



MINE HEALTH AND SAFETY COUNCIL ANNUAL REPORT 2015/16

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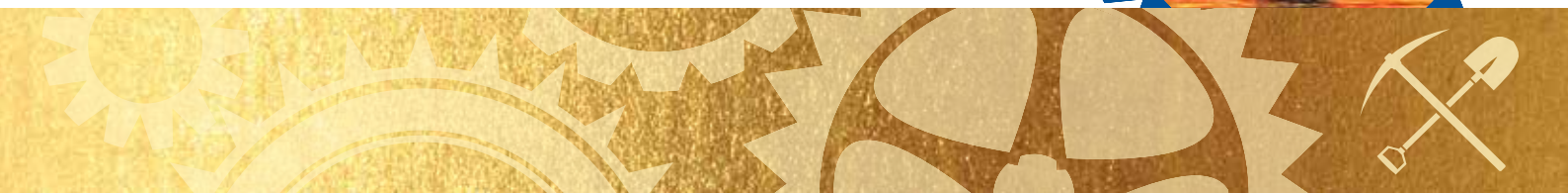
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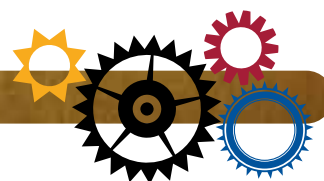
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STAY SAFE



1. VISION OF THE MHSC

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 in the mining industry towards the achievement of Zero Harm to mine workers and mining communities.



2. MISSION STATEMENT

The MHSC'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, and creating and disseminating information on leading practices to the mining industry.



3. GOALS AND VALUES



3.1 Goals

MHSC is pursuing the following goals and all the strategic objectives will be linked to these goals:

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

3.2 Values

The MHSC prides itself on a set of shared values that inform and guide the interaction between employees, stakeholders and the mining industry at large. The first initial of these core values together spell the acronym "**PRIDE**" to ignite pride in the way MHSC is portrayed internally and externally.

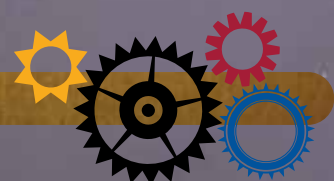
Professionalism – Professional approach in all our business dealings and interpersonal relationships.

Respect – Respect each other and value diversity in ideas, work style, background and skills.

Integrity – Integrity, honesty and ethical approach in everything we do.

Delivery – Delivery and results-driven culture through constructive feedback and continuous improvement.

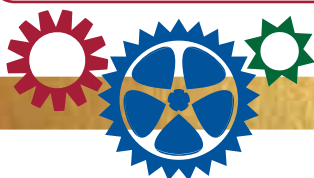
Excellence – Excellence and efficiency in the way we deliver on the mandate.



4. Abbreviations and Terminology

ABBREVIATIONS

AGSA	Auditor-General South Africa
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
ASPASA	Aggregate & Sand Producers Association of Southern Africa
BBT	Brief, Budget and Timing
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 and Operations Officer
CSIR	Council of Scientific and Industrial Research
CSO	Corporate Service Officer
CTAC	Culture Transformation Advisory Committee
CTF	Culture Transformation Framework
DMR	Department of Mineral Resources
GRC	Governance, Risk and Compliance
GRAP	General Recognised Accounting Practice
GRCL	Governance, Risk, Compliance and Legal
HIV	Human Immunodeficiency Virus
HR	Human Resource
HRRAC	Human Resources and Remuneration Committee
ICT	Information Communications Technology
ICTSC	Information Communication Technology Steering Committee
ICTSCC	Information Communication Technology Steering Committee Charter
IGRAP	Interpretation of the Standards of General Recognised Accounting Practice
IPT	Isozianad Preventative Therapy
MHSA	Mine Health and Safety Act (No. 29 of 1996)
MHSC	Mine Health and Safety Council (Board)
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
MOU	Memorandum of Understanding
MQA	Mining Qualifications Authority
MRAC	Mining Regulation Advisory Committee



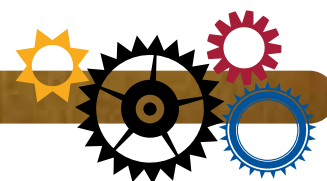
ABBREVIATIONS

NDP	National Development Plan
NIHL	Noise Induced Hearing Loss
OHS	Occupational Health and Safety
OMP	Occupational Medical Practitioner
PDS	Proximity Detection System
PFMA	Public Finance Management Act (No. 1 of 1999)
PPE	Personal Protective Equipment
RFP	Requests for Proposals
SAMI	South African Mining Industry
SCM	Supply Chain Management
SHE	Safety, Health and Environment
SIMRAC	Safety in Mines Research Advisory Committee
STS	Standard Threshold Shift
TB	Tuberculosis
TIA	Technology Innovation Agency
WiM	Women in Mining

5. Terms and Definitions

DEFINITIONS

Chief Inspector of Mines	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	The Mine Health and Safety Council established in terms of section 41(1) of the Mine Health and Safety Act, 1996 as amended.
Hazard	A source of, or exposure to danger.
Health	Refers to occupational health at mines.
Health hazard	Any physical, chemical or biological hazard to health including anything declared to be a health hazard by the Minister.
Mines	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	The South African Minister of Mineral Resources.
Occupational health	Includes 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	The prevention, diagnosis and treatment of illness, injury and adverse health effects associated with a particular type of work.
Risk	The likelihood that occupational injury or harm to persons will occur.
Strategic objectives	Represent organisational outcomes that are critical to the achievement of the MHSC's mission for a period of five to 10 years.





6. Chairperson's Overview



MR XOLILE MBONAMBI

ACTING CHAIRPERSON OF THE MINE HEALTH AND SAFETY COUNCIL

It gives me great pleasure, on behalf of the Mine Health and Safety Council (MHSC), to present the 01 April 2015 to 31 March 2016 annual report to the Honourable Minister of Mineral Resources, Mosebenzi Zwane, our various industry stakeholders, State, Organised Labour organisations, employers in the mining industry and other parties.

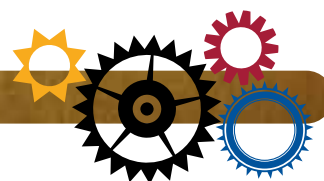
The MHSC was established in terms of the Mine Health and Safety Act (1996) as amended. The mandate of the Council is to advise the Minister of Mineral Resources on all occupational health and safety issues in the mining industry, and to develop legislation with specific reference to regulations, conduct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

The MHSC continues to make a significant contribution in assisting the sector in achieving a sustainable improvement on the health and safety of the mineworkers through the implementation of the strategic plan in collaboration with our stakeholders, this has gone a long way in assisting the industry recording the lowest fatalities ever during 2015.

The financial year that ended in March 2016 was also the year of implementing tripartite

milestone initiatives, which are the outcomes of the successful 2014 Mine Health and Safety Tripartite Summit. These were bold initiatives required to radically improve the health and safety of the mineworkers and transform the industry to a caring one. It is now time for the industry to take stock of how far it has come in this continuous journey to achieve the vision of **Zero Harm**, as presented in November 2014 Tripartite Summit. The progress report will be presented during the 2016 Tripartite Summit, scheduled for hosting in November 2016.

There has been remarkable improvement on the occupational safety front with occupational health issues requiring more attention in various areas. The industry has seen the hosting of the Occupational Health Dialogue in March 2016. The MHSC in partnership with its Tripartite Stakeholders hosted the first Occupational Health Dialogue in the South African Mining Industry. The dialogue had a theme, "Occupational Health Beyond Compliance" which evoked discussions among stakeholders to encourage them to go an extra mile in addressing occupational health exposures, risks, hazards and diseases at mines. The event amongst other things was aimed at promoting MHSC initiatives on issues of occupational health, the launching of Isozianad Preventative Therapy (IPT) guideline



which has been reviewed in collaboration with the Department of Health to include Silicosis aspects. The outcome of the dialogue was the drafting of an implementation plan on dialogue resolutions, which will form part of the initiatives of the 2016 Summit Action Plans, the Summit will be hosted in November 2016.

The industry is also looking at various technological innovations in dealing with the issues of occupational health and safety. 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 technology on workers, which is in-line with Mining Phakisa initiatives in modernising the mining industry and improving South Africa's competitiveness.

The implementation of the CoE has gained momentum. The business plan is currently being finalised and will outline requirements for the CoE including its governance framework and structures. The CoE Interim Steering Committee has been established to provide oversight in the CoE implementation.

A lot of effort has been made during the financial year to ensure that projects are on brief, budget and time. This has assisted in ensuring that expenditure in the MHSC is within the targeted variance of 5%. The MHSC's revenue collection percentage for the period under review was over 100% of the targeted levy collection, which is a major improvement taking into account the industry challenges of commodity prices and sustainability of operations.

The SCM turnaround plan has been implemented by the MHSC, which includes capacitation of SCM to improve turnaround times in terms of procurement of services and goods and is showing good signs of improvement.

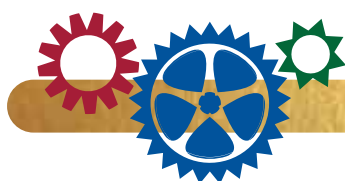
The MHSC has embraced the principles of Good Corporate Citizenship as part of sustainable development and will continue incorporating these in our future business processes. The MHSC will be embarking on a process of developing an Integrated Reporting approach in the next financial year. The first integrated report will be expected for the financial year 2017/18.

The Audit and Risk Committee continued to advise the Council with risks identified and controls implemented during the period under review. The MHSC's risk strategy and its fraud prevention campaign (including the MHSC toll-free fraud hotline where anyone can report fraudulent activities) is commendable.

The MHSC as a public entity is also guided by National Treasury in terms of the Public Finance Management Act (No. 1 of 1999 as amended by Act 29 of 1999). The MHSC Board has exercised sufficient oversight over the core and support functions of the MHSC for the period under review, and is satisfied that control measures are sufficiently efficient and effective to mitigate potential risks to the MHSC. Furthermore the Board and Advisory Committees are fully functional and support the strategic mandate of the MHSC in their respective operational and technical capacities.

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.

There has also been an improvement in the promotion and communication of MHSC products and services to the mining industry. The MHSC has embarked on a number of major promotional events, which includes the following:



- The Occupational Health and Safety Women in Mining (WiM) Conference that was held by the MHSC on 5 and 6 August 2015. The theme was "Prioritising health, safety and security of women in mining". The focus areas were sexual harassment prevention, safety and security of WiM and Personal Protective Equipment (PPE) for women in mining. The action plan from the WiM conference is being implemented. A tripartite WiM subcommittee, which has been established as part of implementation of the conference resolutions, will develop a roll out a programme that will address issues identified at the conference held in August 2015.
- In December 2015, the MHSC in partnership with Exxaro and Lephalale Municipality in Limpopo, hosted a successful World AIDS day at Marapong. The event amongst other things was aimed at promoting MHSC initiatives, HIV counselling and testing, referrals for positive cases to obtain treatment and fostering a healthy lifestyle of mineworkers and surrounding communities.
- The MHSC will be hosting the commemoration of mine disasters to honour the memory of those who have lost their lives in mining-related incidents, and acknowledging the important role that mineworkers have played in shaping the economy of this country. In 2015, MHSC participated in commemoration of Vaal Reefs disaster.

The areas that will still need more focus in the next financial year are the continuation of promotion of MHSC activities, internal processes to support Council and its Committees, improvement of the role of governance structures to assist Council on governance and risk management.

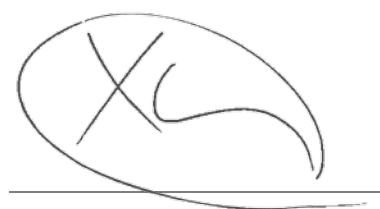
The MHSC will continue with positive and constructive engagements and collaboration with the Mining Qualifications Authority (MQA) in ensuring that the mining sector has appropriate and adequate skills to also ensure the achievement of **Zero Harm**.

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

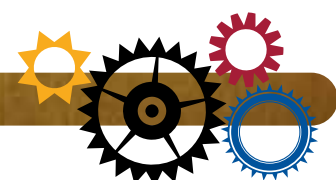
I would also like to extend my sincere thanks to the MHSC Board, Advisory Committees, Audit and Risk Committee, and Internal and External Auditors. I also extend my gratitude to the MHSC Staff for their stellar performance and providing necessary support to all the structures of Council and stakeholders.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

My sincere appreciation also goes out to the 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 MHSC continues to assist the mining industry in ultimately achieving **Zero Harm**.



MR XOLILE MBONAMBI
Acting Chairperson of the
Mine Health and Safety Council



7. MHSC Mandate and Profile



7.1 Mandate

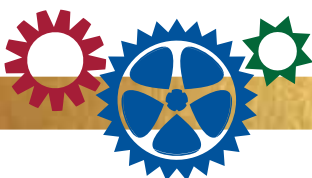
The Mine Health and Safety Council is established in terms of section 41 (1) of the Mine Health and Safety Act (Act 29 of 1996) as amended. The mandate of the MHSC as provided for in the Mine Health and Safety Act is to do the following:

1. Advise the Minister 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;
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;
3. Liaise with any other statutory bodies concerned with matters relating to health and safety;
4. Promote a culture of health and safety in the mining industry;
5. At least every two years arrange and coordinate a tripartite Summit to review the state of health and safety of mines;
6. Perform every duty imposed upon the MHSC in terms of the MHSA; and
7. Annually advise the Minister on relevant research relating to health and safety at mines.

7.2 Profile of the MHSC

The MHSC is a tripartite structure comprised of representatives from the state, mine employees and mine owners. The Council is supported by the following committees in the execution of its mandate as also indicated in figure 1:

1. Culture Transformation Advisory Committee (CTAC) to advise Council on culture transformation and implementation of Summit Agreements;
2. Mining Regulation Advisory Committee (MRAC) to advise the MHSC on legislation, guidelines and standards;
3. Mining Occupational Health Advisory Committee (MOHAC) to advise the MHSC on occupational health issues;
4. Safety in Mines Research Advisory Committee (SIMRAC) to advise the MHSC on occupational health and safety research;
5. Mining Industry TB, HIV and AIDS Advisory Committee (MITHAC) to advise the MHSC on HIV/AIDS and TB in the mining sector;
6. Audit and Risk Committee (ARC) to advise the MHSC on oversight requirements in line with Public Finance management Act (No.1 of 1999) (PFMA) and related corporate governance requirements. Internal Audit is an outsourced function as part of the Combined Assurance Model; and
7. Human Resources and Remuneration Advisory Committee (HRRAC) to advise MHSC matters related to Human Resource Management in general, including remuneration.



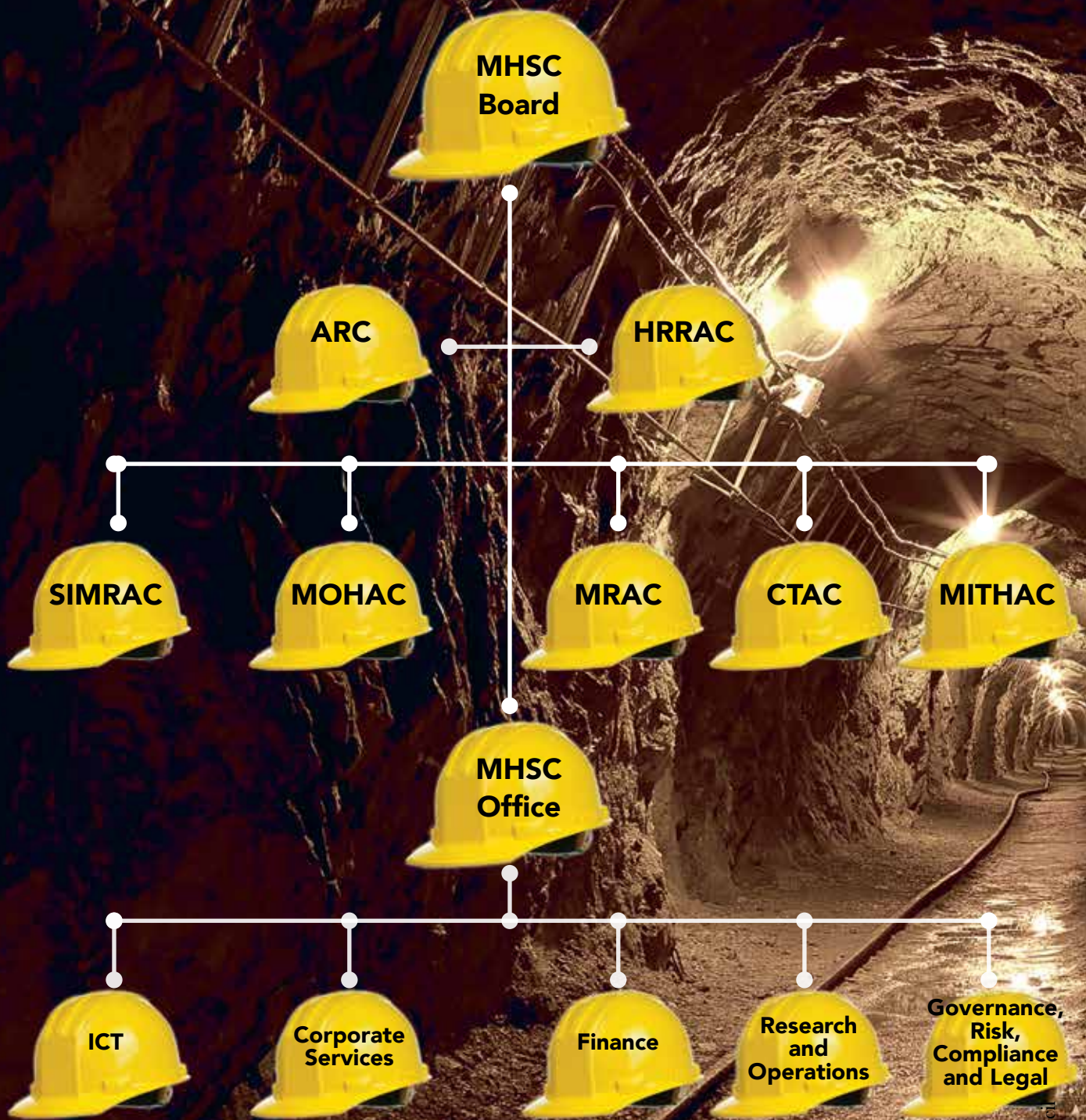


Figure 1. MHSC Structure





MHSC

Mine Health and Safety Council



8. CEO's Overview



MR T DUBE

CHIEF EXECUTIVE OFFICER

The MHSC Office has been established to provide administrative and secretarial support for Council and its Advisory Committees and is responsible for operational aspects of Council activities.

The operations of the Mine Health and Safety Council (MHSC) are managed by the Chief Executive Officer through five business units being Governance, Risk, Compliance and Legal, Research Operations, Information and Communications Technology, Finance and Corporate Services. All these business units are headed by the respective unit executives:

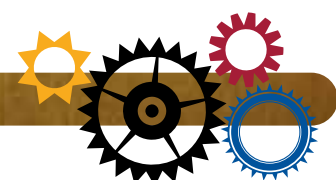
1. Research Operations: Administrative support to advisory committees of MHSC and Project Management.
2. Finance: Financial management through levy collection, procurement, disbursements and supply chain management.
3. Corporate Services: Communication and Promotion, Human Resource Management, Security, Records Management and Facilities Management.
4. Information and Communications Technology: Management of ICT Platforms and all other related matters.
5. Governance, Risk, Compliance and Legal (GRCL): Oversee the Governance, Management of Risk, Monitoring and

Compliance, Legal and Administrative support to Audit and Risk Committee.

The implementation plan and related initiatives for 2014 Summit Milestones are in various stages of implementation. These include Quick Win projects on pressing industry challenges and development of the business plan for Centre of Excellence. There is on-going tracking or monitoring of the implementation of the Summit action plans, in preparation to the hosting of the 2016 Summit scheduled for November 2016, which will review the 2014 Summit commitments and implementation progress as well as the state of mine health and safety in the industry.

Enterprise Project Management System has been implemented to ensure improvements on the management of projects. Engagements with various service providers on challenges relating to delivering of projects milestones, have assisted in ensuring that projects are delivered on brief, budget and on time. Interventions also included penalties issued to the service providers who are behind schedule in terms of delivery against research projects milestones.

A service provider has been appointed for the development of a business plan for the Centre



of Excellence. A business plan is expected to be completed in the first quarter of the next financial year for immediate implementation. The Centre of Excellence is expected to be fully operational by April 2017.

