



ANNUAL REPORT 2016/17



MHSC

Mine Health and Safety Council



MHSC

Mine Health and Safety Council

CONTENTS

1. ABBREVIATIONS AND TERMINOLOGY	2
2. TERMS AND DEFINITIONS	3
3. VISION	4
4. MISSION STATEMENT	4
5. GOALS AND VALUES	4
6. CHAIRPERSON'S OVERVIEW	5
7. THE MINE HEALTH AND SAFETY COUNCIL'S MANDATE AND PROFILE	7
8. CHIEF EXECUTIVE OFFICER'S OVERVIEW	8
9. MHSC PERFORMANCE REPORT	34
10. MHSC STRATEGIC OBJECTIVES	36
11. COUNCIL REPORT	47
12. COUNCIL COMMITTEES	48
13. COUNCIL EFFECTIVENESS	54
14. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL	55
15. AUDIT AND RISK COMMITTEE REPORT	56
16. REPORT OF THE AUDITOR-GENERAL	58
ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2017	62

*20 years of Positive Contribution
to Zero Harm for Mine Workers.
Pursuing Research Excellence*



1. ABBREVIATIONS AND TERMINOLOGY

AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
ASPASA	Aggregate & Sand Producers Association of Southern Africa
CEF	Central Energy Fund
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGLO	Corporate Governance Legal Officer
CIOM	Chief Inspector of Mines
CoE	Centre of Excellence
CoP	Code of Practice
CROO	Chief Research Operations Officer
CSIR	Council of Scientific and Industrial Research
CSO	Corporate Services Officer
CTAC	Culture Transformation Advisory Committee
DMR	Department of Mineral Resources
GRC	Governance, Risk and Compliance
GRAP	General Recognised Accounting Practice
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRRAC	Human Resources and Remuneration Committee
ICT	Information Communication Technology
ICTSC	Information Communication Technology Steering Committee
ICTSCC	Information Communication Technology Steering Committee Charter
IGRAP	Interpretation of the Standards of General Recognised Accounting Practice
MHSA	Mine Health and Safety Act (No. 29 of 1996)
MHSC	Mine Health and Safety Council
MHSI	Mine Health and Safety Inspectorate ('Inspectorate')
MITHAC	Mining Industry TB, HIV and AIDS Advisory Committee
MOA	Memorandum of Agreement
MOHAC	Mining Occupational Health Advisory Committee
MOSH	Mining Industry Occupational Safety and Health
MOU	Memorandum of Understanding
MRAC	Mining Regulations Advisory Committee
MQA	Mining Qualifications Authority
NDP	National Development Plan
NIHL	Noise Induced Hearing Loss
OHS	Occupational Health and Safety
PDS	Proximity Detection System
PFMA	Public Finance Management Act (No. 1 of 1999)
SCM	Supply Chain Management
SIMRAC	Safety in Mines Research Advisory Committee
TB	Tuberculosis
WIM	Women in Mining





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2. TERMS AND DEFINITIONS



- **Chief Inspector** of Mines means the officer appointed in terms of section 48(1) of the Mine Health and Safety Act as amended, and includes any officer acting in that capacity.
- **Council (Board)** means the Mine Health and Safety Council established in terms of section 41(1) of the Mine Health and Safety Act, 1996 as amended.
- **Hazard** means a source of, or exposure to danger.
- **Health** means occupational health at mines.
- **Health hazard** means any physical, chemical or biological hazard to health including anything declared to be a health hazard by the Minister.
- **Mine** means any excavation and activity where mineral deposits are mined; all buildings, structures, machinery, dumps, roads or objects that are used during the winning, exploitation, and processing of a mineral.
- **Minister** means the South African Minister of Mineral Resources.
- **Occupational health** means occupational hygiene and occupational medicine.
- **Occupational hygiene** means the anticipation, recognition, evaluation and control of conditions at a mine that may cause illness or adverse health effects to persons.
- **Occupational medicine** means the prevention, diagnosis and treatment of illness, injury and adverse health effects associated with a particular type of work.
- **Risk** means the likelihood that occupational injury or harm to persons will occur.
- **Strategic objectives** means organisational outcomes that are critical to the achievement of the Mine Health and Safety Council's mission and mandate for a period of five to ten years.



3. VISION

The Mine Health and Safety Council has a vision to be the knowledge leader and trusted advisor to the Minister of Mineral Resources and stakeholders on Occupational Health and Safety matters, and to promote the transformation of Occupational Health and Safety (OHS) in the mining industry towards the achievement of Zero Harm to Mine Workers and mining communities.

4. MISSION STATEMENT

The Mine Health and Safety Council's mission is to promote a culture of Occupational Health and Safety in the mining industry by providing advice to the Minister of Mineral Resources, liaising with statutory bodies, fostering an effective tripartite partnership, creating and disseminating information on leading practices to the mining industry.

5. GOALS AND VALUES

5.1 GOALS

The Mine Health and Safety Council continues to pursue the following goals:

- Zero Harm to employees and communities as a result of mining activities
- To provide knowledge leadership in mining OHS knowledge

The MHSC has aligned all its strategic objectives to the above-mentioned goals in order to ensure realisation of same.

5.2 VALUES

The Mine Health and Safety Council prides itself on a set of shared values that inform and guide the interaction between employees, stakeholders and the mining industry at large. The acronym "**PRIDE**" represents the Mine Health and Safety Council's core values:

- **P**rofessionalism – Professional approach in all our business dealings and interpersonal relationships.
- **R**espect – Respect each other and value diversity in ideas, work style, background and skills.
- **I**ntegrity – Integrity, honesty and ethical approach in everything we do.
- **D**elivery – Delivery and results-driven culture through constructive feedback and continuous improvement.
- **E**xcellence – Excellence and efficiency in the way we deliver on the mandate.





6. CHAIRPERSON'S OVERVIEW

It gives me a great pleasure, on behalf of the Mine Health and Safety Council (MHSC), to present the annual report for the financial year ended 31st March 2017 to the Honourable Minister of Mineral Resources, Mosebenzi Zwane, our Tripartite industry stakeholders, State, Organised Labour, Employers in the mining industry and other relevant stakeholders.

The Mine Health and Safety Council was established in 1997, in terms of the Mine Health and Safety Act (29 of 1996) as amended. The core mandate of the Council is to advise the Minister of Mineral Resources on all Occupational Health and Safety (OHS) issues in the mining industry, and to develop legislation with specific reference to regulations, conduct research, promote mine OHS and liaise with other bodies on occupational health and safety matters.

The Mine Health and Safety Council will be celebrating 20 years of existence and continues to make a significant contribution in assisting the industry in achieving a sustainable improvement on the OHS of the mineworkers through the implementation of the strategic plan supporting Mine Health and Safety Council mandate, in collaboration with our stakeholders. This has gone a long way in assisting the industry with recording the lowest fatalities ever during 2016. The new culture of health and safety is starting to emerge, a culture of "Zero Harm", and mining companies are beginning to believe that "Zero Harm" is real and possible.

The financial year that ended 31st March 2017 was the year of continuation of the implementing of the 2014 OHS Tripartite Summit Milestone initiatives. These are bold initiatives required to radically transform the industry to be the industry that cares for its mine workers and communities affected by mining activities. The Mine Health and Safety Council hosted the 2016 OHS Tripartite Summit to review progress made in achieving the 2014 milestones. The progress report was presented

during the 2016 OHS Tripartite Summit, with various levels of implementation or achievement.

There has been remarkable improvement on the occupational safety front since 1997 with occupational health issues requiring more attention in various focus areas. The industry hosted the Occupational Health Dialogue in March 2017 under the theme "Occupational Health Beyond Compliance, a Healthier Worker is a Productive Worker". The objective of the Dialogue was to review progress since the first Occupational Health Dialogue in the South African Mining Industry, held in March 2016. Stakeholders reflected on resolutions of the previous dialogue and reported on progress made on various initiatives. Furthermore, the Dialogue was used as a platform to gain new knowledge on occupational health that would assist in dealing with challenges in the industry. Subsequent to the Dialogue, the Mining Occupational Health Advisory Committee (MOHAC) and the Mining Industry TB, HIV and AIDS Advisory Committee (MITHAC), committees of the Mine Health and Safety Council responsible for Occupational Health matters, reflected on the emerging issues which needed urgent attention and incorporated them into their work plans for implementation of the 2017/18 strategic plan.

Globally the industry is moving into the fourth industrial revolution which is going to be characterised by innovation and new technologies. The local mining industry is also looking at various technological innovations in dealing with the issues of OHS. The Mine Health and Safety Council will be collaborating with relevant stakeholders in the industry on various initiatives through the newly established Centre of Excellence (CoE). This will also include looking into issues of impact of new mining technologies on workers, which is in line with initiatives in modernising the mining industry and improving South Africa's competitiveness.



“ Stakeholder relationship and engagement has continued to improve, driven by the desire to realise the shared vision of ensuring that ‘Every mineworker returning from work unharmed everyday’ “

The Mine Health and Safety Council and its stakeholders have been implementing Quick Win Projects since 2015 through the Centre of Excellence (CoE). The aim of the initiative was to ensure that research conducted was of high impact to address critical Occupational Health and Safety (OHS) challenges in the South African Mining Industry (SAMI). Of the nine (9) projects, progress has been made as two projects relating to development of database for statutory equipment and the framework for development of collision avoidance systems have been finalised and other projects are in various stages of completion.

The CoE business plan was approved by Council in November 2016 and is currently being implemented for the CoE to be operational in 2017. The process of organisational design has commenced to support and capacitate the CoE. The Mine Health and Safety Council also embarked on a change and communication management drive to ensure that employees and stakeholders are kept abreast with the developments of the CoE. The Mine Health and Safety Council will be expanding its partnership within the CoE with more focus on previously disadvantaged institutions of higher learning and other research institutions and service providers.

The Mine Health and Safety Council embraces the principles of Good Corporate Citizenship as part of sustainable development and will continue incorporating these principles in future business activities. The Council will be embarking on a process of developing an Integrated Reporting approach in the next financial year.

The Audit and Risk Committee continues to advise the Council on to risks identification, including emerging risks, and the effectiveness of controls. The Mine Health and Safety Council continues to implement and monitor its risk strategy and its fraud prevention strategy (including the Mine Health and Safety Council toll-free fraud hotline where anyone can report fraudulent activities) has been effective during the period under review.

Stakeholder relationship and engagement has continued to improve, driven by the desire to realise the shared vision of ensuring that “Every mineworker returning from work unharmed everyday”, this is part of the vision of ensuring Zero Harm to mineworkers and communities affected by mining activities.

There has also been an improvement in the promotion and communication of the Mine Health and Safety Council products and services to the mining industry. MHSC has embarked on a number of major promotional events, as part of the implementation of the promotion and communication plan. The MHSC continued to support the Regional Tripartite Forums (RTF) as a platform to disseminate the work of Council.

The Board has exercised sufficient oversight over the business of the Mine Health and Safety Council for the period under review, and is satisfied that control measures are sufficiently efficient and effective to mitigate potential risks to the Mine Health and Safety Council.

I wish to extend my gratitude to the Minister of Mineral Resources for the continued guidance and support.

I would also like to extend my sincere thanks to the Council, Advisory Committees, Audit and Risk Committee, and Internal and External Auditors. My gratitude also goes to the Mine Health and Safety Council Executives and Staff for the stellar performance and providing necessary support to all the structures of Council and stakeholders. It is indeed an honour to serve as a member of the Council together with committed Council members.

My sincere appreciation also goes out to the key stakeholders being the State, Employers and Organised Labour for their immense contribution and continued support.

It is this commitment to service delivery and efforts for increased improvement that will ensure the Mine Health and Safety Council continues to assist the mining industry in ultimately achieving Zero Harm.



Mr. M. M. A Zondi

Acting Chairperson of the Mine Health and Safety Council



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7. THE MINE HEALTH AND SAFETY COUNCIL'S MANDATE AND PROFILE

7.1 THE MANDATE

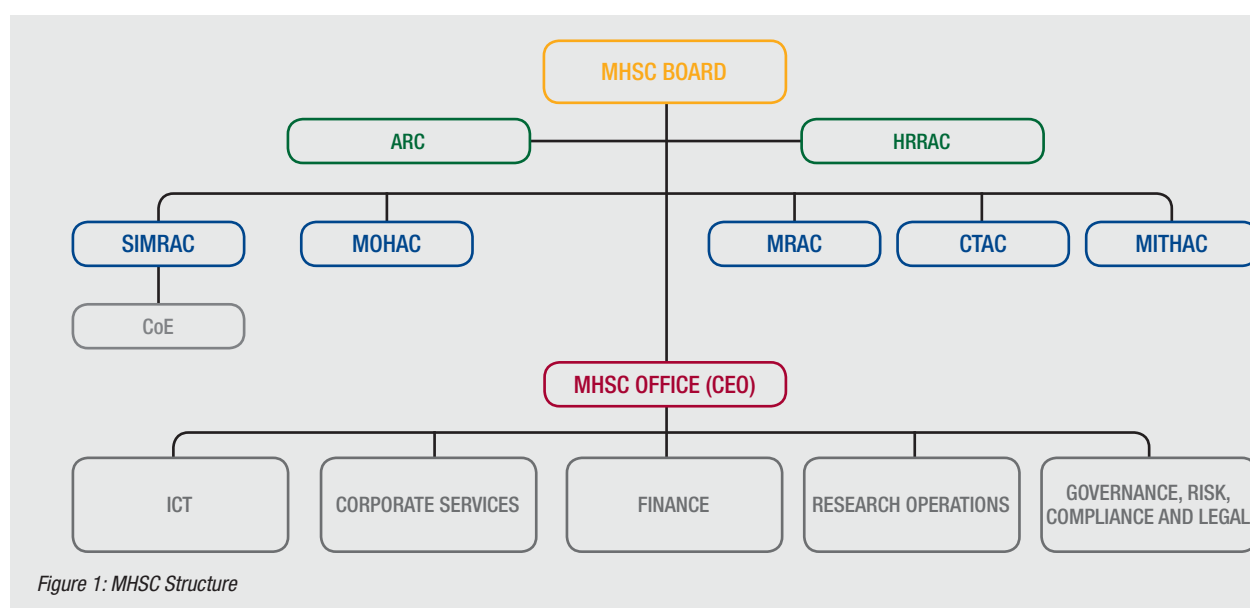
The Mine Health and Safety Council is established in terms of section 41 (1) of the Mine Health and Safety Act, 1996 (Act 29 of 1996) as amended. The mandate of the Mine Health and Safety Council as provided for in the Mine Health and Safety Act is as follows:

- 7.1.1 Advise the Minister of Mineral Resources on health and safety at mines including, but not limited to, any legislation on mine rehabilitation in so far as it concerns health and safety;
- 7.1.2 Coordinate the activities of its committees, receive reports from the committees and liaise with the Mining Qualifications Authority on matters relating to health and safety;
- 7.1.3 Liaise with any other statutory bodies concerned with matters relating to health and safety;
- 7.1.4 Promote a culture of health and safety in the mining industry;
- 7.1.5 Arrange and coordinate a tripartite Summit to review the state of health and safety of mines at least every two years;
- 7.1.6 Annually advise the Minister of Mineral Resources on relevant research relating to health and safety at mines; and
- 7.1.7 Perform every duty imposed upon the MHSC in terms of the Mine Health and Safety Act (MHSA).

7.2 THE PROFILE

The Mine Health and Safety Council is a tripartite structure comprised of representatives from the state, mine employees and mine owners or employers. The Council is supported by the following Advisory Committees in the execution of its mandate as represented in Figure 1:

- 7.2.1 The Audit and Risk Committee (ARC) advises the Council on oversight requirements in line with the PFMA and related corporate governance requirements;
- 7.2.2 The Human Resource and Remuneration Advisory Committee (HRRAC) advises the Council on matters related to Human Resource Management in general, including remuneration;
- 7.2.3 The Safety in Mines Research Advisory Committee (SIMRAC) advises the Council on Occupational Health and Safety research.
- 7.2.4 The Mining Occupational Health Advisory Committee (MOHAC) advises the Council on occupational health issues;
- 7.2.5 The Mining Regulation Advisory Committee (MRAC) advises the Council on regulations, guidelines and standards;
- 7.2.6 The Culture Transformation Advisory Committee (CTAC) advises the Council on culture transformation and implementation of Summit Agreements; and
- 7.2.7 The Mining Industry TB, HIV and AIDS Advisory Committee (MITHAC) advises the Council on HIV/AIDS and TB in the mining sector.



8. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The Mine Health and Safety Council Office has been established to provide administrative and secretarial support to the Council and its Advisory Committees. The Mine Health and Safety Council Office is also responsible for operational aspects of the organisation.

The operations of the Mine Health and Safety Council (MHSC) are managed by the Chief Executive Officer through five business units which are headed by the respective business unit executives and are responsible for the following:

- Research Operations: Administrative support to the Advisory Committees of Mine Health and Safety Council and the Centre of Excellence.
- Corporate Services: Provides Communications & Promotions, Human Resource Management, Security, Records Management and Facilities Management support.
- Finance: Financial management through levy collection, procurement, disbursements and supply chain management.
- Information and Communications Technology: Management of ICT Platforms and all other related ICT services.
- Governance, Risk, Compliance and Legal: Oversee the Governance, Management of Risk, Monitoring and Compliance, Legal and Administrative support to the Audit and Risk Committee.

In the period under review, the Mine Health and Safety Council continued to implement the 2014 OHS Summit Milestones action plan, which is in various stages of completion and

are progressing well. The tracking and monitoring of the implementation of the OHS Summit action plans will improve with the rolling-out of the Management Information System developed for OHS Summit milestones reporting.

The majority of research projects are on track in terms of completion of milestones. The improvement in the delivery of projects was mainly as a result of the implementation of the Enterprise Project Management (EPM) system. Projects have been loaded on to the system as part of the consolidation of Mine Health and Safety Council projects. This is in line with the centralisation of Mine Health and Safety Council research projects under the Centre of Excellence.

The MHSC has started with the implementation of its dissemination strategy and plans, in collaboration with various institutions including the Chamber of Mines' Mine Occupational Health and Safety (MOSH) Learning Hub. As part of the implementation of the Centre of Excellence business plan, the Mine Health and Safety Council will be establishing a Technology Transfer and Commercialisation unit to ensure improvement in the dissemination and commercialisation of research outcomes.

The Mine Health and Safety Council will be commencing with the second phase of the implementation of the CoE business plan which will focus on training and development of Mine Workers. This includes expansion of partnerships with the focus on previously disadvantaged institutions of higher learning and research service providers. The setting up of the commercialisation and dissemination unit has been completed.

The Mine Health and Safety Council's revenue collection percentage for the period under review was 96% of the



“ The MHSC has started with the implementation of its dissemination strategy and plans, in collaboration with various institutions including the Chamber of Mines’ Mine Occupational Health and Safety (MOSH) Learning Hub “

targeted levy collection. There has also been an improvement in the turnaround time for collection taking into account the industry challenges relating to commodity prices and sustainability of operations.

The SCM turnaround plan has been implemented by the Mine Health and Safety Council, which includes capacitation of SCM and Bid Committees to improve turnaround times in terms of procurement of goods and services.

The Mine Health and Safety Council is celebrating 20 years of research excellence on pressing OHS issues in the mining industry. The Mine Health and Safety Council will continue with positive and constructive engagements and collaboration with the Mining Qualifications Authority (MQA) in ensuring that the mining sector has appropriate and adequate skills to also ensure the achievement of Zero Harm.

8.1 RESEARCH OPERATIONS

An annual research programme was developed after stakeholder consultations and it was approved by the Minister of Mineral Resources for the 2018/2019 financial year. This allows for the procurement process for implementation to be completed by April 2018. The approved research programme includes the dissemination strategy implementation plan which will assist in ensuring that research outcomes are implemented by the South African Mining Industry (SAMI) to improve Occupational Health and Safety of mine workers.

In disseminating research outcomes as part of promoting Occupational Health and Safety in the South African Mining

Industry (SAMI), the Mine Health and Safety Council has started with dissemination initiatives in the following areas:

- Women in Mining (WIM) Programme – facilitation of the implementation of Personal Protective Equipment guidelines, raise awareness on prevention of sexual harassment to empower WIM to deal with sexual harassment at the workplace.
- In collaboration with MOSH – dissemination of training modules on safe barring practices in underground mines.
- Facilitation of the implementation of Guidelines and Guidance Notes – amongst others, the facilitation of the Standard Threshold Shift (STS) Guidance Note implementation (in collaboration with the DMR).
- Management of TB and HIV/AIDS - Launched the Integrated Policy on TB and HIV/AIDS in the mining industry at the parallel session held at the international HIV/AIDS Conference.

The Mine Health and Safety Council continues to implement the Culture Transformation Framework (CTF) initiatives. The CTF remains the critical driver to ensure achievement of this goal: “Every Mine Worker Returning From Work Unharmful Everyday” and that Zero Harm is achieved.

One of the critical requirements of the CTF implementation and other Summit outcomes is that the leading practices in the mining industry should be adopted. To this end, the Mine Health and Safety Council has developed a guideline for the identification and adoption of leading OHS practices in the South African mining industry. The guideline sets out a common approach and minimum standards for identification and adoption of leading OHS practices in pursuit of Zero Harm.



