3,060	3,060
Other transfers to households	266	-	-	266	20	246	7,5%	442	442
Payments for capital assets	10,300	-	-709	9,591	8,848	743	92,3%	6,266	6,161
Buildings and other fixed structures	2,503	-500	-491	1,512	1,140	372	75,4%	2,050	1,952
Other fixed structures	2,503	-500	-491	1,512	1,140	372	75,4%	2,050	1,952
Machinery and equipment	7,667	499	-225	7,941	7,571	370	95,3%	2,658	2,657
Transport equipment	628	-118	-296	214	-	214	-	362	-
Other machinery and equipment	7,039	617	71	7,727	7,571	156	98,0%	2,296	2,657
Software and other intangible assets	130	1	7	138	137	1	99,3%	1,558	1,552
Payment for financial assets	-	848	-	848	7	841	0,8%	-	-
TOTAL	308,870	-	50,197	359,067	359,067	-	100,0%	315,598	315,220


APPROPRIATION STATEMENT

for the year ended 31 March 2016

1.1 Subprogramme 1: Ministry

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	28,651	3,312	931	32,894	33,072	-178	100,5%	25,758	25,756
Compensation of employees	16,391	-	-	16,391	16,260	131	99,2%	16,127	16,126
Goods and services	12,260	3,312	931	16,503	16,812	-309	101,9%	9,631	9,630
Transfers and subsidies	-	-	-	-	-	-	-	322	322
Households	-	-	-	-	-	-	-	322	322
Payments for capital assets	182	-	-	182	-	182	-	402	402
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	182	-	-	182	-	182	-	402	402
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	4	-4	-	-	-
TOTAL	28,833	3,312	931	33,076	33,076	-	100,0%	26,482	26,480


APPROPRIATION STATEMENT

for the year ended 31 March 2016

1.2 Subprogramme 2: Corporate Services

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	114,031	12,242	47,986	174,259	176,686	-2,427	101,4%	152,170	152,085
Compensation of employees	68,325	4,817	38	73,180	74,481	-1,301	101,8%	65,640	65,637
Goods and services	45,706	7,425	47,948	101,079	102,205	-1,126	101,1%	86,530	86,448
Transfers and subsidies	2,683	-	-748	1,935	1,782	153	92,1%	4,610	4,612
Departmental agencies and accounts	1,310	-334	-748	228	-	228	-	1,430	1,432
Households	1,373	334	-	1,707	1,782	-75	104,4%	3,180	3,180
Payments for capital assets	3,854	-668	-787	2,399	1,839	560	76,7%	2,721	2,623
Buildings and other fixed structures	2,503	-500	-491	1,512	1,140	372	75,4%	2,050	1,952
Machinery and equipment	1,351	-168	-296	887	699	188	78,8%	671	671
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	120,568	11,574	46,451	178,593	180,307	-1,714	101,0%	159,501	159,320


APPROPRIATION STATEMENT

for the year ended 31 March 2016

1.3 Subprogramme 3: Department Management

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	21,320	-5,913	-	15,407	15,406	1	100,0%	16,831	16,830
Compensation of employees	15,126	-3,598	-	11,528	11,527	1	100,0%	13,184	13,183
Goods and services	6,194	-2,315	-	3,879	3,879	-	100,0%	3,647	3,647
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	17	141	-	158	158	-	100,0%	455	455
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	17	141	-	158	158	-	100,0%	455	455
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets		3		3	3	-	100,0%		
TOTAL	21,337	-5,769	-	15,568	15,567	1	100,0%	17,286	17,285


APPROPRIATION STATEMENT

for the year ended 31 March 2016

1.4 Subprogramme 4: Financial Administration

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	87,542	-845	2,775	89,472	88,672	800	99,1%	82,037	81,852
Compensation of employees	49,500	-	-	49,500	48,634	866	98,3%	43,636	43,636
Goods and services	38,042	-845	2,775	39,972	40,038	-66	100,2%	38,401	38,216
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	6,247	506	7	6,760	6,759	1	100,0%	2,597	2,590
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	6,117	505	-	6,622	6,622	-	100,0%	1,039	1,038
Software and other intangible assets	130	1	7	138	137	1	99,3%	1,558	1,552
Payment for financial assets	-	845	-	845	-	845	-	-	-
TOTAL	93,789	506	2,782	97,077	95,431	1,646	98,3%	84,634	84,442


APPROPRIATION STATEMENT

for the year ended 31 March 2016

1.5 Subprogramme 5: Internal Audit

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	14,602	-2,219	-38	12,345	12,278	67	99,5%	12,110	12,108
Compensation of employees	11,359	-1,219	-38	10,102	10,101	1	100,0%	9,498	9,497
Goods and services	3,243	-1,000	-	2,243	2,177	66	97,1%	2,612	2,611
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	21	71	92	92	-	100,0%	91	91
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	21	71	92	92	-	100,0%	91	91
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	14,602	-2,198	33	12,437	12,370	67	99,5%	12,201	12,199

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

1.6 Subprogramme 6: Office Accomodation

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	29,741	-7,425	-	22,316	22,316	-	100,0%	15,494	15,494
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	29,741	-7,425	-	22,316	22,316	-	100,0%	15,494	15,494
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	29,741	-7,425	-	22,316	22,316	-	100,0%	15,494	15,494


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Programme 2: Mine Health and Safety

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Governance Policy and Oversight	52,861	-1,655	-6,290	44,916	44 913	3	100,0%	48,636	48,634
Mine Health and Safety Regions	131,570	1,655	-6,632	126,593	126 593	-	100,0%	118,861	118,858
Total for subprogrammes	184,431	-	-12,922	171,509	171,506	3	100,0%	167,497	167,492
Economic classification									
Current payments	183,955	-	-13,148	170,807	168,609	2,198	98,7%	160,114	160,109
Compensation of employees	152,430	-	-9,865	142,565	141,529	1,036	99,3%	134,064	134,060
Salaries and wages	131,067	-	-4,310	126,757	125,709	1,048	99,2%	119,039	119,039
Social contributions	21,363	-	-5,555	15,808	15,820	-12	100,1%	15,025	15,021
Goods and services	31,525	-	-3,283	28,242	27,080	1,162	95,9%	26,050	26,049
Administrative fees	525	-123	-65	337	188	149	55,8%	399	275
Advertising	275	-186	-	89	30	59	33,7%	96	20
Minor assets	161	-25	-23	113	12	101	10,6%	249	17
Bursaries: Employees	51	-9	-	42	-	42	-	25	-
Catering:									
Departmental activities	146	-44	-28	74	27	47	36,5%	121	43
Communication (G&S)	1,744	80	-139	1,685	1,252	433	74,3%	1,901	1,957
Computer services	648	-	-479	169	125	44	74,0%	331	311
Consultants: Business and advisory services	1,407	-583	-619	205	514	-309	250,7%	191	166
Legal services	1,162	-	-63	1,099	1,133	-34	103,1%	134	677


