

MINE HEALTH AND SAFETY COUNCIL

STRATEGIC PLAN 2021/22 TO 2024/25



MHSC

Mine Health and Safety Council

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A. LIST OF ABBREVIATION

AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BBT	Brief, Budget and Time
BSC	Balance Scorecard
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGO	Corporate Governance Officer
CHCO	Chief Human Capital Officer
CoE	Centre of Excellence
CROO	Chief Research Operations Officer
CTAC	Culture Transformation Advisory Committee
DMRE	Department of Minerals Resources and Energy
GRCO	Governance, Risk and Compliance Officer
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRCO	Human Resource Capital Officer
HRRAC	Human Resources and Remuneration Committee
ICT	Information Communication Technology
MHSC	Mine Health and Safety Council
MITHAC	Mining Industry TB, HIV and AIDS Advisory Committee
MINCOSA	Minerals Council South Africa
MOHAC	Mining Occupational Health Advisory Committee
MRAC	Mining Regulations Advisory Committee
MQA	Mining Qualifications Authority
NDP	National Development Plan
OHS	Occupational Health and Safety
RoI	Return on Investment
SCM	Supply Chain Management
SIMRAC	Safety in Mines Research Advisory Committee
SMME	Small Medium and Micro Enterprises
SONA	State of the Nation Address
TB	Tuberculosis

B. ACCOUNTING AUTHORITY STATEMENT

During March 2020 the President of the Republic, his Excellency Cyril Ramaphosa, in his address to the nation, announced the escalation of measures to combat COVID-19 epidemic. In support of the President's decisive action, the MHSC developed the Guiding Principles as well as a Guideline for Compilation of a Mandatory Code of Practice on the mitigation and management of the COVID-19 outbreak. The MHSC also facilitated virtual question and answer sessions on various technology platforms where clarity on COVID-19 guidelines was provided to the mining industry stakeholders. The MHSC also identified research initiatives to assist the mining industry to address COVID-19 related challenges such as testing capacity, physical distancing, and competencies to manage the pandemic. The MHSC continues to explore more ways to contribute to the global fight against the COVID-19 pandemic.

The health, safety and security of women in the SAMI continues to be of outmost importance to the MHSC. Hence, the MHSC successfully hosted the Women in Mining Indaba to engage on health and safety issues regarding women in South Africa. As part of the implementation of the Indaba outcomes, the MHSC has introduced two (2) new committees being Women in Mining Advisory Committee (WIMAC) and the Mining Occupational Safety Advisory Committee (MOSAC). I wish to extend a warm welcome to the new committee members in their role.

In order to address challenges relating to the improvement of training for mineworkers in the SA mining industry, the MHSC has established the Centre for Education and Training of Mineworkers (CETM). The CETM is a committee made up of identified stakeholders in the SAMI including the Mining Qualifications Authority (MQA). One of the key objectives of the CETM is to assist with the packaging and development of training material emanating from MHSC research outcomes.

I wish to extend my gratitude to the Honorable Minister of Mineral Resources and Energy for the continued leadership, guidance and support. I also extend my gratitude to the Parliament Portfolio Committee on Mineral Resources and Energy for their continued support, commitment, oversight and guidance. I would also like to extend my sincere thanks to all the Council members for executing their fiduciary responsibilities, Council Advisory Committees for their consistent support, Internal and External Auditors for their independent assurance. My appreciation also goes to the MHSC Executives and Staff for their performance and providing necessary support to all structures of MHSC and stakeholders.


_____ (signature)

Mr David Msiza (Chairperson of the Mine Health and Safety Council)

C. CHIEF EXECUTIVE OFFICER'S STATEMENT

The MHSC has navigated this challenge and has been able to remain in the trajectory that it had planned prior to the pandemic. The MHSC is embracing the opportunities the pandemic is presenting and has taken into considering both the risks and opportunities that have been presented by these uncertain times. The implications of the above developments were that the MHSC had to revise the Strategic Plan (SP) and Annual Performance Plan (APP) for the five (5)-year administration term starting from 2020/21 to ensure proper alignment. It is against this background that the Mine Health and Safety Council presents this draft Annual Performance Plan for the 2021/22 financial year which demonstrates the strategic focus areas and aspiration of MHSC in ensuring that every mine worker returns from work unharmed every day.