RESEARCH PROJECTS TO ASSIST WITH THE IMPLEMENTATION OF THE CTF WHICH WERE CONDUCTED DURING THE 2016/17 FINANCIAL YEAR

Table 1: Research projects to assist with the implementation of the CTF

NAME OF THE PROJECT	AIM OF THE PROJECT	COMMENTS
1. SIM 150101- Develop elements to address Racism, Genderism and Unfair discrimination taking into account various styles of Leadership.	Develop an implementation strategy that will assist in the SAMI in integrating identified Elements that will address various forms of discrimination together with integration of these elements into existing leadership development programmes, which may serve as a roadmap towards implementing research outcomes on a broader scale.	Completed
2. OHS 150103- Development of a web-based Summit Milestone Reporting system.	The aim is to develop a web-based information management and reporting system that will assist the SAMI in reporting and tracking on all Milestones.	Completed.
3. OHS150101- Develop a best practice model for Occupational Health and Safety operation bonus system in the Mining Industry.	The research aimed at improving the health and safety in the South African mining industry by: Providing guidelines per commodity grouping for an OHS performance bonus management system that would ensure that health and safety issues are not ignored, compromised or relegated in importance to production and financial considerations. Supporting the guidelines with best practices regarding Zero Harm and its integration into the OHS performance incentive scheme. Providing best practice modules regarding leading and lagging indicators and their role and use in an OHS performance incentive scheme.	In Progress
4. OHS150102- Assess the Leadership and Diversity Management Pillars of the CTF for the South African Mining Industry.	The project aims to improve the industry leadership in understanding of cultural differences and diversity elements required to be taken into account in addressing diversity in the mining industry. Further assist in developing leaders who are going drivers or agents of change on management of diversity.	In Progress
5. OHS150301 – Develop Guidelines for small scale mines to comply with Mine Health and Safety Act.	To provide guidance to the Small Scale Mines to comply with the Mine Health and Safety Act (MHSA) by designing and implementing appropriate and effective health and safety measures in accordance with the mandatory specifications of the MHSA. The developed guidelines will help SSMs comply with the Mine Health and Safety Act (MHSA, 1996) by putting in place effective occupational health and safety management systems to prevent and reduce workplace injuries, diseases and risks relating to hazardous mining environments.	Completed

The implementation of the Centre of Excellence allows for the centralisation of research projects. This will assist in improving the efficiency and effectiveness in the delivery of projects on brief, budget and time.

The establishment of the CoE impacts on the operating model of SIMRAC's in that SIMRAC will be the oversight body presiding over the CoE. The CoE will be supported by the following technical committees:

- Research Determination Technical Committee,
- Research Programme Delivery Technical Committee and
- Research Dissemination and Commercialisation Technical Committee.

The composition and mandate of SIMRAC will remain unchanged as legislatively stipulated in the Mine Health and Safety Act, and the committee will be capacitated with representatives from the other committees of the Council, who will provide the technical inputs into the programmes of the Centre of Excellence.

CENTRE OF EXCELLENCE QUICK WIN PROJECTS

As part of the implementation of the CoE, stakeholders identified Quick Win research projects that are going to address critical OHS challenges faced by the SAMI. Of the 9 projects, 8 are progressing well as outlined in Table 2 below:





Table 2: CoE projects which were initiated during the 2015/16 financial year.

NAME OF THE PROJECT	AIM OF THE PROJECT	COMMENTS
1. Understanding the impact of technology on people in the South African Mining Sector.	To understand how to effectively transform our industry as well as what the effects on the shift of labour to new skill sets and work areas will be, as a result of changes in mining technologies and introduction of new mining methods.	In Progress.
2. Assessment of statutory equipment compliance for South African mines based on a centralised database.	Create a database of statutory equipment that is used by the industry, contains provision for online reporting on compliance information on maintenance, servicing of statutory equipment including the related schedules.	Project completed.
3. Assess the feasibility of developing a communication system for underground and surface mining operations.	The establishment of a minimum standard for a Wireless Voice and Data Communication system between surface and underground (UG) and between UG to UG to enhance health, safety, asset utilisation. This will create an ICT base to support various systems utilised by the mining industry.	In Progress.
4. Development of Rock mass condition assessment tools.	Identification and development of fit-for-purpose tools or technologies that enable efficient and accurate assessment of rockmass conditions to reduce and eliminate rockfall accidents and to ensure safe declaration of working places.	In Progress.
5. Assess the feasibility of developing collision management systems for South African mines.	Reduce incidents in the mining industry that are caused by rail-bound and trackless mobile equipment both underground and surface. This is related to collision avoidance of mobile machines and persons being run over by mining equipment.	In Progress.
6. Developing testing specifications for netting and the dynamic testing of tendons; and assess the feasibility of establishing an independent accredited support testing facility.	To establish proper testing specifications for netting and the dynamic testing of tendons in order for proper, unbiased and comparative testing to be carried out by various South African testing authorities or institutions.	In Progress.
7. Missing person locator system.	To search for and understand the different technologies available to enable person location in underground mining, especially during emergencies.	In Progress.
8. Assess the feasibility of reducing diesel particulate matter (DPM) exposure through replacement and/or conversion of all tier 0 with tier 2 or tier 3 engines to be able to use low Sulphur diesel fuel and the effective maintenance of diesel machines.	The replacement/conversion of all Tier 0 machines with Tier 2 or Tier 3 engines to be able to use Low Sulphur Diesel Fuel (50/10 ppm) which will in turn ensure the effective maintenance of diesel machines with the aim of reducing exposure to DPM. This will include real-time monitoring systems or devices.	In Progress.
9. Assess the feasibility of developing a continuous dust monitoring and suppression system for South African mines.	To eliminate dust exposures in the workplace through proactive dust prevention system capable of detecting dust and reducing it immediately prior to entering the working place.	To be included in the 2017/18 programme

The Mine Health and Safety Council has approved in principle applications for seed-funding for the Centre of Excellence partners to upgrade identified research and testing facilities to be at a research ready state. The approved facilities are as follows:

- Mechanical Testing and the Self-Contained Self-Rescuers testing facilities at the CSIR's Cottesloe premises,
- Coal Dust Explosion Testing facilities at Klopersbos,
- Acoustic laboratories at the University of Pretoria (UP),
- Digital mine at University of the Witwatersrand (WITS)
- Analytical laboratory services at the National Institute for Occupational Health (NIOH).

The partners of the Centre of Excellence have submitted applications supported by business plans, which demonstrate self-sustenance beyond the funding to be provided. This will be monitored by the Mine Health and Safety Council office on the regular basis including the utilisation of the facilities.

As part of advising the Minister of Mineral Resources, the Mine Health and Safety Council has commenced with the procurement process to commission a research project aimed at developing feasible methodology for sealing off entrances to non-operational and abandoned mines, this will go a long way in addressing challenges on illegal mining. Furthermore, the Mine Health and Safety Council hosted a consultation workshop during March 2017 with Tripartite Stakeholders to



solicit inputs and formulate solutions to address the scourge of illegal mining.

During the 2016/17 financial year, the Mine Health and Safety

Council continued to undertake new OHS research projects as well as continuation of multi-year projects from the previous financial year. The projects are indicated in table 3 below.

Table 3: Research projects conducted the 2016/17 financial year

THRUST AREA	PROJECT TOPICS	STATUS
Rockfalls	1. SIM 150201 "Develop methodologies for determining maximum mining spans (board widths) applicable to platinum and chrome board and pillar mines in the Bushveld Complex."	Completed
	2. SIM 150202 "Design a feasible methodology for selecting permanent areal support for varying environments in underground mines"	Completed
	3. SIM 140202 "Identify opportunities to improve the safety of barring-down practices)."	Completed
	4. SIM 160201 "Desktop Study to Collate Rock Properties Test data and publish in a database"	In progress
	5. SIM 160202 "Develop an Electronic Rock Stress Measurement Database"	In progress
	6. SIM 140201 "Training on the Technology transfer on Support design in the Bushveld Complex." *	Completed
Rock bursts	7. SIM 140301 "Technology transfer on minimising seismic risk in the platinum mines "	Completed
Physical hazards	8. SIM 140701 "Develop feasible methodologies to aid escape in poor visibility in underground environments".	Completed
Airborne pollutants	9. SIM 160601 "Management of Confined Spaces in the Mining Industry"	In progress
	10. SIM 150601 "Methodologies to measure DPM and DEE Underground"	In progress
Occupational Diseases	11. SIM 140802 "What is the Impact of Anti-Retro Viral (ARV) drugs and Human Immunodeficiency Virus (HIV) on the auditory system?"	Completed
	12. SIM 140801 "Adverse health impacts associated with dust emissions from mine tailings Year 3." *	Completed
	13. SIM 150801 "SIMRAC Occupational Health Handbook Review"	In progress
Special projects	14. SIM 140905 "Handbook on Personal Protective Equipment For Women in Mining (WIM)".	Completed
	15. SIM 140901 "Develop of a South African Minimum Standard on Ground Vibration, Noise, Air blast and Fly rock Near Surface Structures to be protected."	Completed
	16. SIM 160902 "Ergonomic Design of Self-Contained Self-Rescuers for Women"	In progress

* Multi-Year Projects

During the period under review the Mine Health and Safety Council and its stakeholders reviewed and concluded the following regulations as outlined in table 4 below.

Table 4: Regulations Promulgated for the Period under Review

REGULATION	CHAPTER	DESCRIPTION
1. Trackless Mobile Machinery Regulations	Chapter 20	Trackless Mobile Machinery is amongst the major killers in the mining industry and these regulations will ensure that stringent safety measures are in place regarding the operation of Trackless Mobile Machinery.
2. Falls of Ground (FoG)	Chapter 14	At every underground mine where a geotechnical risk exists, and at every other mine where a significant geotechnical risk exists, the employer must ensure that the recommendations of a competent person are timeously obtained and considered with regard to the geotechnical aspects of the design, planning and operations of the mine.
3. FOG SAMRASS	SAMRASS 3A, 3B, 3C and 3D forms	The FOG SAMRASS 3 form is used for the rereporting of FOG incidents and accidents.





Table 5: Guidelines Promulgated for the Period under Review

GUIDELINES	DESCRIPTION
1. Guideline for Compilation of Mandatory Code of Practice for Prevention of Fires at Mines.	The main objective of this guideline is to enable the employer at every mine where a fire could pose a significant risk to the health or safety of persons, to prepare a COP which, if properly implemented and complied with, would improve control measures aimed at preventing fire incidents.
2. Guidance note for the Implementation of Standard Threshold Shift (STS) in Medical Surveillance of Noise Induced Hearing Loss	The objective of this guidance note is to provide a framework to assist the employer of every mine to implement the Standard Threshold Shift (STS) principles in the Medical Surveillance System. The STS principles aim to monitor with the intent to prevent noise induced hearing loss in line with the 2014 Milestones for the mining industry and thus the STS principles do not apply to compensation for industrial hearing loss and is not meant to replace Instruction 171 issued in terms of the Compensation for Occupational Injuries and Diseases Act, Act No. 130 of 1993.
3. Risk Based Emergency Care on a mine Guideline	The aim of this guideline is to provide a framework to assist the employer of every mine to prepare a risk based code of practice on emergency care on a mine, managing medical emergencies.
4. Guideline for Falls of Ground	The objective of this guideline is to assist the employer at every mine where there is a geotechnical risk to compile a COP which, if properly prepared, implemented and complied with, will address the geotechnical risk at the mine.

Table 6: Guidance Notes Prepared and Approved for Promulgation

GUIDANCE NOTES	DESCRIPTION
1. Guidance Note for the Implementation of Tuberculosis Preventative Therapy Among People Living with HIV and Silicosis in South Africa	This guidance note has been developed to assist in preparing a comprehensive TB control programme for the management of people living with HIV/AIDS and Silicosis.

RESEARCH PROJECTS SUMMARY

Below is a highlight of the OHS research work completed in 2016/17:

(a) SIM 140301 “Technology transfer on minimising seismic risk in the platinum mines.”

Audits were conducted on current seismic monitoring practice on Bushveld Complex (BC) mines as part of project SIM 100301 “Minimising the increasing rockburst risk in the platinum mines.”. The outcome of the project resulted in recommendations in various areas, including

the management of seismic risk in platinum mines. The Mine Health and Safety Council embarked on a project that addresses technology transfer of the outcomes of SIM 100301.

This project resulted in the development of innovative, animated learning and awareness training material modules which can be used by the mines to train both their production and rock engineering personnel on how to manage seismic risk and how to avoid practices that are known to result in increased seismic hazards. Figure 2 shows screen shots of the training animations produced in this project.



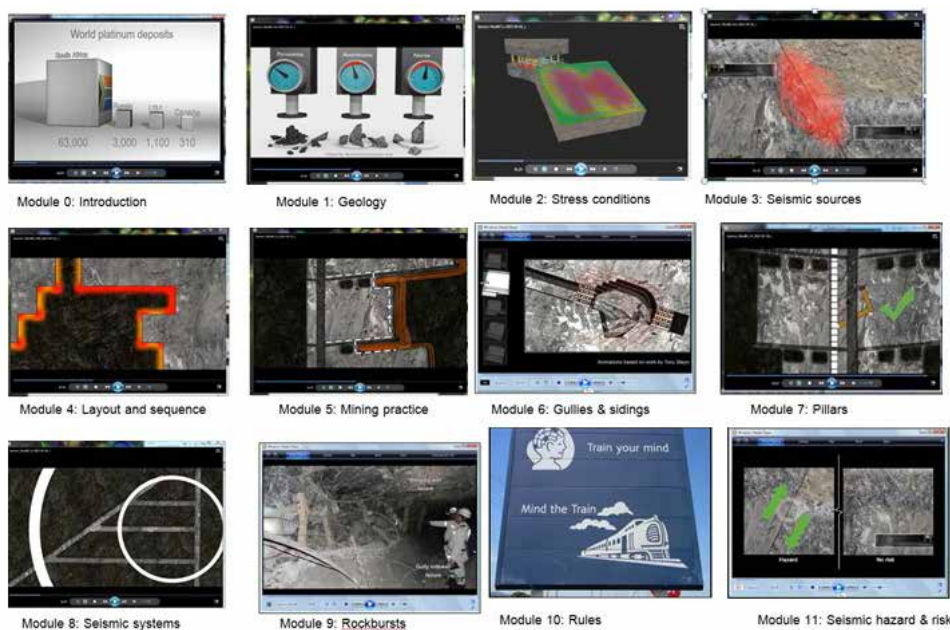


Figure 2: Screenshots of the animated training material for rock engineering and production personnel

The Table below defines the Training Material Modules for minimising Rockburst risk in Platinum mines:

Table 7: Training Material Modules

MODULE	TITLE	DESCRIPTION
0	Introduction	The module provides a history of Platinum Group Metals (PGM) mining in the South African Mining Industry. It also provides an overview of the main topics covered by all the training modules as well as explaining how the user interface embedded in the modules can be used to select the required modules.
1	Geology	The module reviews the geology of the platinum region and establishes common features, and therefore common causes of seismicity. It also explains the formation of the minerals in the Merensky and UG2 rock masses.
2	Stress	The module describes the principles of stress distribution in the underground mining operations in the Eastern and Western Bushveld Platinum Group of Metals (PGM) mines.
3	Seismic Sources	The module describes the nature of seismic sources, such as, mining induced tremors, seismic event, waves, basic source parameters, slips and bursts and their causes, and occurrences and how they can be quantified.
4	Layout and Sequence	This module describes the common mining methods in the PGM mines.
5	Mining Practices	This module describes how to safely mine narrow tabular reefs, which are prevalent in the PGM mines, in order to reduce seismic and rock burst risk.
6	Gullies and Sidings	The module describes the role played by the size and extent of Gullies and Sidings in the mitigation or exacerbation of the seismic and rock burst risk in the PGM mines.
7	Pillars	The role of pillar design, i.e., their size, shape and position in the workings, in the mitigation of seismicity and rock burst is explained in this module.
8	Seismic System	Module 8 discusses the basic components of Seismic Networks and their functionality in monitoring and recording seismic events.
9	Rockbursts	The module explains a seismic event and a rock burst event, and how they can be prevented.
10	Rules	This module explains why rules and regulations, and adherence thereof, are essential for the mitigation of seismic and rock burst risk in the mining operations.
11	Seismic Hazard and Risk	This module describes the methods to quantify seismic hazards and risk.
12	Summary	This module gives an overall summary of all 11 modules, in an attempt to re-inforce the message.



(b) SIM 140202: “Identify Opportunities for Improving Barring Down Practices”

The purpose of this study was to identify opportunities to improve the safety of barring down practices within the South African mining industry, for the Gold, Platinum and Coal underground mines. The project goals were to report on root cause analysis of barring down related accidents and incidents in the underground Platinum, Gold and Coal mines. The analysis was categorised into ten (10) key areas. These are Risk assessment, Skills, Training, Equipment Selection, Geotechnical Environment, Excavations less than 2m high, Excavations greater than 2m high, Leadership, Human Behaviour and Communication. Other research outcomes

included the identification of leading practices and the recommendation of feasible implementable solutions, the assessment of barring training material, and the development of innovative barring training material.

Observations at various operations led to the identification of good and bad practices. Best practices were identified and six (6) training module videos were developed for the underground Gold, Platinum and Coal mines. Regional workshops are planned to promote the widespread adoption of the research outcomes. The research report and training module videos will be made available on the MHSC website for easy access by the South African Mining Industry and academic institutions.

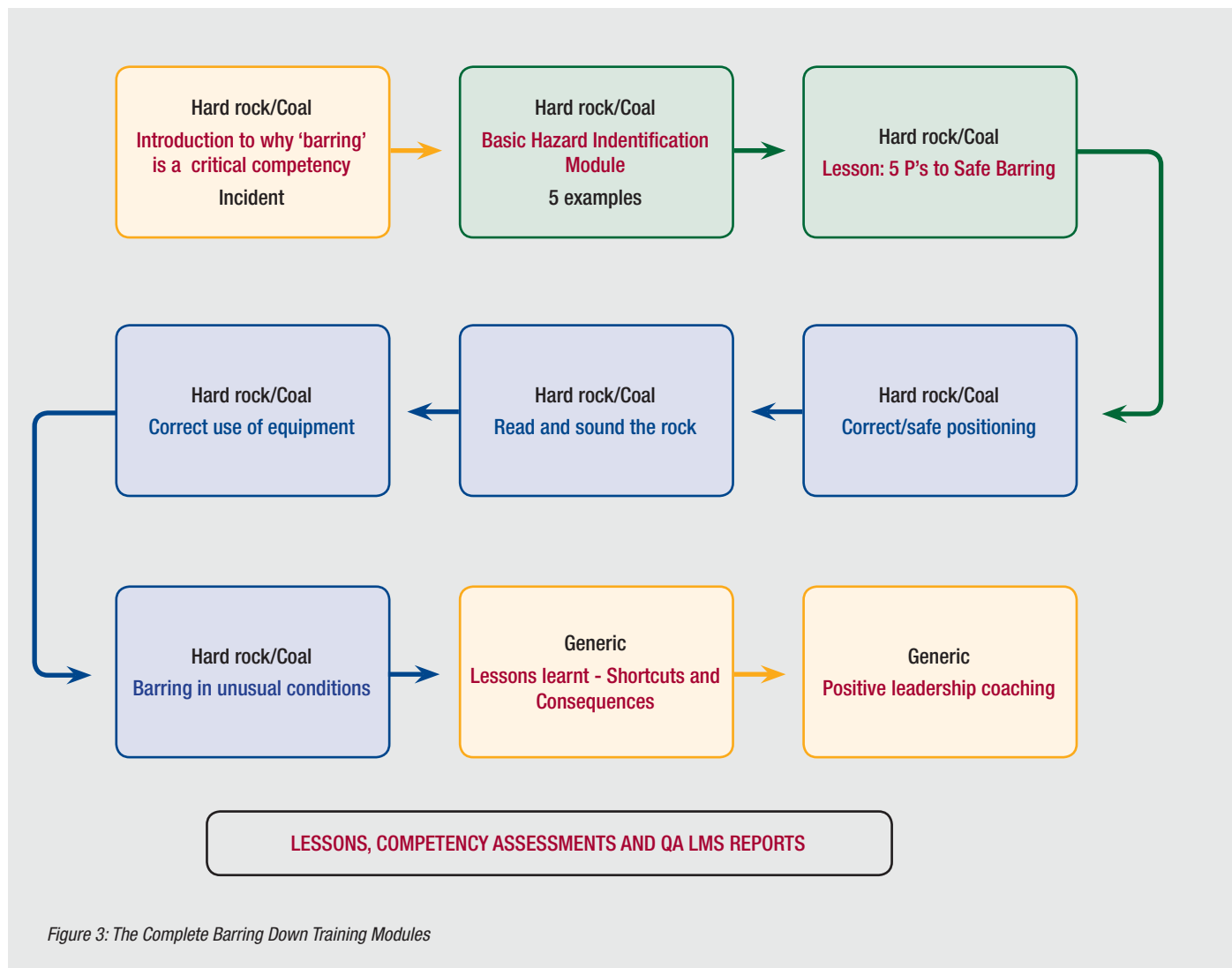


Figure 3: The Complete Barring Down Training Modules





Figure 4: Pictogram animation screenshot of mineworkers conducting barring operations.