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Contractors	252	146	-52	346	202	144	58,4%	184	148
Agency and support/ outsourced services	5	-	-	5	-	5	-	5	-
Entertainment	36	-26	-3	7	-	7	-	14	-
Fleet services (including government motor transport)	159	-55	-21	83	190	-107	228,9%	13	260
Inventory: Clothing material and accessories	304	-181	-4	119	-	119	-	46	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-64	-
Inventory: Materials and supplies	16	-8	-	8	-	8	-	71	-
Inventory: Medical supplies	-	-	-	-	-	-	-	3	-
Consumable supplies	297	46	-16	327	376	-49	115,0%	308	360
Consumable: Stationery, printing and office supplies	1,889	-236	-304	1,349	796	553	59,0%	1,101	849
Operating leases	362	-92	-7	263	97	166	36,9%	224	103
Property payments	7	-	-	7	-	7	-	11	-
Travel and subsistence	19,794	1,991	-966	20,819	21,339	-520	102,5%	19,363	19,843
Training and development	788	29	-344	473	309	164	65,3%	659	562
Operating payments	847	-340	-86	421	441	-20	104,8%	506	408
Venues and facilities	650	-384	-64	202	49	153	24,3%	159	50


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	-	-	-	-	65	-65	-	5,206	5,206
Departmental agencies and accounts	-	-	-	-	-	-	-	5,197	5,197
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	5,197	5,197
Households	-	-	-	-	65	-65	-	9	9
Social benefits	-	-	-	-	-	-	-	9	9
Other transfers to households	-	-	-	-	65	-65	-	-	-
Payments for capital assets	476	-	226	702	702	-	100,0%	2,177	2,177
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	476	-	226	702	702	-	100,0%	2,177	2,177
Other machinery and equipment	476	-	226	702	702	-	100,0%	2,177	2,177
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	2,130	-2,130	-	-	-
TOTAL	184,431	-	-12,922	171,509	171,506	3	100,0%	167,497	167,492


APPROPRIATION STATEMENT

for the year ended 31 March 2016

2.1 Subprogramme 1: Governance Policy and Oversight

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	52,563	-1,655	-6,283	44,625	44,227	398	99,1%	42,364	42,362
Compensation of employees	39,849	-	-3,000	36,849	36,889	-40	100,1%	35,736	35,734
Goods and services	12,714	-1,655	-3,283	7,776	7,338	438	94,4%	6,628	6,628
Transfers and subsidies	-	-	-	-	65	-65	-	5,197	5,197
Households	-	-	-	-	-	-	-	5,197	5,197
Payments for capital assets	298	-	-7	291	291	-	100,0%	1,075	1,075
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	298	-	-7	291	291	-	100,0%	1,075	1,075
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	330	-330	-	-	-
TOTAL	52,861	-1,655	-6,290	44,916	44,913	3	100,0%	48,636	48,634

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

2.2 Subprogramme 2: Mine Health and Safety Regions

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	131,392	1,655	-6,865	126,182	124,382	1,800	98,6%	117,750	117,747
Compensation of employees	112,581	-	-6,865	105,716	104,640	1,076	99,0%	98,328	98,326
Goods and services	18,811	1,655	-	20,466	19,742	724	96,5%	19,422	19,421
Transfers and subsidies	-	-	-	-	-	-	-	9	9
Households	-	-	-	-	-	-	-	9	9
Payments for capital assets	178	-	233	411	411	-	100,0%	1,102	1,102
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	178	-	233	411	411	-	100,0%	1,102	1,102
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	1,800	-1,800	-	-	-
TOTAL	131,570	1,655	-6,632	126,593	126,593	-	100,0%	118,861	118,858

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

Programme 3: Mineral Regulation

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Subprogramme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Mineral Regulation and Administration	174,851	7,475	-3,589	178,737	179,572	-835	100,5%	169,170	169,169
Management Mineral Regulation	38,337	-7,475	-13,890	16,972	16,137	835	95,1%	20,680	20,680
South African Diamond and Precious Metals Regulator	50,527	-	-	50,527	50,527	-	100,0%	47,810	47,810
Total for subprogrammes	263,715	-	-17,479	246,236	246,236	-	100,0%	237,660	237,659
Economic classification									
Current payments	212,729	-	-17,479	195,250	195,467	-217	100,1%	183,838	183,838
Compensation of employees	173,005	-	-11,000	162,005	162,732	-727	100,4%	147,833	147,833
Salaries and wages	149,442	-	-10,181	139,261	140,039	-778	100,6%	128,288	128,288
Social contributions	23,563	-	-819	22,744	22,693	51	99,8%	19,545	19,545
Goods and services	39,724	-	-6,479	33,245	32,735	510	98,5%	36,005	36,005
Administrative fees	437	-	-44	393	296	97	75,3%	447	466
Advertising	403	-157	-150	96	23	73	24,0%	225	47
Minor assets	165	-3	-36	126	11	115	8,7%	304	72
Bursaries: Employees	33	-20	-12	1	-	1	-	-	-
Catering:									
Departmental activities	652	-367	-163	122	73	49	59,8%	290	74
Communication (G&S)	4,598	490	-524	4,564	5,356	-792	117,4%	4,572	4,914
Computer services	7,031	-5,475	-1,225	331	305	26	92,1%	372	1,415

 **APPROPRIATION STATEMENT**

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	-	-	-	-	-194	194	-	150	150
Legal services	303	2,415	-	2,718	2,715	3	99,9%	3,859	6,185
Contractors	157	-52	-29	76	10	66	13,2%	602	660
Entertainment	44	-21	-	23	-	23	-	28	-
Fleet services (including government motor transport)	1,584	847	-27	2,404	2,695	-291	112,1%	1,739	1,760
Inventory: Clothing material and accessories	8	-	-8	-	-	-	-	13	-
Inventory: Materials and supplies	39	1	-	40	5	35	12,5%	229	189
Inventory: Medical supplies	-	1	-	1	-	1	-	-	-
Consumable supplies	883	-38	-140	705	557	148	79,0%	1,336	1,117
Consumable: Stationery, printing and office supplies	1,671	114	-433	1,352	974	378	72,0%	1,688	879
Operating leases	553	-190	-228	135	92	43	68,1%	574	195
Property payments	1,002	-444	-163	395	292	103	73,9%	899	600
Travel and subsistence	17,202	2,462	-2,499	17,165	16,189	976	94,3%	15,443	13,645
Training and development	1,206	759	-179	1,786	2,003	-217	112,2%	1,678	1,599
Operating payments	891	-137	-61	693	1,254	-561	181,0%	1,060	1,759
Venues and facilities	862	-185	-558	119	79	40	66,4%	497	279

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	50,527	-	-	50,527	50,462	65	99,9%	47,867	47,867
Departmental agencies and accounts	50,527	-	-	50,527	50,527	-	100,0%	47,810	47,810
Departmental agencies (non-business entities)	50,527	-	-	50,527	50,527	-	100,0%	47,810	47,810
Households	-	-	-	-	-65	65	-	57	57
Social benefits	-	-	-	-	-	-	-	57	57
Other transfers to households	-	-	-	-	-65	65	-	-	-
Payments for capital assets	459	-	-	459	306	153	66,7%	5,955	5,954
Buildings and other fixed structures	-	-	-	-	-	-	-	986	985
Other fixed structures	-	-	-	-	-	-	-	986	985
Machinery and equipment	459	-	-	459	306	153	66,7%	2,080	2,080
Other machinery and equipment	459	-	-	459	306	153	66,7%	2,080	2,080
Software and other intangible assets	-	-	-	-	-	-	-	2,889	2,889
Payment for financial assets	-	-	-	-	1	-1	-	-	-
TOTAL	263,715	-	-17,479	246,236	246,236	-	100,0%	237,660	237,659