Given the current occupational health and safety challenges on the national agenda, MHSC had reflected on its achievements and challenges and is committed to improving its performance and impact by committing to fulfilling its mandate of facilitating performance improvements through living its principles and values of "CIRA" (Caring; Integrity; Respect; Accountability). MHSC will continue to contribute to the National Development Plan Vision 2030, especially with respect to improving Research and Innovation, Promoting Health & Safety and contributing to Building a Capable Developmental State. The MHSC further contributes to other government imperatives and programmes such as those articulated in the State of the Nation address on an annual basis.

Providing high quality research outcomes and advice to the Minister of Mineral Resources with the aim of improving the state of Occupational Health and Safety (OHS) in the South African Mining Industry (SAMI) is at the top of MHSC priorities and in doing so facilitates the ambition of the current administration to redress inequality, deepen democracy, accelerate economic prosperity and build an inclusive society.

There has never been a more critical period to review and ensure financial sustainability than in the current economic climate and landscape. MHSC understands and appreciates the responsibility placed on it to play a critical role in the country and as such is committed and continues to implement robust expenditure policies to ensure efficient and effective use of financial resources it has been provided. Therefore, MHSC plans to continue taking decisive action to maintain the integrity of expenditure and strives to ensure that the MHSC is financially sustainable.

Improved financial sustainability will be achieved through the effective and efficient collection of levies from the mines. MHSC will also be looking to secure other sources of revenue, which

includes possible royalties from commercialisation of research outcomes; these will be carried out through licensing agreements with various commercialisation partners and stakeholders.

The MHSC Strategic Plan 2021/22 – 2024/25 is compiled with the latest available information to the Council.



(signature)

Mr Dumisani Dlamini (Acting Chief Executive Officer)
Mine Health and Safety Council (MHSC)

D. OFFICIAL SIGN-OFF

It is hereby certified that the revised MHSC Strategic Plan for 2021/22 to 2024/25:

- Was developed by the management of the Mine Health and Safety Council (MHSC) under the guidance of Council.
- Takes into account all relevant policies, legislation and other mandates for which the MHSC is responsible.
- Accurately reflects the outcomes and outputs which the MHSC will endeavour to achieve over the 2021/22 to 2024/25 financial year.

Signature:  _____

Mr. Brian Ncube: (Acting Chief Research and Operations Officer)

Signature:  _____

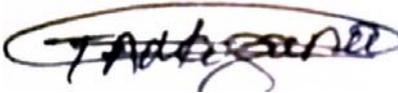
Mr. Mantji Fenyane: (Information and Communication Technology Manager)

Signature:  _____

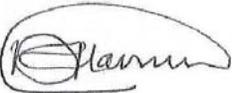
Mr. Victor Tleane: (Acting Chief Human Capital Officer)

Signature:  _____

Mrs. Vimla Pentasaib: (Acting Chief Financial Officer)

Signature:  _____

Mr. Thembani Nkuzana: (Acting Corporate Governance Officer)

Signature:  _____

Mr. Dumisani Dlamini: (Acting Chief Executive Officer)

Approved by Council

Signature:  _____

Mr. David Msiza: (Chairperson of the Mine Health and Safety Council)

1. PART A: MINE HEALTH AND SAFETY COUNCIL MANDATE

1.1 CONSTITUTIONAL MANDATES

MHSC was established in terms of the Mine Health and Safety Act (29 of 1996) as amended. The MHSC is listed as a schedule 3A Public Entity in terms of the Public Finance Management Act (Act No. 1 of 1999) as amended.