(c) SIM 140801: “Adverse Health Impacts Associated with Dust Emissions from Gold Mine Tailings”

The objective of the study was to:

1. Investigate the association between exposure and prevalence of adverse health effects of people living close to the Tailings facilities (mine dumps).
2. Investigate and report on the environmental tailings particulate matter levels.
3. Investigate and report on cause-effect relationship in order to test the hypothesis: “The higher the particulate matter (PM) level exposure, the higher the prevalence of respiratory disease associated with toxins thereof”.
4. Compile a practical guideline to reduce the exposures.

The study could not determine a causal relationship between exposure to tailings dust and the associated disease within communities. However, the study recommended that adequate mitigation measures are put in place to control tailings dust emissions.

Six (6) Tailings Surface Facilities (TSFs) from the Klerksdorp, East and West Rand regions were identified to test the proposed hypothesis. Four (4) of these TSFs were chosen based on either one or more of the following criterion that would represent a “worst case” scenario:

- High population densities close to the TSFs
- TSFs in operation for many decades
- Long term meteorological data.

The fifth TSF was started in the 1980s, resulting from the redeposition from reclamation of smaller TSFs. Aerial views of all the TSFs are shown in Figure 5. Close up images of some of the TSFs revealed that there are no effective buffers between communities and the TSFs (Figure 5). The extent of the impact on these communities depends on the frequency of dust storms. Wind speeds associated with dust generation occur with varying frequency related to the wind direction. Wider angles of wind direction which would carry dust from the TSF to the community increase the potential impact. Thus, those areas surrounded by or close to larger TSFs have higher possibility of exposure.





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Figure 5: Location of mining tailing surface facility, effect of dust emanating from tailing surface facility..

(d) SIM 140901 “Develop a South African Minimum Standard on Ground Vibration, Noise, Air Blast and Flyrock Near Surface Structures to be protected.”

The aim of this project was to provide research based inputs into the drafting of Guideline for opencast mining to minimise blast induced damage and nuisance thereof, to communities surrounding the open-pit mining operations.

Mining activities invariably involve the breaking of rock, through blasting activities. Going hand in hand with blasting are the adverse effects, such as ground movement, noise, dust, air blast and flyrock. Ground movement and air blast may cause damage to structures, such as buildings and other infrastructure. Noise and dust can cause hearing loss and ill health, apart from this being a nuisance to the affected communities. Figure 6 shows an example of damage to structure that may be affected by opencast mining activities.





Figure 6 Communities that may be affected by mining activities



Figure 7: Examples of some of the damages to dwellings, reportedly caused by the effects of blasting

(e) SIM 140205 Fluid-Induced Seismicity Prediction of Ground Motion in the Central Rand Basin project.

The project addresses the problem of the risks posed by fluid-induced seismicity in the greater Johannesburg area, as a result of water ingress in old mine workings.

The study has made recommendations to local municipalities and civil engineering associations in the

design of structures on areas that are likely to be affected by fluid induced seismicity.

Below is a Map of seismic risk for Central Rand Basin depicting the concentration of seismic risk. The Green coloured areas are of a lower risk compared to the Red coloured areas.

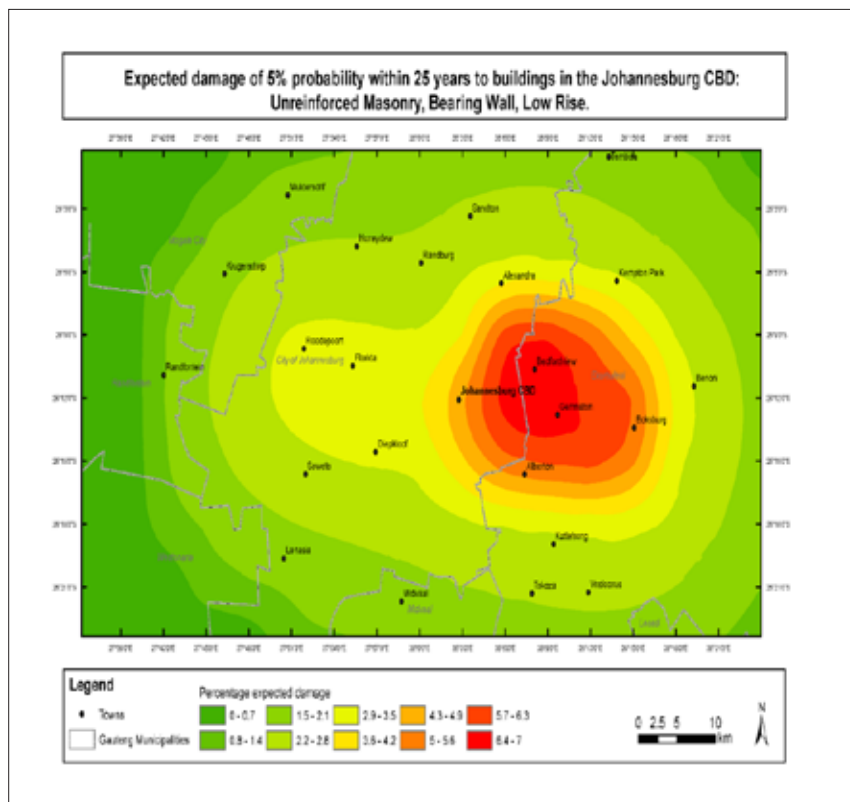


Figure 8: The red depicts areas that are vulnerable to high seismic magnitude.

(f) Management of TB in the South African Mining Industry

At the 2014 OHS Summit; the MHSC set targets on the management of TB and HIV/AIDS to ensure that all mine employees are screened for TB. In order to achieve that target, the Mine Health and Safety Council reviewed the Guidance Note for the management of Tuberculosis (TB) in the South African Mining Industry (SAMI) as well as the Guideline for the Compilation of a Mandatory Code of Practice for an Occupational Health Programme on Personal Exposure to Airborne Pollutants. The Guidance note provides guidance to the employers in diagnosis and treatment of TB in the SAMI. The Airborne

Pollutants Guideline assists the employers to establish an Occupational Health Programme that sets out a basic system for managing risk to health.

(g) Integrated Policy on Management and Reporting for HIV, AIDS, TB and Occupational Lung Diseases (HATOLD) in the South African Mining Industry.

This aim of the project was to integrate the management and reporting of all three diseases (HIV/AIDS, TB and Occupational lung diseases) with a view to establish understanding of the current industry practices.

(h) OHS 150301 Guideline to assist Small Scale Mines to Comply with the MHSA

This Guideline is intended to provide guidance for small scale and artisanal mines to develop their mine health and safety systems and plans which will enable them to comply with Mine Health and Safety Act.

The Guideline further seeks to address the areas of concern regarding compliance with MHSA by small scale mines. The areas include: OHS policy, risk management, accident/incident investigations, training, mandatory Code Of Practice (CoP), legal appointments, occupational hygiene measurements, medical surveillance, and statutory reporting.

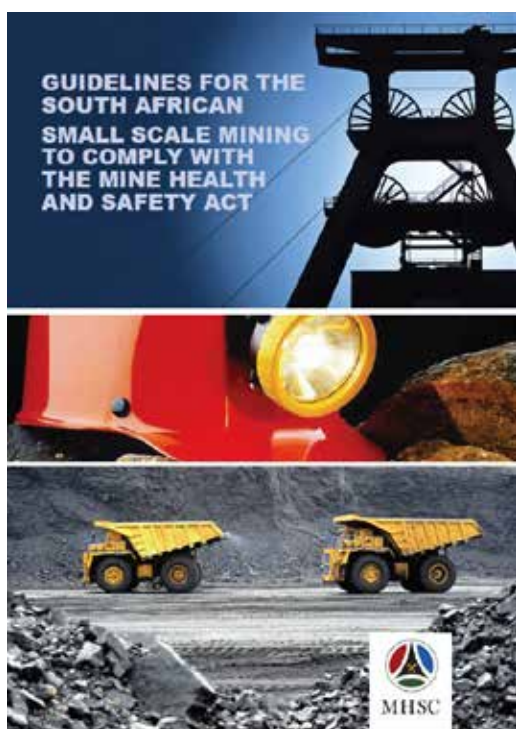


Figure 9: Small Scale Mining Guideline

(i) CoE 150902 Development of a Database for Statutory Equipment

As part of implementing the 2008 Presidential audit recommendations, the Mine Health and Safety Council conducted research on the development of a database to be used to determine the level of compliance of mines in South Africa in relation to statutory equipment maintenance and reporting.

The database will allow the Mine Health and Safety Council to advise the Minister on proposed steps, regulations or other identified interventions in relation to statutory equipment reporting.

The database covers areas which will be used by the industry to report on the following legal compliance information:

- When last was the equipment serviced;
- Next service date/period; and
- The status of the equipment.
- State of repair of the equipment



Figure 10: Central Database for Statutory Equipment

(j) SIM 140905 Handbook for Personal Protective Equipment

In South Africa, the mining industry was historically male-dominant and involved hazardous, labour-intensive work. Many aspects of the work environment offered little or no gender-appropriate modifications. There was no off the shelf Personal Protective Equipment available for female workers. Normally male Personal Protective Equipment was, and is still used for them, which is invariably too big and ill fitting.

The Mine Health and Safety Council developed an illustrative guide which is meant to equip mining houses, Women in Mining (WiM) groups, stakeholders, Personal Protective Equipment manufacturers etc. with full knowledge about requirements of Personal Protective Equipment for WiM.





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Mine Health and Safety Council



Figure 11: SADC Ministers at the Compensation Summit

8.2 CORPORATE SERVICES

The Corporate Services Unit renders the following support services to the Mine Health and Safety Council and its stakeholders: Communication and Promotions, Human Capital Management, Records Management, Facilities and Security Management.

8.2.1 COMMUNICATIONS AND PROMOTIONS

The communications and promotions function is responsible for the implementation of a communications and promotions strategy to promote the health and safety culture in the mining industry. The Mine Health and Safety Council hosted workshops and conferences in the year under review in its bid to fulfill its mandate and continuously engage with stakeholders.

The following are some of the communications and promotions initiatives that were successfully implemented:

(a) Compensation Summit

Upon realising that there were disparities in compensation payouts between Compensation of Occupational Injuries and Diseases Act (COIDA) and Occupational Diseases in Mines and Works Act (ODMWA), the Mine Health and Safety Council hosted a compensation Summit as part

of the 2014 Tripartite Summit initiatives.

The Summit was a two-day event held in May 2016 under the theme “Access to equitable compensation services and fair social benefit protection for all workers”, with over 200 delegates in attendance, including Ministers from the Southern African Development Countries (SADC).

This is a continuation of government efforts to develop an enhanced Compensation System in South Africa that would provide technical support for streamlining the policy and regulatory instruments for compensation to improve the welfare of mineworkers and ex-mine workers. The aim of the Summit was therefore to identify strategies for implementation in order to develop a unified and comprehensive compensation system for all mineworkers in South Africa.

The Mine Health and Safety Council also completed a study that will form part of the input into the legislative review of the COIDA and ODMWA.

(b) International AIDS Conference

In 2016, during the 21st International AIDS Conference, the Mine Health and Safety Council hosted a one day Parallel Session in Durban under the theme “Intensifying



the HIV and TB response in the mining industry". The theme of the Parallel Session was in line with one of the objectives of the International AIDS Conference. The purpose of hosting the Parallel Session was to:

- Enhance knowledge on TB and HIV/AIDS at the mines;
- Share initiatives undertaken by the stakeholders (labour, government, business) in the mining industry; and
- Explore innovative approaches to improve management and control of TB and HIV/AIDS in the future.

The partners who were involved in the hosting of the Parallel Session included the Chamber of Mines (CoM), the South African Business Coalition on Health and AIDS (SABCOHA) and the International Labour Organisation (ILO). Delegates representing government, organised labour, higher learning institutions and companies from the mining industry, including mining executives and other business sectors, attended the session.



Figure 12: Tripartite stakeholders at the 21st International AIDS Conference Parallel Session

(c) 2016 Mine Occupational Health and Safety Summit

The year 2016 was a year of reflection by the Tripartite Stakeholder Principals upon realising that there was an increase in fatalities and accidents in the mining industry. Ahead of the Mine Health and Safety Council biennial OHS Summit, the Tripartite Stakeholder Principals gathered for a workshop hosted by the MHSC Council in October 2016 to review the mining industry's health and safety performance and its implications to the achievement of the 2014 milestones.

The 2016 Occupational Health and Safety Summit, hosted by the MHSC, was held on the 17th and 18th November 2016. Attended by almost 500 delegates, the Summit achieved its objectives in terms of reviewing the progress on OHS performance and providing feedback to stakeholders on the implementation of the 2014 milestones. The achievement of the milestones is key in ensuring that the state of health and safety at mines is improved. Around 80% of delegates indicated their approval of the Summit and its contents.



Figure 13: 2016 Occupational Health and Safety Summit

The OHS Summit event was concluded on a high note with Tripartite Stakeholder Principals re-committing themselves to the achievement of the 2014 OHS milestones. They signed a pledge and agreed on five (5) actions which will be monitored together with the 2014 milestones every two (2) years until 2024; through an electronic reporting and monitoring system. The signed pledge included the following:

- Tripartite visibly felt leadership and relationship building was needed
- Trust deficit
- Communication
- Empowerment of supervisors and employee empowerment
- Annual company health and safety days

The Tripartite Stakeholder Principals agreed to meet biannually to reflect on OHS matters and review progress on the achievement of the 2014 milestones.

The Summit stakeholders further committed to the



implementation of the Centre of Excellence (CoE), which seeks to consolidate research activities to avoid duplication of research and adequate leveraging of resources whilst ensuring that there was capacity building in health and safety so desperately needed in the mining sector. The training of mineworkers has been identified as critical to ensuring that the vision of the Centre is also realised.

(d) World AIDS Day Commemoration

The World AIDS Day (WAD) commemoration was first held in 1988. Subsequently, WAD is commemorated on the 1st of December each year and is used as an opportunity for people worldwide to unite in the fight against the epidemic, and to show support for people living with HIV and AIDS.

In showing its commitment, as well as its support to the Department of Health's initiatives of addressing the scourge of HIV and AIDS including TB, the Mine Health and Safety Council hosted the World AIDS Day Commemoration on the 10th of December 2016. The WAD was held at the Nzalabantu Stadium in Richards Bay under the theme of "It is in our hands to end HIV and TB in the SAMI". Richards Bay, a town within the King Cetshwayo District in KwaZulu Natal recorded a high

burden of HIV and AIDS prevalence. The event was held in collaboration with the Richards Bay Minerals and other stakeholders.

The activities of the day included mobile testing stations for TB; HIV and AIDS; Eye tests; and Screening of Non-communicable diseases (NCDs) such as Blood Pressure and Glucose. All people who tested positive on the day were referred to health services for further management (care and treatment).

Medical male circumcision (MMC), as well as free x-rays were offered to those who were interested in these services.

(e) Occupational Health Dialogue

The second Occupational Health Dialogue took place in March 2017. The event was attended by over 200 delegates, which included representatives from Lesotho, Mozambique, Swaziland and other countries.

The outcomes of the OH Dialogue indicated that, through the review of the Occupational Health performance, it has been found that mines have not yet reached the 2014 milestone targets and that there is a still concern regarding noise exposure. However, there is an improved understanding of the state of health of mineworkers. The OH Dialogue delegates made proposals on how to close



Figure 14: MHSC World AIDS Day commemoration in Richards Bay





Figure 15: MHSC Occupational Health Dialogue



Figure 16: Delegates at the MHSC Occupational Health Dialogue

identified gaps. These proposals will be considered by the relevant Mine Health and Safety Council Committees and translated into action plans, which will in turn be linked to the 2016 OHS Summit Milestones.

Below is the summary of the identified proposals:

- Revision of the reporting forms for TB and HIV/AIDS reporting Form.
- Revision of the Record of Hazardous Work Form which is used by the mines for the recording of hazardous work and for linking the medical surveillance results of employees to the hazardous work.
- Revision of the Guideline on the Prevention of flammable gas and coal dust explosions in Collieries.
- Revision of the Guideline on the prevention of flammable gas explosions in mines other than Coal.

The delegate survey indicated that the Dialogue should be held annually and that it could be held in other regions. There was a preference for more group discussions, with 85% voting yes and 78% of the delegates felt that their expectations for the Dialogue were met.

(f) Regional Tripartite Forums

The Mine Health and Safety Council has, over the past few years embarked on a programme to support Regional Tripartite Forums (RTFs) and where such forums were not optimal, the Mine Health and Safety Council assisted in optimising these RTFs.

During the 2016/17 financial year, the Mine Health and Safety Council intensified its support and participation at the RTFs in all the regions across the country. The MHSC further ensured at the RTF meetings that there was popularisation of the 2014 milestone reporting templates and other critical research outcomes and new regulations.

(g) Women in Mining Programme

The following initiatives were undertaken to address OHS issues affecting Women in Mining (WiM);

1. Workshop held at the North-West Klerksdorp Regional Tripartite Forum

The North-West Klerksdorp Region was chosen as the site to pilot the implementation of WiM programmes before promoting their wide spread adoption in the



SAMI. To this end, the Mine Health and Safety Council in partnership with the Tripartite Forum hosted a WiM workshop in March 2017. The purpose of the workshop was to assist the mines to implement WiM programmes.

- Prevention of sexual harassment and violence against women at workplaces.
- Provision of appropriate Personal Protective Equipment, sanitary and ablution facilities to WiM.

The target audience for the workshop were the WiM, male mine workers, senior mine management, human resources personnel, safety personnel, training personnel, unions, Department of Mineral Resources (DMR) and any other interested and affected parties. It is envisaged that lessons learnt at the workshop will go a long way to promote the Health, Safety and Security of Women in the SAMI, thus ensuring every woman returns from work unharmed everyday.

A high-powered delegation of presenters from MHSC, DMR, Klerksdorp WiM Sub-committee, Sonke Gender Justice and University of South Africa delivered some thought provoking presentations at the workshop. The Mine Health and Safety Council distributed WiM related promotional material such as the Personal Protective Equipment handbook, Personal Protective Equipment guidelines and the prevention of sexual harassment video at the workshop.

Noting that men play a crucial role in the promotion of the Health, Safety and Security of Women in the SAMI, all men were asked to make the following pledge:

- We take the pledge to stop Violence and Sexual Harassment against Women at our workplaces and communities.
- We will play a role in promoting the health, safety and security of women at our workplaces and our communities.
- We believe in the power of one voice, one message, one conversation, one intervention to make our workplaces and communities as conducive as possible to our women.
- We will treat all women as equal and fair as other men.
- We will respect their differences and not use it negatively.
- We will treat all women with dignity and respect.
- We will protect and care for the women at our homes looking after our children.
- We will not physically or emotionally abuse women.
- All forms of Violence and Sexual Harassment against Women will not be tolerated and action will be taken against those who are found guilty of it.

The Mine Health and Safety Council continues to collaborate with the SAMI to address the Health, Safety and Security challenges faced by WiM through research and dissemination of research outcomes. The pilot project was successful and it will be extended to tripartite forums across the country.



Figure 17: Delegates at the WiM Workshop



Figure 18: A speaker on Gender issues at the WiM Workshop

2. Commemoration of Women's Month

The Mine Health and Safety Council participated at the 60th anniversary of women's march in August 2016. Furthermore the MHSC hosted a student WiM workshop under the theme, "Developing and empowering the next generation of Women in Mining". The main aim of the Mine Health and Safety Council participating at the event was to showcase the Personal Protective Equipment suitable for WiM, and raise awareness amongst students on OHS challenges impacting WiM.

(h) Commemoration of the Kinross mining disaster

A commemoration of the Kinross Mining Disaster was held in September 2016, in partnership with the Evander Gold Mine. This event was in honour of the mineworkers who lost their lives on the 16th of September 1989. A memorial wall was built at the Winkelhaak Cemetery and tombstones were unveiled for mine workers who died in the line of duty.

Whilst these mining disasters will forever be entrenched in the minds of families of these fallen Mine Workers who lost their lives in different incidents, there has been tremendous progress in the mine health and safety of the mining industry.

(i) World TB Day Commemoration

TB related infections in the mining industry remain a major cause for concern despite major strides made by mining houses and the Department of Health in combating the diseases.

The Mine Health and Safety Council, in partnership with Organised Labour, hosted the World TB Day in Matlosana at the James Motlatsi Stadium in October 2016, under the theme "United we can end TB in the mining industry".

The Mine Health and Safety Council continues to strive to fulfil our mandate by participating at relevant events, including the Mining Indaba; the SA Aids Conference and the Mine Safe Conference. We also make use of Newsletters and our Mine Health and Safety Council Magazine to communicate and disseminate information to our stakeholders. We have also revamped our website in order to make information on Research outcomes easily accessible.

8.2.2 HUMAN RESOURCES MANAGEMENT

As an evolving organisation, the Mine Health and Safety Council continues to formulate and implement several strategic and change initiatives. The Human Resources function has made great strides in the human capital management of the



Figure 19: Women March





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Mine Health and Safety Council



Figure 20: Delegates undergoing various health tests during World TB Day Commemoration

organisation during the reporting period. All critical vacancies were successfully filled, and this has improved the operational efficiency of the organisation.