The established regional tripartite forums have proven to be an effective platform in the dissemination of MHSC information and engagement with stakeholders at regional level. Awareness of the MHSC is still an area that need serious improvement to ensure relevance of the organisation. The MHSC will continue with its awareness campaigns in the different provinces. The focus in the next financial year will be the packaging of research outcomes in an easily usable format for the dissemination to the mining industry. This will form part of improving uptake and implementation of research outcomes, thereby ensuring a return on investment on MHSC resource invested in research.

In line with the mandate of the MHSC, the CoE is expected to be a game changer in the manner of conducting research to seek solutions on the Occupational Health and Safety challenges faced by the industry, through focused research, implementation and dissemination of research outcomes. The second phase of implementation of the CoE will focus on training, development and capacity building in research and also for mineworkers. Furthermore the MHSC will continue to review the regulatory framework on a regular basis for the mining industry and advise the Minister of Mineral Resources accordingly, this will include regulatory impact assessment of legislation. Efforts will be made to improve awareness on changes in legislation and assisting in managing the likely impact on the industry.

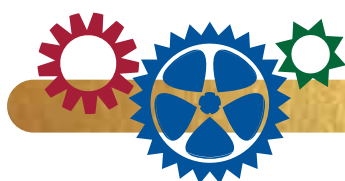
8.1 Research Operations

The MHSC has over the years together with its Tripartite Stakeholders, focused its resources in developing a research programme aimed at

addressing and promoting Occupational Health and Safety (OHS) issues pertinent to the South African Mining Industry (SAMI). The research initiatives, coupled with the Summit Action Plans have been the main drivers of ensuring that innovative solutions are derived to deal with OHS issues in achieving the goal of Zero Harm to ensure that ***“Every Mine Worker Returns from Work Unharmful Every Day”***. In 2014, stakeholders held a Summit whereby a concerted effort was made to review progress over ten years of OHS performance in the sector. This led to all parties acknowledging that conducting research alone would not produce the desired outcome of improving the health and safety of mineworkers and those affected by mining activities. There is a great need to implement outcomes of research and also improve in sharing of best practices by industry members and across various sectors.

Greater emphasis is on the implementation of research outcomes which had not been translated for implementation and where implementable outcomes were developed, there was minimal uptake by the industry. It was against this backdrop that stakeholders agreed to launch the CoE to ensure that knowledge, technology transfer and training becomes a reality.

A service provider has been appointed to develop the business plan for the CoE. As part of the development of a business plan, stakeholder consultations and capacity audits have been completed to check the status of readiness by Primary Service Providers in partnering with the MHSC to support the CoE. The business plan will outline requirements for the CoE including its governance framework. The key spinoff is that the research needs determination will be strengthened and a broader stakeholder consultation process will be followed to ensure identification of critical short and long term solutions for OHS in the SAMI. A final business plan report will be submitted in the first quarter of the next financial year.





In 2015, stakeholders identified nine quick win projects and to date seven of the nine projects have been awarded. The remaining two projects have been re-advertised due to inadequate response from Research Service Providers. As part of monitoring quick win projects, the CoE Interim Steering Committee which will be providing oversight and monitoring of the quick win projects has been established. The MHSC office will continue to ensure that the projects are delivered on brief, budget and on time and progress will be monitored and reported on a regular basis to the CoE Interim Steering Committee. CoE quick win projects which were identified by the tripartite stakeholders include the following areas:

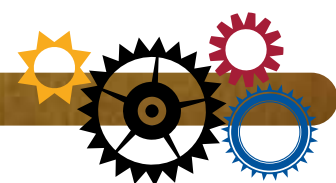
- Underground and surface communication system.
- Rockmass condition assessment tools.
- Independent support testing capability of the mining industry.
- Continuous dust monitoring and suppression systems, which involves real time monitoring and exposures.
- Missing person locator systems, technologies available for locating miners for rescue and recovery operations.
- Collision management systems, includes the development of testing facilities for such systems.
- Understanding the impact of technology on people in the South African Mining Sector,

this will assist one of the work-streams in the Mining Phakisa.

- Statutory equipment assessments, looking at the state of repair of mines statutory equipment.
- Continuous Dust Monitoring and Suppression.

Women in Mining (WiM) occupational health and safety issues remain a concern. As part of implementing the action plan from the WiM conference, a tripartite WiM subcommittee has been established to roll out a programme that will address issues identified at the conference under the theme "**Prioritising the Health, Safety and Security of WiM**" held in August 2015. A report will be presented at the upcoming OHS Summit planned for November 2016.

Upon realising that many mineworker's death due to latent occupational diseases are unaccounted for as they die after leaving the industry, tripartite stakeholders took a conscious decision to elevate occupational health issues. The MHSC hosted the first Occupational Health Dialogue in March 2016 which created a platform for stakeholders to deliberate on critical occupational health solutions to reduce exposures to health hazards and go beyond an extra mile to manage occupational health in their operations. Furthermore, initiatives to commemorate and raise awareness on



HIV/AIDS and TB continue to be part of MHSC annual programme. This is achieved through collaboration with employers and unions who over the years showed their continued support during this events.

The MHSC's Culture Transformation Framework (CTF) as per the Summit outcome, plays a pivotal role in accelerating the SAMI's journey towards Zero Harm. Stakeholders agreed to minimum standards of five pillars that must be implemented in order to change OHS culture in the SAMI. One of the critical requirement for CTF implementation and other Summit outcomes was that leading practices in the sector should be adopted and to this end, the MHSC successfully developed a guideline for the identification and adoption of leading OHS practices for the South African mining industry. The guideline sets out a common approach and minimum standards for identifying and facilitating the adoption of leading OHS practice in acting to achieve Zero Harm.

Illegal mining activities are causing serious OHS challenges in abandoned and operational

gold mines as well as in the platinum, sand and aggregates sector in South Africa. The practice is mainly rampant in the Gauteng Province (mainly in the East Rand, Central Rand and West Rand areas) and occurs mainly where there are open shafts, surface outcrops, mine residue dumps, rivers and old worked out area of an operational mine. It has been reported that a greater proportion of the fatalities in illegal mining operations are as a result of faction fights, fall of ground and gassing incidents. MHSC Office will continue to participate in the Illegal Mining Stakeholder Forums where stakeholders are discussing various interventions required to address challenges posed by illegal mining activities. SIMRAC initiated a process to conduct a study aimed at developing feasible methodologies for sealing off entries to non-operational and abandoned mines.

During the 2015/16 financial year, the MHSC continued to undertake new OHS research projects as well as multi-year projects from the previous financial year. The projects are indicated in the following tables:



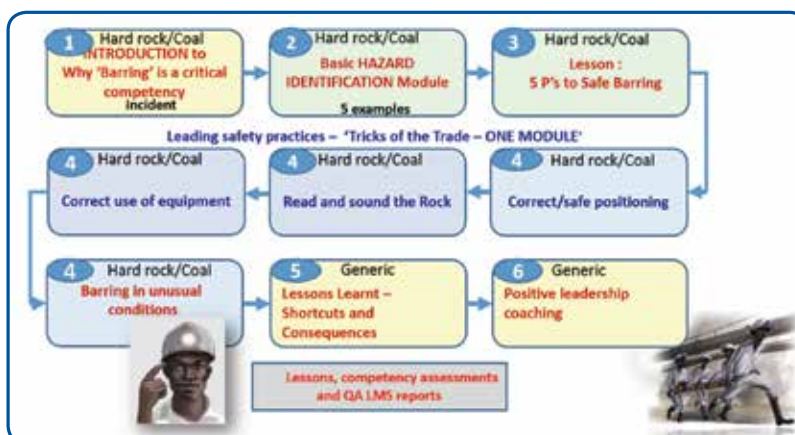
Table 1: Research Projects which were Active the 2015/16 Financial Year

Thrust Area	Project Topics	Status
Rockfalls	1. Training on the technology transfer on support design in the Bushveld Complex.	Completed
	2. Identify opportunities to improve the safety of barring-down practices.	Completed
	3. Integration of the South African National Seismograph Network and Database with Mining Networks as per the recommendations in Chapter 1 of the Presidential Mine and Safety Audit 2008; Phase 2.	Completed
	4. Fluid-induced seismicity in the Central Basin Area: ground motion prediction and the development of an early warning system for risk reduction.	Completed
Rockbursts	5. Technology transfer on minimising seismic risk in the platinum mines. *	In progress
Physical Hazards	6. Develop feasible methodologies to aid escape in poor visibility in underground environments.	Completed
Occupational Diseases	7. What is the Impact of Anti-Retro Viral drugs and HIV on the auditory system? *	In progress
	8. Adverse health impacts associated with dust emissions from mine tailings Year 3.	Completed
Special Projects	9. Handbook on Personal Protective Equipment (PPE) for WiM.	Completed
	10. Development of a South African Minimum Standard on Ground Vibration, Noise, Air Blast and Fly Rock Near Surface Structures to be protected.	In progress
Rockfalls	11. Develop methodologies for determining maximum Bord Widths in Platinum and Chrome Bord and Pillar Mines.	Completed
	12. Design Feasible Methodology for Selecting Areal Support for Varying Environments. *	In progress

* Multi-Year Projects



DRD gold mine TSF showing surrounding communities located close to the TSF



Six Training Modules to Improve Barring Practice

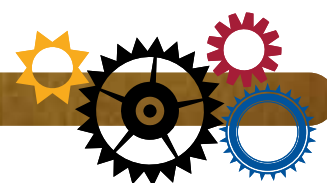


Table 2: Regulations Promulgated for the Period under Review

Regulations	Regulation	Description
Chapter 4	Explosive Regulations	These regulations intended to prevent explosives related accidents in the mining industry.
Chapter 8	Trackless Mobile Machinery Regulations	Trackless Mobile Machinery is amongst the major causes in the mining industry and these regulations will ensure that stringent safety measures are in place regarding the operation of trackless mobile machinery are put in place.
Chapter 20	Rail Bound Regulations	Haulage and transport accidents are the second largest category of causes of accidents in mines and these regulations will assist in reducing accidents caused by rail bound equipment.
Chapter 21	Electrical Regulations	Amended by addition of required Technical Competencies on Electrical Regulations.

Table 3: Guidelines Promulgated for the Period under Review

Guidelines	Description
Minimum standards of fitness to perform work on a mine	This guideline outlines the common approaches to be followed by the Occupational Medical Practitioner (OMP) to determine fitness to work of an employee, taking into account possible medical condition employees that might be suffering from.
The Management of Medical Incapacity due to Ill Health and Injury	The guideline is there to assist the OMPs, Safety, Health and Environmental (SHE) Practitioners and Human Resources (HR) Practitioners to manage mining employees with medical incapacity.
Guideline for compilation of a mandatory code of practice for Occupational Health Programme (Occupational Hygiene and Medical Surveillance on Thermal Stress)	The objective of the guideline is to assist the employers to compile a Code of Practice that would protect and improve the health of the employees at a mine by monitoring and reducing their exposure to thermal stress.
Guideline for the Compilation of a Mandatory Code of Practice (COP) for the Safe Use of Conveyor Belt Installations for the transportation of Mineral, Material or Personnel	Over the past 20 years, 1 212 persons were involved in accidents relating to conveyor belt installations and because of these accidents, the Chief Inspector of Mines identified conveyor belt installation as an area requiring statutory regulation.

Mandatory Guidelines for Codes of Practice

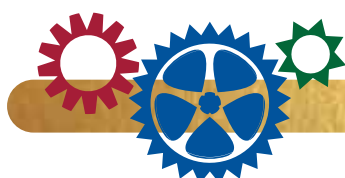


Table 3: Guidelines Promulgated for the Period under Review (continued)

Guidelines	Description
Guideline for the Compilation of a Mandatory COP for the Right to Refuse Dangerous Work and Leave Dangerous Working Places	The purpose of this guideline is to assist the Employer in drawing up a COP which contains effective procedures for the general exercise of the right to refuse dangerous work and the right to leave dangerous working place.

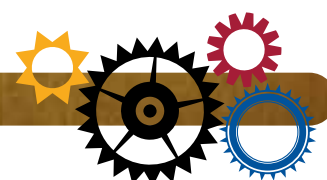
Mandatory Guidelines for Codes of Practice



Table 4: Guidance Notes Prepared and Approved for Promulgation

Guidance Notes	Description
Standard Threshold Shift (STS) Guidance Note	The objective of this guidance note is to provide a framework to assist the employer of every mine to implement the 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 are not meant to replace Instruction 171 issued in terms of the Compensation for Occupational Injuries and Diseases Act, Act No. 130 of 1993.
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.

Guidance Note for TB, HIV and Silicosis



Various Advisory Notes to the Minister of Mineral Resources

Other advisory notes that were developed and approved for submission to the Minister of Mineral Resources in the 2015/16 period of reporting:

1. Integration of the South African National Seismograph Network and Database with Mining Networks as per the recommendations in Chapter 1 of the Presidential Mine and Safety Audit 2008; Phase 2.
2. Health and Safety impacts of socioeconomic conditions and other matters relating to living conditions in the SAMI.
3. How can we best monitor behaviour change from interventions related to the people-centred adoption of leading practices?
4. Women in Mining Conference.
5. Tuberculosis Programme Reviews.
6. MHSC Research Programme 2016/17.

The MHSC will ensure that research outcomes developed are adopted by the mining industry using technology and knowledge transfer process. This will be achievable through the CoE which bring capacity and skills that will embark on technology refinements and packaging of knowledge materials where necessary in collaboration with Technology Innovation Agency (TIA) and academic institutions.

There will be also engagements with manufacturers locally and internationally to make technologies available for commercialisation. Furthermore, to successfully transfer the knowledge, targeted training opportunities will be created, thus at a professional and mine workers level in the industry to create a better understanding, which will positively influence better adoption of leading practices. This initiatives will at all times be implemented using the principles of risk assessment to ensure that

the action taken at operational level maximally protect the health and safety of mine workers and those affected by mining activities.

MHSC projects also include an aspect of looking at job creation potential of research outcomes, with more focus on applied research. This will also focus on developing proudly South African products manufactured locally.

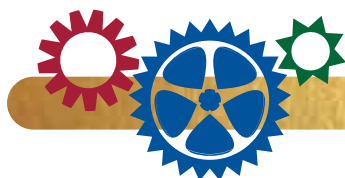
8.2 Corporate Services

The main objective of the Corporate Services unit is to render support to the MHSC and its Stakeholders thus creating efficiencies to foster the achievement of the MHSC objectives. Corporate Services renders the following services: Communication and Promotion, Human Resources Management, Records Management, Facilities and Security Management of the MHSC. The team is made up of professionals, with speciality in their fields of work.

8.2.1 Communication and Promotion

The communication and promotion function is responsible for the implementation of a communications and promotions strategy that promotes the activities of the MHSC and the research programme findings to the SAMI industry. There was focus in the past financial year to create a positive perception of the MHSC among its stakeholders through workshops, conferences and various publications disseminated, there is going to be continuation on this area in the next financial year.

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



Mine Health and Safety Women in Mining Conference 2015

The Mine Health and Safety Women in Mining Conference was held on 5 and 6 August 2015 at the Birchwood Hotel and Conference Centre, Johannesburg, under the theme **"Prioritising the Health, Safety & Security of Women in Mining"**. The objective of the conference was, amongst others, to acknowledge the massive role women play in the sector, their significant contribution as well as raise awareness and address some of the challenges that they encounter on a daily basis. The conference provided a platform where captains of the industry united to tackle identified challenges in an effort to make a meaningful contribution as



Delegates at the 2015 Mine Health and Safety WiM Conference

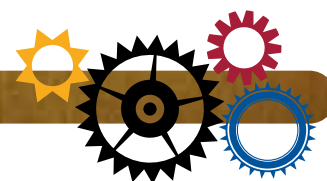
far as women issues were concerned. The discussions held centred on the following topics:

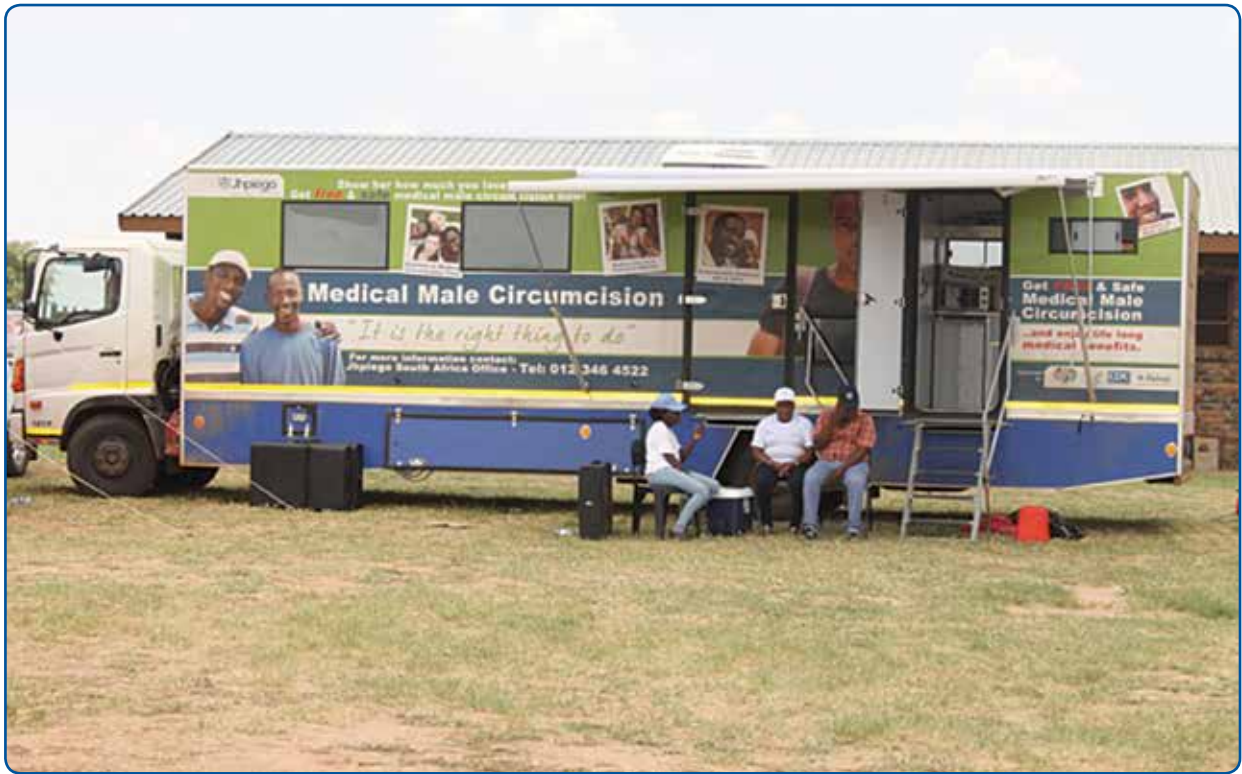
- Overview on Health & Safety experiences in the SAMI.
- Research conducted on sexual harassment and available promotional material.
- Decent work for WiM.
- PPE for Women in the South African Mining Industry
- Safety and security challenges impacting Women in the SAMI.
- Making mining a career choice.

The outcomes or resolutions of the conference resulted in the development of an action plan with initiatives for implementation. A tripartite WiM subcommittee, which has been established as part of implementation of the Conference resolutions, has developed a roll-out programme that addresses issues identified at the Conference.



Appropriate PPE for WiM; as modelled at the Mine Health and Safety WiM Conference





A health services truck at the World AIDS Day Commemoration

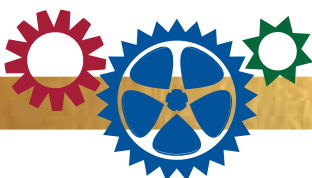
World AIDS Day Commemoration



*Dr T Balfour-Kaipa
(Member of MHSC Board) at the
World AIDS Day Commemoration*

The SAMI has been identified as one of the vulnerable industries with high incidences of HIV and AIDS and the scourge of TB. In showing its commitment and as well as in support of the Minister of Health's initiatives of addressing the scourge of HIV and AIDS, the MHSC in partnership with Exxaro Mine and Lephalale Municipality in Limpopo hosted a successful World AIDS Day commemoration at Marapong. The theme of the day was aligned to the Department of Health's theme: Rise, Act, Protect. The event was aimed at promoting MHSC's initiatives in an effort to fight HIV and AIDS. The activities at the commemoration included HIV counselling and testing for TB, HIV, eye vision, screening of non-communicable diseases such as blood pressure, etc. Referrals for positive cases to obtain treatment were done, and fostering a healthy lifestyle of mineworkers and surrounding communities was emphasised. Services related to medical male circumcision, as well as free x-rays were offered. The commemoration was topped by cultural dance entertainment by the community members as well as an educational stage play on raising awareness about HIV/AIDS.