APPROPRIATION STATEMENT

for the year ended 31 March 2016

3.1 Subprogramme 1: Mineral Regulation and Administration

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	174,816	7,475	-3,589	178,702	179,331	-629	100,4%	166,087	166,087
Compensation of employees	152,745	-	-500	152,245	153,182	-937	100,6%	138,375	138,375
Goods and services	22,071	7,475	-3,089	26,457	26,149	308	98,8%	27,712	27,712
Transfers and subsidies	-	-	-	-	-	-	-	57	57
Households	-	-	-	-	-	-	-	57	57
Payments for capital assets	35	-	-	35	240	-205	685,7%	3,026	3,025
Buildings and other fixed structures	-	-	-	-	-	-	-	986	985
Machinery and equipment	35	-	-	35	240	-205	685,7%	2,040	2,040
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	1	-1	-	-	-
TOTAL	174,851	7,475	-3,589	178,737	179,572	-835	100,5%	169,170	169,169

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

3.2 Subprogramme 2: Management Mineral Regulation

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	37,913	-7,475	-13,890	16,548	16,136	412	97,5%	17,751	17,751
Compensation of employees	20,260	-	-10,500	9,760	9,550	210	97,8%	9,458	9,458
Goods and services	17,653	-7,475	-3,390	6,788	6,586	202	97,0%	8,293	8,293
Transfers and subsidies	-	-	-	-	-65	65	-	-	-
Households	-	-	-	-	-65	65	-	-	-
Payments for capital assets	424	-	-	424	66	358	15,6%	2,929	2,929
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	424	-	-	424	66	358	15,6%	40	40
Software and other intangible assets	-	-	-	-	-	-	-	2,889	2,889
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	38,337	-7,475	-13,890	16,972	16,137	835	95,1%	20,680	20,680


APPROPRIATION STATEMENT

for the year ended 31 March 2016

3.3 Subprogramme 3: South African Diamond and Precious Metals Regulator

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	50,527	-	-	50,527	50,527	-	100,0%	47,810	47,810
Departmental agencies and accounts	50,527	-	-	50,527	50,527	-	100,0%	47,810	47,810
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	50,527	-	-	50,527	50,527	-	100,0%	47,810	47,810


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Programme 4: Mineral Policy and Promotion

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Subprogramme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Management	26,578	-	-8,395	18,183	18,143	40	99,8%	10,718	10,715
Mineral Policy	19,448	-	-229	19,219	19,219	-	100,0%	32,186	32,186
Mineral Promotion and International Coordination	64,809	-	-11,708	53,101	53,085	16	100,0%	37,104	37,086
Council for Geoscience	342,914	-	-	342,914	342,914	-	100,0%	292,839	292,839
Council for Mineral Technology	414,742	-	-	414,742	414,742	-	100,0%	370,854	370,854
Economic Advisory Services	3,565	-	393	3,958	3,958	-	100,0%	2,646	2,753
Mine Environmental Management	9,470	-	143	9,613	9,611	2	100,0%	8,439	8,353
Total	881,526	-	-19,796	861,730	861,672	58	100,0%	754,786	754,786
Economic classification									
Current payments	107,530	-	-14,195	93,335	92,735	600	99,3%	88,811	88,811
Compensation of employees	62,304	-	-1,304	61,000	61,001	-1	100,0%	54,647	54,647
Salaries and wages	54,134	-	-658	53,476	53,591	-115	100,2%	48,238	48,238
Social contributions	8,170	-	-646	7,524	7,410	114	98,5%	6,409	6,409
Goods and services	45,226	-	-12,891	32,335	31,734	601	98,1%	34,164	34,164
Administrative fees	1,381	-20	-86	1,275	1,024	251	80,3%	388	336
Advertising	1,609	-156	-890	563	380	183	67,5%	310	328
Minor assets	104	-	-31	73	2	71	2,7%	31	22


APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Bursaries: Employees	42	-	-	42	-	42	-	-	-
Catering:									
Departmental activities	327	-5	-18	304	363	-59	119,4%	130	86
Communication (G&S)	6,922	-2,626	-2,894	1,402	1,180	222	84,2%	1,075	1,375
Computer services	675	-210	10	475	-	475	-	310	407
Consultants: Business and advisory services	3,455	-950	-146	2,359	4,325	-1,966	183,3%	4,135	4,135
Infrastructure and planning services	503	-	-503	-	-	-	-	1	-
Legal services	-	-	-	-	-	-	-	-	185
Contractors	347	19	-299	67	4	63	6,0%	53	19
Fleet services (including government motor transport)	337	19	-5	351	400	-49	114,0%	171	162
Inventory: Materials and supplies	5	-	-	5	-	5	-	1	1
Consumable supplies	292	-6	-64	222	37	185	16,7%	131	67
Consumable: Stationery, printing and office supplies	1,498	-19	-395	1,084	560	524	51,7%	333	225
Operating leases	2,231	90	-1,895	426	345	81	81,0%	321	183
Property payments	-	150	-	150	13	137	8,7%	-	-
Travel and subsistence	12,427	558	-922	12,063	11,986	77	99,4%	6,681	6,994
Training and development	1,219	810	-1,192	837	674	163	80,5%	484	367
Operating payments	7,655	86	-1,588	6,153	6,224	-71	101,2%	17,947	17,801
Venues and facilities	4,197	2,260	-1,973	4,484	3,742	742	83,5%	1,662	1,470

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

Subprogramme	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Rental and hiring	-	-	-	-	475	-475	-	-	-
Transfers and subsidies	773,709	-	-6,084	767,625	767,397	228	100,0%	665,726	665,726
Departmental agencies and accounts	342,914	-	-	342,914	342,914	-	100,0%	292,839	292,839
Departmental agencies (non-business entities)	342,914	-	-	342,914	342,914	-	100,0%	292,839	292,839
Public corporations and private enterprises	430,795	-	-6,832	423,963	423,735	228	99,9%	370,854	370,854
Public corporations	430,795	-	-6,832	423,963	423,735	228	99,9%	370,854	370,854
Subsidies on products and production (pc)	430,795	-	-6,832	423,963	423,735	228	99,9%	370,854	370,854
Households	-	-	748	748	748	-	100,0%	2,033	2,033
Other transfers to households	-	-	748	748	748	-	100,0%	2,033	2,033
Payments for capital assets	287	-	483	770	770	-	100,0%	249	249
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	287	-	483	770	770	-	100,0%	249	249
Other machinery and equipment	287	-	483	770	770	-	100,0%	249	249
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	770	-770	-	-	-
TOTAL	881,526	-	-19,796	861,730	861,672	58	100,0%	754,786	754,786


APPROPRIATION STATEMENT

for the year ended 31 March 2016

4.1 Subprogramme 1: Management

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	26,488	-	-9,105	17,383	17,242	141	99,2%	10,442	10,439
Compensation of employees	11,590	-	-3,227	8,363	8,363	-	100,0%	8,221	8,218
Goods and services	14,898	-	-5,878	9,020	8,879	141	98,4%	2,221	2,221
Transfers and subsidies	-	-	748	748	848	-100	113,4%	228	228
Public corporations and private enterprises	-	-	-	-	100	-100	-	-	-
Households	-	-	748	748	748	-	100,0%	228	228
Payments for capital assets	90	-	-38	52	52	-	100,0%	48	48
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	90	-	-38	52	52	-	100,0%	48	48
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	1	-1	-	-	-
TOTAL	26,578	-	-8,395	18,183	18,143	40	99,8%	10,718	10,715