Critical to the transformation of the organisation and ultimately the improvement of service delivery to all stakeholders, is understanding employee perceptions. There are a number of strategies employed by Human Resources in this regard. An annual climate survey was conducted in March 2017. The survey provides an organisational climate study to better understand employees' perceptions of the Mine Health and Safety Council.

The survey yielded meaningful information about the attitudes and opinions of employees that will assist the Mine Health and Safety Council in engaging with employees to instil positive changes. Overall, the findings of the survey suggest that MHSC employees are proud of the Mine Health and Safety Council brand, they are further committed to the mandate of the organisation and generally experience the Mine Health and Safety Council as a good company to work for. Participants also indicated suggestions for improvement which are being

taken into account. These suggestions will form the basis of the MHSC organisational climate action plan for the 2017-2018 financial year.

The Mine Health and Safety Council implemented the organisational climate survey action plan on issues that were identified in the previous financial year. The organisation exceeded its target and achieved 84% of the number of interventions that were planned.

The Mine Health and Safety Council established a Staff Engagement Forum, which is a meeting held with staff on a quarterly basis on matters affecting the working environment and their well-being. Employee engagement activities were also conducted and yielded positive results, amongst others, a Quarterly Team Engagement session, where Staff is provided with a business update on the performance of the organisation and an address on work life balance. These sessions are held in conjunction with the MHSC's staff-wellness partner. The staff-wellness partner continues to offer ongoing wellness, trauma, counselling and coaching support to the MHSC staff and their families living in the same household.





Figure 21: MHSC Staff members releasing balloons during the MHSC World AIDS Day Event held on 1 December 2016 at the MHSC Office, in commemoration of loved ones who lost their lives due to the AIDS epidemic.

A major trend identified from the analysis of the exit interviews that were conducted by the Human Resources function as part of the organisational climate management, indicated a lack of staff benefits, in particular, a pension fund as a major area of concern. The Mine Health and Safety Council is pleased to announce that a landmark achievement was reached in March 2017 when the Council approved a pension fund contribution in favour of all Staff, with effect from 1 April 2017. This offer by the MHSC was greatly welcomed by

members of staff and it is envisaged that it will have a positive impact on staff morale and enhanced commitment in the future. Management would like to acknowledge the Human Resources Remuneration Advisory Committee, members of Council and all our stakeholders for making this a reality for the MHSC's Staff.

To foster a positive organisational climate amongst the MHSC staff, a number of special staff events were facilitated by HR as highlighted in table 8 on the following page.





Table 8: Comparison of Staff Profile – 2015/16 & 2016/17

BUSINESS UNIT	APPROVED POSTS		NUMBER OF FILLED POSTS	
	2015/16	2016/2017	2015/16	2016/2017
Office of the CEO	3	6	3	5
Research	18	16	12	13
Finance	14	14	11	14
Corporate Services	21 (Note C)	18	16 (Note C)	15
Information Technology	4 (Note C)	3	3 (Note C)	3
Governance, Risk, Compliance and Legal (GRCL)	3	3	3	3
Total	63	60 (Note A)	48	53 (Note B)

Note A: There has not been an increase in posts, below are some changes from the various business units:

- Office of the CEO: There is a fixed-term contract employee, seconded to the Mine Health and Safety Council from the Mining Qualifications Authority as a Project Manager of Mine Disasters Commemorations, on a 1 year fixed-term contract, from 1 September 2016 – 31 August 2017. The Security Risk Manager and Security Officer post were transferred from Corporate Services to the Office of the CEO in March 2017, therefore there has been no increase in headcount.
- Research: Two staff members were permanently boarded for medical reasons in September 2016. Prior to the final boarding, two (2) posts were approved on a fixed-term basis for business continuity purposes. These posts have now been done away with, thus the reduction in headcount from 18 to 16.

Note B: HR made good progress in its drive to fill vacancies in order to manage the vacancy rate, with the balance of the vacancies to be filled in the new Financial Year as part of the implementation of the Centre of Excellence's approved business plan. This position was taken in order to rationalise the workforce with the requirements of the CoE.

Note C: In the previous reporting period Corporate Services and Information Technology had employed two (2) Interns and one (1) respectively, in January 2016, the interns were reported as part of the approved and filled posts for Corporate Services and Information Technology thus the reduction in number under the period in review.

Table 9: Staff by level or category for each post filled– 2015/2016 & 2016/2017

EXECUTIVE MANAGEMENT		SENIOR MANAGEMENT		MIDDLE MANAGEMENT		OTHER STAFF	
2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017
4	4	2	2	12	13	37	39

Table 10: Staff Turnover as at 31 March 2017

CATEGORY	NEW APPOINTMENTS 2016/17	TERMINATIONS 2016/17
Executive Management	0	0
Senior Management	0	0
Middle Management	3	0
Other Staff Members	13	9
Total	16	9



Table 11: Categories for employment termination as at 31 March 2017

REASON FOR TERMINATION	NUMBER	
	2015/16	2016/17
Deaths	0	0
Resignation	5	4
Expiry of contract	3	3
Dismissal	0	0
Retirement	0	0
Medical Boarding	0	2

Table 12: Staff Demographics

BUSINESS UNIT	GENDER		DEMOGRAPHICS			
	FEMALE	MALE	AFRICAN	INDIAN	WHITE	DISABILITY
Office of the CEO	3	1	3	1	0	0
Corporate Services	7	11	18	0	0	1
Governance, Risk, Compliance and Legal	2	2	4	0	0	0
Finance	11	4	14	1	0	0
Research	8	5	12	1	0	0
Information Technology	1	3	4	0	0	0
Total	32	26	55	3	0	1

The gender representation has improved with Females at 55% of the MHSC work-force. Concerted efforts are to be applied in order to attain representation on the race and disability categories.

Table 13: Interns Placement

BUSINESS UNIT	NUMBER OF FILLED POSTS	
	2015/16	2016/2017
Office of the CEO	0	0
Research	0	0
Finance	0	1
Corporate Services	2	2
Information Technology	1	1
Governance, Risk, Compliance and Legal (GRCL)	0	1
Total	3	5





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Mine Health and Safety Council

- Finance; employed one (1) Intern on an 18 month fixed-term contract, from March 2017.
- Corporate Services; employed two (2) Interns in January 2016 on an 18 month fixed-term basis. These two (2) interns were reported as part of the filled posts for corporate services in the previous reporting period.
- Information Technology; employed one (1) Intern on an 18 month fixed-term basis from January 2016.
- Governance, Risk, Compliance and Legal; employed one (1) Intern post on an 18 month fixed-term basis from March 2017.

The Mine Health and Safety Council Internship programme continues to function, with ongoing recruitment. South Africa is faced with a major problem of unemployment among the Youth. Jobs are not being created as quickly as desired, with the problem of unemployment being exacerbated by lack of skills and formal work experience. The Mine Health and Safety Council has therefore accepted this national challenge as good a corporate citizen utilising this opportunity to plough back into society, by providing opportunities to graduate students to gain practical work experience. The MHSC has now secured 5 (five) Interns on an eighteen month programme. These graduates are provided with an opportunity to equip themselves with the necessary practical experience required to further advance their careers and contribute positively to the economy of the country.

The Human Resources strategy supports the implementation of the CoE business plan. Change Management initiatives are in progress, through the staff engagement forum, to ensure that members of the organisation are up to date with the developments related to the CoE.

The Human Resources function continues in its quest to make the MHSC a great place to work!

8.2.3 RECORDS MANAGEMENT

The Records Management assists the Mine Health and Safety Council to accomplish and carry out its line function of preserving records of MHSC. This is achieved by adhering to principles contained in the National Archives and Records Services of South Africa Act 43 of 1996 in order to ensure good governance. Thus, controlling the life cycle of a record from creation until its disposal either by transfer to an offsite storage or destruction. This has resulted in an improved flow of documents in the organisation, creating great efficiencies in document retrievals.

The organisation continues to enjoy better efficiencies due to the improved access to records, supported by the effective implementation of Records Management Policy, Registry procedure and Records control mechanisms. The establishment of a physical and e-library located at the MHSC's premises has commenced and is in the final stages of completion.



Figure 22: MHSC Staff celebrates Heritage Day.



Figure 23: Award winner of the Heritage Day best dressed staff member (Zime Ndlangana (SCM Manager), flanked by 2 Interns, Progress Mpangane and Thokozani Mtshali, with runner-up Rubeena Sampson (Committee Administrator)



8.2.4 FACILITIES AND SECURITY MANAGEMENT

The main responsibility of the facilities and security management function is to safeguard the well-being of the Mine Health and Safety Council Personnel, assets and information. This function has, in the past year, continued to ensure a smooth functioning of the office that led to a healthy and conducive work environment with no security incidents.

8.3 INFORMATION COMMUNICATION TECHNOLOGY

The Information Communication Technology (ICT) business unit provides an infrastructure platform (application, hardware and software) that supports the Mine Health and Safety Council. The ICT business unit also provides reliable technology infrastructure that is continuously available and secure.

8.3.1 IT GOVERNANCE

The Council has delegated the Audit and Risk Committee (ARC) to oversee the ICT function in pursuance of Business Continuity and information technology investment to ensure that the ICT operational strategy is aligned to the MHSC business strategy. The Information Technology Steering Committee (ITSC) has been established and three (3) independent members have been appointed and an independent ARC member has been appointed to chair the ITSC. The ITSC meets quarterly to review and report progress to ARC on ICT Projects and controls.

8.3.2 BUSINESS CONTINUITY AND DISASTER SIMULATION TESTING

The ICT Unit continuously conducts quarterly planned Disaster Recovery Simulation testing at the appointed service provider premises. The Mine Health and Safety Council warm site has exact replica of the Mine Health and Safety Council server infrastructure. The traditional backup Linear Tape Open (LTO 6) tape drives are still used as an alternative technology in the event that the replication malfunctions.

8.3.3 MANAGING TECHNOLOGY RISKS

The management of risks associated with information systems remains crucial for the Mine Health and Safety Council. The

ICT business unit continues to expand and improve the effectiveness of the Information System (IS) to ensure that the information system's risks are managed and mitigated effectively. Vulnerability assessment on critical systems is conducted on continuous a basis and identified deficiencies are addressed to minimise related risks.

The ICT business unit adheres to available best practice frameworks and standards with Information Technology in Infrastructure and Library version 3 (ITIL V3), Control objectives for information and related technologies (Cobit 5), Minimum information Security Systems (MISS), Code of Governance Principles and King Report on Governance (King III). The unit also complies with the Corporate Governance ICT Policy Framework of the Department of Public Service and Administration (DPSA). To comply with the framework, the ICT unit has ensured that the ICT governance structure is in place and is effectively functional.

8.3.4 ENTERPRISE ARCHITECTURE (EA)

The Enterprise Architecture (EA) function is overseen by ICT business unit. The Enterprise architecture is maturing and ICT business unit strives to adhere to ISO 2007 and The Open Group Architecture Framework (TOGAF).

8.4 FINANCE

The Finance business unit is responsible for the implementation of financial policies, supply chain management (SCM) policies, payroll, and other day-to-day transactional accounting for the Mine Health and Safety Council. It also manages the billing and collections of levies from mines for the MHSC.

In the financial year under review, the business unit exceeded the collection target of 90% by collecting 96% of levies invoiced within a shorter turnaround time.

The financial performance of the Mine Health and Safety Council is reported under the annual financial statement section. The finance unit will continue to provide effective oversight role on budgetary controls and better costs monitoring processes.

The Mine Health and Safety Council is in the process of finalising the revision of the levy model. Currently mines are levied based on the yearly average labour figures and accident days lost on a three year cycle. The proposed levy model will



be risk based, and in addition, it is proposed to incorporate the occupational health risk index.

In the past reporting periods, the SCM function was understaffed. The Mine Health and Safety Council has in the period under review fully capacitated the SCM function.

The effectiveness of the SCM unit has resulted in compliance with applicable laws and regulations and there was no irregular or fruitless and wasteful expenditure in the period under review.

8.5 GOVERNANCE, RISK, COMPLIANCE AND LEGAL

The main functions of this business unit are risk management, monitoring of compliance, facilitating internal and external audits and assisting the office of the Chief Executive Officer and Council with legal and governance matters. The Governance Risk Compliance and Legal unit further assists the Council with drafting and reviewing contracts.

A Mine Health and Safety Council Risk and Compliance Management Committee was established to provide compliance and risk management oversight for the organisation.

In the period under review, the Mine Health and Safety Council compliance maturity level was assessed and found to be at acceptable level. Action plans are in place to ensure to improvement of the compliance maturity level.

As part of compliance and monitoring, the internal and external audit findings were addressed. In addition, the majority of the strategic risks identified have been reduced to an acceptable

level.

For the period under review, Council members were capacitated in various corporate governance through training initiatives that were identified to ensure effectiveness of the Council.

The Audit and Risk Committee has implemented a Combined Assurance Model which includes an Internal Audit (outsourced) function, external audit and internal controls. The work of the committee has been strengthened by the establishment of the Compliance and Risk Sub-Committee reporting to ARC.

LEGAL MATTERS: TIP OFFS

The Mine Health and Safety Council uses the services of an independent service provider to receive and report matters; 7 days a week; 30 days a month and 365 days a year to ensure that any elements of non-compliance, fraud and underhandedness are accurately investigated and dealt with.

LITIGATION MATTERS

No litigation matters were brought against Mine Health and Safety Council in the financial year under review and this can be attributed to a strong and coherent manner in which the Mine Health and Safety Council deals with the legal processes.



Mr T Dube
Chief Executive Officer



9. MHSC PERFORMANCE REPORT

The Mine Health and Safety Council strategic plan is based on the balance score approach, which was first adopted in 2009, has been continuously revised taking into account the changing strategic priorities in the industry and nationally:

- (a) Opportunities and challenges facing the broader mining industry;
- (b) Past performance of the Mine Health and Safety Council and progress made on the strategic objectives;
- (c) A review of the relevance and efficacy of existing strategic objectives;
- (d) The mandate of the MHSC and its statutory committees;
- (e) A review of the MHSC's internal strengths and weaknesses;
- (f) Current and future opportunities and challenges facing occupational health and safety in the mining industry; and
- (g) Changes in national priorities and pressing issues requiring contribution of MHSC.

MHSC developed and successfully implemented the Balanced Scorecard (BSC) approach to monitor performance

against the strategic objectives. The core principles of the four key perspectives within the BSC are shown below in Figure 12.

9.1 PERFORMANCE OVERVIEW

In the 2016/17 financial year the MHSC continued implementing the 2014 Occupational Health and Safety milestones. The bold milestones were set with comprehensive action plans for implementation for the period of ten years, the plans are subject to review every two years. At the 2016 Mine Occupational Health and Safety Summit, the Tripartite Stakeholder Principals signed the Tripartite Pledge, which Mine Health and Safety Council is in the process of implementing in the 2017/18 financial year.

There have been various levels of success in the implementation of the various initiatives that MHSC has embarked on.

A five-year rolling MHSC Strategic Plan was approved by members of the MHSC and implemented during the period under review. Figure 13 below illustrates the strategic objectives within the four key perspectives of the BSC.

1. CUSTOMER PERSPECTIVE	2. INTERNAL BUSINESS
Focus on customer satisfaction to ensure that stakeholder's needs are satisfied and MHSC remains relevant and continues to discharge its mandate. Promotion and communication of Council activities to customers or stakeholders becomes critical.	Four key cluster of objectives that focus on day to day operations; development of products and services to meet the customer needs and assist in customer relationship management.
3. LEARNING AND GROWTH	4. FINANCIAL PERSPECTIVE
Growth in human capital, information capital is critical to the success of any and all organisations. Focussing on skills and capacity development to ensure Council efficiency and effectiveness.	To ensure financial sustainability through revenue collection; reducing operational costs and managing financial risks. Also ensuring efficient and effective utilisation of financial resources.

Figure 24: Principles of the BSC approach



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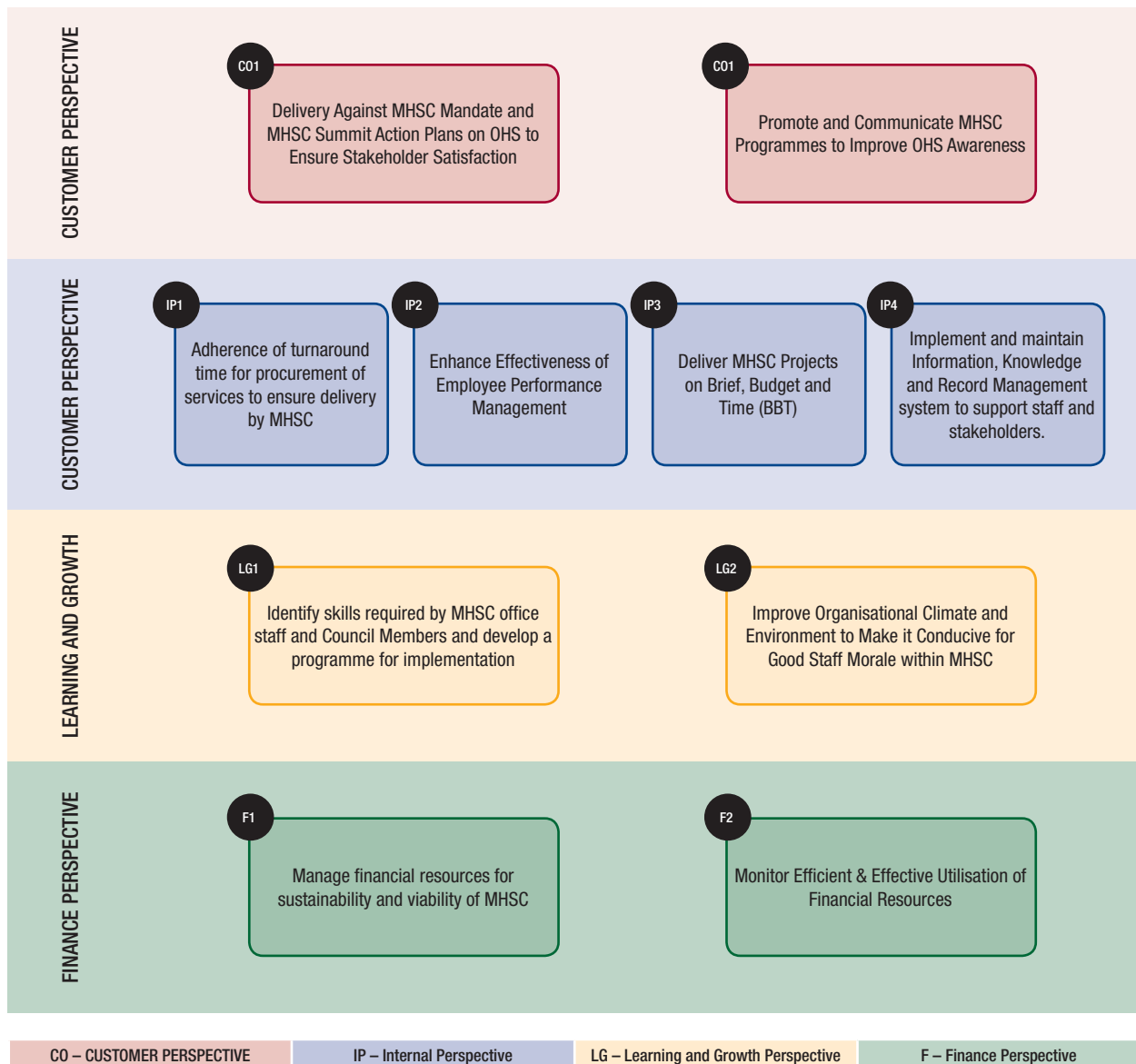


Figure 25: MHSC Strategic Map for 2016/17



10. MHSC STRATEGIC OBJECTIVES

During the period under review, the MHSC has achieved a 90% performance as indicated in the table 14 below:

NO.	STRATEGIC OBJECTIVE	TARGET	ACTUAL	STATUS
1.	Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction. (CO01)	100%	100%	ACHIEVED
2.	Promote and communicate MHSC programmes to improve OHS awareness. (CO02)	80%	88%	ACHIEVED
3.	Adherence of turnaround time for procurement of services to ensure delivery by MHSC. (IP01)	80%	81%	ACHIEVED
4.	Enhance effectiveness of employee performance management process. (IP02)	80%	81%	ACHIEVED
5.	Deliver MHSC projects on Brief, Budget and Time (BBT). (IP03)	80%	86%	ACHIEVED
6.	Implement and maintain information, knowledge and record management system to support staff and stakeholders. (IP04)	100%	100%	ACHIEVED
7.	Identify skills required by MHSC office staff and Council Members and develop a training or capacitation programme for implementation. (LG01)	80%	82%	ACHIEVED
8.	Improve organisational climate and environment to make it conducive for good staff morale within MHSC. (LG02)	80%	84%	ACHIEVED
9.	Manage financial resources for sustainability and viability of MHSC. (FP01)	90%	96%	ACHIEVED
10.	Monitor efficient and effective utilisation of financial resources. (FP02)	5%	18%	NOT ACHIEVED
TOTAL			90% (9 of the 10 objectives were achieved)	

In order to assist with the interpretation of the performance analysis, the MHSC determines performance as shown in Figure 14 below.