As part of our social responsibility contribution towards the community of Marapong, the MHSC arranged for food to be delivered to a nearby old age home and orphanage.

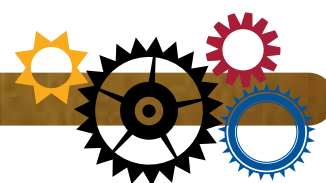




Delegates at World AIDS Day Commemoration



Delegates in attendance at the World AIDS Day Commemoration



Occupational Health Dialogue

In addressing the inequalities that have been identified regarding treatment of occupational health issues, the Mine Health and Safety Council identified the need to host an Occupational Health Dialogue. In March 2016, the MHSC in partnership with its Tripartite Stakeholders hosted the first Occupational Health Dialogue in the SAMI, under the theme "Occupational Health Beyond Compliance".

The event was aimed at promoting MHSC's initiatives on occupational health, the launching of a Isozianad and Preventative Therapy guideline which has been reviewed in collaboration with the Department of Health to include Silicosis. The outcome of the dialogue was the drafting of an implementation plan which will form part of the initiatives of the Summit Action Plans during November 2016. The event raised awareness and evoked meaningful discussions among stakeholders to encourage them to go an extra mile in addressing occupational health hazards and diseases at mines.

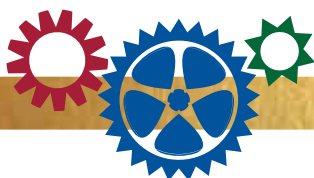


Delegates at the Occupational Health Dialogue

2016 World TB Day Commemoration

Every year on 24 March, the World commemorates World TB Day, TB is one of the world's top health challenges with nine-million new TB cases and the deaths of nearly 1.5 million people each year. The day is an occasion to mobilise political and social commitment for further progress towards eliminating TB as a public health burden. The World TB Day 2016 commemoration presented an opportunity for all partners to continue with a global effort to find, treat and cure all people infected with TB and accelerate progress towards the bold goal of ending TB by 2035.

In 2016, the MHSC co-hosted in the World TB Day Commemoration in Carletonville in order to raise awareness about the work of the MHSC on issues of TB, which is part of the MHSC Programme of work, under the MITHAC.





Attendees at World TB Day



Attendees at World TB Day



The CROO presenting at World TB Day

World TB Day is celebrated on 24 March every year. This year MHSC co-hosted in the Carletonville commemorations

Regional Tripartite Forums

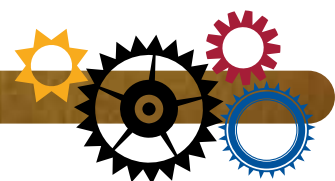
The Communications function, has Regional Tripartite Facilitators who are responsible for strengthening relations within the Regional Tripartite Forum or structures and the MHSC. In order for the MHSC to fully discharge its mandate, it requires a strong partnership with its stakeholders, in particular the State, Employers and Organised Labour. In an effort to forge these relations, Regional Tripartite Forums were established across all nine provinces in order to:

- Create a platform for maintaining a good and constant interaction with stakeholders.
- Disseminate information on leading practices to the mining industry and share experiences.
- Create awareness of the MHSC, promote and communicate its activities.
- Gather feedback about the role MHSC is playing from RTFs, to ensure continuous improvement.



The CEO of the MHSC addressing delegates at one of the Stakeholder Engagement Sessions at the Regional Tripartite Forum

In the 2015/16 financial year the MHSC hosted roadshows (Stakeholder Engagement Sessions) around the country, in all mining regions and relevant provinces. These have proven to be successful, with various Forums requesting that the roadshows are made part of their annual events' calendar. When surveyed, over 80% of the tripartite members are aware the work of the MHSC.





Members and delegates at the Western Cape Regional Tripartite Forum

MHSC will continue to strive to fulfil our mandate by participating at relevant events, including the Mining Indaba and the Mine Safe Conference. We also make use of newsletters and our MHSC magazine to communicate and disseminate information to our stakeholders.

8.2.2 Human Resource Management

In the 2015/2016 financial year, the Human Resource function successfully recruited and filled all the MHSC Executive posts which were vacant. This has added a great value to the organisation and its efficiency. Each staff member signed a Performance Agreement and Performance Assessments were conducted at the relevant intervals. This ensures that necessary interventions are effected on time.

On the strategic front, a job grading exercise was concluded, wherein all roles were graded and benchmarked to the market. All staff members were provided with feedback on the outcome of the grading exercise. A staff organisational climate survey was conducted on 23 March 2016 to measure performance on organisational climate issues. The objective of the survey is to determine the level of satisfaction of the MHSC's staff with the organisational culture and practices. The survey was comprised of 15 questions. Out of the 18 staff participants, 83% answered in the affirmative, whilst 16% disagreed with the assertions that were being tested and 1% abstained from providing answers. This survey result shows an improvement in the organisational culture. An action plan is being finalised for implementation of recommendations to improve the organisational climate. The recommendations will be implemented in the 2016-2017 financial year.

To foster a positive organisational climate amongst the MHSC staff, a customer service workshop was hosted by the Human Resources function. The MHSC staff members were equipped with skills and principles on how to implement for an effective internal and external customer service experience. Staff members committed to strengthen the MHSC values in their interactions and daily responsibilities.

Human Resources has also played a vital role in being a staff ambassador during its engagement with staff and management. 2015/2016 also saw the roll-out of a Wellness Programme with Careways. This provides a social support function to staff and their immediate family members. This is another project that demonstrates the caring nature of the MHSC towards its staff members.

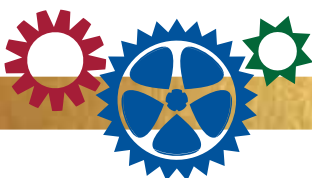


Table 5: Comparison of Staff Profile – 2014/15 and 2015/16

Business Unit	Approved Posts		Number of Filled Posts	
	2014/15	2015/16	2014/15	2015/16
Office of the CEO	3	3	3	3
Research	15	18	11	12
Finance	12	14	10	11
Corporate Services	17	21	14	18
Information Technology	3	4	3	4
Governance, Risk and Compliance, Legal	3	3	2	3
Total	53	63*	43	51**



* There has been an increase in approved posts in the following business units:

- Research: A Committee Administrator for MITHAC was approved. Two staff members are on temporary boarding process for medical reasons; as a result, two posts were approved on a fixed-term basis for business continuity purposes.
- Finance: Two additional SCM Practitioners posts were approved for capacity improvement of the unit.
- Corporate Services: The following posts were approved based on business and compliance needs: Security Risk Manager, Driver, HR Practitioner and HR Intern on a fixed-term contract.
- Information Technology: An intern post was approved on a fixed-term contract.

** HR continues on its drive to fill vacancies in order to manage the vacancy rate, with most offers made for commencement of employment in the new Financial Year:

- Two SCM Practitioners;
- Senior Credit Controller;
- HR Practitioner (Organisational Development);
- MOHAC Programme Manager; and
- CTAC Programme Manager.

In the past year, HR has successfully introduced Internships at the MHSC. 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 is exacerbated by lack of skills and formal work experience. The MHSC 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 Interns are provided with an opportunity to practice their work skills that they have gained over the years. The MHSC have secured three Interns on an eighteen month programme. These graduates can now equip themselves with the necessary practical experience required to further advance in their careers and contribute positively to the economy of the country.

Table 6: Staff by level or category for each post filled – 2014/15 and 2015/2016

Executive Management		Senior Management		Middle Management		Other staff	
2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
2	0	2	2	16	12	23	37

Table 7: Staff turnover as at 31 March 2016

Category	New appointments 2015/16	Terminations 2015/16
Executive Management	0	0
Senior Management	1	0
Middle Management	3	2
Other staff members	7	10
Total	11	12

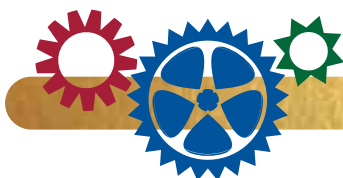


Table 8: Categories for employment termination as at 31 March 2016

Reason for Termination	Number	
	2014/15	2015/16
Deaths	0	0
Resignation	3	7
Expiry of contract	6	5
Dismissal	0	0
Retirement	0	0
Medical boarding	0	0

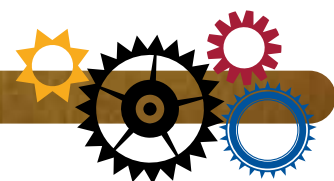
Table 9: Staff demographics

Business Unit	Gender		Demographics			
	Female	Male	African	Indian	White	Disability
Office of the CEO	2	1	2	1		
Corporate Services	8	10	18			1
Governance, Risk Compliance and Legal	1	2	3			
Finance	7	4	10	1		
Research	8	4	9	1	2	
Information and Communications Technology	1	3	4			
Total	27	24	46	3	2	1

The gender parity at Senior Managerial level has greatly improved with the appointment of female executives in the 2015/2016 financial year resulting in equitable representation at the different management categories.

8.2.3 Records Management

The Records Management function assists the MHSC 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 (Act No. 43, 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 improved flow of documents in the organisation, creating great efficiencies in document retrievals.



In the 2015/16 financial year, a Records Management System was successfully developed, implemented and maintained which led to the decongestion of store rooms and ensured easy availability of documents which were not readily accessible in past. An archiving and document registry retrieval process has now been created. The organisation currently enjoys better efficiencies due to the improved access which is supported by a Records Management Policy, Registry Procedure and Records Control mechanisms. Records are continuously being digitised to allow easy access of documents which are located off-site.

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 MHSC personnel, assets and information. This function has in the past year ensured a smooth functioning of the office that led to a healthy and conducive work environment with no security incidents.

In order to ensure best practices and optimum compliance, the MHSC requested the State Security Agency to perform a compliance assessment. This entailed determining the level of compliance to security standards and procedures as stipulated in the Minimum Information Security Standards. The outcome of the assessment indicated some shortcomings with corrective recommended actions. As part of the recommendations' implementation process, a Security Manager post was approved by the MHSC in order to close the compliance gap. A recruitment process is in progress for filling of the post in the early parts of the new financial year.

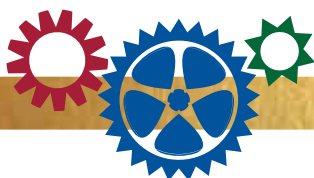
8.3 Information and Communications Technology

The Information and Communications Technology business unit provides overall Organisational IT Support, IT Governance, Business Continuity and Disaster Recovery also oversees core IT Infrastructure including application, hardware and software. The unit supports MHSC staff to execute their day-to-day duties. ICT unit provides tools of trade and platforms to MHSC staff and members which includes necessary technological support to ensure that MHSC strategic objectives are achieved.

MHSC Management together with the ICT Unit continuously conduct quarterly planned disaster recovery test at the disaster recovery site which is hosted and managed by an appointed service provider. Recovery Time Objective (turnaround time for data recovery) has been reduced to two hours due to data replication solutions deployed between MHSC office and the disaster recovery site. This is an indication of the state of readiness for MHSC to recover from possible disaster.

The Information Communication Technology Steering Committee (ICTSC) has been duly appointed and three independent serving members have been seconded from Stakeholders (Department of Minerals Resources, Labour and Chamber of Mines). The appointed committee meets quarterly in line with the approved Information Communication Technology Steering Committee Charter (ICTSCC). The role of the committee is to oversee and review all ICT projects and programs implemented within the MHSC, and the committee is proving to be improving in its effectiveness. The ICTSC Chairperson serves and reports to the ARC part of governance oversight on ICT issues.

An Enterprise Project Management system has been implemented and all MHSC projects are uploaded centrally into the system. This makes it possible for efficient and effective monitoring of implementation



of project milestones. In the next financial year it is anticipated that all project implementation monitoring, risk management and costing tracking will be efficiently conducted on a regular basis. The ICT Unit will continuously conduct training and provide user support to all business units in the full implementation of Enterprise Project Management.

The process to finalise the appointment of the service provider to deploy a milestone reporting solution is underway. The web based system will be used by stakeholders to report on 2014 Occupational Health and Safety Milestones from the Tripartite Summit. The IT team will be playing a critical role in ensuring that stakeholders access the system with ease.

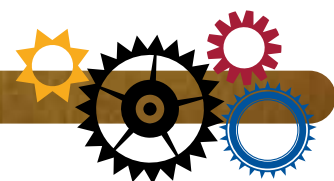
The ICT Unit will review the current ICT infrastructure to make necessary provision for the Centre of Excellence. The focal point is to ensure that all the technology that will be deployed runs of virtual environment to ensure that replication is achieved with ease while ensuring continuous availability of the systems at all times. The current disaster recovery solutions will also be reviewed to make provision for the CoE technological requirement.

In the period of reporting ICT performance has significantly improved through the implementation of a number of initiatives which include the following:

- Monitoring the effectiveness of Knowledge Management.
- Continuously testing of the Business Continuity and Disaster Recovery Plans.
- Implementation of mitigating action plans relating to IT risks.

The ICT Unit is in the process of implementing a video conferencing solution which will assist with the improvement of efficiency for conducting of MHSC meetings. MHSC has been experiencing challenges relating to availability of members for meetings who serve in both Council and various advisory committees of Council. This was mainly as result various office commitments at their workplaces. This challenge will be effectively addressed by the use of a video conferencing facility and this will assist members who are experiencing challenges in making themselves available for meeting to participate in such meetings from remote locations from the MHSC offices, at comfort of their offices or identified conference facilities closest to their workplaces. The ICT Unit is in discussion with network providers who have video conferencing facilities presence country wide. The video conference solution will be easily interacting with latest smartphones and various IT instruments, mainly using skype.

An e-library will also be commissioned in the next financial year to making more information available through the MHSC website. The ICT Unit will continue to look for innovative IT solutions for various challenges experienced by MHSC on an ongoing basis.



8.4 Finance

The Council's 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 MHSC. It also manages the billing and collections of levies from mines. In the current financial year, the business unit has managed to exceed the targeted collection rate of levies, which is 90% of the total debt.

Expenditure control within the MHSC has shown major improvement in the under review as result of more effective oversight role on budgetary control and better costs monitoring processes by the business unit, as result the MHSC expenditure is within the acceptable 5% variance range.

The Council is in a process of finalising the revision of its 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 based on the two mentioned statistics on a yearly basis, and in addition, it is proposed to incorporate the occupational hygiene pollutants exposure statistics relating tuberculosis, HIV and AIDS and other mine related occupational health statistics.

The business unit is also the custodian of the MHSC's SCM Section. Improved SCM processes are in place for procurement of goods and services. MHSC will further implement a system to ensure that the process of supply chain management requisitions in the delivery of goods and services is automated. The system will improve the turnaround time and improve efficiency in the procurement of goods and services. The MHSC is committed to the continual enhancement of all aspects of B-BBEE on an ongoing basis.

The challenges that were experienced in this financial year were mainly based in deficiencies identified within the SCM Bid committees,

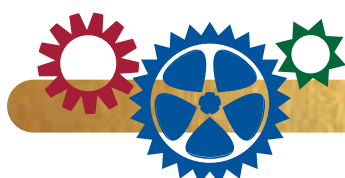
especially the bid committees composed of external members. One of the challenges was the issue of not meeting the target procuring 80% of the goods or services within 45 days turnaround time which included committees not meeting frequently as required, due to unavailability of members (external members as well as capacity within SCM department).

The committee members participating in bid committees were trained on two occasions, focusing on Legislative Framework, delegation of authority, functions of various bid committees, evaluation and adjudication process. Two new SCM resources have been recruited, expected to start in June 2016. Staff was also work-shopped on the SCM policy, processes and procedures and its implications. The bid committee members were also trained on SCM processes. Processes were streamlined and better coordination was implemented for the committee sittings. These processes helped in improving the efficiency in the procurement of goods and services, thereby resulting in improved reported expenditure which has translated from a surplus in the last financial to a deficit in the current year.

8.5 Governance, Risk, Compliance and Legal

The GRCL business unit is headed by the Corporate Governance and Legal Officer. 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 GRCL further assists the Council with drafting and reviewing contracts.

The GRCL business unit internally conducted the strategic and operational risk assessment workshop and developed the strategic and operational risk register for the different business units. The GRCL has also developed a risk register for the CoE. The GRCL business unit monitors



the implementation of action plans identified to reduce residual risk.

The GRCL assists the MHSC with enhancing the internal controls thereby acting as the internal control champions, tracking and ensuring that audit findings identified by both Internal Audit and by the Office of the Auditor General South Africa are resolved timeously. The GRCL has ensured that the internal audit plan as approved by the ARC is executed timeously. The GRCL further ensures the smooth conducting of audit by the Office of the Auditor General: South Africa in the execution of the audit strategy.

The GRCL advises the business unit heads on the review of the policies as well as the monitoring of the contract register. The GRCL is also a link between the MHSC, Department of Mineral Resources (DMR) and the National Treasury thereby ensuring timeous submission of the relevant statutory reports and any other documentation that may be requested from time to time.

The MHSC has a fraud hotline which has been outsourced to an independent service provider and the fraud hotline is available 24/7. All reported incidents are accessible to the Chairperson of the ARC as well as the Chairperson of Council. During 2015/16 six incidents were reported and appropriate actions were taken to deal with the reported incidents.

The GRCL offers administrative support to the ARC and the Council thereby ensuring that the matters arising are implemented timeously. The GRCL is also responsible for reviewing contracts and ensuring compliance to PFMA.


8.6 Commemoration of Mining Disasters

Mining in South Africa has been the main driving force behind the history and development

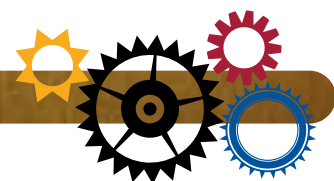
of Africa's most advanced and one of the richest economy in terms of mineral resource endowment. This positive history on the mining industry also has a downside to it as we have seen some of the worst mining disasters occurring in South Africa where lives have been lots.

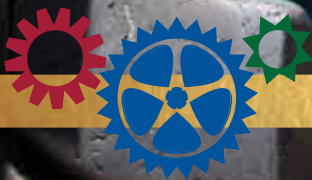
The biggest mining disaster happened in the Free State in 1960 in Coalbrook Colliery where 437 mine workers lost their lives. The MHSC is in the process of hosting commemoration events on mining disasters dating back to the 19th century, when the first mining activities commenced in South Africa. The commemoration event hosted by the MHSC is planned for the next financial year starting with the Coalbrook Colliery disaster. Consultation have been done with various stakeholders including the National Heritage Council and various municipalities and mining companies affected.

There are more than 100 disasters recorded in the history of mining in South Africa. The commemoration will serve as a way to honour those who have passed-on, ensuring a lasting legacy and acknowledgement of their selfless contribution to the economy of South Africa and the SADC region.



MR T DUBE
Chief Executive Officer





9. MHSC Performance Report



The MHSC strategic plan based on the balance score approach, which was firstly adopted in 2009, has been revised taking into account the changing strategic priorities in the industry and nationally:

1. Opportunities and challenges facing the broader mining industry;
2. Past performance of the MHSC and progress made on the strategic objectives;
3. A review of the relevance and efficacy of existing strategic objectives;
4. The mandate of the MHSC and its statutory committees;
5. A review of the MHSC's internal strengths and weaknesses;
6. Current and future opportunities and challenges facing occupational health and safety in the mining industry; and
7. 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 2.