The mandate of the Mine Health and Safety Council is derived from section 43 of the Mine Health and Safety Act No. 29 of 1996 as amended which states that the MHSC must:

- (a) 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;
- (b) Co-ordinate the activities of its committees, receive reports from the committees and liaise with the Mining Qualifications Authority on matters relating to health and safety;
- (c) Liaise with any other statutory bodies concerned with matters relating to health and safety;
- (d) Promote a culture of health and safety in the mining industry;
- (e) At least once every two years arrange and co-ordinate a tripartite summit to review the state of health and safety at mines and
- (f) Annually advise the Minister on relevant research relating to health and safety, at mines.

1.2 LEGISLATIVE AND POLICY MANDATES

MHSC was established in terms of the Mine Health and Safety Act (29 of 1996) as amended. The MHSC is listed as a schedule 3A Public Entity in terms of the Public Finance Management Act (Act No. 1 of 1999) as amended.

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- (d) Promote a culture of health and safety in the mining industry;
- (e) At least once every two years arrange and co-ordinate a tripartite summit to review the state of health and safety at mines and
- (f) Annually advise the Minister on relevant research relating to health and safety, at mines.

1.3 INSTITUTIONAL POLICIES AND STRATEGIES RELATED TO THE FIVE-YEAR PLANNING PERIOD

1.3.1 STRATEGIC IMPERATIVES

Number of Strategic Imperatives were identified. These are listed below:

- **Leadership and Organisational Stability** – the MHSC is facing a number of issues that relating to leadership and organisational stability. If these issues are not urgently resolved, they would significantly hamper the effective execution of the MHSC strategy.
- **Successful Dissemination** – the MHSC needs to ensure that its dissemination programmes of MHSC work reach mining employees “at the coal face”. The MHSC must improve its dissemination practices to achieve this, by leveraging some of the successful mechanisms such as RTF’s, improving and simplifying how information is communicated (including the utilization of various official languages).
- **Focus and Reach** – the MHSC needs to ensure that its focus and reach is broadened into areas of mining OHS impact that have not been traditionally covered by the MHSC. These include the broader mining communities, women in mining, the mining environmental impact on OHS, post-mining operations, to name a few.
- **Appropriate Relevant Research** – the MHSC must ensure that its research programmes are appropriate and relevant to meet the evolving needs of the mining industry. This will require careful planning, consultation and prioritisation to enable the limited financial resources to be applied most effectively to research activities.
- **Interaction with Minister and Mining Industry Principals** – the MHSC must improve the way that it interacts with the Minister and Mining Industry Principals, in order to better leverage the potential influence of the organisation in achieving the expected outcomes.
- **MQA and MHSC relationship** – the MHSC must strengthen its relationship with the MQA as a key strategic partner in achieving improved OHS performance, especially on matters of OHS training and development.
- **Collaboration with Stakeholders and Strategic Partners** – the MHSC is an important component of the mining OHS environment, but to be successful it needs to collaborate with its stakeholders and with strategic partners, and the organisation must improve the mechanisms through which it collaborates. This collaboration should include international or global organisations.
- **Visibility and Recognition** – the MHSC should implement strategies to improve the visibility and recognition of the organisation as a knowledge leader in Mining OHS matters

- **Continuous Organisational Performance Improvement** – the MHSC needs to improve how organisational performance is managed.
- **Governance and Compliance** – the MHSC must ensure that its governance practices are appropriate and that compliance is effective and consistent. Ensuring attainment of higher maturity levels of governance and compliance.
- **Upskilling** – the MHSC needs to ensure that its people are adequately skilled for the Council work that they are expected to perform. This upskilling applies to both MHSC employees, Council and members of Advisory Committees.
- **Procurement** – the MHSC needs to improve the way procurement is handled in order to achieve more efficient and cost-effective sourcing of goods and services, including value for money.
- **The New Levy Model and Levy Collection** – the introduction of the new levy model and the associated levy collection are critical to underpin the financial stability of the MHSC, this includes diversification of revenue sources.
- **Additional inputs from Tripartite Stakeholders** – Additional inputs were received from members of the MHSC Tripartite Stakeholders and there were considered and incorporated into the MHSC Strategy or Operational Plans.