APPROPRIATION STATEMENT

for the year ended 31 March 2016

4.2 Subprogramme 2: Mineral Policy

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19,435	-	-297	19,138	19,138	-	100,0%	32,121	32,121
Compensation of employees	11,099	-	-1,287	9,812	9,813	-1	100,0%	9,729	9,729
Goods and services	8,336	-	990	9,326	9,325	1	100,0%	22,392	22,392
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	13	-	68	81	81	-	100,0%	65	65
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	13	-	68	81	81	-	100,0%	65	65
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	19,448	-	-229	19,219	19,219	-	100,0%	32,186	32,186


APPROPRIATION STATEMENT

for the year ended 31 March 2016

4.3 Subprogramme 3: Mineral Promotion and International Coordination

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	48,634	-	-5,178	43,456	42,999	457	98,9%	35,178	35,160
Compensation of employees	30,283	-	1,481	31,764	31,765	-1	100,0%	27,843	27,825
Goods and services	18,351	-	-6,659	11,692	11,234	485	96,1%	7,335	7,335
Transfers and subsidies	16,053	-	-6,832	9,221	8,893	328	96,4%	1,805	1,805
Public corporations and private enterprises	16,053	-	-6,832	9,221	8,893	328	96,4%	-	-
Households	-	-	-	-	-	-	-	1,805	1,805
Payments for capital assets	122	-	302	424	424	-	100,0%	121	121
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	122	-	302	424	424	-	100,0%	121	121
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	769	-769	-	-	-
TOTAL	64,809	-	-11,708	53,101	53,085	16	100,0%	37,104	37,086

→ APPROPRIATION STATEMENT

for the year ended 31 March 2016

4.4 Subprogramme 4: Council for Geoscience

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	342,914	-	-	342,914	342,914	-	100,0%	292,839	292,839
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	342,914	-	-	342,914	342,914	-	100,0%	292,839	292,839
Payments for capital assets	-	-	-	-	-	-	-	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	342,914	-	-	342,914	342,914	-	100,0%	292,839	292,839


APPROPRIATION STATEMENT

for the year ended 31 March 2016

4.5 Subprogramme 5: Council for Mineral Technology

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	414,742	-	-	414,742	414,742	-	100,0%	370,854	370,854
Public corporations and private enterprises	414,742	-	-	414,742	414,742	-	100,0%	370,854	370,854
Payments for capital assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets				-	-	-	-	-	-
Payment for financial assets				-	-	-	-		
TOTAL	414,742	-	-	414,742	414,742	-	100,0%	370,854	370,854


APPROPRIATION STATEMENT

for the year ended 31 March 2016

4.6 Subprogramme 6: Economic Advisory Services

	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3,515	-	426	3,941	3,941	-	100,0%	2,646	2,753
Compensation of employees	2,796	-	699	3,495	3,495	-	100,0%	2,208	2,315
Goods and services	719	-	-273	446	446	-	100,0%	438	438
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	50	-	-33	17	17	-	100,0%	-	-
Machinery and equipment	50	-	-33	17	17	-	100,0%	-	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
TOTAL	3,565	-	393	3,958	3,958	-	100,0%	2,646	2,753


APPROPRIATION STATEMENT

for the year ended 31 March 2016

4.7 Subprogramme 7: Mine Environmental Management

Economic classification	2015/16							2014/15	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9,458	-	-41	9,417	9,415	2	100,0%	8,424	8,338
Compensation of employees	6,536	-	1,030	7,566	7,565	1	100,0%	6,646	6,560
Goods and services	2,922	-	-1,071	1,851	1,850	1	99,9%	1,778	1,778
Payments for capital assets	12	-	184	196	196	-	100,0%	15	15
Machinery and equipment	12	-	184	196	196	-	100,0%	15	15
Payment for financial assets				-		-	-		
TOTAL	9,470	-	143	9,613	9,611	2	100,0%	8,439	8,353

➔ NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2016

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and Subsidies, Disclosure Notes and Annexure I (B,D and J) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

There were no amounts exclusively voted in the year under review.

3. Detail on payments for financial assets:

There were no amounts written off during the year under review, this has been discussed under Note 5 of the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

There were no material variances on the voted funds

→ STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
REVENUE			
Annual appropriation	1	1,638,542	1,475,541
Departmental revenue	2	29,763	46,207
Aid assistance	3	16,615	1,938
TOTAL REVENUE		1,684,920	1,523,686
EXPENDITURE			
Current expenditure			
Compensation of employees	4	526,265	484,619
Goods and services	5	278,976	252,262
Total current expenditure		805,241	736,881
Transfers and subsidies			
Transfers and subsidies	7	819,706	723,733
Aid assistance	3	14,843	1,938
Total transfers and subsidies		834,549	725,671
Expenditure for capital assets			
Tangible assets	8	10,489	10,102
Intangible assets	8	137	4,441
Total expenditure for capital assets		10,626	14,543
Payments for financial assets	6	2,908	
TOTAL EXPENDITURE		1,653,324	1,477,095
SURPLUS/(DEFICIT) FOR THE YEAR		31,596	46,591
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		61	384
Annual appropriation		61	384
Departmental revenue and NRF Receipts	2	29,763	46,207
Aid assistance	3	1,772	-
SURPLUS/(DEFICIT) FOR THE YEAR		31,596	46,591

→ STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
CURRENT ASSETS			
Cash and cash equivalents	9	12,760	774
Prepayments and advances	10	305	214
Receivables	11	7,180	10,431
TOTAL ASSETS		20,245	11,419
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	12	61	384
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	3,148	1,907
Bank overdraft		-	4,657
Payables	15	10,996	136
Aid assistance unutilised	3	1,772	-
TOTAL LIABILITIES		15,977	7,084
NET ASSETS		4,268	4,335
Represented by:			
Recoverable revenue		4,268	4,335
TOTAL		4,268	4,335

→ STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
Recoverable revenue			
Opening balance		4,335	2,502
Transfers:		(67)	1,833
Irrecoverable amounts written off	8.3		-
Debts revised		(438)	(65)
Debts recovered (included in Departmental receipts)		(189)	(234)
Debts raised		560	2,132
Closing balance		4,268	4,335
TOTAL		4,268	4,335

→ CASH FLOW STATEMENT

for the year ended 31 March 2016

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,684,920	1,522,326
Annual appropriated funds received	1.1	1,638,542	1,475,541
Departmental revenue received	2	29,735	44,790
Interest received	2.3	28	57
Aid assistance received	3	16,615	1,938
Net (increase)/decrease in working capital		14,020	(2,301)
Surrendered to Revenue Fund		(28,906)	(86,957)
Current payments		(805,241)	(736,881)
Payments for financial assets		(2,908)	-
Transfers and subsidies paid		(834,549)	(725,671)
Net cash flow available from operating activities	17	27,336	(29,484)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(10,626)	(14,543)
Proceeds from sale of capital assets	2.4	-	1,360
Net cash flows from investing activities		(10,626)	(13,183)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(67)	1,833
Net cash flows from financing activities		(67)	1,833
Net increase/(decrease) in cash and cash equivalents		16,643	(40,834)
Cash and cash equivalents at beginning of period	17	(3,883)	36,951
CASH AND CASH EQUIVALENTS AT END OF PERIOD		12,760	(3,883)

→ ACCOUNTING POLICIES

for the year ended 31 March 2016

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the PFMA, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the Annual Division of Revenue Act.