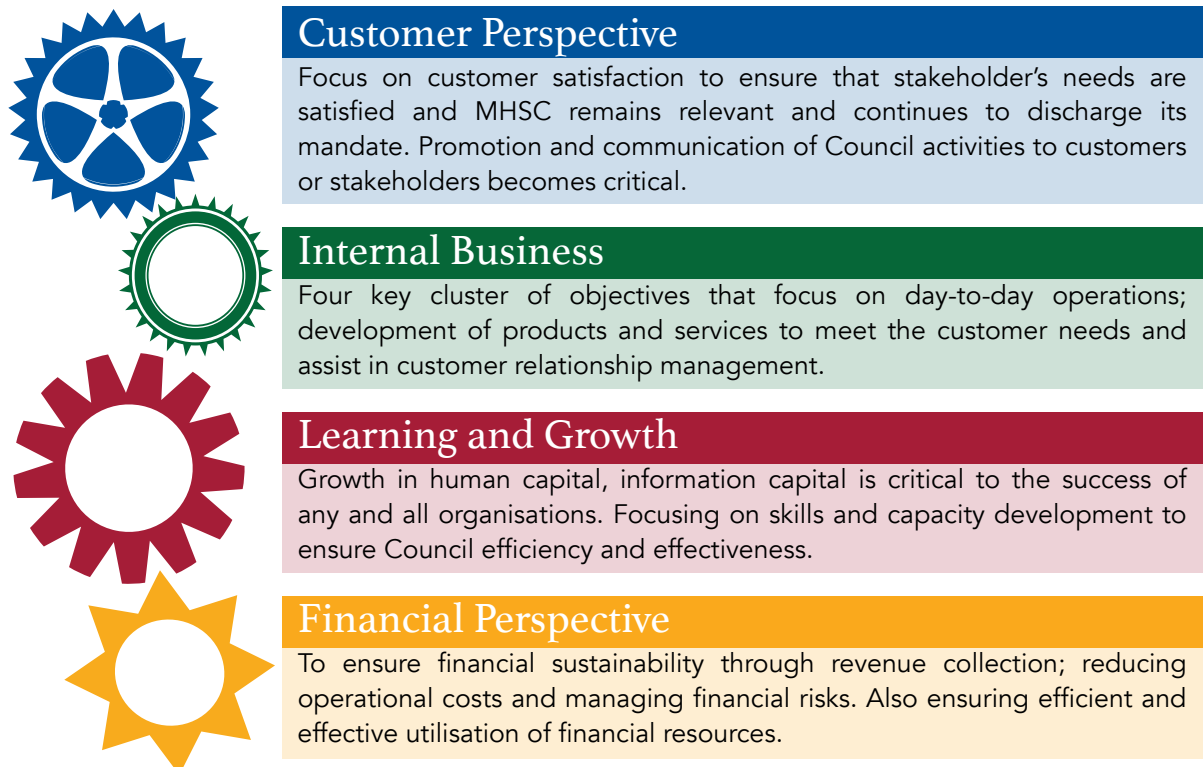
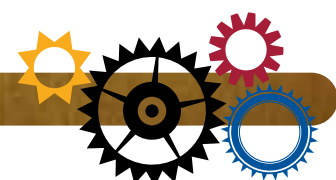
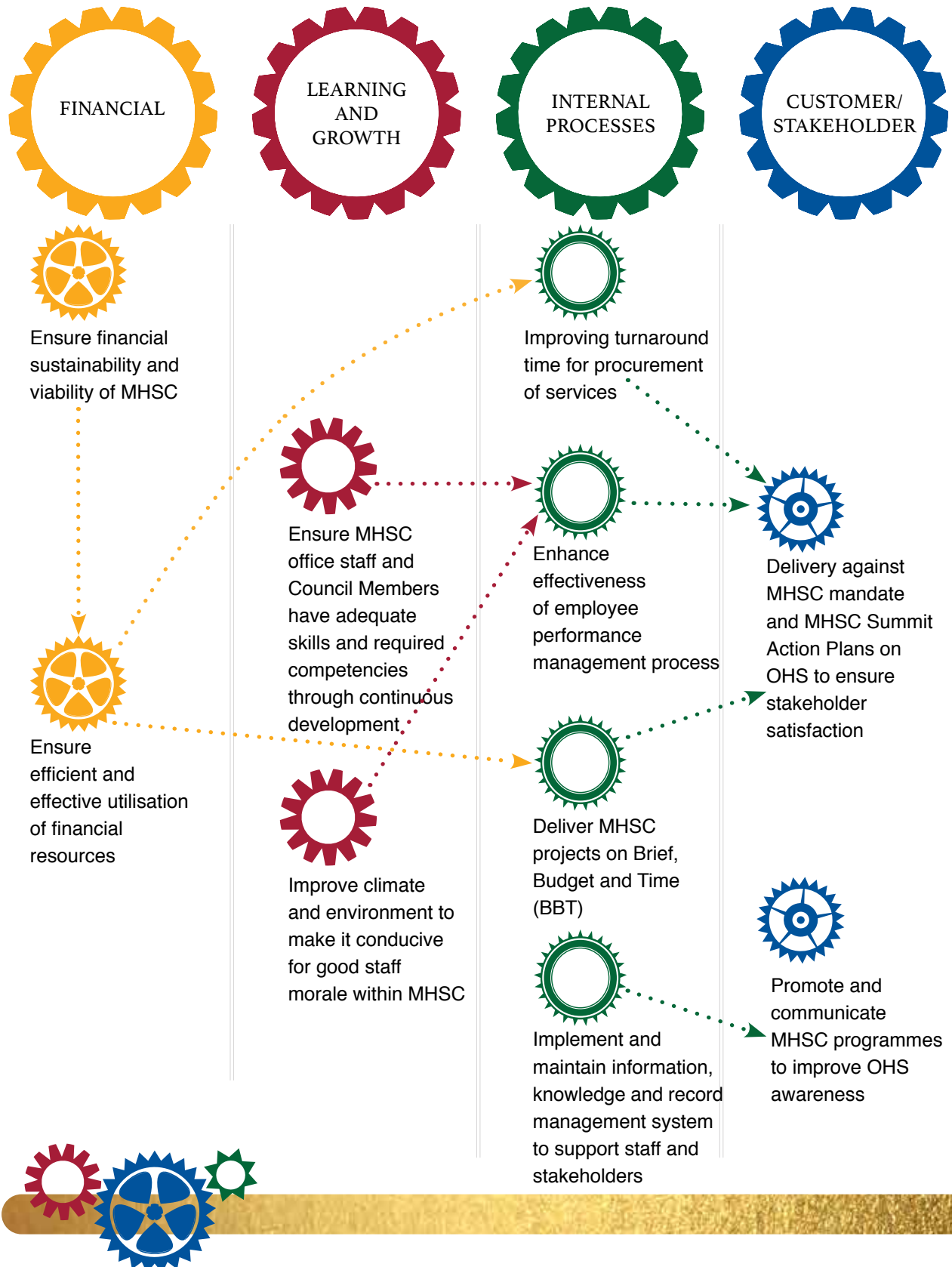


Figure 2. MHSC Balanced Scorecard (BSC)



A five-year rolling MHSC Strategic Plan was approved by members of the MHSC and implemented during the period under review. Figure 3 below illustrates the strategic objectives within the four key perspectives of the BSC.

Figure 3: MHSC BSC and Strategy Map



9.1 Performance Overview

The 2015/16 financial year was the year of implementation of the 2014 Occupational Health and Safety milestones. New bold milestones were set with comprehensive action plans for implementation for the period of 10 years, the plans will be subject to review every two years. The next financial year will be used as a review period and the outcome of the review presented at the 2016 Mine Occupational Health and Safety Summit. SCM, which is responsible for procurement of services for the MHSC, still requires more attention to ensure improved efficiency and effectiveness of the organisation.

The MHSC has implemented various initiatives to address organisational climate issues. There has been various levels of success in the effectiveness of the various initiatives. This is an area that requires more attention to improve organisational cohesion and creating a productive conducive environment.

9.2 Research Projects Achievements and Progress

The following sections provide a summary of the highlights of OHS research work completed in 2015/16.

SIM 140905: Handbook on PPE for WiM

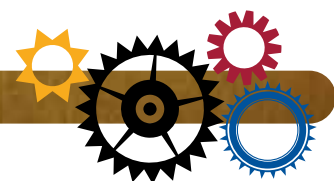
The objective of this project was to develop an illustrative handbook in English, Zulu, Sotho, Tsonga and Afrikaans and a catalogue that would assist all the stakeholders in the South African mining industry to effectively and efficiently implement the recommendations of a previous MHSC project, which assessed the appropriateness of PPE used by WiM, in the SAMI. The previous project recommended the appropriate PPE for WiM, which took into account their anthropometry and special health needs.

The current project produced a handbook which explained the need for such PPE, its look and feel as well as illustrated correct fit of the PPE. The fact that it was written in very simple language, in five local languages and well-illustrated, made the content more accessible and understandable to all women in the industry. Below are some captions from the handbook:

The English version of the book was introduced and distributed at the Women in Mining Conference hosted by the MHSC in August 2015. Copies in other languages are distributed through the Regional Tripartite Forums. The booklet will be used in conjunction with the promulgated guideline on PPE for WiM.

SIM 140202: Identify Opportunities for Improving Barring-Down Practices

The main objective or study is to identify how barring practice and worker safety during barring can be improved, taking into account best practices in barring. This was achieved by analysing barring accident data obtained from various champion mines, from the gold, platinum and coal commodities, in order to find the root causes of barring accidents. Barring and strata control training (on surface, in mock-ups and underground), were observed in a range of mining environments, as



well as interviewing mine personnel underground, post barring activities, and with a social study carried out on surface using focus group discussions and key informant interviews to understand the dominant perceptions by mine workers in the industry on barring-down.

Following this, an analysis of DMR records for the same mines, over the same period was done. At all phases of the research, findings focused on the 10 areas identified, as they are pertinent to barring related incidents and accidents.

Observations at the work face, at various operations, led to the identification of good and bad practices. Best practices were identified and four Virtual Reality Modules in a form of video clips were developed for the purposes of training of mine workers. Promotional activities are planned for distribution to mines, made available on the MHSC website, there is potential for the training modules from this project to be incorporated into MQA approved training material as part of the unit standards for the mining industry.

SIM 140204: Integration of the South African National Seismograph Network and Database with Mining Networks as per the recommendations in Chapter 1 of the Presidential Mine and Safety Audit 2008; Phase 2

This project originated from the recommendations in Chapter 1 of the Presidential Mine Health and Safety Audit, where it was recommended that the mining and national seismic data be integrated, such that data from both networks would be stored in a common place and be accessible to mine and other seismologists, for the prediction of seismic events, where they are most likely to occur, thereby enabling the appropriate design of mines and mine support systems, and surface infrastructure within the affected areas.

Twenty-five seismograph stations were installed in and around the Klerksdorp-Orkney-Stilfontein-Hartbeesfontein (KOSH) mining region (Figure 4). KOSH was the region chosen for this pilot study due to the fact that it had experienced the largest mining related earthquake (magnitude 5.3) in the country in 2005. Now of course, the largest mining related earthquake occurred in August 2014 with a magnitude of 5.5, this demonstrated the effectiveness of the seismic network in accurately identifying the location or the epicentre of the event. (Figure 5).



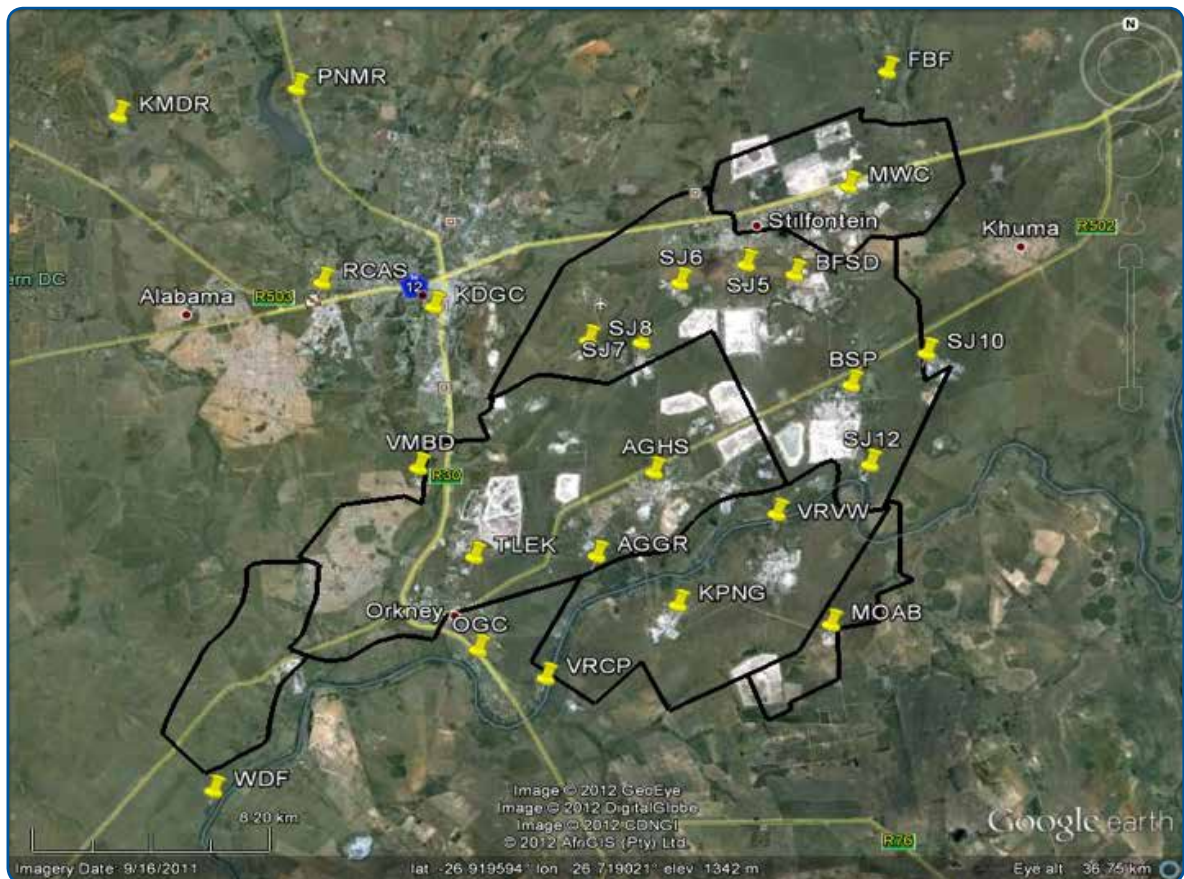


Figure 4. The location of the 25 seismograph stations installed in and around the KOSH region.

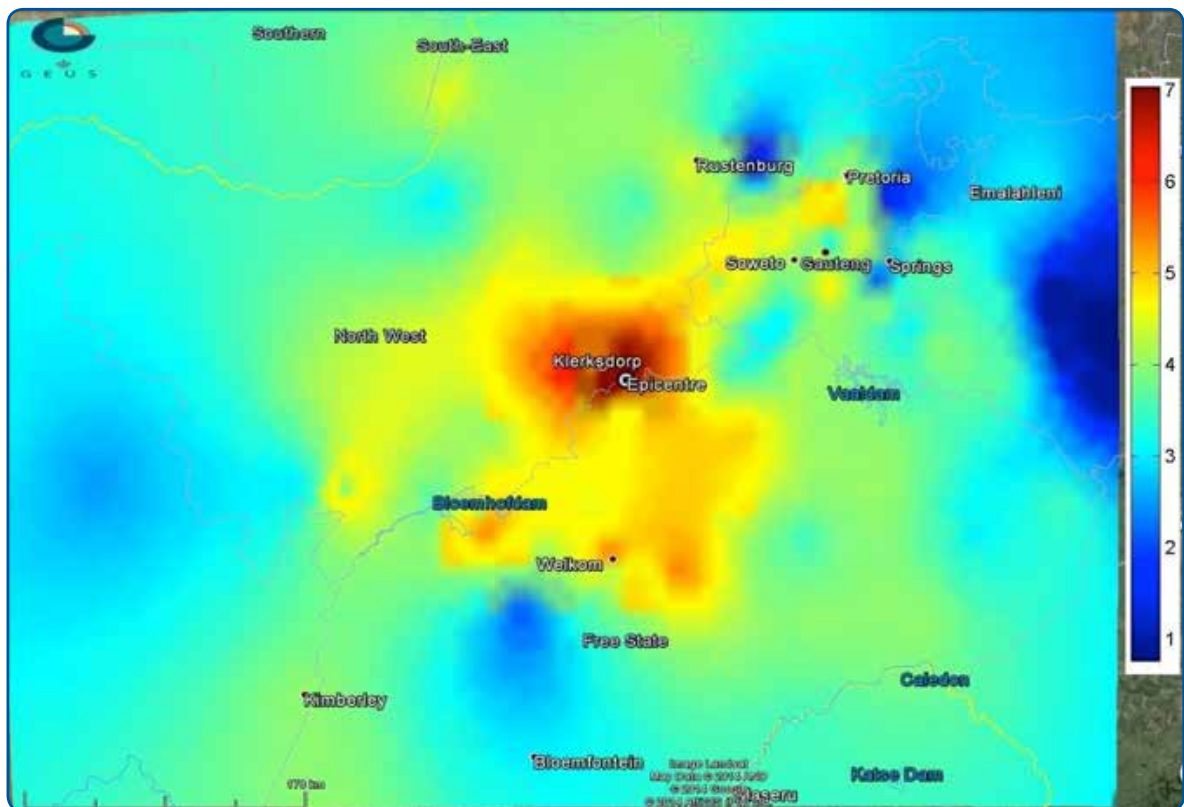
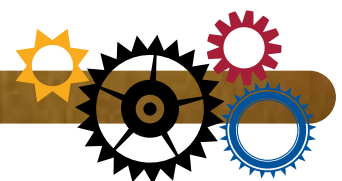


Figure 5. Isoseismal map of the earthquake which occurred on 5 August 2014 with magnitude 5.5 in the KOSH region.



The colours in Figure 5 represent the severity of how the people experienced the earthquake, with the colder colours representing very little movement and ground motion experienced and the warmer colours representing the increase in severity.

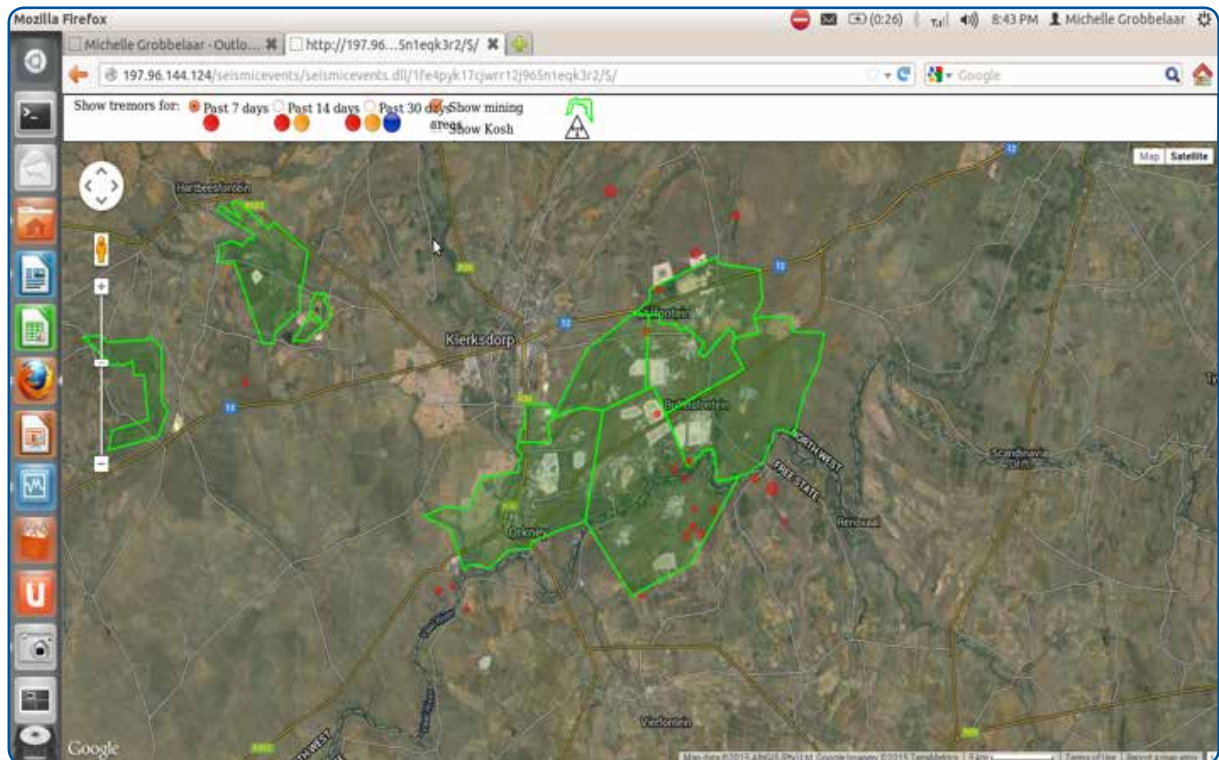


Figure 6. The website established for displaying the automatically located events.