These strategic imperatives have been used as input to the MHSC Strategic Plan and will be incorporated in the relevant Strategic Objectives and Strategic Initiatives that are outlined in subsequent sections.

1.4 RELEVANT COURT RULINGS

There were not court rulings that affect the operations and the business model of the MHSC.

2. PART B: MINE HEALTH AND SAFETY COUNCIL STRATEGIC FOCUS

2.1 VISION STATEMENT

The Mine Health and Safety Council has a vision to be the first port of call for OHS issues within the South African Mining Industry, and to be the knowledge leader and trusted advisor to the Minister of Mineral Resources and Energy and stakeholders on Occupational Health and Safety matters.

2.2 MISSION STATEMENT

To promote a culture of OHS in the mining industry and to make a meaningful contribution to improved OHS through a tripartite relationship between Mine Employers, Mine Employees and the State

2.3 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 acronym “**CIRA**” represents MHSC core values.

Caring - displaying kindness and concern to others.

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

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

Accountability – Fully commits to improving health and safety culture in the SAMI.

2.4 GOALS

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

(a) *To facilitate **Zero Harm** to communities and mine workers because of mining activities.*

(b) *To provide knowledge leadership in Occupational Health and Safety in the South African Mining Industry.*

2.5 SLOGAN

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

2.6 SITUATIONAL ANALYSIS

In developing the five (5) year MHSC Strategic Plan for 2020/21 to 2024/25, Both detailed PESTEL analysis was performed, analyzing the Political, Economic, Sociological, Technological,

Environmental and Legal environment in which the MHSC operates and formulating responses to the potential issues that the organisation may face and SWOT analysis, defining the Strengths, Weaknesses, Opportunities and Threats of the organisation and developing responses to these.

2.6.1 PESTEL ANALYSIS

Table 1 below, detailed PESTEL analysis performed, analyzing the Political, Economic, Sociological, Technological, Environmental and Legal environment and responses.

ISSUES	STRATEGIC RESPONSE
POLITICAL	
(a) Impact of International Politics which include Trade Wars, Trade Agreements.	(a) Monitor international political developments that have an impact on the mining industry, assess the likely impact for necessary interventions.
(b) Changes within EU and African Union and SADC.	
(c) International pressure groups issues, especially impacting of the mining industry.	(b) Monitor pressure groups, assess the likely impact for necessary interventions.
(d) Government, policies, legislation and regulations impacting on MHSC.	(c) Monitor developments and review the state of compliance and impact on MHSC.
(e) New Government (administration) term, new focus areas and priorities.	(d) Engage the Ministry on expectations as part providing advice and receiving feedback on the expected role of MHSC.
(f) Local and Regional Political Issues.	(e) Monitor Local and Regional political developments, assess the likely impact for necessary interventions.
(g) Political will in developing strategies to combat COVID-19	(f) Monitor global developments on COVID-19
ECONOMIC	
(a) Decline in local and global economic growth.	(a) Assess the impact of economic growth decline on the sustainability of MHSC and impact on OHS in SAMI, develop interventions which includes the review of income generation strategies and implementing cost containment measures, and OHS initiatives.
(b) Possible job losses and Unemployment.	(b) Assess the impact of possible job losses on OHS performance.