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. Comparative information

5.1 Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

5.2 Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

6. Revenue

6.1 Appropriated funds

Appropriated funds comprises of Departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

6.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

➔ ACCOUNTING POLICIES

for the year ended 31 March 2016

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

The significant part of Departmental revenue is made up of prospecting fees.

Prospecting fees - the fees payable for prospecting as defined by the MPRDA.

6.3 *Accrued departmental revenue*

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Department.
- The amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

7. Expenditure

7.1 *Compensation of employees*

7.1.1 *Salaries and wages*

Salaries and wages are recognised in the statement of financial performance on the date of payment.

7.1.2 *Social contributions*

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

7.2 *Other expenditure*

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

7.3 *Accrued expenditure payable*

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the Department or in the case of transfers and subsidies when they are due and payable. Accrued expenditure payable is measured at cost.

7.4 *Leases*

7.4.1 *Operating leases*

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

7.4.2 *Finance leases*

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or

➔ ACCOUNTING POLICIES

for the year ended 31 March 2016

- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

8. Aid Assistance

8.1 Aid assistance received

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

8.2 Aid assistance paid

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

9. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

10. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

11. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written off. Write-offs are made according to the Department's write-off policy.

12. Financial assets

12.1 Financial assets (not covered elsewhere)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.

At the reporting date, a Department shall measure its financial assets at cost, less amounts already settled or written off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written off.

12.2 Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

→ ACCOUNTING POLICIES

for the year ended 31 March 2016

13. Payables

Loans and payables are recognised in the statement of financial position at cost.

14. Capital Assets

14.1 Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another Department in which case the completed project costs are transferred to that Department.

14.2 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

14.3 Intangible assets

Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.

Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

All assets acquired prior to 1 April 2002 may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another

➔ ACCOUNTING POLICIES

for the year ended 31 March 2016

department/entity in which case the completed project costs are transferred to that department.

15. Provisions and Contingents

15.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

15.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

15.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

15.4 Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

16. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- Approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- Approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- Transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

17. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

18. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

➔ ACCOUNTING POLICIES

for the year ended 31 March 2016

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written off as irrecoverable.

19. Changes in accounting policies, accounting estimates and errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

20. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are

classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

21. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written off.

22. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

23. Inventories

At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements.

Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act and the Adjustments Appropriation Act for National Departments (Voted funds):

	2015/16		2014/15	
	Final Appropriation	Actual Funds Received	Final Appropriation	Appropriation Received
	R'000	R'000	R'000	R'000
Administration	359,067	359,067	315,598	315,598
Mine Health and Safety	171,509	171,509	167,497	167,497
Mineral Regulation	246,236	246,236	237,660	237,660
Mineral Policy and promotion	861,730	861,730	754,786	754,786
TOTAL	1,638,542	1,638,542	1,475,541	1,475,541

2. Departmental Revenue

	Note	2015/16	2014/15
		R'000	R'000
Sales of goods and services other than capital assets	2.1	6,486	3,230
Fines, penalties and forfeits	2.2	847	1,117
Interest, dividends and rent on land	2.3	22,268	31,755
Sales of capital assets	2.4	-	1,360
Transactions in financial assets and liabilities	2.5	162	8,745
DEPARTMENTAL REVENUE COLLECTED		29,763	46,207

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

2.1 Sales of goods and services other than capital assets

	Note	2015/16	2014/15
	2	R'000	R'000
Sales of goods and services produced by the Department		6,486	3,230
Sales by market establishment		478	482
Administrative fees		5,428	2,232
Other sales		580	516
TOTAL		6,486	3,230

2.2 Fines, penalties and forfeits

	Note	2015/16	2014/15
	2	R'000	R'000
Fines		847	1,117
TOTAL		847	1,117

2.3 Interest, dividends and rent on land

	Note	2015/16	2014/15
	2	R'000	R'000
Interest		28	57
Rent on land		22,240	31,698
TOTAL		22,268	31,755

2.4 Sale of capital assets

	Note	2015/16	2014/15
	2	R'000	R'000
Tangible assets			
Machinery and equipment		-	1,360
TOTAL		-	1,360

➔ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

2.5 Transactions in financial assets and liabilities

	Note	2015/16	2014/15
	2	R'000	R'000
Receivables		162	298
Other Receipts including Recoverable Revenue			8,447
TOTAL		162	8,745

3. Aid assistance

3.1 Analysis of Aid Assistance Received

	Annexure	2015/16	2014/15
		R'000	R'000
Aid assistance received		16,615	1,938
Aid assistance utilised	11	(14,843)	-
CLOSING BALANCE		1,772	-

3.2 Analysis of balance

	Annexure	2015/16	2014/15
		R'000	R'000
Aid assistance unutilised	11	1,772	-
CLOSING BALANCE		1,772	-

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

4. Compensation of employees

4.1 Salaries and Wages

	Note	2015/16	2014/15
		R'000	R'000
Basic salary		358,064	335,181
Performance award		13,615	9,152
Service Based		177	176
Compensative/circumstantial		8,999	8,733
Periodic payments		77	197
Other non-pensionable allowances		78,772	71,684
TOTAL		459,704	425,123

4.2 Social contributions

	Note	2015/16	2014/15
		R'000	R'000
Employer contributions			
Pension		46,382	43,311
Medical		20,102	16,112
Bargaining council		77	73
TOTAL		66,561	59,496
TOTAL COMPENSATION OF EMPLOYEES		526,265	484,619
Average number of employees		1,131	1,136

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

5. Goods and services

	Note	2015/16 R'000	2014/15 R'000
Administrative fees		2,618	2,115
Advertising		846	1,055
Minor assets	5.1	1,608	261
Bursaries (employees)		979	992
Catering		1,534	508
Communication		13,723	14,578
Computer services	5.2	23,446	18,939
Consultants: Business and advisory services		5,454	15,004*
Legal services		6,476	7,900*
Contractors		1,875	2,775*
Audit cost – external	5.3	6,465	5,280
Fleet services		10,503	6,594
Inventory	5.4	85	600
Consumables	5.5	6,430	6,247
Operating leases		94,177	75,514
Property payments	5.6	5,860	4,137
Rental and hiring		1,002	12
Travel and subsistence	5.7	71,021	55,732
Venues and facilities		6,581	4,991
Training and development		5,410	4,736
Other operating expenditure	5.8	12,883	24,292
TOTAL		278,976	252,262

*Amounts were previously classified under Consultants: Business and advisory services as per SCOA classification.