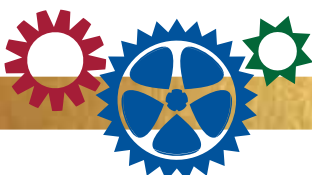
In conjunction with the network of stations, a website (Figure 6) was created in which the automatically located events are displayed, and linked to this website.

This installation of dense stations on the surface within a mining region is a first for the country, if not for the world. South Africa now has capability of data collection and recording seismic event with more accuracy through the South African National Seismograph Network, linked to the mines underground networks. The data can be used for not only hazard identification at the stopes and research, but also within the region and thus trends can be identified in order to assist in the investigation and mitigation of seismic related incidents and accidents.

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.
2. Investigate and report on the environmental tailings particulate matter levels.
3. Investigate and report on cause-effect relationship in order to confirm or refute the hypothesis "The higher the PM level exposure, the higher the prevalence of respiratory disease associated with toxins thereof".
4. Compile a practical guideline to reduce the exposures.



The results indicated that the tailings pose a risk of adverse health effects for the communities. The report recommends that exposure to tailings dust to surrounding communities should be mitigated, focussing on tailings facilities posing the highest risks to surrounding communities. The report will be submitted to the relevant inter-ministerial committee to address issues which are cross-cutting through the Minister of Mineral Resources.

OHS 14-03-02: Develop an operational manual for the implementation of the revised Code of Practice: Assessment of Personal Exposure to airborne Pollutants

The objective of this project was to develop an operational manual that will assist the end-user with the implementation of the revised “Guideline for the Compilation of a Mandatory Code of Practice for the Assessment of Personal Exposure to Airborne Pollutants”. The need for such a manual arose because it was found that the current guideline was being interpreted differently by the end-users. This resulted in COPs for personal exposure to Airborne Pollutants across the SAMI, which were not in accordance with stipulated compliance requirements. In undertaking the project in order to fully understand the challenges that were being encountered when using the current guideline, the research team requested such information from the different end-users in order to develop the operational manual that would assist the end users.

The outcome of the project, was the development of an operations manual for the revised guideline that will provide the end-user with sufficient supporting information, to be able to develop a COP for various mining operation(s). The operations manual is included in the revised guideline so to ensure that the information is readily available for the end-users

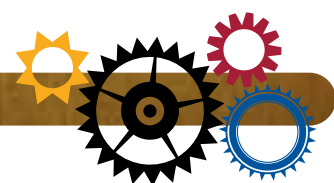
An electronic, web-based manual that can be operated off-line (i.e. without internet access) and may be stored on a CD or other portable device was also developed. The electronic, web-based manual contains where possible multiple examples, video tutorials to explain complex matters that users were battling with in the past.

HATS 14-03-12: The Identification, Selection and Promotion of TB Leading Practices in the South African Mining Industry

The aim of the project was to define and implement a programme of action for the TB Interest Group, with an emphasis on the identification, selection and promotion of leading practices in TB management within the mining industry. In 2011 TB Programme Reviews were conducted and it was identified that there were noticeable differences in the response to TB management and the practices employed in the SAMI. Although TB management practices were either non-existent or ineffective at some mines, leading practices were also identified in the industry.

This project was therefore initiated in order to identify current leading practices and to assess the appropriateness and relevance of these practices in the SAMI, with the overall objective of reducing the incidence of TB in the industry and the country. The outcome of the project was the development of leading practice for TB in SAMI with clear guidelines.

The research, survey results and criteria for identifying leading practices were then presented at a workshop. A total of 84 leading practices were then narrowed down to 50 by the workshop participants. These were researched further and then included in the compendium of leading practices, which also included Monitoring and Evaluation Tool to assist end-users and stakeholders with assessing their progress towards improvement in effective management of TB.





10. MHSC Strategic Objectives



During the period under review, the following highlights were reported against the below-mentioned strategic objectives. In order to assist the interpretation of the performance analysis, the MHSC determines performance as shown in Figure 7 below.

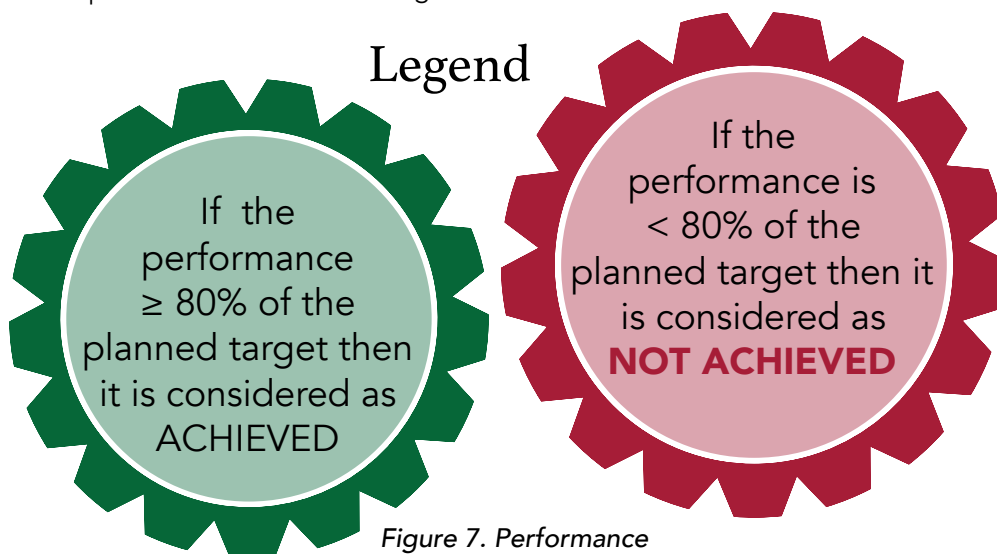
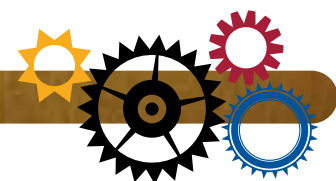


Figure 7. Performance

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

Name of Objective				
Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction.				
Definition of Objective				
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 Obtained	Status
Percentage of achievement of initiatives	100%	80%	80%	ACHIEVED
	FORMULAE: Actual initiatives/planned initiatives			



ACHIEVEMENTS:

Initiative 1

- The following Advisory Notes were submitted to the Minister during the 2015/16 financial year:
 - a. How can we Monitoring Behaviour Changes due to the Adoption of People-Centred Leading Practices?
 - b. The effects of the socio-economic conditions on the health and Safety of the SAMI workers.
 - c. Occupational Health and Safety Programme for MHSC for 2016/17.
 - d. Integration of National Seismograph with that of the mines in the Klerksdorp-Orkney-Stilfontein-Hartbeesfontein area.

Initiative 2

- The following Legislative Advices were approved by Council and submitted to the Minister during the 2015/16 financial year:
 - a. Accident Investigation Guideline.
 - b. Guidelines for the compilation of Mandatory Code of Practice on the employees' right to leave dangerous working places.
 - c. Chairlift regulations.
 - d. Lift regulations.

Initiative 3

- The following Advisory Notes on OHS Summit inclusive of HIV/AIDS were approved by Council and submitted to was submitted to the Minister during the 2015/16 financial year:
 - a. Guidelines for the Compilation of a Mandatory Code of Practice on Prevention of fires at Mines.
 - b. Guidance note for the implementation of Standard Threshold Shift in the Medical Surveillance System Practice.
 - c. Advisory note on the Women in Mining Conference.
 - d. Advisory note on TB Review.

Initiative 4

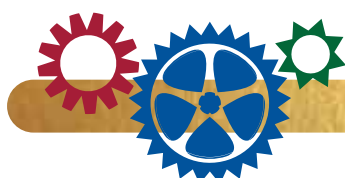
- The 2015/16 Communication Plan was approved by Council in March 2015. The MHSC has participated in various promotional events as per the approved plan.

Initiative 5

- The MHSC has signed Memorandum of Understanding with the following partners of Centre of Excellence:
 - a. Council for Scientific and Industrial Research,
 - b. National Institution of Occupational Health,
 - c. Wits University and
 - d. University of Pretoria.
- The MHSC has engaged with all these partners during the 2015/16 financial year.

Corrective Action to Enhance and Improve Performance

- Although the target was achieved, there were 12 advisory notes that were submitted to the DMR within the financial year of which four advisory were not submitted timeously. In future the MHSC will ensure that advisory notes are submitted within the period as stipulated in the approved strategic plan.



Name of Objective

Promote and communicate MHSC programmes to improve OHS awareness.

Definition of Objective

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

Primary Measure	Target for the Year	Actual	% of Target Obtained	Status
Promotion and communication of initiatives to mining sector	80%	85%	>100%	ACHIEVED
FORMULAE: (Number of executed promotion and communication programmes/number of planned promotion and communication programmes) x 100				

ACHIEVEMENTS:

Initiative 1

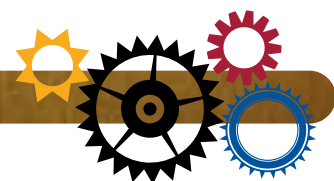
- The 2015/16 Communication Plan was approved by Council in March 2015 for implementation in the 2015/16 financial year.

Initiative 2

- The following programmes that was planned in the approved communication and promotion strategy for 2015/16 were implemented during the financial year:
 - Review of the Corporate Identity Manual;
 - Be active in social media;
 - MHSC Roadshows – Unpacking of the 2014/15 Summit Milestones;
 - Write up and opinion pieces in the media relating to OHS;
 - Customer Services Training to MHSC internal stakeholder;
 - Hosting the Women in Mining Conference;
 - Commemoration of mining disaster;
 - Participation in Mine Safe Conference;
 - Hosting the MHSC HIV/AIDS Awareness Day;
 - Participation in the Mining Indaba; and
 - Occupational Health Dialogue (inclusive of silicosis awareness).

Initiative 3

- The assessment was conducted at the Women in Mining Conference held on 5 and 6 August 2015. A survey conducted amongst the participants revealed that 67% of the participants were familiar with the research work of MHSC including PPE which was one of the conference focus areas. 79% of the delegates surveyed were also keen on MHSC conducting regional workshops with 67% of the delegates observing the WiM research outcomes as being useful for their various organisations.
- The surveys were also conducted at Regional Tripartite Forums (RTFs). The average results indicated that 85% of RTF members were familiar with the work of the MHSC and 68% were also familiar with the Culture Transformation Framework. 81% of RTF members were satisfied with the work the Regional Facilitator was doing whilst 66% indicated that mines were implementing the research outcomes.



ACHIEVEMENTS:

Initiative 4

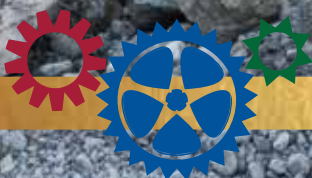
- A principal Stakeholder Survey was compiled and distributed to the stakeholders on 17 March 2016 by the MHSC. From the response received, it would appear that the MHSC has had a positive impact on OHS in the mining industry. There also appears a call for a greater visible presence of the MHSC in the industry, with a call for regular updates on research projects, and particularly research outcomes.

Initiative 5

- A Satisfactory Survey was compiled and distributed to the levy paying Mines on the 2 March 2016. There has been an overwhelming response received by the MHSC.

Corrective Action to Enhance and Improve Performance

- Although the target was achieved, going forward the MHSC will analyse the feedback received and implement appropriate recommendations to address the issues identified by the second quarter of the next financial year. This feedback will form a critical input in the continuous improvement of Council.



Name of Objective

Improving turnaround time for procurement of services to ensure delivery by MHSC.

Definition of Objective

Improve the turnaround time for service provider appointment in days between service request (RFP or quotation request) and award letter with the appointed service provider/s.

Primary Measure	Target for the Year	Actual	% of Target Obtained	Status
Services procurement turnaround time	<ul style="list-style-type: none"> 80% of RFP completed in 45 days 80% of RFQ completed in 10 days 	<ul style="list-style-type: none"> 45% of RFP completed in 45 days 80% of RFQ completed in 10 days 	<ul style="list-style-type: none"> 56% for RFP and 100% for RFQ 	NOT ACHIEVED
<p>FORMULAE:</p> <p>Percentage of requests completed within target of 45 days/total requests</p>				

ACHIEVEMENTS:

Initiative 1

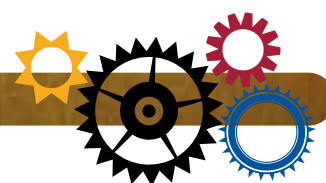
- The Annual Forward Demand Procurement Plan (AFDPP) for 2015/16 was developed during April 2015 and submitted to National Treasury in April 2015.
- During the 2015/16 financial year, the MHSC issued 29 Request for Proposals (RFP) and was able to award 13 RFPs within 45 days.
- During the 2015/16 financial year, the MHSC issued 109 Request for Quotations (RFQ) and was able to award 87 within 10 days.

Initiative 2

- All ToRs that were part of 2015/16 AFDPP have all been submitted to SCM and have undergone procurement process. There were challenges with meeting the 80% turn-around time which included committee members not meeting frequently as required due to un-availability of members (external members), inadequate Terms of References (ToR) affecting the evaluation of tenders as well as Incapacity within the SCM.

Corrective Action to Enhance and Improve Performance

- The MHSC to continue the implementation of the approved SCM turnaround plan, especially the outstanding turnaround initiatives and revised SCM policy. Bid committees were trained on two occasions during the financial year and two new SCM resources have been recruited, expected to start in May 2016. Staff was also work-shopped on the revised SCM policy and its implications and also trained on SCM processes.



Name of Objective

Enhance effectiveness of employee performance management process.

Definition of Objective

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 Obtained	Status
Quarterly staff appraisals conducted	100%	92%	92%	ACHIEVED
FORMULAE: Number of staff appraisals conducted/total staff appraisals due that quarter x 100				

ACHIEVEMENTS:

Initiative 1

- The Work Skills Plan and Annual Training Report was submitted to Mining Qualification Authority in May 2016.

Initiative 2

- The Annual Performance Plan (APP) objectives was cascaded through signing of the performance contracts of MHSC staff.

Corrective Action to Enhance and Improve Performance

- Human Resource Management to conduct follow-ups to ensure that performance appraisals are conducted for all staff including those who resigned.



Name of Objective

Deliver MHSC projects on Brief, Budget and Timing (BBT).

Definition of Objective

An effective project management process that ensures effective, efficient project costing.

Primary Measure	Target for the Year	Actual	% of Target Obtained	Status
Effectiveness of the system	85%	94%	>100%	ACHIEVED
FORMULAE: (Number of project milestones delivered on BBT/total number of project milestones due that quarter) x 100				

ACHIEVEMENTS:

Initiative 1

- A contract register is kept and the BBT Excel spread sheet has been used to good effect in tracking progress of projects.
- During the 2015/16 financial year, 90 projects milestones were due and 85 milestones were delivered. Extension were granted where projects were delayed due to reasons beyond the service providers control whilst penalty clauses were imposed to service providers who delayed delivery without authentic reasons.

Initiative 2

- In implementing the CoE, The MHSC has identified nine projects as quick wins as well as the development of the business plan for the CoE. Seven of the nine projects have been awarded whilst the other two were non-responsive.
- The service provider has been appointed to develop the business plan and has completed various milestones with the final report and implementation for submission in May 2016.
- The Steering Interim Committee to oversee the quick win projects has been established and is operational.



Name of Objective

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

Definition of Objective

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

Primary Measure	Target for the Year	Actual	% of Target Obtained	Status
Effectiveness of the system	100%	100%	100%	ACHIEVED
FORMULAE: Percentage scored on the knowledge management effectiveness tool				

ACHIEVEMENTS:

Initiative 1

- The process to deposit the data has been reviewed to ensure effective use of the Knowledge Management System.

Initiative 2

- The tool to monitor the effective use has been implemented. The tool is able to identify the user who has deposited, type of documents uploaded, period in which the data deposit was made, also the tool is able to provide the target percentage achievement of the predetermined target against actual deposits made.



Name of Objective

Ensure MHSC office staff and Council Members have adequate skills and required competencies through continuous development.

Definition of Objective

Ensure that staff members and Council and Committee members are adequately skilled and competent through the implementation of Performance Development Plans (PDP) to enable MHSC to achieve its goals and mandate.

Primary Measure	Target for the Year	Actual	% of Target Obtained	Status
Identified skill development needs	80%	62%	78%	NOT ACHIEVED
FORMULAE: Identified skill development needs implemented against identified skill development needs				

ACHIEVEMENTS:

Initiative 1

- The Council and Advisory Committee development needs were identified and an implementation plan was developed and approved Council.

Initiative 2

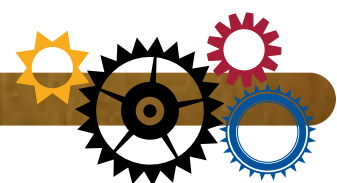
- The Council Office development needs were identified through the Personal Development Plans (PDPs).

Initiative 3

- Sixty-two percent of the PDPs have been implemented whilst others could not be implemented due to various reasons including cancellation by service providers, prioritisation of the office needs due to the urgency of the matters that required attention and trainings that were postponed by service provider. Other courses are still ongoing as they are long term courses.

Corrective Action to Enhance and Improve Performance

- Managers to be encouraged to properly manage the PDP and interrogate the need and timing appropriateness, taking into account the operational requirements. This should be addressed mainly through improved planning and scheduling of training sessions in the next financial year, especially for Council and its committees.



Name of Objective

Improve climate and environment to make it conducive for good staff morale within MHSC.

Definition of Objective

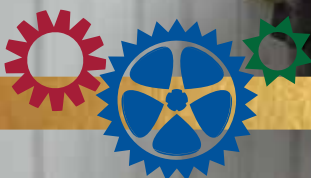
Fostering a positive organisational climate is conducive for building a productive and stable work force that is motivated to work towards a common MHSC goal to positively influence OHS in the mining industry.

Primary Measure	Target for the Year	Actual	% of Target Obtained	Status
Level of climate and staff morale within MHSC	80%	83%	>100%	ACHIEVED
FORMULAE: (Aggregate workplace climate assessment survey score out of 10) x 100				

ACHIEVEMENTS:

Initiative 1

- Management has implemented 90% of the action plans from the 2014/15 climate survey recommendations.
- A Staff Survey was conducted in March 2016 to measure performance on climate issues. The Survey was comprised of 15 questions. Eighteen staff members responded to the Survey. Out of the 15 questions posed, 83% of staff answered in the positive, whilst 16% disagreed and 1% abstained.



Name of Objective (FO01)

Ensure financial sustainability and viability of MHSC.

Definition of Objective

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

Primary Measure	Target for the Year	Actual	% of Target Obtained	Status
Proportion of income collected	90%	95%	>100%	ACHIEVED
FORMULAE: (Rand value of income collected/total levied for the year) x 100				

ACHIEVEMENTS:

Initiative 1

- The validation on database received from DMR was conducted to eliminate duplications, to confirm labour figures and days lost reports. Problematic areas were referred to DMR and follow ups were conducted.

Initiative 2

- As part of recommendations from Phase 1 levy task team, a service provider has been appointed for levy automation. The system is being customised for implementation in the next billing cycle.



Name of Objective (FO02)

Ensure efficient and effective utilisation of financial resources.

Definition of Objective

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 Obtained	Status
Maintain spending in line with approved budget variance	5%	2.5%	>100%	ACHIEVED
FORMULAE: (Budget expenditure-Actual expenditure)/Budget x 100				

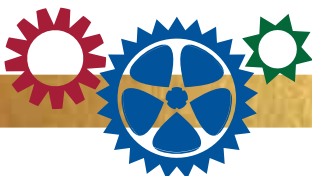
ACHIEVEMENTS:

Initiative 1

- Zero based budgeting to determine cash flow requirements was completed and budget expenditure were monitored on a monthly basis. The MHSC had an approved budget of R100 195 000. The MHSC had a target spending of R95 185 000. As at 31 March 2016, the MHSC had spent a total of R 97 652 000 resulting in MHSC overspending the approved budget by 2.5% which is within the 5% target.

Initiative 2

- The budget for pre-determined objectives for 2016/17 financial year was approved by Council and the DMR.