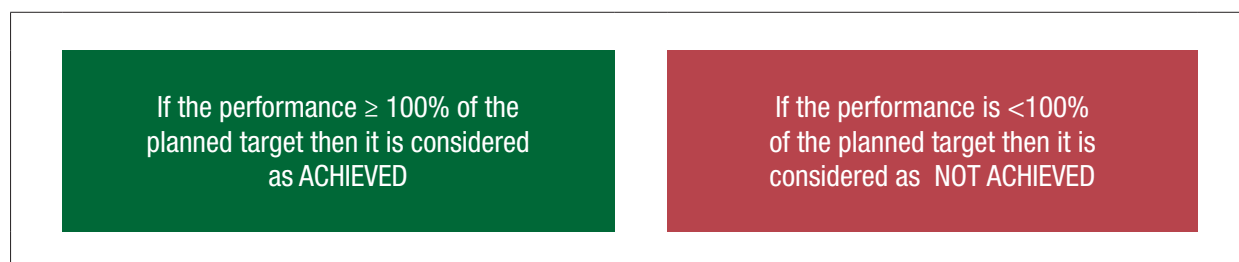


Figure 26: Legend for Performance Rating



**MHSC**

Mine Health and Safety Council

The details against each of the objectives is provided below for each objective

CUSTOMER OBJECTIVE 1:				
Delivery against MHSC mandate inclusive of the MHSC Summit Action				
DEFINITION:				
To deliver OHS services in terms of Council mandate inclusive of the Summit Action Plans to stakeholders that meet and exceed expectation.				
PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Percentage of achievement of initiatives	100%	100%	100%	ACHIEVED
INITIATIVE 1: DEVELOP ONE ADVISORY NOTE FOR SUBMISSION TO THE MINISTER (QUARTERLY)				
<p>The following Advisory Notes that were approved by Council were submitted to the Minister of Mineral Resources during the current financial year:</p> <ul style="list-style-type: none"> (a) Advisory Note to the Minister on the Handbook on Personal Protective Equipment for Women in Mining (WIM). (b) Advisory Note on "Identify Opportunities to Improve Barring Down Practices. (c) Advisory Note to Minister of Mineral Resources on the MHSC Occupational Health and Safety Research and Dissemination Programme for 2017/2018. (d) Advisory Note on Fluid-Induced Seismicity in the Central Basin Area: Ground Motion Prediction and the Development of an Early Warning System for Risk Reduction. 				
INITIATIVE 2: DEVELOP ONE LEGISLATIVE ADVICE FOR SUBMISSION TO THE MINISTER (QUARTERLY)				
<p>The following Legislative Advice documents that were approved by Council were submitted to the Minister of Mineral Resources during the current financial year:</p> <ul style="list-style-type: none"> (a) National Policy on Enforcement Guideline. (b) Trackless Mobile Machinery (TMM) Regulations. (c) Falls of grounds Guidelines. (d) Falls of grounds Regulations and SAMRASS forms. 				
INITIATIVE 3: DEVELOP ONE ADVISORY NOTE ON OHS SUMMIT INCLUSIVE OF HIV/AIDS AND TB (QUARTERLY)				
<p>The following Advisory Notes on OHS inclusive of HIV/AIDS that were approved by Council were submitted to the Minister of Mineral Resources during the current financial year:</p> <ul style="list-style-type: none"> (a) Advisory Note on the Identification, Selection and Promotion of TB Leading Practices in the South African Mining Industry. (b) Guidance Note for Noise Measurement of Equipment to ensure Compliance with MHSC Milestones. (c) Advisory Note on Guidelines for Small Scale Mines to comply with the Mine Health and Safety Act, as amended. (d) Advisory Note on Symptomatically Screen (via a cough questionnaire) all Employees for TB. 				
INITIATIVE 4: LIAISE WITH OTHER BODIES – ESTABLISHED MOUS WITH ORGANISATIONS INVOLVED WITH OHS (MINIMUM OF FIVE (5) PER YEAR)				
<p>The MHSC has continued to engage with the following Primary Service Providers:</p> <ul style="list-style-type: none"> (a) NIOH; (b) CSIR; (c) E@UP; (d) WITS; <p>In addition, the MHSC also signed the additional MOUs with the following organisations involved with OHS who will assist in the implementation of the CoE to:</p> <ul style="list-style-type: none"> (a) MOSH; and (b) MQA. 				



CUSTOMER OBJECTIVE 2

Promote and communicate MHSC programmes to improve OHS awareness. (C002)

DEFINITION:

To implement the approved Communication and Promotion strategy on MHSC programmes and OHS initiatives.

PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Promotion and communication of MHSC initiatives to mining sector	80%	88%	>100%	ACHIEVED

INITIATIVE 1: DEVELOP A PROGRAMME OF INITIATIVES TO PROMOTE AND COMMUNICATE MHSC PRODUCTS AND SERVICES.

The Promotion and Communication strategy which includes initiatives to promote and communicate MHSC products and services was developed and approved by Council in March 2016 for implementation in 2016/17 financial year.

INITIATIVE 2: IMPLEMENT AN APPROVED PROMOTION AND COMMUNICATION STRATEGY PLAN FOR MHSC.

- During current financial year, the following programmes were implemented as part of promotion of MHSC:
 - The review of the corporate identity manual - The corporate identity manual was reviewed and management has noted that there is no need to revise the corporate identity manual because it was recently revised in March 2016;
 - Be active on social networks – The MHSC is active on twitter and LinkedIn;
 - Write up an opinion on the media pieces relating to Occupational Health and Safety – On a quarterly basis the MHSC submits media article to Council for approval;
 - Conduct a Women in Mining workshop (WiM) – The MHSC conducted the workshop;
 - Participation at Mine Safe Conference – The MHSC participated at the Mine Safe conference;
 - Conduct Commemoration of Mining Disaster – The Commemoration was held for Kinross;
 - Conduct the 2016 Occupational Health and Safety (OHS) Summit – The summit was conducted in November 2016;
 - Conduct the HIV/AIDS awareness event – The awareness event was conducted at KwaZulu Natal;
 - Participate in Mining Indaba – The MHSC participated in the event in February 2017;
 - Conduct TB awareness day - The awareness was conducted at Matlosane;
 - Development of bi-monthly newsletters – The MHSC developed five (5) of the six (6) bi-monthly newsletters that were due, and
 - Development of quarterly magazines – The MHSC developed three (3) of the four (4) quarterly magazines that were due.
- In addition to the above planned events the following events:
 - The MHSC hosted the Compensation Summit as part of the 2014 Summit initiatives - this is in line with the Summit initiatives of establishing a multistakeholder team to consider different compensation systems for integration and
 - The MHSC conducted Occupational Health Dialogue – The dialogue mainly focussed challenges on Occupational Health within the South African Mining Industry (SAMI).
- Participate in the Mining Lekgotla – The MHSC could not participate in the event because the event was cancelled by the organisers.
- The MHSC has not conducted roadshows in the current financial year. However RTFs were conducted throughout the country to unpack the 2014 Summit milestones and promote MHSC programmes.

INITIATIVE 3 UNDERTAKE AN ASSESSMENT OF FOUR MAJOR EVENTS (WORLD AIDS DAY, WOMEN IN MINING, OHS SUMMIT AND OH DIALOGUE) CONDUCTED.

- The assessment for Women in Mining, which was due in August 2016 was completed. The assessment indicates an acceptable level of familiarity with the OHS advice developed by the MHSC; with a need for more regional workshops and seminars on OHS issues to increase awareness and help in improving OHS performance in the mining sector. An action plan is being developed in response, for implementation in the 2017/18 financial year.



**INITIATIVE 3 UNDERTAKE AN ASSESSMENT OF FOUR MAJOR EVENTS (WORLD AIDS DAY, WOMEN IN MINING, OHS SUMMIT AND OH DIALOGUE) CONDUCTED. (continued)**

- The assessment for the OHS Summit, which was due in November 2016, was completed. The aim was to rate the level of satisfaction of the guests/stakeholders with the OHS Summit event. The presentation content was overwhelmingly accepted as relevant information, with the timing of the Summit regarded as optimal with a need to review the value derived based on the duration of the event. An action plan is being developed in response, for implementation in the 2017/18 financial year.
- The assessment for World Aids Day, which was due in December 2016, was completed. The assessment indicates general satisfaction with the work of the MHSC on HIV/AIDS; with a need for greater awareness on the HIV/AIDS initiatives by the MHSC. An action plan is being developed in response, for implementation in the 2017/18 financial year.
- The assessment for Occupational Health Dialogue, which was due in March 2017, was completed. The assessment revealed a good level of satisfaction with the progress made by the MHSC on OH matters. It further indicated a need for more regional workshops and improved dissemination on OHS. An action plan is being developed in response, for implementation in the 2017/18 financial year.

INITIATIVE 4: UNDERTAKE AN ANNUAL PRINCIPAL STAKEHOLDER SATISFACTION SURVEY.

The annual principal stakeholder survey was conducted in November 2016 at the OHS Summit. The role of the survey was to assess the level of satisfaction with the role of the MHSC in the South African Mining Industry. An overwhelming majority provided a positive indication; with a need for an improved dissemination of MHSC research outcomes required by the stakeholders. An action plan is being developed in response, for implementation in the 2017/18 financial year.

INITIATIVE 5: UNDERTAKE AN ANNUAL ASSESSMENT ON AWARENESS/SATISFACTION FROM LEVY PAYING MINES.

The levy paying mines survey was conducted in November 2016 at the OHS Summit. The survey revealed that only a slight majority of the levy paying Mines are aware that levies are used to fund OHS research, neither do they understand how the levy rates are calculated. An action plan is being developed in response, for implementation in the 2017/18 financial year.

INITIATIVE 6: UNDERTAKE AN ANNUAL ASSESSMENT ON AWARENESS/SATISFACTION FROM REGIONAL TRIPARTITE FORUMS.

The annual assessment on awareness/satisfaction from Regional Tripartite Forums (RTFs) was conducted in March 2017. The assessment indicates that the regions are satisfied with the contribution made by the MHSC on OHS matters and believe that more regional workshops will improve this significantly. An action plan is being developed in response, for implementation in the 2017/18 financial year.



INTERNAL PROCESS OBJECTIVE 1				
Adherence of turnaround time for procurement of services to ensure delivery by MHSC. (IP01)				
DEFINITION:				
Ensure adherence to prescribed time frames for procurement of goods and services.				
PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Services procurement turnaround time	80%	81%	>100%	ACHIEVED
INITIATIVE 1: DEVELOP & BUDGET FOR AN ANNUAL FORWARD DEMAND PROCUREMENT PLAN (AFDPP).				
The 2016/17 Annual Forward Demand Procurement Plan (AFDPP) was developed and submitted to the National Treasury in April 2016.				
INITIATIVE 2: DEVELOP TERMS OF REFERENCE AND SOURCING STRATEGIES FOR APPROVED APP.				
Eighty (80%) of the Terms of Reference (ToR) were developed as per the Annual Forward Demand Procurement Plan (AFDPP) whilst the other twenty (20%) were carried over to 2017/18 financial year.				
INITIATIVE 3: 60 DAYS FOR OPEN TENDERS PROCUREMENT TURNAROUND TIME.				
During the current financial year, twenty-six (26) open tenders were issued and seventeen (17) were completed within 60 days resulting in 65% achievement of target. This was due to delays in price negotiations and delays in approval processes. As a result the Delegation of Authority (DoA) has since been amended and approved by Council.				
INITIATIVE 4: 20 DAYS FOR RFQS GREATER THAN R30 000 WHEN APPOINTING PROVIDER FROM DATABASE PROCUREMENT TURNAROUND TIME.				
During the current financial year, twenty-one (21) Request for Quotations (RFQs) greater than R30 000 were issued and eighteen (18) were completed within 20 days resulting in 86% achievement of target.				
INITIATIVE 5: 10 DAYS FOR RFQS LESS THAN R30 000 WHEN APPOINTING PROVIDER FROM DATABASE PROCUREMENT TURNAROUND TIME.				
During the current financial year, seventy-seven (77) Request for Quotations (RFQs) less than R30 000 were issued and seventy-one (71) were completed within 10 days resulting in 92% achievement of target.				

INTERNAL PROCESS OBJECTIVE 2				
Enhance effectiveness of employee performance management process. (IP02)				
DEFINITION:				
Ensure employee performance is managed efficiently and transparently at MHSC to enhance staff knowledge and skills and to promote accountability and improved performance.				
PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Percentage achievement of a minimum of 80% on each initiative	80%	97%	>100%	ACHIEVED
INITIATIVE 1: CASCADE APP OBJECTIVES AND ACTIONS INTO PERFORMANCE CONTRACTS OF ALL STAFF.				
The MHSC staff complement, whose performance agreements were for the current financial year, was fifty-eight (58) and all the staff members completed their performance agreements resulting in 100% achievement.				
INITIATIVE 2: CONDUCT STAFF PERFORMANCE APPRAISALS.				
The performance assessment for MHSC staff members are conducted on a biannual basis. Of the fifty-one (51) staff members whose interim performance appraisals were due, forty-eight (48) were completed and three (3) were outstanding resulting in 94%. The non-completion of outstanding assessments was as a result of various issues that were finally resolved.				





INTERNAL PROCESS OBJECTIVE 3: Deliver MHSC projects on Brief, Budget and Time (BBT). (IP03)				
DEFINITION: An effective project management process that ensures effective, efficient, project scoping, scheduling and cost tracking.				
PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Percentage achievement of a minimum of 80% on each initiative	80%	86%	>100%	ACHIEVED
INITIATIVE 1: DEVELOPMENT OF MILESTONE SCHEDULE AND TRACKING OF IMPLEMENTATION.				
A commitment schedule together with the BBT tracking document have been developed and are updated on a continuous basis for monitoring purposes.				
INITIATIVE 2: MONITOR PROJECTS UTILISING PROJECTS MILESTONES AND CONTRACT REGISTER AS PART OF ENTERPRISE PROJECT MANAGEMENT (EPM).				
<ul style="list-style-type: none"> Projects are monitored through the BBT tracking document and Enterprise Project Management (EPM). For the current financial year, one hundred and two (102) milestones were due and eighty eight (88) were delivered resulting in 86% achievement. There were penalties imposed for late submission of milestones and addendums were signed to cater for outstanding milestones. 				
INITIATIVE 3: IMPLEMENT CENTRE OF EXCELLENCE (COE) MODEL.				
<ul style="list-style-type: none"> Nine (9) quick-win projects were identified and eight (8) were contracted and progress monitored. One of the projects on "Developing a continuous dust monitoring and suppression system for the SAMI" was non-responsive and not contracted. The project has been deferred to 2017/18 financial year. The MHSC developed a business plan and implementation plan for the CoE. As part of implementation of the business plan for CoE, two service providers were sourced to implement the business plan for CoE for the following focus areas: <ul style="list-style-type: none"> Organisational design, change and communication management, and Establishing the dissemination and commercialisation function within CoE. The other service providers for two outstanding projects as indicated below are being sourced after the initial procurement process was non-responsive: <ul style="list-style-type: none"> Information Technology Infrastructure and Architecture, and Corporate Governance Policies and Procedures reviews. The MHSC to finalise the procurement process for the two (2) outstanding projects as indicated above and implement the business plan. 				



INTERNAL PROCESS OBJECTIVE 4:

Implement and maintain information, knowledge and record management system to support staff and stakeholders. (IP04)

DEFINITION:

Manage a system for knowledge and information management (KM) at the MHSC which generates critical knowledge, stores and maintains information and records.

PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Implementation of approved documented filing process	100%	100%	100%	ACHIEVED

INITIATIVE 1: MONITOR RECORDS MANAGEMENT SYSTEM.

- The annual monitoring work plan for records management was approved by the Chief Executive Officer in July 2016. The File/Plan implementation schedule which indicates the different targeted business units, was also approved.
- The File/Plan has been implemented for the following areas throughout the financial year resulting in 100% achievement:
 - (a) Research;
 - (b) Communications;
 - (c) Information Technology;
 - (d) Office of the Chief Executive Officer;
 - (e) Supply Chain Management;
 - (f) Governance, Risk and Compliance;
 - (g) Finance; and
 - (h) Records.
- The MHSC has also established a resource centre or library in both electronic and physical formats to provide stakeholders and members of the public access to information on occupational health and safety information and related publications.

INITIATIVE 2: KNOWLEDGE MANAGEMENT SYSTEM AVAILABILITY.

The knowledge management system is functional and has been online throughout the financial. Additional training and awareness has been planned in the next financial year to encourage more usage of the system.

INITIATIVE 3: MONITOR THE KNOWLEDGE MANAGEMENT SYSTEM EFFECTIVENESS.

The Knowledge Management System effectiveness is being measured by the effectiveness tool and the business units are uploading documents to the system. Additional training and awareness has been planned in the next financial year to encourage more usage of the system.





LEARNING & GROWTH OBJECTIVE 1:				
Identify skills required by MHSC office staff and Council Members and develop a training or capacitation programme for implementation. (LG01)				
DEFINITION: Ensure that staff members and Council and Committee members are adequately skilled and competent through the implementation of PDP's to enable MHSC to achieve its goals and mandate.				
PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Implementation of Training and Development Plan	80%	82%	>100%	ACHIEVED
INITIATIVE 1: DEVELOPMENT OF PERSONAL DEVELOPMENT PLANS (PDPS) TO PROVIDE INPUTS TO WORKPLACE SKILLS PLAN.				
The PDPS were developed for the relevant employees of MHSC who were identified as requiring the training interventions.				
INITIATIVE 2: SUBMIT WORKPLACE SKILLS PLANS (WSPS) AND ANNUAL TRAINING REPORT (ATR) TO MQA.				
The WSP/ATR was developed and submitted to the MQA.				
INITIATIVE 3: MONITOR IMPLEMENTATION OF PDPS.				
<ul style="list-style-type: none"> Sixty five (65) training interventions were identified during the financial year and fifty four (54) were implemented resulting in 83% achievement. Some of the training interventions could not be implemented because of the unavailability of the training by service providers at the time and reprioritising of operational requirements. The MHSC has also implemented the capacity building initiatives on job profiles and supply chain management. 				
INITIATIVE 4: DEVELOP AND IMPLEMENT TRAINING PLAN FOR COUNCIL AND COMMITTEES' MEMBERS.				
<ul style="list-style-type: none"> As part of enhancing the skills of the council members, the following training courses were attended by Council members during the financial year: <ol style="list-style-type: none"> Finance for non-finance managers; Public Finance Management Act, Introduction to King IV; and Information Technology Governance. The following training interventions, which were identified were not implemented: <ol style="list-style-type: none"> Project management; and Facilitating effective committee meetings. 				
INITIATIVE 5: CONDUCT INDUCTION FOR NEW COUNCIL AND COMMITTEES' MEMBERS.				
Induction of current Council members was conducted in March 2016 and there were no new Council members appointed during the current financial year.				
INITIATIVE 6: CONDUCT INDUCTION FOR NEW MHSC OFFICE STAFF.				
Induction for new MHSC staff members was conducted on a quarterly basis.				



LEARNING & GROWTH OBJECTIVE 2:

Improve organisational climate and environment to make it conducive for good staff morale within MHSC. (LG02)

DEFINITION:

Fostering a positive organisational climate is conducive for building a productive and stable work force that is motivated to work towards a common MHSC goal to positively influence OHS in the mining industry

PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Level of implementation of initiatives for climate and staff morale within MHSC	80%	84%	>100%	ACHIEVED

INITIATIVE 1: IMPLEMENT INITIATIVES FROM EXIT TREND ANALYSIS IDENTIFIED FROM THE PREVIOUS FINANCIAL YEAR.

- An exit analysis was conducted based on the exit interviews with employees who resigned from MHWC. Four (4) trends have been identified namely:
 - Lack of managerial guidance;
 - Politics;
 - Unprofessionalism; and
 - Poor organisational benefits.
- An action plan was prepared and approved by HRRAC in October 2016. Sixteen (16) of the nineteen (19) action plans were implemented resulting in 84% achievement. A follow-up organisational climate survey was conducted in March 2017 in respect of the 2016/17 financial where an improvement was noted. The balance of the outstanding action plans from 2016/17 will be incorporated into the 2017/18 organisational climate Action Plan.



**MHSC**

Mine Health and Safety Council

FINANCIAL OBJECTIVE 1:

Manage financial resources for sustainability and viability of MHSC. (FO01)

DEFINITION:

MHSC needs to ensure that it collects sufficient income and utilises funds to effectively and efficiently deliver on the MHSC mandate of promoting OHS in the mining industry.

PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET ACHIEVED:	STATUS
Portion of income collected	90%	96%	>100%	ACHIEVED

INITIATIVE 1: VALIDATE DATABASE OF ACTIVE MINES.

Database validation was completed in August 2016. The levies are due and payable within 90 days as per the MHSC Debt Management Policy. A total of R74 .8 million was levied to mines and R72.7 million was collected resulting in 96% achievement.

INITIATIVE 2: IMPLEMENT LEVY TASK TEAM PHASE 1 OUTCOME OF A REVIEWED FUNDING MODEL TO ENSURE THE MHSC IS ADEQUATELY FUNDED FOR DELIVERY OF OHS NEEDS IN THE MINING INDUSTRY AS PER MANDATE AND SUMMIT ACTION PLANS AND PROGRAMMES.