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

5.1 Minor assets

	Note	2015/16	2014/15
	5	R'000	R'000
Tangible assets			
Machinery and equipment		1,608	261
TOTAL		1,608	261

5.2 Computer services

	Note	2015/16	2014/15
	5	R'000	R'000
SITA computer services		7,947	5,130
External computer service providers		15,499	13,809
TOTAL		23,446	18,939

5.3 Audit cost – External

	Note	2015/16	2014/15
	5	R'000	R'000
Regularity audits		6,465	5,280
TOTAL		6,465	5,280

5.4 Inventory

	Note	2015/16	2014/15
	5	R'000	R'000
Food and food supplies		16	17
Materials and supplies		67	582
Medical supplies		2	1
TOTAL		85	600

➔ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

5.5 Consumables

	Note	2015/16	2014/15
	5	R'000	R'000
Consumable supplies		1,740	2,301
Uniform and clothing		1,240	1,190
Household supplies		258	350
IT consumables		34	62
Other consumables		208	699
Stationery, printing and office supplies		4,690	3,946
TOTAL		6,430	6,247

5.6 Property payments

	Note	2015/16	2014/15
	5	R'000	R'000
Property maintenance and repairs		3	20
Other		5,857	4,117
TOTAL		5,860	4,137

5.7 Travel and subsistence

	Note	2015/16	2014/15
	5	R'000	R'000
Local		57,141	49,824
Foreign		13,880	5,908
TOTAL		71,021	55,732

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

5.8 Other operating expenditure

	Note	2015/16	2014/15
	5	R'000	R'000
Professional bodies, membership and subscription fees		6,591	17,534
Resettlement costs		3,294	4,503
Other		2,998	2,255
TOTAL		12,883	24,292

6. Payments for financial assets

	Note	2015/16	2014/15
		R'000	R'000
Material losses through criminal conduct		2,908	-
Theft		2,882	-
Other material losses		26	-
TOTAL		2,908	-

6.1 Details of theft

	Note	2015/16	2014/15
	6	R'000	R'000
Hacking of Department system in 2008		2,882	-
TOTAL		2,882	-

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

6.2 Other material losses

	<i>Note</i>	2015/16	2014/15
	6	R'000	R'000
Nature of other material losses			
Incident			
	Disciplinary Steps taken/ Criminal proceedings		
Irrecoverable debts		26	-
TOTAL		26	-

7. Transfers and subsidies

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Departmental agencies and accounts	Annex IB	393,441	347,278
Public corporations and private enterprises	Annex ID	423,735	370,854
Households	Annex IG	2,530	5,601
TOTAL		819,706	723,733

8. Expenditure for capital assets

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Tangible assets		10,489	10,102
Buildings and other fixed structures		1,140	2,938
Machinery and equipment		9,349	7,164
Intangible assets		137	4,441
Software	30	137	4,441
TOTAL		10,626	14,543

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

8.1 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted Funds	Total
	R'000	R'000
Tangible assets	10,489	10,102
Buildings and other fixed structures	1,140	2,938
Machinery and equipment	9,349	7,164
Intangible assets	137	4,441
Software	137	4,441
TOTAL	10,626	14,543

8.2 Analysis of funds utilised to acquire capital assets – 2014/15

	Voted Funds	Total
	R'000	R'000
Tangible assets	10,102	10,102
Buildings and other fixed structures	2,938	2,938
Machinery and equipment	7,164	7,164
Intangible assets	4,441	4,441
Software	4,441	4,441
TOTAL	14,543	14,543

9. Cash and cash equivalents

	2015/16	2014/15
	R'000	R'000
Consolidated Paymaster General Account	12,522	-
Cash on hand	71	71
Investments (Domestic)	167	703
TOTAL	12,760	774

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

10. Pre-payments and advances

	2015/16	2014/15
	R'000	R'000
Travel and subsistence	305	214
TOTAL	305	214

11. Receivables

	Note	2015/16			2014/15		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	48	1,457	1,505	1,782	-	1,782
Recoverable expenditure	11.2	9		9	3	2,914	2,917
Staff debt	11.3	2,682	2,984	5,666	2,180	3,552	5,732
TOTAL		2,739	4,441	7,180	3,965	6,466	10,431

11.1 Claims recoverable

	Note	2015/16	2014/15
		R'000	R'000
National Departments	11 and Annex 4	1,505	1,782
TOTAL		1,505	1,782

➔ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

11.2 Recoverable expenditure (disallowance accounts)

	Note	2015/16	2014/15
	11	R'000	R'000
Disallowance damages and losses		8	2,914
Salary tax debt		1	-
Salary reversal control		-	3
TOTAL		9	2,917

11.3 Staff debt

	Note	2015/16	2014/15
	11	R'000	R'000
Cell phone		14	86
Contract		98	66
Disallowance		2,073	1,946
Study debt		3,095	3,250
Subsidised vehicles		259	256
Telephone		17	42
Dinners		89	72
GG Car		16	14
Other		5	-
TOTAL		5,666	5,732

11.4 Impairment of receivables

	Note	2015/16	2014/15
		R'000	R'000
Estimate of impairment of receivables		4,443	7,174
TOTAL		4,443	7,174

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

12. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Opening balance		384	6,630
As restated		-	6,630
Transfer from statement of financial performance (as restated)		61	384
Paid during the year		(384)	(6,630)
CLOSING BALANCE		61	384

13. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Opening balance		1,907	36,027
As restated		1,907	36,027
Transfer from statement of financial performance (as restated)		29,763	46,207
Paid during the year		(28,522)	(80,327)
CLOSING BALANCE		3,148	1,907

14. Bank Overdraft

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Consolidated Paymaster General Account		-	4,657
TOTAL		-	4,657

➔ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

15. Payables – current

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Clearing accounts	15.1	285	212
Other payables	15.2	10,711	(76)
TOTAL		10,996	136

15.1 Clearing accounts

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Salary pension funds	15	53	3
Salary income tax		229	209
Salary bargaining council		3	-
TOTAL		285	212

15.2 Other payables

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Disallowance miscellaneous	15	10,661	(78)
Salary reversal control		50	-
Sal: Tax debt		-	2
TOTAL		10,711	(76)

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

16. Net cash flow available from operating activities

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Net surplus/(deficit) as per statement of financial performance		31,596	46,591
Add back non cash/cash movements not deemed operating activities		(4,260)	(76,075)
(Increase)/decrease in receivables – current		3,251	(1,753)
(Increase)/decrease in prepayments and advances		(91)	(35)
Increase/(decrease) in payables – current		10,860	(513)
Proceeds from sale of capital assets		-	(1,360)
Expenditure on capital assets		10,626	14,543
Surrenders to Revenue Fund		(28,906)	(86,957)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES		27,336	(29,484)

17. Reconciliation of cash and cash equivalents for cash flow purposes

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Consolidated Paymaster General account		12,522	(4,657)
Cash on hand		71	71
Cash with commercial banks (Local)		167	703
TOTAL		12,760	(3,883)

➔ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Claims against the Department	Annex 3B	5,596,311	140,916
Environmental rehabilitation liability	Annex 3B	*1,723,769	1,824,017
Other	Note 32	-	-
TOTAL		7,320,080	1,964,933

***The Environmental Rehabilitation Liability comprises of O&D mines which have been earmarked by the Department to rehabilitate depending on the availability of funds.**

19. Commitments

	Voted Funds	Total
	R'000	R'000
Current expenditure	9,846	16,890
Approved and contracted	2,181	5,493
Approved but not yet contracted	7,665	11,397
Capital expenditure	211	426
Approved and contracted	-	129
Approved but not yet contracted	211	297
TOTAL COMMITMENTS	10,057	17,316