II. Council Report

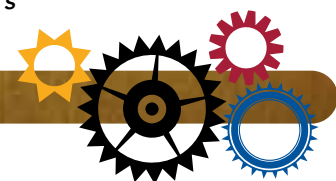


The Council discharged its governance mandate through systems that ensured that management was running the day to day affairs of the MHSC properly and within applicable legislative framework.

In accordance with the Public Finance Management Act (PFMA) and the King III, Section 5 report, the Council reviewed processes followed by the management in identifying and mitigating risks through the reports of the ARC 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.



Mine Health and Safety Council Staff Members



Board Members



Mr D Msiza



Mr X Mbonambi



Dr L Ndelu



Mr M Nhlapo



Mr E Gcilitshana



Mr S Ntshinga



Mr F Stehring



Mr P Mardon



Dr S Phakathi



Dr T Legobye



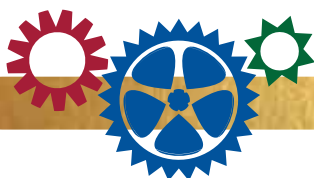
Mr T Masondo



Mr M Munroe



Mr P Coetzer



12. Council Committees



12.1 The MHSC

The MHSC board is made up of the following 15 members:

- Four members from State DMR;
- Five members from Organised Labour (National Union of Mine Workers (NUM), The United Association of South Africa (UASA), Solidarity);
- Five members from Employers (the Chamber of Mines); and
- The MHSC is chaired by the Chief Inspector of Mines.

* There were four scheduled meetings and three special meetings

Table 10: 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 (Chairperson)	7	3	Appointed as Acting Director-General for the DMR from February 2016. Alternate attended for meetings not attended.
Mr X Mbonambi	7	3	Appointed as Acting Chairperson from February 2016. Alternate attended for meetings not attended.
Ms N Masekoa	5	5	Member until 31 October 2015.
Dr L Ndelu	7	6	Alternate attended for meetings not attended.

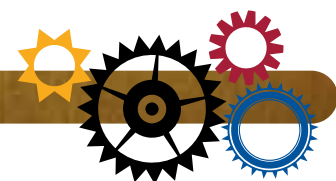
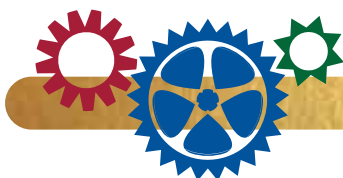


Table 10: MHSC attendance for mandatory meetings (including special meetings) (continued)

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
Organised Labour			
Mr M Nhlapo	7	5	Alternate attended for meetings not attended.
Mr E Gcilitshana	7	3	Alternate attended for meetings not attended.
Mr S Ntshinga	7	4	Alternate attended for meetings not attended.
Mr F Stehring	7	5	Alternate attended for meetings not attended.
Mr P Mardon	7	4	Alternate attended for meetings not attended.
Employers			
Mr S van der Woude	7	4	Alternate attended for meetings not attended.
Dr S Phakathi	2	2	Member from January 2016.
Mr T Masondo	7	5	Alternate attended for meetings not attended.
Mr M Munroe	7	4	Alternate attended for meetings not attended.
Mr P Coetzer	7	4	Alternate attended for meetings not attended.
Dr T Legobye	7	6	Alternate attended for meetings not attended.

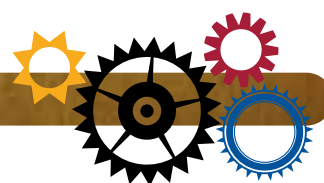


12.2 Audit and Risk Committee (ARC)

The Committee is constituted to review the control, governance and risk management within the Institution, established in terms of Section 77 of the PFMA. The attendance is reflected in Table 11 below:

Table 11: Attendance of ARC members

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
State			
Ms E Labengwa	3	3	Appointed 1 September 2015. Attended all meetings.
Organised Labour			
Mr J Hugo	7	5	Alternate attended for meetings not attended.
Employers			
Mr H Groenewald	4	2	Alternate attended for meetings not attended. Member until 31 October 2015.
Ms J Broderick	3	3	Appointed 1 September 2015. Attended all meetings.
Independent Members			
Ms N Siwahla-Madiba (Chairperson)	5	4	Appointed as an Independent member from 1 July 2015 until 31 October 2015. Then appointed as Chairperson from 1 November 2015. Alternate attended for meetings not attended.
Ms N Khumalo	7	7	Attended all.
Mr M Manning	7	7	Attended all.



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 programme. Table 12 below shows SIMRAC members and the number of meetings held in the year.

Table 12: 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)	4	2	For meetings not attended the acting chairperson attended.
Ms N Masekoa	4	2	Alternate attended for meetings not attended.
Ms D Lekoba	4	3	Alternate attended for meetings not attended.
Ms C Kekana	4	4	Attended all.
Mr W Motlhamme	4	3	Alternate attended for meetings not attended.
Organised Labour			
Mr E Gcilitshana	4	4	Attended all.
Mr A Rikhotso	4	4	Attended all.
Dr R Wlodek Lipinski	4	4	Attended all.
Mr N Naude	4	0	Alternate attended for meetings not attended.
Mr J Boning	4	3	Alternate attended for meetings not attended.

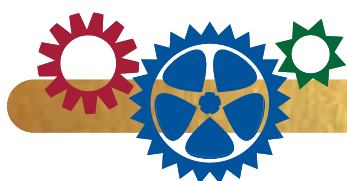


Table 12: Attendance of SIMRAC Meetings (continued)

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
Employers			
Ms L Tsele	4	4	Attended all.
Dr J Malemela	4	4	Attended all.
Mr M Biffi	4	0	Alternate attended for meetings not attended.
Mr F Malan	4	3	Alternate attended for meetings not attended.
Mr H Maree	4	3	Alternate attended for meetings not attended.



12.4 Mining Regulation Advisory Committee (MRAC)

MRAC advises the MHSC on reviewing, developing or amending legislation that impact OHS in the SAMI. In addition the committee also considers and develops guidelines for Codes of Practice. Table 13 below shows members of MRAC and the number of meetings held in the year.

Table 13: Attendance of MRAC Meetings

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
State			
Mr X Mbonambi (Chairperson)	7	4	Appointed as Acting MHSC Chairperson from February 2016. Alternate attended for meetings not attended.
Mr A Coutinho (Acting Chairperson)	7	6	Appointed as Acting Chairperson from 1 February 2016. Alternate attended for meetings not attended.
Mr F Nkuna	7	6	Alternate attended for meetings not attended.
Mr G Ndamse	7	3	Alternate attended for meetings not attended.
Ms B Senabe	7	6	Alternate attended for meetings not attended.
Organised Labour			
Mr P Mardon	7	4	Alternate attended for meetings not attended.
Mr A van Heerden	7	5	Alternate attended for meetings not attended.
Ms M Llale	7	2	Alternate attended for meetings not attended.

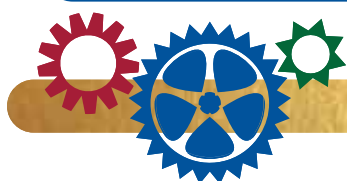
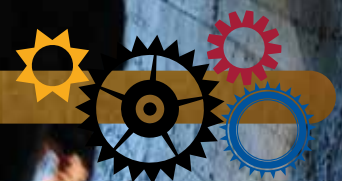


Table 13: Attendance of MRAC Meetings (continued)

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
Employers			
Mr A van Achterbergh	7	4	Member resigned in Quarter 3 was replaced by L Legong
Mr L Legong	3	3	Member from Quarter 3
Mr J Coetzee	7	6	Alternate attended for meetings not attended.
Ms P Ngwenya	7	3	Member resigned in August 2014
Mr T van den Bergh	7	6	Alternate attended for meetings not attended.
Mr M Vet	7	4	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 mechanism, 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 is shown in Table 14.

Table 14: 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 (Chairperson)	5	5	Attended all.
Dr D Mokoboto	5	4	Alternate attended for meetings not attended.
Ms D Lekoba	5	2	Alternate attended for meetings not attended.
Ms C Kekana	5	5	Alternate attended for meetings not attended.
Mr N Mokhonoana	5	2	Alternate attended for meetings not attended.
Organised Labour			
Mr A Letshele	5	4	Alternate attended for meetings not attended.
Adv H Van Vuuren	5	3	Alternate attended for meetings not attended.
Mr D Selebogo	5	2	Alternate attended for meetings not attended.
Mr P Mira	5	0	Alternate attended for meetings not attended.
Mr I Sakala	5	2	Alternate attended for meetings not attended.

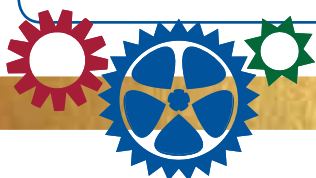


Table 14: Attendance at MOHAC for the Year (continued)

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
Employers			
Dr K Baloyi	5	3	Alternate attended for meetings not attended.
Mr M Beukes	5	4	Alternate attended for meetings not attended.
Dr Z Eloff	5	1	Alternate attended for meetings not attended.
Prof C Badenhorst	5	0	Alternate attended for meetings not attended.
Dr M Rabada	5	0	Alternate attended for meetings not attended.



12.6 Mining Industry TB and HIV and AIDS Advisory Committee (MITHAC)

This committee advises MHSC on TB and HIV/AIDS policies and regulations in the mining industry. The committee composition for the year was as follows in Table 15.

Table 15: 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 (Chairperson)	5	5	Attended all.
Mr M Sekoele	4	4	Attended all.
Ms M Hlapane	4	3	Alternate attended for meetings not attended.
Ms B Senabe	4	1	Alternate attended for meetings not attended.
Dr D Mokoboto	4	3	Alternate attended for meetings not attended.
Organised Labour			
Mr C Mkhumane	4	2	Alternate attended for meetings not attended.
Adv H Van Vuuren	4	1	Alternate attended for meetings not attended.
Mr A Thobela	4	3	Alternate attended for meetings not attended.
Mr I Sakala	4	3	Alternate attended for meetings not attended.
Ms M Llale	4	0	Alternate attended for meetings not attended.

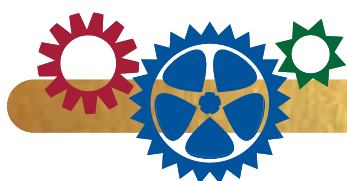


Table 15: MITHAC Attendance for the Year (continued)

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
Employers			
Dr T Balfour-Kaipa	4	3	Alternate attended for meetings not attended.
Dr N Mtshali	4	1	Alternate attended for meetings not attended.
Dr J Steele	4	2	Alternate attended for meetings not attended.
Ms S Ntimbane	4	2	Alternate attended for meetings not attended.
Dr L Rametsi	4	0	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 OHS. The committee composition for the year was as follows in Table 16.

Table 16: CTAC Attendance for the Year

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
State			
Ms N Masekoa (Chairperson)	8	4	Alternate member attended.
Mr P Huma	8	6	Alternate member attended.
Ms D Lekoba	8	3	Alternate member attended.
Mr M Litlhakanyane	8	6	Attended only 6 meetings.
Organised Labour			
Mr M Nhlapo	8	4	Attended only 4 meetings.
Mr L McMaster	8	5	Attended only 5 meetings.
Mr F van Straten	8	3	Attended only 3 meetings.
Employers			
Dr S Phakathi	8	7	Attended only 7 meetings.
Member Name for each Stakeholder Grouping	Total Number of Scheduled Meetings	Total Number of Meetings Attended	Comments
Employers	Employers	Employers	Employers
Mr B Mongoma	8	8	Attended all.
Mr G van der Westhuyzen	8	0	Member never attended a meeting.

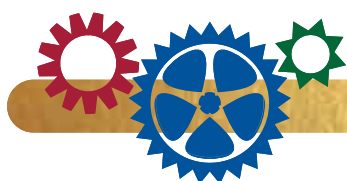
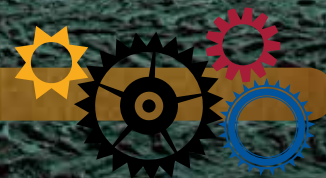


Table 16: CTAC Attendance for the Year (continued)

Member Name per Stakeholder Grouping	Total Number of Scheduled Meetings	Total Meetings Attended	Comments on Membership and Attendance
Professional Association			
Ms L De Bruin	8	2	Attended only 2 meetings.
Mr J Pienaar	8	0	Member never attended a meeting.
Mr N Ndlala	8	0	Member never attended a meeting.



12.9 Human Resources and Remuneration Committee (HRRAC)

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

Table 17: HRRAC attendance for the Year

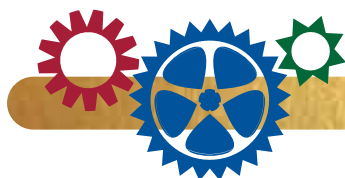
Member Name per Stakeholder Grouping*	Total Number of Scheduled Meetings	Total Meetings Attended
State		
Mr N Maleka	5	1
Ms L Nthatisi	5	0
Organised Labour		
Mr F van Straten	5	3
Mr L McMaster	5	2
Employers		
Mr N Pienaar (Chairperson)	5	5

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

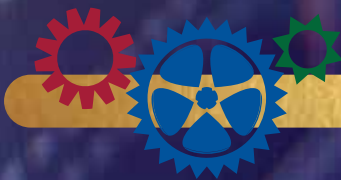
12.10 Council Effectiveness

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. Role of chairpersons;
4. Role of members; and
5. Competency requirement for members.







13. Accounting Authority's Responsibilities and Approval



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 place 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 82 to 128 which have been prepared on the going concern basis, were approved by the Council on 31 May 2016 and were signed on its behalf by:

MR T DUBE
Chief Executive Officer

MR XOLILE MBONAMBI
Acting Chairperson of the Council

14. Audit and Risk Committee Report for the year ended 31 March 2016



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

The ARC consisted of six members (three independent non-Council members, three 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 3.1.1.16 provides that an audit committee must meet at least annually with the Auditor-General. The ARC met seven times during the year in compliance with the PFMA and also met with the Auditor-General.

ARC Responsibility

The ARC 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 ARC also reports that, it has adopted appropriate formal terms of reference as its ARC Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Risk Management

The ARC 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.

The Effectiveness of Internal Controls

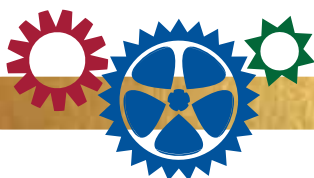
The ARC has evaluated the internal control environment and based on the information provided and assessed the internal controls as not always adequate and effective to mitigate related risks. The ARC is satisfied that there is reasonably effective monitoring over the system of internal controls in place to mitigate risks as reported by Internal Audit 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:

- Human Resources Management Review;
- Supply Chain Management Review;
- Financial Disciplinary Review
- Performance Information Review;
- Research and Operations; and
- Information Technology General Controls Review.

The ARC met as often as necessary to discuss issues of concern arising from internal audit reviews.

In-Year Management and Monthly/Quarterly Report

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



Evaluation of Financial Statements

The ARC has reviewed the Annual Financial Statements and discussed matters of concern with management. The ARC 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 year, have been constantly applied and are in accordance with the National Treasury guidelines.

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

Internal Audit

The ARC is satisfied as to the effectiveness of internal audit function during the year and that the internal audit activity has to a large extent addressed the risks pertinent to the entity.

Auditor-General's Report

The ARC has met and discussed with the Auditor-General South Africa (AGSA) their report, to ensure that there are no unresolved issues. The ARC 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 except for the following:

- Non-disclosure of interest of private work outside MHSC; and
- Information Technology governance.

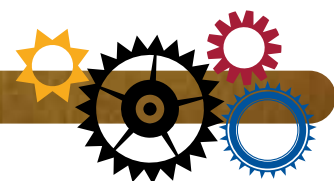
The ARC concurs and accepts the conclusions of the AGSA on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the AGSA.

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 N MADIBA
Chairperson of the Audit and Risk Committee



15. Accounting Authority's Report for the year ended 31 March 2016



15.1 Review of Activities

The MHSC is established by the Mine Health and Safety Act (MHSA) and its main operations is to undertake occupational health and safety research and advise the Minister of Mineral Resources on better ways to improve the health and safety of mine workers. The MHSC operates nationally in the Republic of South Africa with its office based in Woodmead in Sandton.

15.2 Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concerns. 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.

15.3 Subsequent Events

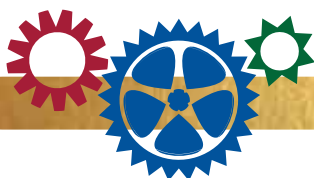
The Council is not aware of any matter or circumstance arising since the end of the financial year.

15.4 Members' Interest in Contracts

Members of Council are appointed by the Minister of Mineral Resources from the recommendations submitted by the employer, state and organised labour stakeholders. As a standing procedure, members are made to declare their interest at all meeting in which decisions are taken. For the period under review, it has not come to the attention of the Council that there were any conflict of interest to which any of the members were exposed to.

15.5 Accounting Authority

The members of the MHSC during the year and to date of this report are reflected in Section 23.33.



15.6 Corporate Governance

15.6.1 General

The Council is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Council supports the highest standards of corporate governance and the on-going development of best practice.

15.6.2 Council Meetings

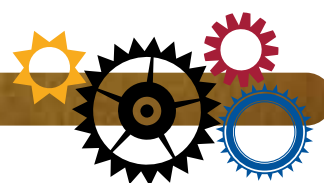
The Council was scheduled to meet at least once a quarter. However, special meetings were held.

15.6.3 Audit and Risk Committee

For the period under review, the Chairperson of the ARC was Ms N Siwahla-Madiba, who is an independent ARC member. The committee met seven times during the financial year to review matters necessary to fulfil its role.

15.6.4 Internal Audit

The MHSC has taken a decision to outsource its Internal Audit function.





Report of the Auditor-General to Parliament on Mine Health and Safety Council



Report on the Financial Statements

Introduction

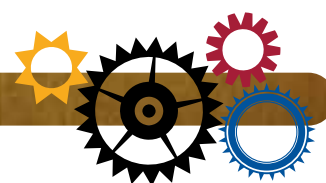
1. I have audited the financial statements of the Mine Health and Safety Council set out on pages 82 to 128 which comprise the statement of financial position as at 31 March 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows and the statement of comparison of budget to actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's Responsibility for the Financial Statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (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.

Auditor-General's Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the MHSC as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Report on Other Legal and Regulatory Requirements

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

Predetermined Objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2016:
 - Objective 1: Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction on pages 49 to 50; and
 - Objective 2: Promote and communicate MHSC programmes to improve OHS awareness on pages 51 to 52.

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

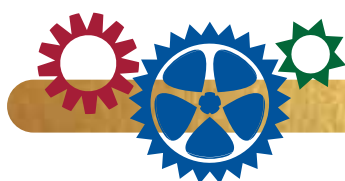
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
 - Objective 1: Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction; and
 - Objective 2: Promote and communicate MHSC programmes to improve OHS awareness.

Additional Matters

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

Achievement of Planned Targets

13. Refer to the annual performance report on page 43 to 54 for information on the achievement of planned targets for the year.



Adjustment of Material Misstatements

14. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for objective 1: Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Compliance with Legislation

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

Financial Statements, Performance and Annual Reports

16. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by of section 55(1) (b) of the PFMA. Material misstatements of revenue, expenditure, and disclosures identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal Control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Financial and Performance Management

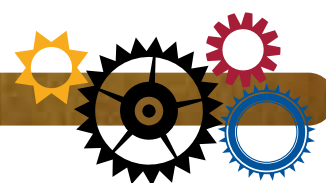
18. Non-compliance with laws and regulation could have been avoided had effective review process over the monitoring of compliance with laws and regulations been implemented.