The phase 1 levy task team reviewed the current levy model and recommended the following for implementation:

FOCUS AREA	RECOMMENDATION	STATUS
1. Formalisation of the Roles and Responsibilities for the Administration of the Levy Model.	<p>The task team recommended that:</p> <ul style="list-style-type: none"> (a) The specific roles and responsibilities be formalised between the DMR and MHSC; (b) Specific timeframes be agreed upon for each role; (c) Specific persons be identified within each of these organisations to take responsibility; and (d) Provision is made for raising and resolving alleged non-compliance. 	MHSC has drafted Service Level Agreements (SLA) that specify roles, time frames and specific persons identified to take responsibility within both DMR and MHSC. The MHSC and DMR have signed the SLA.
2. Uncoordinated Validation Processes:	<ul style="list-style-type: none"> • It is recommended that the validation processes be streamlined and synchronised, e.g. the levy data should be submitted to the MHSC at the start of the financial year to ensure that levying takes place by beginning of April and the new levy statement is sent out by first week of May. • It is recommended that the verification of the statistical information be formalised between the DMR and MHSC. 	The MHSC has streamlined and synchronised the validation process and in addition the MHSC has automated the levy process.
3. Data System:	<ul style="list-style-type: none"> • The respective processes within the DMR and MHSC are reliant on manual input and verification, which are time consuming and lead to incorrect or duplicated statistics. Transcription errors contribute to the inaccuracy of data base details. • Both data systems have been automated. 	The levy process has been automated.



INITIATIVE 2: IMPLEMENT LEVY TASK TEAM PHASE 1 OUTCOME OF A REVIEWED FUNDING MODEL TO ENSURE THE MHSC IS ADEQUATELY FUNDED FOR DELIVERY OF OHS NEEDS IN THE MINING INDUSTRY AS PER MANDATE AND SUMMIT ACTION PLANS AND PROGRAMMES. (continued)

FOCUS AREA	RECOMMENDATION	STATUS
4. Non-participating Quarries, Clay and Sand Mines, Borrow Pits, Tunnelling Operations, etc.	<ul style="list-style-type: none"> Quarries and other similar mines sometimes report labour statistics and incidents at adjacent non-mining operations, such as brickworks, together with the mines' reports to the DMR. It is recommended that the levy system be explained and promoted to such mines before any billing is due. On a yearly basis MHSC visits the mines, and educates them on the levy system. This has resulted in MHSC being able to reduce its non-paying mines. Communication has been sent to DMR concerning outstanding levies. 	On a yearly basis MHSC visits the mines, and educates mines on the levy system, and this results in MHSC being able to reduce its non-paying mines.

INITIATIVE 3: FINALISE LEVY TASK TEAM PHASE 2 OF A REVIEWED FUNDING TO ENSURE THE MHSC IS ADEQUATELY FUNDED FOR DELIVERY OF OHS NEEDS IN THE MINING INDUSTRY AS PER MANDATE AND SUMMIT ACTION PLANS AND PROGRAMMES.

- The phase 2 levy task team reviewed the levy and recommended a new levy model. Upon further review and interrogation by ARC and Council on the revised levy model, additional work was required resulting in further review.
- The new levy model has been drafted and will be presented to Council for approval in the first quarter of the 2017/18 financial year.

FINANCIAL OBJECTIVE 2:

Monitor efficient and effective utilisation of financial resources. (FO02)

DEFINITION:

MHSC needs to ensure that expenditure is aligned to budget stipulations to ensure that projects are adequately funded.

PRIMARY MEASURE:	TARGET FOR THE YEAR:	ACTUAL:	% OF TARGET SHORTFALL:	STATUS
Maintain spending in line with approved budget	5%	18%	13%	NOT ACHIEVED

INITIATIVE 1: DEVELOP AND IMPLEMENT ZERO BASED BUDGETING PROCESS TO DETERMINE CASH FLOW.

The zero based budget for 2017/18 was developed, approved by Council and submitted to the DMR.

INITIATIVE 2: DEVELOP AND APPROVE A BUDGET FOR PREDETERMINED OBJECTIVES.

The budget for predetermined objectives was developed, approved by Council and submitted to the DMR.

INITIATIVE 3: MONITOR IMPLEMENTATION OF SPENDING PLANS.

- The total budget expenditure for MHSC was R 137.8 million for the 2016/17 financial year. The MHSC needed to spend R130.9 in order to achieve a spending of 95% variance. The MHSC has spent R113.4 million which is 82% achievement.
- The major part of under-expenditure is as a result of delays in providing seed funding for CoE Primary Research Providers due to late approvals which were not anticipated as per contractual agreements.
- The MHSC will continue to monitor the spending in line with the spending plans.



11. COUNCIL REPORT

The Council discharged its governance mandate through systems that ensured that management was running the day to day affairs of the MHSC properly and within applicable legislative framework.

In accordance with the Public Finance Management Act and the King III, the Council reviewed processes followed by the management in identifying and mitigating risks through

the reports of the Audit and Risk Committee with regards to the effectiveness of the systems of internal controls and risk management. The Council approved the yearly events calendar that ensured that reporting was done as per legislation, the Council approved policies that served to create certainty, fairness, accountability, responsibility and transparency.

COUNCIL MEMBERS



Mr D Msiza



Mr X Mbonambi



Mr MMA Zondi



Dr L Ndelu



Mr M Nhlapo



Mr E Gcilitshana



Mr F Stehring



Mr P Mardon



Dr S Phakathi



Mr T Masondo



Mr M Munroe



Mr P Coetzer



Dr T Legobye



12. COUNCIL COMMITTEES

12.1 THE MINE HEALTH AND SAFETY COUNCIL

The MHSC board is made up of the following fifteen (15) members as follows:

- Four (4) members from State (Department of Mineral Resources)
- Five (5) members from Organised Labour (National Union of Mine Workers 3 (NUM), The United Association of South Africa One (1) (UASA) One (1) and Solidarity One (1))
- Five (5) members from Employers (the Chamber of Mines)
- The MHSC is chaired by the Chief Inspector of Mines

Table 15. MHSC attendance for mandatory meetings (including special meetings)

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. D. Msiza	0	0	Appointed as Acting Director-General for the Department of Mineral Resources from February 2016. Alternate attended for meetings not attended.
Mr. X. Mbonambi	9	5	Appointed as Acting Chairperson from February 2016 until December 2016. Alternate attended for meetings not attended.
Mr. M.M.A Zondi	2	2	Appointed as Acting Chairperson from January 2017.
Dr. L. Ndelu	9	8	Alternate attended for meetings not attended.
ORGANISED LABOUR			
Mr. M. Nhlapo	9	7	Alternate attended for meetings not attended.
Mr. E. Gcilitshana	9	6	Alternate attended for meetings not attended.
Mr. S. Ntshinga	0	0	Member resigned and no replacement was nominated for the 2016-17 financial year. Alternate attended for meetings not attended.
Mr. F. Stehring	9	4	Alternate attended for meetings not attended.
Mr. P. Mardon	9	7	Alternate attended for meetings not attended.
EMPLOYERS			
Dr. S. Phakathi	9	9	Attended all meetings.
Mr. T. Masondo	9	4	Alternate attended for meetings not attended.
Mr. M. Munroe	9	3	Alternate attended for meetings not attended.
Mr. P. Coetzer	9	4	Alternate attended for meetings not attended.
Dr. T. Legobye	9	7	Alternate attended for meetings not attended.



12.2 AUDIT AND RISK COMMITTEE (ARC)

The Committee is constituted to review the control, governance and risk management within the Institution, established in terms of section 77 of the Public Finance Management Act (PFMA). The attendance is reflected in Table 16 below:

Table 16. Audit and Risk Committee

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Ms. E. Lavhengwa	8	7	No alternate for the State nominated for the period
ORGANISED LABOUR			
Mr. J. Hugo	8	4	Alternate attended for meetings not attended.
EMPLOYERS			
Ms. J. Broderick	8	5	Alternate attended for meetings not attended.
INDEPENDENT MEMBERS			
Ms. N. Siwahla-Madiba (Chairperson)	8	8	Attended all meetings
Ms. N. Khumalo	7	7	Member until 31 Oct 2016
Mr. M. Manning	7	6	Member until 31 Oct 2016
Ms. T. Njozela	1	0	Appointed from 1 Nov 2016
Mr. R. Adam	1	1	Appointed from 1 Nov 2016
Mr. G. Higgins	1	1	Appointed from 1 Nov 2016

12.3 SAFETY IN MINES RESEARCH ADVISORY COMMITTEE (SIMRAC)

This committee is responsible for advising the MHSC on research programmes needed to improve OHS in the mining sector by reviewing OHS risks based on the statistics of prior years, evaluating research proposals and monitoring and evaluating the implementation of MHSC research projects or programmes. Table 17 below shows SIMRAC members and the number of meetings held in the year.

Table 17. Attendance of SIMRAC meetings

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. T. Ngwenya (Chairperson only for the 1st Quarter)	7	0	For meetings not attended the Acting Chairperson attended
Mr. V. Mahwasane	7	4	Alternate attended for meetings not attended
Ms. D. Lekoba	7	4	Alternate attended for meetings not attended
Ms. C. Kekana (Chairperson as from the 2nd Quarter)	7	6	Alternate attended for meetings not attended
Mr. W. Motlhamme (Member until 1st Quarter)	7	1	Alternate attended for meetings not attended



MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE (CONTINUED)			
Ms. M. Hlapane	7	3	Alternate attended for meetings not attended
Mr. T. Motitimi	7	6	Alternate attended for meetings not attended
Ms. N. Gogela (maiden name Mphahlele)	7	5	Alternate attended for meetings not attended. Member as from 2nd Quarter
ORGANISED LABOUR			
Mr. E. Gcilitshana	7	5	Alternate attended for meetings not attended
Mr. A. Rikhotso	7	7	Attended all
Dr. R. Wlodek Lipinski	7	7	Attended all
Mr. N. Naude	7	4	Alternate attended for meetings not attended
Mr. J. Boning	7	3	Alternate attended for meetings not attended
Adv. H van Vuuren	7	5	Alternate attended for meetings not attended
EMPLOYERS			
Ms. L. Tsele	7	6	Alternate attended for meetings not attended
Mr. Brian Mongoma	7	4	Alternate attended for meetings not attended
Dr. J. Malemela	7	3	Alternate attended for meetings not attended
Mr. M. Biffi	7	2	Alternate attended for meetings not attended
Prof. F. Malan	7	5	Alternate attended for meetings not attended
Mr. H. Maree	7	6	Alternate attended for meetings not attended

12.4 MINING REGULATION ADVISORY COMMITTEE (MRAC)

MRAC advises the MHSC on reviewing, developing or amending legislation that impacts OHS in the South African Mining industry. In addition, the committee also considers and develops guidelines for Codes of Practice. Table 18 below shows members of MRAC and the number of meetings held in the year

Table 18 Attendance of MRAC meetings

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. F. Nkuna (Chairperson)	7	5	Appointed as Chairperson from February 2016. Alternate attended for meetings not attended
Mr. A. Coutinho	7	6	Alternate attended for meetings not attended
Mr. G. Ndamse	7	2	Alternate attended for meetings not attended
Ms. B. Senabe	7	2	Alternate attended for meetings not attended
ORGANISED LABOUR			
Mr. P. Mardon	7	4	Alternate attended for meetings not attended
Mr. J. White	7	7	Alternate attended for meetings not attended
Ms. M. Liale	7	3	Alternate attended for meetings not attended





MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
EMPLOYERS			
Mr. A. van Achterbergh	5	5	Member resigned in Quarter 3, was replaced by L. Legong
Mr. L. Legong	2	1	Member from Quarter 3
Mr. J. Coetzee	7	7	Alternate attended for meetings not attended
Mr. T. van den Bergh	7	3	Alternate attended for meetings not attended
Mr. M. Vet	7	5	Alternate attended for meetings not attended

12.5 MINING OCCUPATIONAL HEALTH ADVISORY COMMITTEE (MOHAC)

This committee advises the Council on occupational health issues that impact on mine workers through reviewing of policies, regulatory mechanisms, standard systems and procedures for assessing, avoiding, controlling and minimising occupational health risks. Members' attendance of MOHAC and the number of meetings held in the year are shown in Table 19.

Table 19 Attendance at MOHAC for the year

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Dr L. Ndelu	4	4	Attended All
Dr D. Mokoboto	4	4	Attended All
Ms D. Lekoba	4	3	Alternate attended for meetings not attended
Ms C. Kekana	4	2	Alternate attended for meetings not attended
Mr N. Mokhonoana	4	2	Alternate attended for meetings not attended
ORGANISED LABOUR			
Mr. A. Letshele	4	3	Alternate attended for meetings not attended
Mr. D. Selebogo	4	1	Alternate attended for meetings not attended
Adv. H. Van Vuuren	4	4	Attended All
Mr. I. Sakala	4	4	Attended All
Mr. P. Mira	4	0	Alternate attended for meetings not attended
EMPLOYERS			
Dr. T. Balfour	4	3	Alternate attended for meetings not attended
Mr. M. Beukes	4	4	Attended all meetings
Dr. L. Rametsi	4	1	Alternate attended for meetings not attended
Mr. T. Letanta	4	3	Alternate attended for meetings not attended
Dr. Z. Eloff	4	4	Attended all meetings



12.6 MINING INDUSTRY TB AND HIV/AIDS COMMITTEE (MITHAC)

This committee advises MHSC on TB & HIV/AIDS policies in order to improve performance of the mining industry.

Table 20 MITHAC Attendance for the year

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Dr L. Ndelu	4	4	Attended all meetings
Dr D. Mokoboto	4	4	Attended all meetings
Mr M E Sekoele	4	3	Alternate attended for meetings not attended
Ms. Matanki Hlapane	4	3	Alternate attended for meetings not attended
ORGANISED LABOUR			
Mr J. Boning	4	2	Alternate attended for meetings not attended
Ms. M. Liale	4	0	Alternate attended for meetings not attended
Mr. A. Thobela	4	4	Attended all meetings
Mr I. Sakala	4	2	Alternate attended for meetings not attended
Mr. C. Mkhumane	4	2	Alternate attended for meetings not attended
EMPLOYERS			
Dr K. Baloyi	4	4	Attended all meetings
Dr. J. Steele	4	3	Alternate attended for meetings not attended
Dr. N. Mtshali	4	2	Alternate attended for meetings not attended
Ms. S. Ntimbane	4	3	Alternate attended for meetings not attended
Dr. K. Mothapo	4	1	Alternate attended for meetings not attended

12.7 CULTURE TRANSFORMATION ADVISORY COMMITTEE (CTAC)

This committee advises MHSC on the implementation of the Culture Transformation Framework as well as on the initiatives of the Tripartite Summit Action Plan on Occupational Health and Safety. The committee composition for the year was as follows in Table 21.

Table 21 CTAC Attendance for the year

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. M. Litlhakanyane (Chairperson)	9	9	Attended All
Mr. P. Huma	9	6	Attended only 6 meetings
Mr. M. Madubane	9	4	Attended only 4 meetings
Ms. M. Hlapane	9	6	Attended only 6 meetings
Ms. L. Molise	9	3	Attended only 3 meetings
Ms. N. Dube	9	0	Member never attended a meeting





MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
ORGANISED LABOUR			
Mr. M. Nhlapo	9	4	Attended only 4 meetings
Mr. L. McMaster	4	3	Attended only 5 meetings
Mr. F. van Straten	9	6	Alternate member attended
EMPLOYERS			
Dr. S. Phakathi	9	7	Alternate attended for meetings not attended
Mr. B. Mongoma	9	8	Attended All
Mr. L. McMaster	5	4	Alternate attended for meetings not attended
Mr. G. van der Westhuyzen	9	0	Member never attended a meeting
PROFESSIONAL ASSOCIATION			
Ms. L. De Bruin	9	2	Attended only 2 meetings
Mr. J. Pienaar	9	0	Member never attended a meeting
Mr. N. Ndlala	9	0	Member never attended a meeting

12.8 HUMAN RESOURCES REMUNERATION AND ADVISORY COMMITTEE (HRRAC)

This Committee advises the MHSC on human resources matters in general including the remuneration of employees.

Table 22 HRRAC attendance for the year

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. N. Maleka	4	3	No alternate for the nominated for the period
Ms. N. Rapoo**	4	0	No alternate for the nominated for the period
ORGANISED LABOUR			
Mr. F. Stehring - UASA	4	1	Alternate attended for meetings not attended
Mr. N. van Rooyen - UASA (Alternate Member)	4	2	
Ms. Kedisaletse Morodi - NUM	4	3	No alternate for the nominated for the period
Mr. J. Boning – Solidarity (Alternate Member)	4	2	
Adv. Johanna (Hanlie) Jansen van Vuuren - Solidarity	4	2	No alternate for the nominated for the period
EMPLOYERS			
Mr. N. Pienaar - ASPASA	4	3	No alternate for the nominated for the period

* As per HRRAC Terms of Reference “the meeting of the committee is deemed to be quorate if there is a minimum of two members”.

** Name incorrect on appointment letter depicted as Ms. N. Likhetho.



13. COUNCIL EFFECTIVENESS

Under the period of review the Council continued implementing procedures and processes in line with the effectiveness documents. The documents referred to are the following:

1. Council charter;
2. Code of practice for Council and committees;
3. Code of Ethics for Council and committees;
4. Role of chairpersons; and
5. Committee Terms of References.



Figure 25: MHSC Staff



**MHSC**

Mine Health and Safety Council

14. ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The Council is required by the Public Finance Management Act, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Council to ensure that the annual financial statements fairly present the state of affairs of the MHSC as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the MHSC and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or deficit in a cost-

effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the MHSC and all employees are required to maintain the highest ethical standards in ensuring the MHSC's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the MHSC is on identifying, assessing, managing and monitoring all known forms of risk across the MHSC. While operational risk cannot be fully eliminated, the MHSC endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council is of the opinion, based on the information and explanations given by management, plus the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The annual financial statements set out on pages 62 to 99 which have been prepared on the going concern basis, were approved by the Council on 31 May 2017 and were signed on its behalf by:

Mr. T. Dube

Chief Executive Officer

Mr. M. M. A Zondi

Acting Chairperson of the Mine Health and Safety Council



15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31st of March 2017.

The Audit and Risk Committee consisted of eight (8) members (four (4) independent non-Council members, three (3) stakeholder representatives and a Council member).

In terms of PFMA, section 77 (9), an audit committee must meet at least twice a year. In addition, Treasury Regulations 27 provides that an audit committee must meet at least annually with the Auditor-General. The Audit and Risk Committee met eight (8) times during the year in compliance with the PFMA and also met with the Auditor General.

- (a) Human Resources Management Review;
- (b) Supply Chain Management Review;
- (c) Enterprise Risk Management Review;
- (d) Performance Information Review;
- (e) Research and Operations;
- (f) Governance Review;
- (g) Knowledge Management Review and
- (h) Information Technology General Controls Review.

The Audit and Risk Committee met as often as necessary to discuss issues of concern arising from internal audit reviews.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51 (1) (a) (ii) of the PFMA and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The MHSC has submitted Quarterly Reports to the Executive Authority as required by the PFMA. The Audit and Risk Committee had engagements with management to provide clarity on completeness and quality of the Quarterly Reports during quarterly meetings.

RISK MANAGEMENT

The Audit and Risk Committee is satisfied that the entity has an on-going risk management process focused on identifying, assessing, managing and monitoring all known forms of significant risk across all operations. This has been in place for the year under review and up to the date of approval of the Annual Financial Statements.

EVALUATION OF FINANCIAL STATEMENTS

The Audit and Risk Committee has reviewed the Annual Financial Statements and discussed matters of concern with management. The Audit and Risk Committee has also reviewed the Accounting Policies applied in the compilation of the Annual Financial Statements and is satisfied that the policies are consistent with those of prior years, have been constantly applied and are in accordance with the National Treasury guidelines.

THE EFFECTIVENESS OF INTERNAL CONTROLS

The Audit and Risk Committee has evaluated the internal control environment and, based on the information provided and assessed, the internal controls are adequate and effective to mitigate related risks. The Audit and Risk Committee is satisfied that there is reasonably effective monitoring over the system of internal controls in place to mitigate risks as reported by Internal Audit Reports to an acceptable level. In line with the PFMA, the internal audit coverage plan was informed by the risk management process. The coverage plan included the following reviews:

The Audit and Risk Committee reviewed the entity's compliance with legal and regulatory provisions during the quarterly Audit and Risk Committee meetings and management has been directed to implement remedial measures where instances of non-compliance were noted.

INTERNAL AUDIT

The Audit and Risk Committee is satisfied as to the effectiveness of internal audit function during the year and that the internal audit activity has addressed the risks pertinent to the MHSC.



*"If your actions inspire others to dream more, learn more, do more and become more, you are a leader."
- John Quincy Adams*

AUDITOR-GENERAL'S REPORT

The Audit and Risk Committee has met and discussed with the Auditor-General South Africa (AGSA) their report, to ensure that there are no unresolved issues. The Audit and Risk Committee has also reviewed the Council's implementation plan for the audit issues raised in the AGSA management report and continuous oversight will be exercised to ensure that all matters are adequately addressed.

The ARC has reviewed the Council's implementation plan for audit issues raised in the previous financial year and the ARC is satisfied that the matters have been adequately resolved.

The Audit and Risk Committee concurs and accepts the conclusions of the AGSA 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 AGSA.

APPRECIATION

The Audit and Risk Committee expresses its sincere appreciation to the Executive Authority, Chief Executive Officer, AGSA, Management, and Internal Audit for their support and co-operation.