➔ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

20. Accruals and payables not recognised

20.1 Accruals

	2015/16			2014/15
	R'000			R'000
Listed by economic classification	30 Days	30 Days +	Total	Total
Goods and services	22,340	-	22,340	30,502
Capital assets	1,681	-	1,681	759
TOTAL	24,021	-	24,021	31,261

	Note	2015/16	2014/15
		R'000	R'000
Listed by programme level			
Administration		18,706	20,282
Mine Health and Safety		1,853	2,195
Mineral Regulation		2,573	2,223
Mineral Policy and Promotion		889	6,561
TOTAL		24,021	31,261

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

20.2 Payables not recognised

	2015/16			2014/15
	R'000			R'000
Listed by economic classification	30 Days	30 Days +	Total	Total
Goods and services	1,311	-	1,311	11,162
Capital assets	8	-	8	1,246
TOTAL	1,319	-	1,319	12,408

	Note	2015/16	2014/15
		R'000	R'000
Listed by programme level			
Administration		1,232	5,874
Mine Health and Safety		39	1,015
Mineral Regulation		42	3,415
Mineral Policy and Promotion		6	2,104
TOTAL		1,319	12,408

	Note	2015/16	2014/15
		R'000	R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	5,191	8,653
Confirmed balances with other government entities	Annex 5	-	-
TOTAL		5,191	8,653

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

21. Employee benefits

	Note	2015/16 R'000	2014/15 R'000
Leave entitlement		17,610	18,982
Service bonus (Thirteenth cheque)		13,994	13,135
Performance awards		7,867	7,267
Capped leave commitments		5,633	5,978
TOTAL		45,104	45,362

Included in the above leave entitlement balance are employees with a negative leave balance amounting to R703 557,41. This is mainly caused by the employees taking leave at the beginning of the financial year.

22. Lease commitments

22.1 Operating leases expenditure

2015/16	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	37,705	340	38,045
Later than 1 year and not later than 5 years	40,721	261	40,982
TOTAL LEASE COMMITMENTS	78,426	601	79,027

2014/15	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	194	194
Later than 1 year and not later than 5 years	-	247	247
TOTAL LEASE COMMITMENTS	-	441	441

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Rental earned on sub-leased assets	3	478	482
TOTAL		478	482

23. Accrued Departmental revenue

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Interest, dividends and rent on land		128,973	100,707
TOTAL		128,973	100,707

23.1 Analysis of accrued Departmental revenue

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Opening balance		100,707	150,759
Adjustment		-	6,795*
Less: amounts received		(22,240)	(31,755)
Add: amounts recognised		50,506	50,908
Less: amounts written off/reversed as irrecoverable		-	(76,000)
CLOSING BALANCE		128,973	100,707

23.2 Accrued Departmental revenue written off

	<i>Note</i>	2015/16	2014/15
		R'000	R'000
Nature of losses			
Royalties		-	76,000
TOTAL		-	76,000

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

23.3 Impairment of accrued Departmental revenue

	Note	2015/16	2014/15
		R'000	R'000
Estimate of impairment of accrued Departmental revenue		46,949	37,079
TOTAL		46,949	37,079

24. Irregular expenditure

24.1 Reconciliation of irregular expenditure

	Note	2015/16	2014/15
		R'000	R'000
Opening balance		17,050	16,790
As restated		17,050	16,790
Add: Irregular expenditure – relating to prior year		52	
Add: Irregular expenditure – relating to current year		428	260
Less: Prior year amounts condoned		(17,102)	-
Less: Current year amounts condoned		(428)	
CLOSING BALANCE		-	17,050

Analysis of awaiting condonation per age classification

Current year	-	260
Prior years	-	16,790
TOTAL	-	17,050

➔ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

24.2 Details of irregular expenditure – current year

		2015/16
		R'000
Incident	Disciplinary steps taken/criminal proceedings	
Non-compliance with PPP Act	Verbal warning issued	428
TOTAL		428

24.3 Details of irregular expenditure condoned

		2015/16
		R'000
Incident	Condoned by (condoning authority)	
Non-compliance with PPP Act and NT Regulations	AO	17,530
TOTAL		17,530

25. Related party transactions

ENTITY	NATURE OF RELATED PARTY RELATIONSHIP
Council for Geoscience	An entity under the control of Minister
Mintek	
South African Diamond and Precious Metals Regulator	
Mine Health and Safety Council	
State Diamond Trader	

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

26. Key management personnel

	No. of Individuals	2015/16 R'000	2014/15 R'000
Political office bearers (provide detail below)	3*	4,437	3,851
Officials:			
Level 15 to 16	8	10,197	9,437
Level 14	17	17,988	16,960
TOTAL		32,622	30,248

*Former Minister Ngoako Ramatlhodi; current Minister Mosebenzi Zwane and Deputy Minister Godfrey Oliphant

27. Impairment

	Note	2015/16 R'000	2014/15 R'000
Impairment on recorded receivables		2,985	5,717
Impairment on claim receivables		-	1,457
TOTAL		2,985	7,174

28. Provisions

	Note	2015/16 R'000	2014/15 R'000
*Environmental liability		332,647	199,646
Long service awards		151	25
TOTAL		332,798	199,671

*The provision for environmental rehabilitation liability comprises O&D mines which have been earmarked by the Department to rehabilitate depending on the availability of funds in terms of MTEF.

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

28.1 Reconciliation of movement in provisions – 2015/16

	Environmental liability	Long service awards	Total provisions
Opening balance	199,646	25	199,671
Increase in provision	133,001	126	133,127
CLOSING BALANCE	332,647	151	332,798

28.2 Reconciliation of movement in provisions – 2014/15

	Environmental liability	Long service awards	Total provisions
Opening balance	327,437	92	327,529
Increase in provision	(127,791)	(67)	(127,858)
Settlement of provision			
CLOSING BALANCE	199,646	25	199,671

29. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Machinery and equipment	73,989	1,078	7,186	(11,465)	70,788
Transport assets	4,124	491	-	(2,569)	2,046
Computer equipment	34,242	-	4,390	(6,857)	31,775
Furniture and office equipment	31,777	-	2,785	(1,965)	32,597
Other machinery and equipment	3,846	587	11	(74)	4,370
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	73,989	1,078	7,186	(11,465)	70,788

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

29.1 Additions

	Cash	Total
	R'000	R'000
Machinery and equipment	7,186	7,186
Transport assets	-	-
Computer equipment	4,390	4,390
Furniture and office equipment	2,785	2,785
Other machinery and equipment	11	11
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	7,186	7,186

29.2 Disposals

	Sold for cash	Non-cash disposal	Total disposals
	R'000	R'000	R'000
Machinery and equipment	(1,691)	(9,774)	11,465
Transport assets	(1,691)	(878)	(2,569)
Computer equipment		(6,857)	(6,857)
Furniture and office equipment		(1,965)	(1,965)
Other machinery and equipment		(74)	(74)
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	(1,691)	(9,774)	(11,465)