Auditor-General

Pretoria
31 July 2016



Auditing to build public confidence



I6. Statement of Financial Position as at 31 March 2016

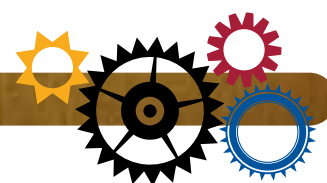


	Notes	2016 R'000	2015 R'000
Assets			
Current Assets			
Consumables	23.7	168	77
Receivables from exchange transactions	23.8	1 190	1 356
Receivables from non-exchange transactions	23.9	1 560	1 108
Cash and cash equivalents	23.10	215 396	216 274
Total current assets		218 314	218 815
Non-Current Assets			
Property, plant and equipment	23.4	5 281	6 185
Intangible assets	23.5	1 926	640
Total non-current assets		7 207	6 825
Total assets		225 521	225 640
Liabilities			
Current Liabilities			
Finance lease obligation	23.11	287	241
Payables from exchange transactions	23.13	15 721	8 102
Provisions	23.24	1 512	760
Total current liabilities		17 520	9 103
Non-Current Liabilities			
Employee benefit obligation	23.6	2 685	2 276
Administrative fines – restricted funding	23.12	6 192	6 591
Finance lease obligation	23.11	130	355
Total non-current liabilities		9 007	9 222
Total liabilities		26 527	18 325
Assets		225 521	225 640
Liabilities		(26 527)	(18 325)
Net Assets		198 994	207 315
Accumulated surplus		198 994	207 315

17. Statement of Financial Performance for the Year Ended 31 March 2016



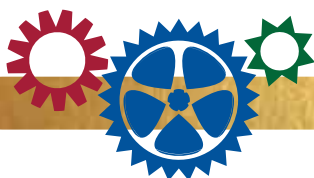
	Notes	2016 R'000	2015 R'000
Revenue			
Revenue	23.14	75 305	75 628
Other income	23.15	493	312
Interest income	23.20	12 876	11 564
Promotion of health and safety	23.21	384	642
Total revenue		89 058	88 146
Expenditure			
Personnel	23.18	30 009	26 895
Depreciation and amortisation	23.4 and 23.5	3 503	3 825
Finance costs	23.19	50	37
Operating	23.16	32 192	22 254
Research	23.17	31 625	14 870
Total expenditure		97 379	67 881
(Deficit) / surplus for the year		(8 321)	20 265



18. Statement of Changes in Net Assets for the Year Ended 31 March 2016



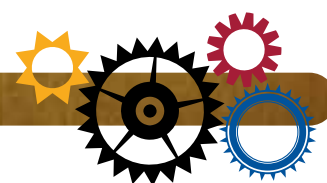
	Accumulated Surplus	Total Net Assets
	R'000	R'000
Balance at 01 April 2014	187 050	187 050
Changes in net assets		
Surplus for the year	20 265	20 265
Total changes	20 265	20 265
Balance at 01 April 2015	207 315	207 315
Changes in net assets		
(Deficit) / surplus for the year	(8 321)	(8 321)
Total changes	(8 321)	(8 321)
Balance at 31 March 2016	198 994	198 994



19. Cash Flow Statement for the Year Ended 31 March 2016



	Notes	2016 R'000	2015 R'000
Cash flows from operating activities			
Receipts			
Receipts from mines	23.23	74 853	70 876
Transfer from Department of Mineral Resources	23.23	0	5 197
Interest income	23.20	12 821	11 564
Other cash item	23.23	544	1 210
		88 218	88 847
Payments			
Payment to suppliers and employees	23.23	(86 816)	(66 110)
Net cash flows from operating activities	23.22	1 402	22 737
Cash flows from investing activities			
Purchase of property, plant and equipment	24.4	(1 888)	(1 455)
Proceeds from insurance claim		17	24
Purchase of intangible assets	23.5	(180)	0
Net cash flows from investing activities		(2 051)	(1 431)
Cash flow from financing activities			
Finance lease payments		(229)	(140)
Net (decrease) / increase in cash and cash equivalents		(878)	21 166
Cash and cash equivalents at the beginning of the year		216 274	195 108
Cash and cash equivalents at the end of the year	23.10	215 396	216 274

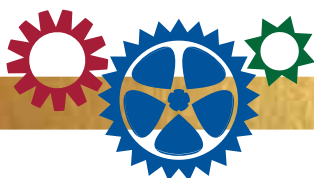


20. Statement of Comparison of Budget to Actual Amounts

Statement of Financial Performance for the Year Ended 31 March 2016



	Notes	Approved Budget R'000	Actual R'000	Variance R'000
Revenue				
Non exchange				
Levies and transfer	23.14	75 108	75 305	197
Health and Safety funds	23.15	1 000	384	(616)
Exchange				
Other income	23.15	0	493	493
Interest income	23.20	7 500	12 876	5 376
Total revenue		83 608	89 058	5 450
Expenditure				
Personnel	23.18	27 866	30 009	(2 143)
Depreciation and amortisation	23.4 and 23.5	4 033	3 503	530
Finance costs	23.19	71	50	21
Operating expenses	23.16	29 340	32 192	(2 852)
Research expenses	23.17	38 885	31 625	7 260
Total expenditure		100 195	97 379	2 816
(Deficit) / surplus		(16 587)	(8 321)	8 266

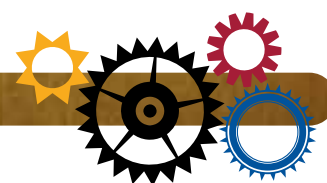


2I. Statement of Comparison of Budget to Actual Amounts

Statement of Financial Performance as at 31 March 2016



	Notes	Approved Budget R'000	Actual R'000	Variance R'000
Assets				
Current Assets				
Inventories	23.7	77	168	91
Receivables from non-exchange	23.8	1 356	1 190	(166)
Receivables from exchange	23.9	7 940	1 560	(6 380)
Bank and cash	23.10	196 015	215 396	19 381
Total current assets		205 388	218 314	12 926
Non-Current Assets				
Property, plant and equipment	23.4	8 432	5 281	(3 151)
Intangible assets	23.5	593	1 926	1 333
Total non-current assets		9 025	7 207	(1 818)
Total assets		214 413	225 521	11 108
Liabilities				
Current Liabilities				
Finance lease	23.11	241	287	46
Accounts payable from exchange	23.13	6 128	15 721	9 593
Provisions	23.24	2 979	1 512	(1 467)
Total current liabilities		9 348	17 520	8 172
Non-Current Liabilities				
Employee benefit obligation	23.6	2 276	2 685	409
Administrative funds	23.12	6 591	6 192	(399)
Finance	23.11	355	130	(225)
Total non-current liabilities		9 222	9 007	(215)
Total liabilities		18 570	26 527	7 957
Net assets		195 843	198 994	3 151



22. Accounting Policies



22.1 Basis for Preparation of Annual Financial Statements

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

22.2 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:

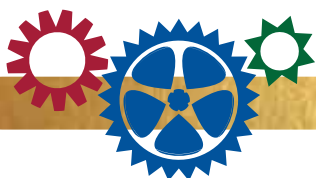
- It is probable that future economic benefits or service potential associated with the item will flow to the MHSC; and
- The cost of the item can be measured reliably.

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, its 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:

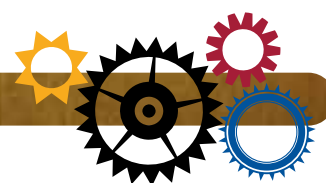
Item	Average useful life
Office furniture	10 years
Motor vehicles	5 years
Computer equipment	5 – 10 years
Computer software	2 – 8 years
Leasehold improvements	Remainder of lease period
Research equipment	Duration of the contract and estimated useful life.
Information Technology Communication	5 – 10 years
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.



22.3 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 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.

An intangible asset 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:

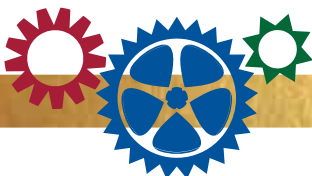
It is technically feasible to complete the asset so that it will be available for use:

- 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	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.

22.4 Fair Value Measurement Considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the MHSC establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arms length exchange motivated by normal operating considerations. Valuation techniques include using recent arms length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the MHSC uses that technique.

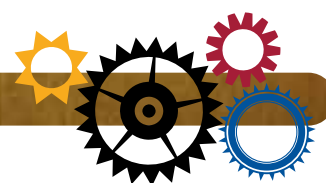
The chosen valuation technique makes maximum use of market inputs and relies as little as possible on MHSC-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an MHSC calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The MHSC does not reclassify a financial instrument while it is issued or held unless it is:

- Combined instrument that is required to be measured at fair value; or
- An investment in a residual interest that meets the requirements for reclassification.



Where the MHSC cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the MHSC reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost. If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the MHSC reclassifies the instrument from cost to fair value.

Gains and Losses

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and Un-collectability of Financial Assets

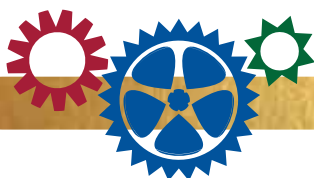
The MHSC assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial Assets Measured at Amortised Cost:

- If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.
- If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial Assets Measured at Cost:

- If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.



De-recognition of Financial Assets

The MHSC derecognises financial assets using trade date accounting.

The MHSC Derecognises a Financial Asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The MHSC transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The MHSC, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

In this case, the MHSC:

- Derecognise the asset; and recognise separately any rights and obligations created or retained in the transfer.

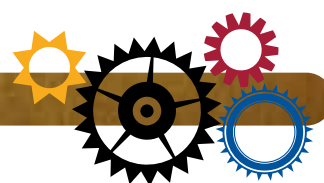
The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date.

Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the MHSC transfers a financial asset in a transfer that qualifies for de-recognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the MHSC adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the MHSC obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the MHSC recognise the new financial asset, financial liability or servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit. If the transferred asset is part of a larger financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues



to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in de-recognition because the MHSC has retained substantially all the risks and rewards of ownership of the transferred asset, the MHSC continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the MHSC recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

The MHSC removes a financial liability or a part of a financial liability from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expired or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability or part of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another MHSC by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

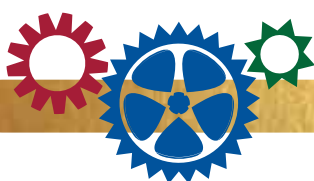
Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the MHSC currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for de-recognition, the MHSC does not offset the transferred asset and the associated liability.



22.5 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 so as 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.

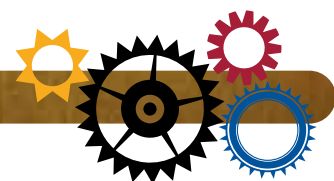
22.6 Consumables

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.

22.7 Employee Benefits

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

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- The proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- The proceeds are returned to the reporting MHSC to reimburse it for employee benefits already paid.

Termination Benefits are Employee Benefits payable as a result of either:

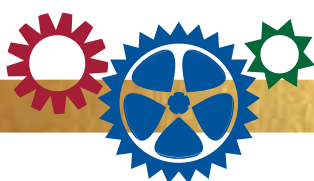
- An MHSC's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 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.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an MHSC's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the MHSC has indicated to other parties that it will accept certain responsibilities and as a result, the MHSC has created a valid expectation on the part of those other parties that it will discharge those responsibilities.



Short-term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 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 12 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 12 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.

When an employee has rendered service to the MHSC during a reporting period, the MHSC recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

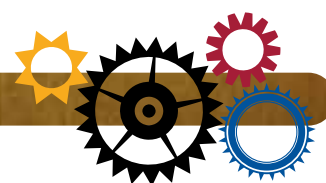
- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the MHSC recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- And as an expense, unless another standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The MHSC measure the expected cost of accumulating compensated absences as the additional amount that the MHSC expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The MHSC recognise the expected cost of bonus, incentive and performance related payments when the MHSC has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the MHSC has no realistic alternative but to make the payments.

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 an 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 four employees fall under the old arrangement of providing a post-employment medical contributions and this is disclosed under note 24.6 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:

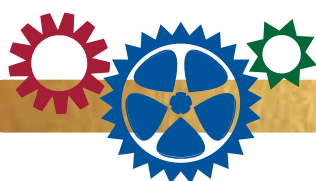
- Estimated future salary increases;
- The benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- Estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit 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.

22.8 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.

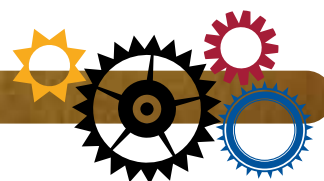
If an MHSC has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. Contingent assets and contingent liabilities are not recognised.

22.9 Revenue from Exchange Transactions

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.

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.



Measurement

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

Interest, Royalties and Dividends

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.

22.10 Revenue from Non-exchange Transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an 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.

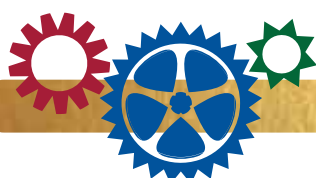
Fines are economic benefits or service potential received or receivable by the MHSC, as determined by the Mine Health and Safety Act, as a consequence of the breach of laws or regulations.

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

22.11 Unauthorised Expenditure

Unauthorised expenditure means:

- Expenditure not in accordance with the purpose of the approved budget or the delegation of authority.

All expenditure relating to unauthorised 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 when recovered, it is subsequently accounted for as revenue in the statement of financial performance.

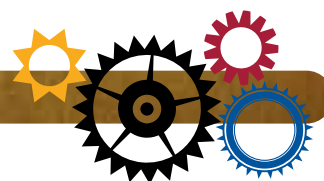
22.12 Fruitless and Wasteful Expenditure

Fruitless 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.

22.13 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 this Act;
- The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- Any provincial legislation providing for procurement procedures in that provincial government.



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 also 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 is provided in the note. Irregular expenditure is removed from the note when it either condoned 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.

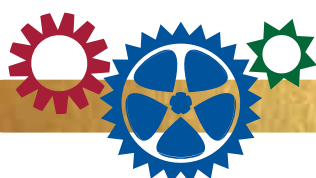
The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant expenditure item, be disclosed as such in the note to the financial statements and updated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

22.14 Administrative Fines

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 MHSA. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

22.15 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 Note 29 to this annual financial statements.

The Statement of comparative and actual information have 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.

22.16 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.

22.17 Events after the Reporting Period

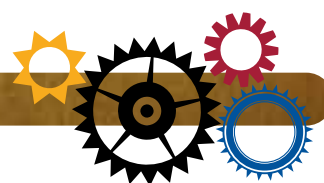
Events after the reporting date are those adjusting events that may be favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

22.18 Offsetting of Financial Transactions

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

22.19 Significant Judgments 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 judgment 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 judgments include:



- Provision for doubtful debts;
- Post- retirement medical benefit; and
- Provision for Performance Bonus.

22.20 Trade and Other Receivables/Loans Receivable

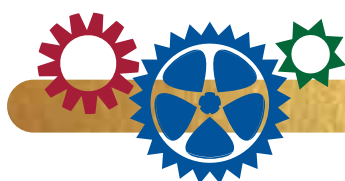
The MHSC assesses its trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, the MHSC makes judgments as to whether there is observable data indicating a measurable decrease in the estimated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

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 receivable's and payables carrying amount and the present value of estimated future cash flows discounted at the effective rate, computed at initial recognition.

22.21 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.



23. Notes to the Annual Financial Statements



New Standards and Interpretations

23.1 Standards and Interpretations effective and adopted in the current year

In the 2015/2016 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:

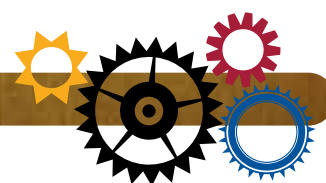
Standard / Interpretation:	Effective Date:	Expected Impact:
GRAP 18 (Revised version): Segment Reporting	1 April 2015	No impact
GRAP 105: Transfer of functions between entities under common control	1 April 2015	No impact
GRAP 106: Transfer of functions between entities Not under common control	1 April 2015	No impact
GRAP 107: Mergers	1 April 2015	No impact

23.2 Standards and Interpretations early adopted

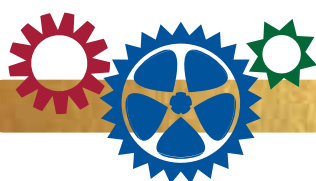
Standard / Interpretation:	Effective Date:	Expected Impact:
GRAP 104: Financial Instruments	1 April 2015	Impacting on MHSC

23.3 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 2016 or later periods:



Standard/ Interpretation:	Nature if Impending Change/Changes on Accounting Policies	Initial Impact	Effective Date:	Expected Impact:
GRAP 18: Segment reporting	To enable users to evaluate the nature and financial effects of the activities in which it engages and the economic environment in which it operates.	None. No geographical areas of operation	1 April 2016	No 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. To enable users to assess risk that may be posed by related parties. To assess the degree of arms length transactions.	No effective date	Impacting on MHSC
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 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	Revenue the MHSC will be getting from the Principal and the amount of any expenses relating to that.	No effective date	Impacting on MHSC

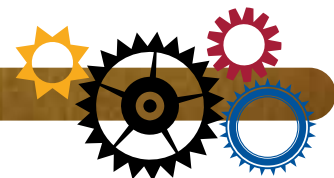


23.4 Property, Plant and Equipment

	31 March 2016			31 March 2015		
	Cost/ Evaluation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Evaluation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Office furniture	1 305	(541)	764	1 305	(436)	869
Motor vehicles	95	(92)	3	95	(76)	19
Office equipment	645	(436)	209	591	(328)	263
Computer equipment	2 884	(1 683)	1 201	2 881	(1 201)	1 680
Leasehold improvements	764	(496)	268	764	(308)	456
Research equipment	10 619	(8 636)	1 983	8 846	(7 157)	1 689
ICT	1 002	(538)	464	992	(367)	625
Leased assets	764	(375)	389	693	(109)	584
Total	18 078	(12 798)	5 281	16 167	(9 982)	6 185

Reconciliation of Property, Plant and Equipment – March 2016

	Opening Balance	Additions	Disposals	Transfers	Reclassification	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Office furniture	869	0	0	0	0	(105)	764
Motor vehicles	19	0	0	0	0	(16)	3
Office equipment	263	53	0	0	0	(107)	209
Computer equipment	1 680	51	(20)	0	0	(510)	1 201
Leasehold improvements	456	0	0	0	0	(188)	268
Research equipment	1 689	1 773	0	0	0	(1 479)	1 983
ICT	625	11	0	0	0	(172)	464
Leased assets	584	99	(14)	0	0	(279)	389
Total	6 185	1 987	(34)	0	0	(2 856)	5 281



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 – 2015

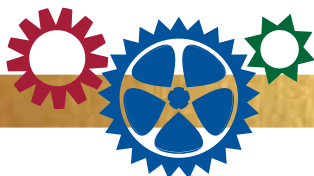
	Opening Balance	Additions	Disposals	Reclassification	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Office furniture	821	181	(37)	0	(95)	869
Motor vehicles	38	0	0	0	(19)	19
Office equipment	521	17	(130)	0	(145)	263
Computer equipment	1 207	905	(25)	0	(407)	1 680
Leasehold improvements	644	0	0	0	(188)	456
Research equipment	3 756	0	0	(122)	(1 945)	1 689
ICT	267	353	0	0	5	625
Leased assets	15	684	0	0	(115)	584
Total	7 269	2 140	(192)	(122)	(2 909)	6 185

Assets Subject to Finance Lease (Net Carrying Amount)

	2016	2015
	R'000	R'000
Lease improvements	298	456
Leased assets	385	584
Total	683	1 040

23.5 Intangible Assets

	2016			2015		
	Cost/ Evaluation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost/ Evaluation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Intangible assets	2 148	(222)	1 926	2 514	(1 874)	640



Reconciliation of Intangible Assets – 2016

	Opening Balance	Additions	Disposals	Reclassification	Amortisation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Intangible assets	640	1 932	0	0	(647)	1 925

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

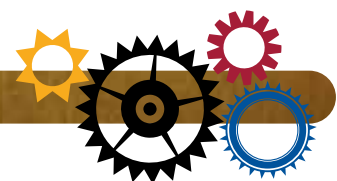
Reconciliation of Intangible Assets – 2015

	Opening Balance	Additions	Disposals	Reclassification	Amortisation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Intangible assets	1 594	0	0	(37)	(917)	640

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	Accumulated Depreciation R	Effect to Statement of Financial Position	Effect to Statement of Financial Performance
Computer	(21 490.06)	21 490.06	Increase to carrying amount	Increase to surplus
ICT	(94 211.21)	94 211.21	Increase to carrying amount	Increase to surplus
Office equipment	(10 552.87)	10 552.87	Increase to carrying amount	Increase to surplus
Office furniture	(8 435.95)	8 435.95	Increase to carrying amount	Increase to surplus
Research assets	(749 620.89)	749 620.89	Increase to carrying amount	Increase to surplus
Leased assets	(1 896.99)	1 896.99	Increase to carrying amount	Increase to surplus
Intangibles	(149 033.84)	149 033.84	Increase to carrying amount	Increase to surplus
Vehicle	(2 243.12)	2 243.12	Increase to carrying amount	Increase to surplus
Total	(1 037 484.93)	1 037 484.93	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 R1 037 484.93 and the revised carrying amounts that will be depreciated over the future economic benefit to be derived from these assets.