Ms. Nandipha Madiba CD (SA)

Chairperson of the Audit and Risk Committee



16. REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON MINE HEALTH AND SAFETY COUNCIL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Mine Health and Safety Council (MHSC) set out on pages 62 to 99, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance and other comprehensive income, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of MHSC as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTER PARAGRAPHS

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

Material losses/impairments – trade debtors

7. As disclosed in note 2.6 to the financial statements, material losses to the amount of R6 806 000 were incurred as a result of a write-off of irrecoverable trade debtors.

OTHER MATTER

8. The following other matter paragraphs will be included in our auditor's report to draw the users' attention to matters regarding the audit, the auditor's responsibilities and the auditor's report:

Unaudited supplementary schedules

9. The supplementary information set out on pages 04 to 61 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.

Responsibilities of the accounting authority

10. The Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the MHSC's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.





Auditor-General's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

14. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction. (CO01)	37
Promote and communicate MHSC programmes to improve OHS awareness. (CO02)	38 - 39

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction. (CO01)
 - Promote and communicate MHSC programmes to improve OHS awareness. (CO02)

OTHER MATTER

19. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the matter below. My opinion is not modified in respect of this matter.



ACHIEVEMENT OF PLANNED TARGETS

20. Refer to the annual performance report on pages 36 to 46 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entities with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
22. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

23. The MHSC accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

02 August 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



**MHSC**

Mine Health and Safety Council

ANNEXURE: AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit 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 public's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the energy regulator, which constitutes the accounting authority.
 - conclude on the appropriateness of the energy regulator, which constitutes the accounting

authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the MHSC ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	NOTES	2017 R'000	2016 R'000
Assets			
Current Assets			
Inventory	2.4	259	168
Receivables from exchange transactions	2.5	1,101	1,190
Receivables from non-exchange transactions	2.6	254	1,560
Cash and cash equivalents	2.7	196,625	215,396
Total current assets		198,239	218,314
Non-Current Assets			
Property, plant and equipment	2.8	5,291	5,281
Intangible assets	2.9	2,720	1,926
Total non- current assets		8,011	7,207
Total Assets		206,250	225,521
Liabilities			
Current Liabilities			
Finance lease obligation	2.10	130	287
Payables from exchange transactions	2.11	20,286	15,721
Provisions	2.12	2,165	1,512
Total current liabilities		22,579	17,520
Non-Current Liabilities			
Employee benefit obligation	2.13	848	2,685
Promotion of Health and Safety	2.14	6,552	6,192
Finance lease obligation	2.10	0	130
Total non-current liabilities		7,400	9,007
Total Liabilities		29,979	26,527
Assets		206,250	225,521
Liabilities		(29,979)	(26,527)
Net Assets		176,271	198,994
Accumulated surplus		176,271	198,994



**MHSC**

Mine Health and Safety Council

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 R'000	2016 R'000
Revenue from Non Exchange Transactions			
Levies	2.15	74,877	75,305
Promotion of Health and Safety	2.16	381	384
Revenue from Exchange Transactions			
Other income	2.17	1,869	493
Interest income	2.18	14,446	12,876
Total Revenue		91,573	89,058
Expenditure			
Employee Related Costs	2.19	32,605	30,009
Depreciation and amortisation	2.8 & 2.9	3,192	3,503
Finance costs	2.20	31	50
Operating	2.21	38,859	32,192
Research	2.22	39,609	31,625
Total Expenditure		114,296	97,379
(Deficit)/Surplus for the year		(22,723)	(8,321)



STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2017

	ACCUMULATED SURPLUS R'000	TOTAL NET ASSETS R'000
Balance at 01 April 2015	207,315	207,315
Changes in net assets		
(Deficit)/Surplus for the year	(8,321)	(8,321)
Total changes	198,994	198,994
Balance at 01 April 2016	198,994	198,994
Changes in net assets		
(Deficit)/Surplus for the year	(22,723)	(22,723)
Total changes	(22,723)	(22,723)
Balance at 31 March 2017	176,271	176,271



**MHSC**

Mine Health and Safety Council

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	NOTES	2017 R'000	2016 R'000
Cash flows from operating activities			
Receipts			
Receipts from mines (Levies)	2.23	75,429	74,853
Interest income	2.18	14,446	12,821
Other cash items	2.23	1,017	544
		90,892	88,218
Payments			
Payment to suppliers and employees	2.23	(105,340)	(86,816)
Net cash flows from operating activities	2.24	(14,448)	1,402
Cash flows from investing activities			
Purchase of property, plant and equipment	2.8	(2,220)	(1,888)
Proceeds from insurance claims		0	17
Purchase of intangible assets	2.9	(1,816)	(180)
Net Cash flows from investing activities		(4,036)	(2,051)
Cash flows from financing activities			
Finance lease payments		(287)	(229)
Net (decrease)/increase in cash and cash equivalents		(18,771)	(878)
Cash and cash equivalents at the beginning of the year		215,396	216,274
Cash and cash equivalents at the end of the year	2.7	196,625	215,396



STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS – STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2017

	REF. NOTE	APPROVED BUDGET R'000	ACTUAL R'000	VARIANCE R'000
Revenue from Non Exchange Transactions				
Levies	2.15	75,108	74,877	(231)
Promotion of Health and Safety **	2.16	0	381	381
Revenue from Exchange Transactions				
Other income	2.17	235	1,869	1,634
Interest income	2.18	8,500	14,446	5,946
Total revenue		83,843	91,573	7,730
Expenditure				
Employee Related Costs	2.19	34,985	32,605	2,380
Depreciation and amortization	2.8 & 2.9	4,222	3,192	1,030
Finance costs	2.20	42	31	11
Operating expenses	2.21	32,918	38,859	(5,717)
Research expenses	2.22	65,704	39,609	26,095*
Total expenditure		137,871	114,296	23,575
(Deficit)/Surplus		(54,028)	(22,723)	31,305

* The variance is due to seed funding commitments that could not be implemented because of the delay in obtaining the relevant approval.

** Name changed from last year.



1. ACCOUNTING POLICIES

1.1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act, 1999 (Act 1 of 1999).

1.2 BASIS OF MEASUREMENT

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

1.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in South African Rands, which is the Mine Health and Safety Council's functional currency. All financial information presented in Rands has been rounded to the nearest thousand.

1.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with statements of GRAP, which requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It also requires management to exercise its judgement in the process of applying the Mine Health and Safety Council's accounting policies.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements, are disclosed in the applicable notes.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods or services, or for administrative purposes, and are expected to be used during more than one period. The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the MHSC; and
- The cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.



Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand-by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	AVERAGE USEFUL LIFE
Office furniture	10 years
Motor vehicles	5 years
Computer equipment	5 – 10 years
Leasehold improvements	Remainder of lease period
Research equipment	Duration of the contract and estimated useful life.
Leased assets	The shorter of the lease period or the useful life of the asset

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the MHSC to amend the previous estimate unless expectations differ from the previous estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of, or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 INTANGIBLE ASSETS

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from MHSC and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or



- arises from contractual rights or other legal rights, regardless of whether those rights are transferable or separate from the MHSC or from other rights and obligations

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the MHSC; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

If an intangible asset is acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition. Expenditure on research is recognised as an expense when it is incurred. An intangible asset arising from development or development phase on internal project is recognised when:

It is technically feasible to complete the asset so that it will be available for use:

- There is an intention to complete and use it;
- There is an ability to use it;
- It will generate probable future economic benefits or service potential;
- There are technical, financial and other resources to complete the development and to use or sell the assets and
- The expenditure attributable to the asset during its development can be measured reliably.

Subsequent to the initial measurement, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight line basis over their useful life. (Carried at cost less accumulated impairment).

The amortisation period, residual value, if any, and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite, is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	AVERAGE USEFUL LIFE
Licenses and software	2 - 8 years

Intangible assets are derecognised:

- On disposal; or
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.



1.7 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

A financial asset is:

- cash and cash equivalents;
- a residual interest of another entity;

or a contractual right to:

- receive cash or another financial assets from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Cash and cash equivalents are stated at amortised cost which, due to their short term nature, closely approximate their fair value

CLASSIFICATION

Financial instruments are measured at amortised cost using the effective interest rate method

less any impairment losses

RECOGNITION

The Mine Health and Safety Council recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument.

INITIAL MEASUREMENT

Financial instruments are measured initially at fair value (transaction price) plus, in the case of

a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are capitalised.



Financial instruments carried on the balance sheet include cash and cash equivalents, trade and other receivables, loans and borrowings and trade and other payables.

SUBSEQUENT MEASUREMENT

(a) Cash and cash equivalents

Cash comprises cash balances with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. These are initially and subsequently measured at amortised cost.

(b) Trade and other receivables (Accounts receivable)

Trade receivables are initially stated at fair value and subsequently at amortised cost using the effective interest rate method. The recoverable amount of trade receivables is calculated at the present value of expected future cash flows discounted using the original effective interest rate inherent in the asset. Short-term receivables are not discounted.

(c) Trade and other payables (Accounts payable)

Trade payables are initially measured at fair value and are subsequently measured at amortised costs using the effective interest rate method. These are subject to normal trade credit terms and relatively short payment cycles. Trade and other payables are classified as other financial liabilities.

DE-RECOGNITION

The Mine Health and Safety Council derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition in accordance with GRAP 104. The Mine Health and Safety Council uses the weighted average method to determine realised gains and losses on de-recognition. The financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

1.8 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the MHSC assesses the classification of each element separately.

FINANCE LEASES - LESSEE

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.



The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

OPERATING LEASES - LESSEE

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

1.9 INVENTORY

Consumables are initially measured at cost except where consumables are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently consumables are measured at the lower of cost and net realisable value.

Consumables are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the MHSC incurs to acquire the asset on the reporting date.

The cost of consumables comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the consumables to their present location and condition.

The cost of consumables of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of consumables is assigned using the weighted average cost formula. The same cost formula is used for all consumables having a similar nature and use to the MHSC.

1.10 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by the MHSC in exchange for service rendered by employees.

TERMINATION BENEFITS

Termination Benefits are employee benefits payable as a result of either:

- an MHSC's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.



Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

POST-EMPLOYMENT BENEFITS

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the MHSC provides post-employment benefits for one or more employees.

The MHSC uses the cost to company remuneration policy, under this policy, the MHSC expects its employees to make their own provisions for post-retirement benefits. Only two employees fall under the old arrangement of providing post-employment medical contributions and this is disclosed under note 2.13 to the financial statements.

ACTUARIAL ASSUMPTIONS

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment medical benefit obligations are measured on a basis that reflects:

- estimated future salary increases;



- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.11 PROVISIONS AND CONTINGENCIES

Provisions Are Recognised When:

- the MHSC has a present obligation as a result of a past event;
- 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 can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the MHSC settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an MHSC has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. Contingent assets and contingent liabilities are not recognised.



1.12 REVENUE

REVENUE FROM EXCHANGE TRANSACTIONS

An exchange transaction is one in which the MHSC receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

RECOGNITION

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

MEASUREMENT

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest and Royalties

Revenue arising from the use by others of MHSC assets yielding interest and royalties is recognised when:

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

Interest is recognised, in the statement of financial performance using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the MHSC, which represents an increase in net assets, other than increases relating to contributions from owners. Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arising when the MHSC can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, MHSC either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity directly receiving approximately equal value in exchange.



RECOGNITION

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the MHSC satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

MEASUREMENT

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the MHSC.

When, as a result of a non-exchange transaction, the MHSC recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.13 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including the PFMA.

National Treasury practice note no. 4 of 2008/2009, which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is also recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of irregularity unless it is impracticable to determine, in which case reasons therefore are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

Irregular expenditure that was incurred and identified during the current financial year and for which condoning is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.



Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.15 PROMOTION OF HEALTH AND SAFETY LIABILITY

This represents fines that are imposed on mines as per section 55B of the Mine Health and Safety Act for failing to comply with the provision contemplated in section 91 (1B) of the Mine Health and Safety Act. These funds are ring fenced for the promotion of health and safety in the mines. Expenditure is approved by the Chief Inspector of Mines with the recommendation of the Council of MHSC. On incurring expenses that relate to their purpose, an amount is recognised in the statement of financial performance as promotion and safety expense and also recognition of the equivalent amount as income from this liability.

1.16 PROMOTION OF HEALTH AND SAFETY EXPENSE

This expenditure is funded via administrative fines that are raised by the Chief Inspector of Mines in situations where mines are found to have failed to comply with the requirements of the Mine Health and Safety Act. Based on the same Act, the use of these funds is restricted to promotion of health and safety activities only. Expenditure is approved by the Chief Inspector of Mines with the recommendation of the Council of MHSC.

The fines are accounted for as a conditional grant note 2.12 and an equivalent amount of actual spending is recognised as income out of the grant account.

1.17 PROMOTION OF HEALTH AND SAFETY REVENUE

Revenue received from administrative fines is recognised as revenue to the extent that the MHSC has complied with any of the criteria, conditions or obligations embodied in the Mine Health and Safety Act. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

1.18 BUDGET INFORMATION

General purpose financial reporting by MHSC shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget are on the same basis of accounting, therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison in these annual financial statements.



The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.19 RELATED PARTIES

The MHSC operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the MHSC, including those charged with the governance of the MHSC in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the MHSC.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.20 EVENTS AFTER THE REPORTING PERIOD

Events after the reporting date are those adjusting events that may be favourable and/or unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

1.21 OFFSETTING OF FINANCIAL TRANSACTIONS

Except for immaterial transactions like gains and losses on de-recognition of assets, the MHSC presents separately each material class of similar items in the statements of financial performance and financial position.

1.22 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

- Provision for doubtful debts
- Post- retirement medical benefit
- Provision for Performance Bonus



1.23 TRADE AND OTHER RECEIVABLES/LOANS RECEIVABLE

The MHSC assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, the MHSC makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from financial assets.

1.24 ALLOWANCE FOR IMPAIRMENT

On receivables and account payables an impairment loss or gain is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables and payables carrying amount and the present value of estimated future cash flows discounted at the effective rate, computed at initial recognition.

1.25 POST-RETIREMENT BENEFITS

The post value of the post-retirement medical aid obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations. The MHSC's actuarial service provider determines the appropriate discount rate at the year end. This is the interest that should be used to determine the present value of estimated future cash out flows expected to settle the medical aid obligations. In determining the appropriate discount rate the MHSC actuarial service provider considers the interest rates of high quality government bonds that are denominated in the currency in which benefits will be paid.



2. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

In the 2016/2017 year, the MHSC has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE:	EXPECTED IMPACT:
GRAP 1: Presentation of Financial Statements	1 April 2016	No Impact
GRAP 16: Investment Property	1 April 2016	No impact
GRAP 17: Property Plant and Equipment	1 April 2016	No impact
GRAP 31: Intangible Assets	1 April 2016	No impact
GRAP 103: Heritage Assets	1 April 2016	No impact

2.2 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The MHSC has not early adopted any standards and interpretations during the 2016/2017 financial year.

2.3 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The MHSC has not applied the following standards and interpretations, which have been published and are mandatory for the MHSC's accounting periods beginning on or after 31 March 2017 or later periods:

STANDARD/ INTERPRETATION:	NATURE IF IMPENDING CHANGE/ CHANGES ON ACCOUNTING POLICIES	INITIAL IMPACT	EFFECTIVE DATE:	EXPECTED IMPACT
GRAP 20: Related party disclosures	To enable users to better understand the Financial Statements of MHSC	To address issues of influence by related parties. <ul style="list-style-type: none"> To enable users to assess risk that may be posed by related parties. To assess the degree of arm's length transactions 	No effective date	Impacting on MHSC
GRAP 21: Impairment of Non-Cash Generating Assets	No change.	No relevant classes of assets, therefore no impact.	1 April 2018	No Impact
GRAP 26: Impairment of Cash generating assets	Annual assessment of cash generating assets if any.	Minimal	1 April 2018	Minimal
GRAP 32: Service Concession arrangement: Grantor	To reclassify the existing assets as a service concession asset and continue to account for them as PPE	None, Only reclassification of assets	No effective date	Minimal impact
GRAP 34: Separate Financial Statements	No investments in controlled entities. Therefore no change in policies	No Impact	No effective date	No Impact
GRAP 35: Consolidated Financial Statements	No change to policies as there is no controlling interest.	No Impact	No effective date	No Impact
GRAP 36: Investments in Associates and Joint-Ventures	No change to policies as there are no investment in joint ventures	No impact	No effective date	No Impact
GRAP 37: Joint arrangements	No change to policies as there are no joint ventures	No impact	No effective date	No Impact





STANDARD/ INTERPRETATION:	NATURE IF IMPENDING CHANGE/ CHANGES ON ACCOUNTING POLICIES	INITIAL IMPACT	EFFECTIVE DATE:	EXPECTED IMPACT
GRAP 38: Disclosure of Interests in Other Entities	No change to policies as there is no Interest in Controlled entities	No impact	No effective date	No Impact
GRAP 108: Statutory Receivables	This is currently being covered under GRAP of Revenue from Exchange Transactions and Non Exchange Transactions	None, the classification is already being done.	No effective date	Impacting on MHSC
GRAP 109 : Accounting by Principals and Agents	Disclosure by Agent – Principal (MHSC is an Agent) of: Description of the arrangement, including the transaction undertaken, significant terms and conditions of the arrangement	Impact on revenue that the MHSC will obtain from the Principal and the amount of any expenses relating to that.	No effective date	Impacting on MHSC
GRAP 110: Living and non-living Resources	No change to policies as there is no Living or Non-living resources.	No impact	No effective date	No Impact

2.4 INVENTORY

	2017 R'000	2016 R'000
Opening balance	168	77
Additions	365	360
Usage	(458)	(269)
Carried at cost	75	168
Work-in-Progress – New Library	184	0
Carried at Cost	259	168

2.5 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	521	521
Sundry debtors	55	31
Royalties	0	54
Prepaid expense	525	584
	1,101	1,190

Credit quality of trade and other receivables

There is no collateral on receivables from Exchange transactions. The credit rating of receivables from OHS levies is made up of balances that are past due date and have been provided to the value of R2, 603 000 (2016: R8 879 000).



2.6 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

2017
R'000

2016
R'000

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(8,879)	(6,798)
Provision for impairment	(227)	(449)
Provision for Bad Debts	(303)	(1,632)
Debtors balances written off	6,806	0
	(2,603)	(8,879)

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The MHSC does not hold any collateral as security.

Allowance for Impairment	(2,603)	(8,879)
Levies	2,857	10,439
	254	1,560

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of receivables from non-exchange transactions

Receivables from non-exchange transactions are discounted at the rate that is intended to estimate the present value of receivables as at 31 March 2017, the difference between the discounted amount and the carrying amount is processed in the statement of financial performance as a fair valuation allowance.

Receivables from non-exchange transactions past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Current	0	40
One month past due	17	7
Two months past due	0	1,369
Three months past due	2,840	9,023
	2,857	10,439

As of 31 March 2017, receivables from non-exchange transactions were not impaired and an additional allowance for credit losses of R 530 575 (2016: R1,632 000) was processed.



**MHSC**

Mine Health and Safety Council

2.6 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

The carrying amount of other receivables from non-exchange transactions is as follows:

2017 R'000	2016 R'000
254	1,560

The creation of provision for credit losses has been included in general expenses in surplus or deficit.

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each receivable amount mentioned above. The MHSC does not hold any collateral as security.

2.7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of: Credit quality of cash at bank and short term deposits, excluding cash on hand

Petty Cash	2	2
Administrative fines bank account	6,613	6,146
Administrative bank accounts	3,879	5,856
Investments with top four banks & SARB	186,131	203,392
	196,625	215,396

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit Rating

A	196,625	215,396
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2.8 PROPERTY, PLANT AND EQUIPMENT

	31 MARCH 2017 ACCUMULATED DEPRECIATION AND CARRYING VALUE			31 MARCH 2016 ACCUMULATED DEPRECIATION AND CARRYING VALUE		
	COST R'000	IMPAIRMENT R'000	R'000	COST R'000	IMPAIRMENT R'000	R'000
Office furniture	1,592	(626)	966	1,305	(541)	764
Motor vehicles	449	(159)	290	95	(92)	3
Office equipment	805	(548)	257	645	(436)	209
Computer equipment	5,194	(2,910)	2,284	3,886	(2,221)	1,665
Leasehold improvements	764	(684)	80	764	(496)	268
Research equipment	10,619	(9,318)	1,301	10,619	(8,636)	1,983
Leased assets	608	(495)	113	764	(375)	389
Total	20,031	(14,740)	5,291	18,078	(12,798)	5,281

Reconciliation of Property, Plant and Equipment – March 2017

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	TRANSFERS R'000	RECLASSIFI- CATION R'000	DEPRECIATION R'000	TOTAL R'000
Office furniture	764	356	(36)	0	0	(118)	966
Motor vehicles	3	354	0	0	0	(67)	290
Office equipment	209	161	0	0	0	(113)	257
Computer equipment	1,665	1,349	(1)	0	0	(729)	2,284
Leasehold improvements	268	0	0	0	0	(188)	80
Research equipment	1,983	0	0	0	0	(682)	1,301
Leased assets	389	0	(3)	0	0	(273)	113
Total	5,281	2,220	(40)	0	0	(2,170)	5,291

There are no restrictions on the title by the MHSC on the reported plant property and equipment, there is also no property plant and equipment that is pledged as security for liabilities.