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

29.3 Movement for 2014/15

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Machinery and equipment	64,416	10,953	1,380	73,989
Transport assets	4,609	879	1,364	4,124
Computer equipment	28,244	6,014	16	34,242
Furniture and office equipment	27,826	3,951	-	31,777
Other machinery and equipment	3,737	109	-	3,846
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	64,416	10,953	1,380	73,989

29.4 Minor assets

	Computer equipment	Furniture and office equipment	Machinery and equipment	Total
	R'000	R'000	R'000	R'000
Opening balance	1,924	16,493	555	18,972
Value adjustments	-	-	(16)	(16)
Additions	13	1,308	80	1,401
Disposals	(642)	(3,514)	(81)	(4,237)
TOTAL MINOR ASSETS	1,295	14,287	538	16,120

	Machinery and equipment	Total
Number of RI minor assets	6	6
Number of minor assets at cost	9,858	9,858
TOTAL NUMBER OF MINOR ASSETS	9,864	9,864

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

30. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	10,893	-	137	-	11,030
TOTAL INTANGIBLE CAPITAL ASSETS	10,893	-	137	-	11,030

30.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash	Non-Cash	(Development work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Software	137	-	-	-	137
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	137	-	-	-	137

30.2 Movement for 2014/15

	Opening balance	Additions	Closing Balance
	R'000	R'000	R'000
Software	6,452	4,441	10,893
TOTAL INTANGIBLE CAPITAL ASSETS	6,452	4,441	10,893

→ NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2016

31. Immovable Tangible Capital Assets

	Opening balance	Additions	Closing Balance
	R'000	R'000	R'000
Buildings and other fixed structures			
Other fixed structures	51,110	1,140	52,250
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	51,110	1,140	52,250

31.1 Additions

	Cash	Total
	R'000	R'000
Buildings and other fixed structures		
Other fixed structures	1,140	1,140
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	1,140	1,140

31.2 Movement for 2014/15

	Opening balance	Additions	Closing Balance
	R'000	R'000	R'000
Buildings and other fixed structures			
Other fixed structures	48,173	2,937	51,110
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	48,173	2,937	51,110

➔ **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2016

32. Prior period errors

Correction of prior period errors

During the year the Department has discovered that the contingent liability disclosed on an annual basis for projects recommended by the Safety in Mines Research Advisory Committee (SIMREC) and approved by the Mine Health and Safety Council Board was no longer necessary as the council received approval to fund such projects. The approval necessitated the reduction of last year's contingent liability balance by R25,8 million. The contingent liability balance is now corrected retrospectively and certain comparative figures have been restated as disclosed in Note 18 and Annexure 3B to the financial statements. The net effect of the error is as follows:

	2015/16
	R'000
Contingent Liabilities	
Effect on opening balance	(25,882)
NET EFFECT	(25,882)

→ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1B

Statement of Transfers to Departmental Agencies and Accounts

DEPARTMENT/AGENCY/ACCOUNT	Transfer Allocation				Transfer		2014/15
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Council for Geoscience	342,914	-	-	342,914	342,914	100%	292,840
Mine Health and Safety Council	-	-	-	-	-	-	5,197
SA Diamond and Precious Metals Regulator	50,527	-	-	50,527	50,527	100%	47,810
Mining Qualifications Authority	1,310	-	-1,310	-	-	0%	1,216
Public Sector SETA	-	-	-	-	-	-	215
Total	394,751	-	-1,310	393,441	393,441		347,278

➔ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1D

Statement of Transfers/Subsidies to Public Corporations and Private Enterprises

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	Transfer Allocation				Expenditure				2014/15
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Council for Mineral Tech (Mintek)	414,742	-	-	414,742	414,742	100%	52,597	362,145	370,854
Industrial Development Corporation	11,053	-	-1,832	9,221	8,893	96,4%	-	8,893	-
State Diamond Trader	-	-	-	-	100	-	-	100	-
Total	425,795	-	-1,832	423,963	423,735	99,9%	52,597	371,138	370,854

→ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1G

Statement of Transfers to Households

	Transfer Allocation				Expenditure		2014/15
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
HOUSEHOLDS	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity (Employer Service Benefits)	1,107	-	-	1,107	1,762	159%	3,126
Claims Against State (Cash)	-	-	748	748	748	100%	2,355
Donations and Gifts (Cash)	266	-	-	226	20	8%	120
Total	1,373	-	748	2,121	2,530		5,601

➔ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 11

Statement of Aid Assistance Received

Name of Donor	Purpose	Opening Balance	Revenue	Expenditure	Closing Balance
		R'000	R'000	R'000	R'000
Received in cash European Donor	Transfer to Council for Geoscience	-	16,615	14,483	1,772
TOTAL		-	16,615	14,483	1,772

➔ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 1J

Statement of Gifts, Donations and Sponsorships made

Nature of gift, donation or sponsorship	2015/16	2014/15
	R'000	R'000
Made in kind		
Payments made as an act of grace to household	20	120
Total	20	120

➔ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 3B

Statement of Contingent Liabilities as at 31 March 2016

	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2016
NATURE OF LIABILITY	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
Claims against the Department	140,916	5,469,918	(14,523)	-	5,596,311
SUBTOTAL	140,916	5,469,918	(14,523)	-	5,596,311
Environmental Liability					
Environmental Liability	1,824,017	-	(100,248)	-	1,723,769
SUBTOTAL	1,824,017	-	(100,248)	-	1,723,769
Total	1,964,933	5,469,918	(114,771)		7,320,080

➔ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 4

Claims Recoverable

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
Government Entity						
Department						
Department of Energy	-	-	1,457	1,662	1,457	1,662
Department of Higher Education and Training	-	-	-	49	-	49
Office of the Premier Gauteng	-	-	-	25	-	25
Department of Environmental Affairs	-	-	-	11	-	11
Department of Agriculture and Rural Development KZN	-	-	-	24	-	24
Department of Agriculture and Rural Development	-	-	-	11	-	11
Department of Independent Police Investigation Unit	-	-	-	-	-	-
Free State Department of Human Settlements	-	-	48	-	48	-
Total	-	-	1,505	1,782	1,505	1,782

➔ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 5

Inter-Government Payables

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
Government Entity						
Department						
Current						
Department of Justice	1,154	2,634	-	-	1,154	2,634
Department of Public Works	1,893	3,215	-	-	1,893	3,215
Gauteng Government Garage	1,501	2,717	-	-	1,501	2,717
Gauteng Provincial Government	-	19	-	-	-	19
Department of Correctional Services	-	33	-	-	-	33
Department of Women, Children and People with Disabilities	-	28	-	-	-	28
Limpopo Province	-	7	-	-	-	7
DIRCO	643				643	
Total	5,191	8,653	-	-	5,191	8,653

→ ANNEXURES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

ANNEXURE 6

Inventories

Inventory [Per major category]	Note	Quantity	2015/16	Quantity	2014/15
		R'000	R'000	R'000	R'000
Opening balance		76,895	533	77,864	432
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases - Cash		22,607	2,958	121,827	4,028
Add: Additions - Non-cash		90	-	(28)	-
(Less): Disposals		-	-	(122,768)	(3,931)
(Less): Issues		(55,142)	(3,199)	-	(6)
Add/(Less): Adjustments		(12,105)	(65)	-	-
Add/ Less Weighted Average Variance			31		10
CLOSING BALANCE		32,345	258	76,895	533



Department of Mineral Resources



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