23.6 Employee Benefit Obligations

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:

	2016	2015
	R'000	R'000
In-service members	2 146	1 559
Continuation members	539	717
Total accrued service liability	2 685	2 276

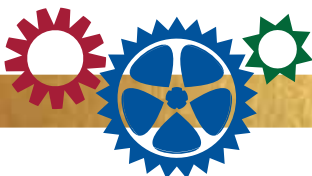
The changes in the accrued service liability since the previous valuation present value of fund obligations is as follows:

	2015
	R'000
Carrying Value	
Accrued Liability – 31 March 2015	2 276
Current service cost	109
Estimated benefit paid	(56)
Interest cost	200
Net actuarial losses not recognised	156
Accrued service liability – 31 March 2016	2 685

Sensitivity Analysis

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

	R'000	% Change
Accrued liability as already stated	2 685	
Valuation rate increase by 1%	2 307	(14.1%)
Valuation rate decrease by 1%	3 110	15.8%
Medical aid increase by 1%	3 160	17.7%
Medical aid decrease by 1%	2 307	(14.1%)
Retirement at age 61	2 835	5.6%



Projected Benefit Obligation at 31 March 2017

	R'000
Accrued liability at 31 March 2016	2 685
Service cost	107
Interest cost	268
Measurement loss	182
Benefits paid	(68)
Accrued liability at 31 March 2017	3 174

Net Expense Recognised in the Statement of Financial Performance

	2016	2015
	R'000	R'000
Current service cost	109	65
Interest cost	200	142
Actuarial (gains) losses	7	493
	316	700

Assumptions used at the Reporting Date:

	2016	2015
	R'000	R'000
Valuation interest rate	10.10%	8.90%
Medical aid contribution increase rate	9.60%	8.60%

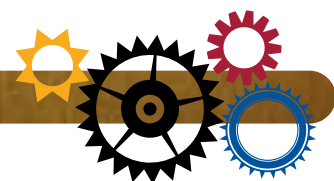
Demographic assumptions are the pre-retirement mortality and the continuing member mortality as checked against members dates of births, dates of employment, marital status ages within reasonable care and contributions paid according to Discovery medical aid rate.

For members in service it was assumed that the wife is four 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 2016	Total 2015
In-service	1	2	3	3
Continuing	0	1	1	1
	1	3	4	4



In-service Member Data

In-service	Total 2016	Total 2015
Average age	52.6	51
Past service	16 years, 3 months	15 years, 3 months
Average employer subsidy per month	R3 467	R 4 547

23.7 Consumables

	2016	2015
	R'000	R'000
Opening balance	77	183
Additions	360	201
Usage	(269)	(307)
Carried at cost	168	77

23.8 Receivables – Exchange

	2016	2015
	R'000	R'000
Deposits	521	521
Sundry debtors	31	125
Royalties	54	235
Prepaid expense	584	475
	1 190	1 356

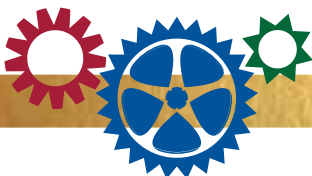
Credit Quality of Trade and Other Receivables

The credit rating of receivables from OHS levies is made up of balances that are past due date and have been provided for to the value of R8 879 000 (2015: R6 877 000)

23.9 Receivables from Non-exchange Transactions

Reconciliation of Provision for Impairment of Trade and Other Receivables

	2016	2015
	R'000	R'000
Opening balance	(6 798)	(6 517)
Provision for impairment	(449)	(281)
Provision for bad debts	(1 632)	0
	(8 879)	(6 798)



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 loan mentioned above. The MHSC does not hold any collateral as security.

	2016	2015
	R'000	R'000
Allowance for impairment	(8 879)	(6 798)
Levies	10 439	7 906
	1 560	1 108

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 2016, the difference between the discounted amount and the carrying amount is processed in the statement of financial performance as a fair valuation allowance.

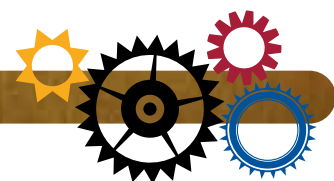
Receivables from Non-exchange Transactions past due but not impaired

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

	2016	2015
	R'000	R'000
Current	40	7
One month past due	7	54
Two months past due	1 369	(26)
Three months past due	9 023	7 871
	10 439	7 906

As of 31 March 2016, receivables from non-exchange transactions were not impaired and an additional allowance for credit losses of R1 632 000 was processed (2015: R360 000).

	2016	2015
	R'000	R'000
The carrying amount of other receivables from non-exchange transactions are as follows:	1 560	1 108



The creation of provision for credit losses have 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.

23.10 Cash and Cash Equivalents

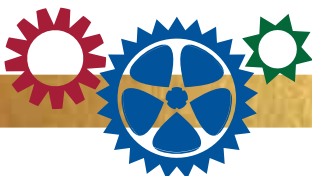
Cash and Cash Equivalents consist of: credit quality of cash at bank and short term deposits, excluding cash on hand

	2016	2015
	R'000	R'000
Petty cash	2	2
Administrative fines bank account	6 146	6 590
Administrative bank accounts	5 856	94
Investments with top four banks and SARB	203 392	209 588
	215 396	216 274

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

	2016	2015
	R'000	R'000
AAA	0	0
AA	0	0
A	215 396	216 274
Other	0	0



23.11 Finance Lease Obligation

Minimum Lease Payments Due

	2016	2015
	R'000	R'000
Within one year	311	288
In second to fifth year inclusive	135	382
	446	670
Less future finance charges	(29)	(74)
	417	596

Present Value of Minimum Lease Payments Due

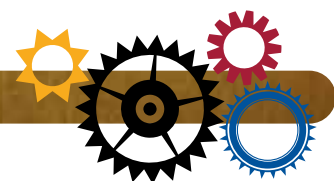
	2016	2015
	R'000	R'000
Within one year	287	241
In second to fifth year inclusive	130	355
	417	596
Non-current liability	130	355
Current liability	287	241
	417	596

It is MHSC's policy to lease certain photocopier equipment under finance leases, during the reporting period seven copiers and 11 cellular phones were on lease.

The average lease term is two years for cellular phones and three years for copiers and the average effective borrowing rate in 2016 was 9.5% (2015: 9.25%). 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.

23.12 Administrative Fines – Restricted Funding

This represents fines that are imposed on mines as per section 55B of the MSHA for failing to comply with the provision contemplated in section 91 (1B) of the MSHA. These funds are ring fenced for the promotion of health and safety in the mines. 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.



	2016	2015
	R'000	R'000
Opening balance	6 591	6 811
Collected and interest earned	682	423
Fines used	(384)	(643)
Refund	(697)	
Closing balance	6 192	6 591

23.13 Payables from Exchange Transactions

	2016	2015
	R'000	R'000
Trade payables	14 102	5 709
Operating lease	462	543
Fair valuation of payables	(121)	(52)
Payroll payable	1 278	1 902
	15 721	8 102

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.

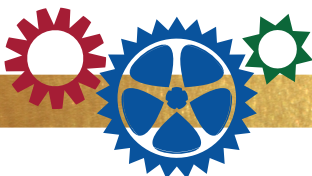
23.14 Revenue from Non-exchange Transactions

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

	2016	2015
	R'000	R'000
Levies from the mines	75 305	70 431
Transfer from DMR	0	5 197
	75 305	75 628

23.15 Other Income

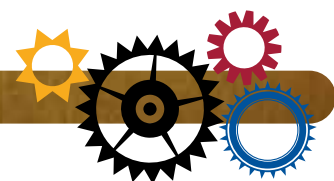
	2016	2015
	R'000	R'000
Fair valuation – finances	121	52
Interest on debtors	0	15
Other income	318	10
Royalties income	54	235
	493	312



Included in other income is revenue arising from exchange of R54 000 for the current year (2015: R235 000) in relation to royalty income earned from the sale of Stone dust bags developed through SIMRAC but managed by Council for Scientific and Industrial Research (CSIR).

23.16 Operating Expenses excluding employee costs and depreciation

	2016	2015
	R'000	R'000
Advertising	446	463
Auditors remuneration – internal	1 002	697
Auditors remuneration – external	1 810	1 907
Bad debts	1 632	0
Impairment of receivables	449	280
Consulting and professional fees	739	603
Insurance	254	280
Lease rentals on operating lease	2 062	2 062
Loss on scrapping of assets	7	169
Postage and courier	127	4
Printing and stationery	374	1 255
*Strategic objectives	15 443	9 279
Telephone and fax	597	600
Travel – local	749	863
Legal fees	1 936	443
Management fees	0	91
Other expenses	987	378
Governance support	2 617	1 925
Exempt mines	0	228
Operating rental expenses	837	692
Repairs and maintenance	124	126
	32 192	22 254

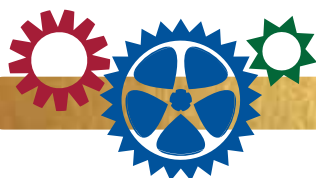


*Strategic Objectives spending is against the following strategic objectives:

Description	R'000
Ensure MHSC Office Staff and Council members have adequate skills and required competencies through continuous development (L01)	1 121
Promote and communicate MHSC programmes to improve OHS awareness(C02)	10 810
Implement knowledge management and information management system to support staff and stakeholders (IP04)	2 995
Improve climate and environment to make it conducive for good staff morale within MHSC (L02)	517
Ensure financial sustainability and viability of MHSC (F01)	0
	15 443

23.17 Research Expenditure

	2016	2015
	R'000	R'000
Rock falls	11 279	2 516
Rock bursts	1 763	526
Machinery and transport	0	1 402
Explosives	0	536
Centre of excellence	4 041	0
Behaviour	1 851	695
Physical hazards	633	317
Airborne pollutants	295	420
Occupational diseases	2 505	362
Special projects	5 156	2 220
Summit projects	2 543	4 700
Technical reviews	1 175	534
Promotion of health and safety	384	642
Total	31 625	14 870



23.18 Employee Related Costs

	2016	2015
	R'000	R'000
Basic	24 319	21 676
Bonus	1 744	569
Medical aid – company contributions	227	973
UIF	81	80
WCA	463	388
SDL	264	235
Leave pay provision charge	628	535
Post-retirement costs	409	650
Staff welfare	58	200
Recruitment and placements	1 049	1 145
Staff training	767	444
	30 009	26 895

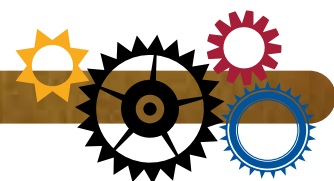
23.19 Finance Costs

	2016	2015
	R'000	R'000
Finance leases	50	37

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

23.20 Revenue from Exchange Transactions

	2016	2015
	R'000	R'000
Investment interest received	12 821	11 517
Interest raised on debtor balances	55	47
	12 876	11 564



23.21 Promotion of Health and Safety

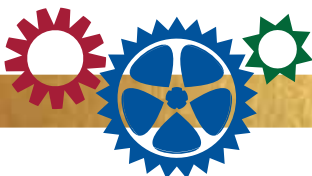
This expenditure is funded via administrative fines that are raised by the Chief Inspector of Mines in situation where mines are found to be having failed to comply with the requirements of the MHSA. Based on the same Act, the use of these funds are restricted to promotion of health and safety activities 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 23.12 and an equivalent amount of actual spending is recognised as income out of the grant account.

	2016	2015
	R'000	R'000
Council administration	384	642
	384	642

23.22 Cash Generated from Operations

	2016	2015
	R'000	R'000
Surplus/(deficit)	(8 321)	20 265
Adjustment for:		
Depreciation and amortisation	3 503	3 825
Debtors interest	(55)	0
Finance lease	0	37
Loss on disposal	7	0
Other income	(359)	(98)
Increase in post-retirement benefits	(241)	0
Non-cash movement	22	328
Increase in provisions	0	191
Increase in allowance for doubtful debts	0	280
Inventories	(90)	106
Receivables from exchange transactions	166	150
Other receivables from non-exchange transactions	(451)	446
Increase payables from exchange transactions	7 620	(2 670)
Un-spent conditional grants and receipts	(399)	(221)
	1 402	22 737

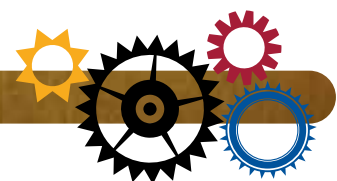


23.23 Cash Flow Items

	2016
	R'000
Receipts from debtors	
Debtors opening balance	1 108
Billed	75 305
Debtors closing balance	(1 560)
Cash received	74 853

	2016
	R'000
Payment to suppliers and employees	
Opening balance	8 101
Total expenses	98 075
Depreciation	(3 503)
Finance costs	(50)
Receipts in advance	155
Post-retirement benefits	(241)
Closing balance	(15 721)
Payments made	86 816

	2016	2015
	R'000	R'000
Cash receipts from DMR transfer	0	5 197
Cash receipts from other debtors	0	1 210
Sanlam Group Benefits	544	0



23.24 Provisions

The MHSC is obliged to pay 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 2016 there was no certainty on the two prerequisites therefore a provision of 6.5 percent on basic salary has been provided for the year ending March 2016.

	2016	2015
	R'000	R'000
Opening balance	760	569
Used in the current year	(760)	(378)
Unutilised allowance	0	(191)
Provision for current year	1 512	760
Closing balance	1 512	760

23.25 Commitments

23.25.1 Operating Leases

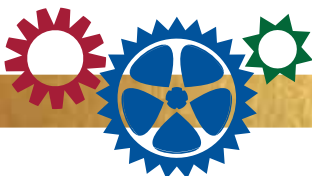
As at reporting date, the MHSC had outstanding commitments under non-cancellable operating lease which is maturing in September 2017 and falls due as follows:

	2016	2015
	R'000	R'000
1 Year	2 337	2 143
2–5 Years	1 219	3 556
	3 556	5 699

23.25.2 Research Projects

	2016	2015
	R'000	R'000
Authorised and contracted	31 821	25 882
Authorised but not contracted	43 649	44 562
	75 470	70 444

Research commitments represent contingent liability where it is uncertain whether present obligation exists because an outflow of resources is not probable and the outflows cannot be reliably measured because they are dependent on future uncertain contractual obligations and deliverables.



23.26 Executive Members' Emoluments

	2016			
	Emoluments	Termination Benefits	Group Life Cover Plus Bonus	Total
	R'000	R'000	R'000	R'000
Mr TT 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 DS Molapo (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

	2015			
	Emoluments	Termination Benefits	Group Life Cover Plus Bonus	Total
	R'000	R'000	R'000	R'000
Mr TT Dube	1 676	0	126	1 802
M DS Molapo	1 219	0	91	1 310
Mr N Singh	908	266	68	1 242
	3 803	266	285	4 354

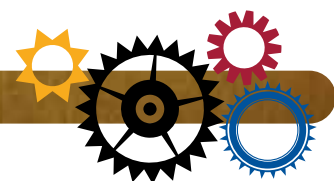
23.27 Risk Management

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 focuses on the unpredictability of financial market and seek to minimise potential adverse effects on the MHSC's financial performance. Risk Management is carried out by a Central Energy Fund under policies approved by 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 report period, there were no changes with regards to the way in which risk manage processes were managed.



Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The MHSC's risk to liquidity is a result for 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 following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

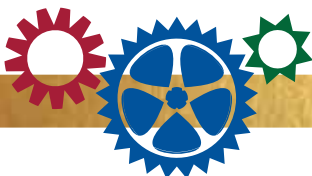
Financial Liability	Current / Non-Current	2016	2015
		R'000	R'000
Payables from exchange	Current – at cost	15 721	8 102
Retirement medical aid obligation (Note 23.6)	Non-current – at fair value	2 685	2 276
Commitments (Note 23.25.1)	Non-current – at cost	33 241	25 882

Interest Rate Risk

As the MHSC risk free interest-bearing assets, 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 Treasury management of the Central Energy Fund and with 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 and Cash Equivalent	Interest Rate	2016	2015
		R'000	R'000
CPD	5.00% - 6.77%	203 392	214 269
ABSA and FNB	5.25% - 5.75%	12 004	1 645



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:

Financial Asset	2016	2015
	R'000	R'000
Levies receivable (Note 23.9)	10 439	7 906
Sundry receivable (Note 23.8)	31	125

Sensitivity Risk

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

23.28 Going Concern

We draw attention to the fact that at 31 March 2016, the MHSC had an accumulated surplus of R198 994 392 and that the MHSC's total assets exceed its liabilities by R198 994 392.

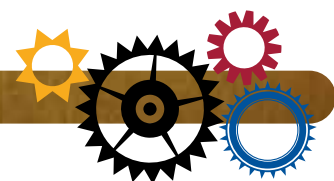
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments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

23.29 Events after the reporting date

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

23.30 Fruitless and Wasteful Expenditure

	2016	2015
	R'000	R'000
This expense relates to overpayment of bonuses as a result of calculation errors. Recovery has commenced in the new financial year.	10	0
Payment of VAT to a non-registered VAT vendor. Recovered in April 2016	3	0



23.31 Irregular Expenditure

The MHSC finalised engagements with the National Treasury in relation to the previous year's irregular expenditure reported below and were advised to refer this to the Board for Condoning.

	2016	2015
	R'000	R'000
Opening balance	10 244	9 618
Condoned expenditure	(9 618)	0
Add: irregular expenditure – current year	0	626
	626	10 244

Analysis of Expenditure awaiting condoning per age classification

	2016	2015
	R'000	R'000
Current year	0	626
Prior years	626	0
	626	626

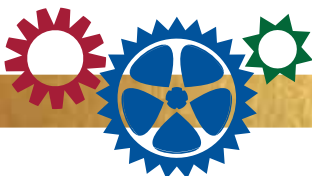
The letter for condonation has been sent to Treasury for approval.

23.32 Deviation from SCM Regulations

Paragraph 12(1)(d)(i) of Government Gazette No. 27636 issued on 30 May 2005 states that a SCM policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting authority and includes a note to the annual financial statements.

No deviations were done during the reporting period ended 31 March 2016.



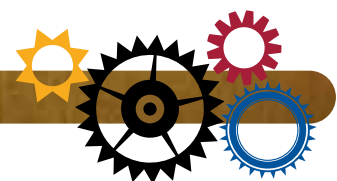
23.33 Related Party Transactions

MHSC Member	Entity	Transaction Arising from Levies Raised		Balance Owing on Levies Raised	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
Mr T Masondo	Anglo Coal	1 790	1 660	249	1
Dr B Nene	Lonmin	3 285	4 000	14	14
Dr T Legobye	Harmony	6 767	5 424	447	447
Mr P Coetzer	Royal Bafokeng	1 113	984	0	0
Mr R Mafoko	Glencore		1395	0	0
Mr X Mbonambi	Council Member				
Dr L Ndelu	Council Member				
Ms N Masekoa	Council Member				
Mr N Nhlapo	Council Member				
Mr E Gcilitshana	Council Member				
Mr F Stehring	Council Member				
Mr L McMaster	Council Member				
Mr F van Straten	Council Member				
Mr P Mardon	Council Member				
Mr S van der Woude	Council Member				

The DMR is the executive authority of the MHSC and has contributed towards administration expenses of the Council as follows:

	2016	2015
	R'000	R'000
Transfers from DMR	0	5 197

Due to the surplus, MHSC received no grant funding for the year.



23.34 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

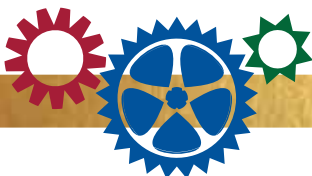
	2016		2015	
	R'000		R'000	
	Travel	Meeting	Travel	Meeting
Ms T Sihlaba (Contract ended 31 March 2015)	0	0	0	80
Mr M E Manning (Acting ARC Chairperson from 1 April to 31 October 2015)	97	77	88	66
Ms N Khumalo	1	46	0	31
Ms N Madiba (Appointed 1 July 2015 as Independent member and appointed as Chairperson from 1 November 2015)	23	54	0	0

23.35 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 2016. The letter of application to retain its accumulated reserves of R198 994 392 has been sent to National Treasury.

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 processes 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.

Every mine worker returning from work unharmed everyday. Striving for Zero Harm.





MINE HEALTH AND SAFETY COUNCIL

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