Reconciliation of Property, Plant and Equipment – March 2016

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	RECLASSIFI- CATION R'000	DEPRECIATION R'000	TOTAL R'000
Office furniture	869	0	0	0	(105)	764
Motor vehicles	19	0	0	0	(16)	3
Office equipment	263	53	0	0	(107)	209
Computer equipment	2,305	62	(20)	0	(682)	1,665
Leasehold improvements	456	0	0	0	(188)	268
Research equipment	1,689	1,773	0	0	(1,479)	1,983
Leased assets	584	99	(14)	0	(279)	389
Total	6,185	1,987	(34)	0	(2,856)	5,281



**2.8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Assets subject to finance lease (Net carrying amount)**

	2017 R'000	2016 R'000
Lease improvements	80	268
Leased assets	113	389
Total	193	657*

*Previous year amounts have been adjusted to align to the main note 2.8. There is no effect on any other balance including the Accumulated Surplus.

2.9 INTANGIBLE ASSETS

	31 MARCH 2017 ACCUMULATED AMORTISATION AND IMPAIRMENT CARRYING VALUE COST R'000 R'000 R'000			31 MARCH 2016 ACCUMULATED AMORTISATION AND IMPAIRMENT CARRYING VALUE COST R'000 R'000 R'000		
Intangible assets	3,964	(1,244)	2,720	2,148	(222)	1,926

Reconciliation of intangible assets – 2017

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	RECLASSIFI- CATION R'000	AMORTISATION R'000	TOTAL R'000
Intangible assets	1,926	1,816	0	0	(1,022)	2,720

Amortisation of intangible assets is included in the depreciation and amortisation line of the statement of financial performance.

Reconciliation of intangible assets – 2016

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	RECLASSIFI- CATION R'000	AMORTISATION R'000	TOTAL R'000
Intangible assets	640	1,932	0	0	(647)	1,925



2.9 INTANGIBLE ASSETS (CONTINUED)

Change in estimate

During the financial year the MHSC conducted a useful life review of property plant and equipment. This review resulted in the extensions of useful lives of assets under the following classes of property plant and equipment:

Class	DEPRECIATION R'000	ACCUMULATED DEPRECIATION R'000	EFFECT TO STATEMENT OF FINANCIAL POSITION	EFFECT TO STATEMENT OF FINANCIAL PERFORMANCE
Computer	(33,538)	33,538	Increase to carrying amount	Increase to surplus
Office furniture	(4,760)	4,760	Increase to carrying amount	Increase to surplus
Research assets	(36,073)	36,073	Increase to carrying amount	Increase to surplus
Intangibles	(152,538)	152,538	Increase to carrying amount	Increase to surplus
Total	(226,909)	226,909	Increase to carrying amount	Increase to surplus

The effect of the change in the estimated useful lives of these assets has been to reduce the current depreciation expense by R 226,909 and the revised carrying amounts that will be depreciated over the future economic benefit to be derived from these assets.

2.10 FINANCE LEASE OBLIGATION

	2017 R'000	2016 R'000
Minimum lease payments due		
Within one year	135	311
In second to fifth year inclusive	0	135
	135	446
Less future finance charges	(5)	(29)
	130	417
Present value of minimum lease payments due		
Within one year	130	287
In second to fifth year inclusive	0	130
	130	417
Non-current liability	0	130
Current liability	130	287
	130	417



**MHSC**

Mine Health and Safety Council

2.10 FINANCE LEASE OBLIGATION (CONTINUED)**2017****R'000****2016****R'000**

It is MHSC's policy to lease certain photocopier equipment under finance leases, during the reporting period 7 copiers and 2 cellular phones were on lease.

The average lease term is 2 years for cellular phones and three years for copiers and the average effective borrowing rate in 2017 was 9.5% (2016: 9.5%). There is no contingent rentals in relation to the leases. At the expiry of the lease period the lease will continue for another 12 months unless it is terminated in writing by either party.

2.11 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	18,702	14,094
Operating Lease	187	462
Fair valuation of payables	0	(121)
Credit Card	6	8*
Payroll payable	1,391	1,278
	20,286	15,721

*2016 comparatives have been changed for a more detailed disclosure

Accounts payable were discounted to their present values at the financial year end and the differences between the carrying amount and the discounted value was recognised as a fair valuation allowance. The operating lease is straight lined.

2.12 PROVISIONS

Opening balance	1,512	760
Used in the current year	(1,512)	(760)
Unutilised allowance	0	0
Provision for current year	2,165	1,512
Closing balance	2,165	1,512

The MHSC is obliged to pay a performance bonus to its employees on or around September of each calendar year, the payments are subject to the results of the audit for the year ending March and also on how they will perform against their performance contracts. As at 31 March 2017 there was no certainty on the two prerequisites therefore a provision of 8 percent on basic salary has been provided for - for the year ending March 2017.



2.13 EMPLOYEE BENEFIT OBLIGATIONS

2017	2016
R'000	R'000

The MHSC has a commitment to cover medical aid costs for all employees appointed prior to 1 July 2003 in the event of them retiring while in the service of the MHSC. This scheme is valued by a qualified actuary on an annual basis.

The amounts recognised in the statement of financial position arising from the obligation in respect of the post- retirement medical plan is as follows:

In service members	848	2,146
Continuation members	0	539
Total accrued service liability	848	2,685

The changes in the accrued service liability since the previous valuation present value of fund obligations is as follows:

Carrying Value

Accrued Liability – 31 March 2016

	2,685
Current service cost	107
Estimated Benefit paid	(68)
Interest Cost	268
Remeasurements due to Mortality Improvements	182
Net actuarial losses/(gain) not recognised	(2,326)
Accrued service liability – 31 March 2017	848

Sensitivity Analysis

Changes in key financial assumptions of valuation interest rate and the medical rate is follows:

	2017 R'000	% CHANGE
Accrued liability as already stated	848	
Valuation rate increase by 1%	662	-22.0%
Valuation rate decrease by 1%	1,105	30.3%
Medical aid increase by 1%	1,103	30.1%
Medical aid decrease by 1%	660	-22.2%
Retirement at age 61	912	7.5%

Projected benefit obligation at 31 March 2017

Accrued liability at 31 March 2017	848
Service cost	58
Interest cost	81
Measurement loss	0
Benefits paid	0
Accrued liability at 31 March 2018	987



**2.13 EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)****2017**
R'000**2016**
R'000**Net expense/(income) recognised in the statement of financial performance**

Current service cost	107	109
Interest cost	268	200
Actuarial (gains) losses	(2,326)	7
Re-measurements due to Mortality Improvements	182	149*
Expected Employer Benefit Payments	(68)	(56)*
	(1,837)	409

*Previous year amounts have been adjusted to align to the main note 2.13. There is no effect on any other balance including the Accumulated Surplus.

	2017 R'000	2016 R'000	2015 R'000	2014 R'000
Present Value of Defined Benefit	848	2,685	2,276	2,276

There is no underlying Asset related to the Liability recognised on note 2.13

Assumptions used at the reporting date

	2017 %	2016 %
Valuation Interest Rate	9.60%	10.10%
Medical Aid Contribution Increase Rate	8.80%	9.60%

Demographic assumptions are the pre-retirement mortality and the continuing member mortality as checked against member's dates of births, dates of employment, marital status ages within reasonable care and contributions paid according to Discovery medical aid rate.

For members in service it was assumed that the wife is 4 years younger than the husband and normal retirement was made at 60 years. Members will not change their medical aid scheme and that 100% of members will continue membership of the medical scheme and therefore receive the subsidy.

Financial assumptions are the valuation interest and the rate of medical aid contribution increases in as far as the relationship between the two.

Summary of Membership Data

	MALES	FEMALES	TOTAL 2017	TOTAL 2016
In service	1	1	2	3
continuing	0	0	0	1
	1	1	2	4



2.13 EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

In Service	2017	2016
Subsidy-Weighted Average Age	53.3	52.6
Past Service	16 years 9 months	16 years 3 months
Average Employer subsidy per month	R 5,128	R 3,467

2.14 PROMOTION OF HEALTH AND SAFETY

2017 R'000	2016 R'000
---------------	---------------

This represents fines that are imposed on mines as per section 55B of the Mine Health and Safety Act for failing to comply with the provision contemplated in section 91 (1B) of the Mine Health and Safety Act. These funds are ring fenced for the promotion of health and safety in the mines. Expenditure is approved by the Chief Inspector of Mines with the recommendation of the Council of MHSC. On incurring expenses that relate to their purpose, an amount is recognised in the statement of financial performance as promotion and safety expense and also recognition of the equivalent amount as income from this liability.

Opening balance	6,192	6,591
Collected and interest earned	741	682
Fines used	(381)	(384)
Refunds	0	(697)
Closing balance	6,552	6,192

2.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

The amount included in revenue arising from non-exchange transactions is as follows:

Levies from the mines	74,877	75,305
Transfer from DMR	0	0
Promotion of Health and Safety	381	384
	75,258	75,689



**MHSC**

Mine Health and Safety Council

2.16 PROMOTION OF HEALTH AND SAFETY**2017****R'000****2016****R'000**

This expenditure is funded via administrative fines that are raised by the Chief Inspector of Mines in situation where mines are found to be having failed to comply with the requirements of the Mine Health and Safety Act. Based on the same Act, the use of these funds is restricted to promotion of health and safety activities only. Expenditure is approved by the Chief Inspector of Mines with the recommendation of the Council of MHSC.

The fines are accounted for as a conditional grant note 2.12 and an equivalent amount of actual spending is recognised as income out of the grant account.

Council administration

381

384

381**384****2.17 OTHER INCOME**

Fair valuation - Finances

0

121

Interest on debtors

18

0

Other income

14

318

Royalties income

0

54

Post Retirement Actuarial Gain

1,837

0

1,869**493**

There was no Royalty Income for the current financial year (2016: R 54000). The contract ended last year.

2.18 REVENUE FROM EXCHANGE TRANSACTIONS

Investment interest Received

14,446

12,821

Interest Raised on Debtor Balances

18

55

14,464**12,876****2.19 EMPLOYEE RELATED COSTS**

Basic

28,067

24,319

Bonus

2,225

1,744

Medical aid – company contributions

0

227

UIF

89

81

WCA

559

463

SDL

305

264

Leave pay provision charge

339

628

Post Retirement Costs

0

409

Staff welfare

1

58

Recruitment and placements

464

1,049

Staff training

556

767

32,605**30,009**

2.20 FINANCE COSTS

	2017 R'000	2016 R'000
Finance leases	31	50

Capitalisation rates used during the period were 9.5% on specific borrowings. The finance costs are due to the winding down of financial leases.

2.21 OPERATING EXPENSES EXCLUDING EMPLOYEE COSTS & DEPRECIATION

Advertising	342	446
Auditors remuneration- Internal	870	1,002
Auditors remuneration- External	1,050	1,810
Bad Debts	664	1,632
Impairment of receivables	227	449
Consulting and professional fees	1,731	739
Insurance	254	254
Lease rentals on operating lease	2,060	2,062
Loss on disposal of assets	40	7
Postage and courier	224	127**
Printing and stationery	522	374
Strategic objectives	20,405*	15,443
Telephone and fax	802	597
Travel – local	1,813	749
Travel – International	237	127**
Legal fees	1,203	1,936
Other expenses	759	860
Governance support	4,523	2,617
Operating rental expenses	962	837
Repairs and maintenance	171	124
	38,859	32,192

**2016 Comparatives have been changed for more detailed disclosure.

*Strategic objectives spending is against the following strategic objectives:

Description	2017 R'000
Ensure MHSC Office Staff and Council members have adequate skills and required competencies through continuous development (L01)	428
Promote and communicate MHSC programmes to improve OHS awareness (C02)	16,707
Implement knowledge management and information management system to support staff and stakeholders (IP04)	2,988
Improve climate and environment to make it conducive for good staff morale within MHSC (L02)	282
Ensure financial sustainability and viability of MHSC (F01)	0*
	20,405

*This strategic objective was done internally and therefore no costs were apportioned.



**MHSC**

Mine Health and Safety Council

2.22 RESEARCH EXPENDITURE

	2017 R'000	2016 R'000
Rock falls	4,736	11,279
Rock bursts	970	1,763
Centre of Excellence	18,009	4,041
Behaviour	2,057	1,851
Physical hazards	253	633
Airborne pollutants	1,464	295
Occupational diseases	100	2,505
Special projects	4,331	5,156
Summit projects	6,391	2,543
Technical reviews	917	1,175
Promotion of Health and Safety	381	384
Total	39,609	31,625

2.23 CASH FLOW ITEMS**Receipts from Debtors**

Debtors Opening Balance	1,560	1,108
Billed	74,877	75,305
Cash in Advance	(90)	0
Debtors Closing Balance	918	(1,560)
Cash Received	75,429	74,853

Payment to suppliers and employees

Opening Balance	15,713	8,101
Total Expenses	114,296	98,075
Depreciation	(3,192)	(3,503)
Finance Costs	(31)	(50)
Receipts in Advance	0	155
Post Retirement Benefits	0	(241)
Provisions	(1,120)	0
Assets Disposed off	(40)	0
Closing Balance	(20,286)	(15,721)
Payments Made	105,340	86,816

Other Cash Items

Sanlam Group Benefits	382	544
MQA Project Management	500	0
Penalty Fees	60	0
MQA Skills Development Levy Refund	75	0
Total other Cash Items	1,017	544



2.24 CASH GENERATED FROM OPERATIONS

	2017 R'000	2016 R'000
Surplus/ (Deficit)	(22,723)	(8,321)
Adjustment for:		
Depreciation and amortisation	3,192	3,503
Debtors Interest	(18)	(55)
Finance Lease	0	0
Loss on Disposal	40	7
Other Income	0	(359)
Increase in Post Retirement Benefits	(1,837)	(241)
Non Cash Movement	8	22
Increase in provisions	653	0
Inventories	(91)	(90)
Receivables from exchange transactions	88	166
Other receivables from non-exchange transactions	1,306	(451)
Increase Payables from exchange transactions	4,573	7,620
Unspent conditional grants and receipts	360	(399)
	14,449	1,402

2.25 COMMITMENTS

2.25.1 Operating Leases

As at reporting date, the MHSC had outstanding commitments under a non-cancellable operating lease which is maturing in September 2017 and which falls due as follows:

1 Year	1,219	2,337
2 – 5 Years	0	1,219
	1,219	3,556

2.25.2 Research projects

Authorised and contracted	45,813	31,821
Authorised but not contracted	37,457	43,649
	83,270	75,470



**MHSC**

Mine Health and Safety Council

2.26 EXECUTIVE MEMBERS' EMOLUMENTS

	2017			
	EMOLUMENTS R'000	TERMINATION BENEFITS R'000	GROUP LIFE COVER PLUS BONUS R'000	TOTAL R'000
Mr. T.T. Dube	2,001	0	210	2,211
Ms. M. Khaile	1,097	0	23	1,120
Ms. S. Mayinga	1,313	0	64	1,377
Mr. K. Mkwana (Appointed Aug 2016)	808	0	13	821
Mr. M. Fenyane	1,137	0	111	1,248
Ms. N. Masekoa	1,310	0	56	1,366
	7,666	0	477	8,143

	2016			
	EMOLUMENTS R'000	TERMINATION BENEFITS R'000	GROUP LIFE COVER PLUS BONUS R'000	TOTAL R'000
Mr. T.T. Dube	1,871	0	67	1,938
Ms. M. Khaile (Appointed Nov 2015)	382	0	8	390
Ms. S. Mayinga (Appointed Oct 2015)	571	0	12	583
Mr. D.S. Molopo (Resigned Feb 2016)	1,230	506	102	1,838
Mr. M. Fenyane	1,058	0	100	1,158
Ms. N. Masekoa (Appointed Nov 2015)	477	0	10	487
	5,589	506	299	6,394

2.27 RISK MANAGEMENT

Financial Risk Management

The MHSC's activities expose it to a variety of financial risks, market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The MHSC's overall risk management programme focusses on the unpredictability of the financial market and seeks to minimise potential adverse effects on the MHSC's financial performance. Risk Management is carried out by a number of policies approved by the Accounting Authority, the MHSC has also moved its investments to the Corporation for Public Deposits with the Reserve Bank of South Africa. The Accounting Authority provides written principles for overall risk management as well as written policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

During the reporting period, there were no changes with regards to the way in which risk management processes were managed.



2.27 RISK MANAGEMENT (CONTINUED)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent. The MHSC's risk to liquidity is a result of the funds available to cover future commitments. The MHSC manages liquidity risk through an on-going review of future commitments and also by retaining a 10% reserve on collected levies. Cash flow forecasts are prepared and funds availability are monitored.

The table below analyses the MHSC's financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Financial Liability	Current/ Non-Current	2017 R'000	2016 R'000
Payables from exchange	Current – at cost	19,905	15,721
Retirement medical aid obligation (Note 2.6)	Non-current – at fair value	848	2,685
Commitments (Note 2.25.1)	Non-current – at cost	45,813	33,241

Interest rate risk

The MHSC risk free interest-bearing assets and the MHSC's income and operating cash flows are substantially independent of changes in market interest rates. However, it is moderate risk as it is a Government Investment.

The MHSC has invested its funds in the "A" rated financial institution through the services of the Corporation for Public Deposits (CPD). These funds are prone to interest rate risks. Below are investments that are susceptible to interest rate fluctuations:

Cash & Cash Equivalent	Interest Rate	2017 R'000	2016 R'000
CPD	5.00% - 6.77%	192,744	203,392
FNB	5.25% - 5.75%	3,881	12,004

Credit Risk

Credit risk consists mainly of debtors in relation to levies raised with the mines. The MHSC does not hold any collateral security in relation to these receivables.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

Financial assets exposed to credit risk at year end were the receivables from mines based on the levies raised as noted below:



2.27 RISK MANAGEMENT (CONTINUED)

	2017 R'000	2016 R'000
Financial Asset		
Levies receivable (note 2.9)	254	10,439
Sundry receivable (note 2.8)	14	31

Sensitivity Risk

The MHSC's surplus funds are not highly sensitive to interest rate fluctuations due to the fact that the investments periods are short. The average movement in interest rates does not have material impact on the invested funds

2.28 GOING CONCERN

We draw attention to the fact that at 31 March 2017, the MHSC had an accumulated surplus of R176,271 000 and that the MHSC's total assets exceed its liabilities by R176,271 000.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

2.29 EVENTS AFTER THE REPORTING DATE

The Council is not aware of any matter or circumstance arising since the end of the reporting period.

2.30 FRUITLESS AND WASTEFUL EXPENDITURE

This expense relates to overpayment of bonuses as a result of calculation errors. Recovery has commenced in the new financial year	0	10
Payment of VAT to a non- registered VAT vendor. Recovered in April 2016	0	3
Total Fruitless and Wasteful Expenditure	0	13

2.31 IRREGULAR EXPENDITURE

Opening balance	626	10,244
Condoned Expenditure	(626)	(9,618)
Add: Add: Irregular Expenditure – current year	0	0
	0	626
Current year	0	0
Prior years	0	626
	0	626

No irregular expenditure was incurred in the current year. Previous year's irregular expenditure was condoned.



2.32 RELATED PARTY TRANSACTIONS

Entity	TRANSACTION ARISING FROM LEVIES RAISED		BALANCE OWING ON LEVIES RAISED	
	2017 R'000	2016 R'000	2017 R'000	2016 R'000
Anglo Coal	1,574	1,790	5	249
Lonmin	0	3,285	0	14
Harmony	6,836	6,767	0	447
Royal Bafokeng	1,357	1,113	0	0
Total Entity	9,767	12,955	5	710

Other Related Parties	2017 R'000	2016 R'000
DMR	200	200
MQA	575	0
Mintek	0	0
Council for Geoscience	249	5,378
State Diamond Trader	0	0
SA Diamond and Precious Metals Regulator	0	0
Total Other Related Parties	1,024	5,578

2.33 NON-EXECUTIVE EMOLUMENTS

Except for the independent audit committee members, the board and its other committees are not paid for attendance to meetings.

Payment to audit committee members	2017		2016	
	TRAVEL R'000	MEETING R'000	TRAVEL R'000	MEETING R'000
Mr. M. E. Manning	73	50	97	87
Ms. N. Khumalo	0	47	1	46
Ms. N. Madiba	34	154	23	64
Mr. G. Higgins	1	9	0	0
Mr. R. Adams	12	9	0	0
Total	120	276	121	197



2.34 CONTINGENT ASSET

The administrative fines become due and receivable when the mine (s) that have been fined have exhausted all the remedies available to them as to whether they accept or contest the fine(s). Before this process is concluded, these fines are not recorded as receivable. This process means that there are possible contingent assets that are subject to the conclusion of these processes.

2.35 CONTINGENT LIABILITY

There is a pending legal Human Resource matter which has not been resolved by 31st March 2017.

2.36 CONTINGENCIES

As per Public Finance Management Act, entities are supposed to get permission to roll-over surplus into the next financial year from National Treasury as at 31 May 2017. The letter of application to retain its accumulated reserves of R176,271 000 has been sent to National Treasury.



[illegible]



MHSC

Mine Health and Safety Council

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