ISSUES	STRATEGIC RESPONSE
(c) Exchange rates and Commodity fluctuation, especially on capital equipment sourcing of imported equipment.	(c) Negotiate that suppliers manage foreign exchange risk on cost of equipment or services.
(d) Mine production and employment levels. <ul style="list-style-type: none"> Decline in production and employment levels due to the impact of the Disaster Management Act Regulations 	(d) Monitor impact of production and employment levels on OHS and its impact on levy income critical for financial sustainability of MHSC. Possible future revision of the model which is currently at a pilot stage. (e) The MHSC to implement the revenue generation strategy
(e) Acquisitions and Mergers, Assets off-loading by Mining Majors	(f) Assess the likely impacts of such developments on Companies OHS resourcing and develop necessary interventions.
SOCIAL	
(a) Impact of on demographic changes in SAMI on OHS including Women in Mining (WiM).	(a) Develop a programme to address OHS issues impacting as result of changes in demographics as an outcome of assessment including the impact on Women in the Mining Industry. <ul style="list-style-type: none"> The establishment of WIMAC to strategically elevate WiM related issues
(b) Customs, values and norms impacting negatively impacting on the promotion of positive OHS Culture in the in SAMI.	(b) Facilitate Implementation of the Culture Transformation Framework (CTF).
(c) Negative impact of Mining on surrounding communities.	(c) Develop Programme to address the OHS issues impacting communities affected by Mining.
(d) Illegal mining	(d) Develop and implement OHS programmes to address illegal mining.
(e) Lack of critical skills in the SAMI	(e) Collaborate with MQA and other relevant stakeholders to capacitate the sector including implementation of the second phase of the CoE

ISSUES	STRATEGIC RESPONSE
(f) Socio-Economic impact of mining brought about by community pressures (e.g. industrial action, political unrest and COVID-19)	(f) Monitor developments and alter MHSC's Strategic Plans (g) Improve on the MHSC's stakeholder management
TECHNOLOGICAL	
(a) Digitisation of mining	(a) Facilitate implementation of research outcomes with technology interventions and leveraging on new technologies. <ul style="list-style-type: none"> • The MHSC to expedite the establishment of the 4IR Committee (this will assist in the collection research information to avoid duplication)
(b) Information and data management on OHS matters.	(b) Provide advice on an information management system and facilitate research outcomes with technology interventions. (Implementation of an Information management systems) <ul style="list-style-type: none"> • Development of an MHSC APP for information sharing and communication (database integration)
(c) Mechanisation and automation of mining activities	(c) Develop interventions to manage OHS risks to mining as result of mechanisation and automation of mining activities. <ul style="list-style-type: none"> • The MHSC to develop a strategy to minimise the negative impact of technology on people (e.g. upskilling of mine employees with technological advancements through the MQA's programmes) • Strategically embrace ICT and take advantages of the benefits review ICT role in the implementation of 4IR insofar as Research is concerned)

ISSUES	STRATEGIC RESPONSE
(d) Impact of Covid-19 on the stakeholder engagements	(b) Provide the necessary IT infrastructure to enable stakeholder engagements
ENVIRONMENTAL	
(a) Inadequate Mine rehabilitation and closure with respect to OHS matters.	(a) Provide guidelines on appropriate mine rehabilitation and closure with respect to OHS matters.
(b) Impact of acid mine drainage, toxic emissions, mine tailing dump and blasting on surrounding communities.	(b) Review existing research recommendations to mitigate the risks and conduct new research where necessary.
(c) Effects of climate change on OHS.	(c) Develop a programme to address issues of climate change that are impacting on OHS.
LEGAL	
(a) Legislation development affecting the SAMI locally and internationally including national obligations and commitments.	(a) Respond to gaps in regulation through research review or development of OHS regulation.
(b) Legislation developments affecting the MHSC	(b) Monitor legislative changes and implement as required.

2.6.2 SWOT ANALYSIS

Table 2 below, detailed a (SWOT) analysis Strengths, Weaknesses, Opportunities and Threats which was performed to identify appropriate responses to the issues:

STRENGTHS	WEAKNESSES
<p>(a) Improving OHS performance.</p> <ul style="list-style-type: none"> • The long term OHS trend is evidence of the impact that has already been achieved. • The advice given to the Minister to improve OHS in terms of Regulations and the culture of OHS in the SAMI. <p>(b) Passion for Vested Interest on OHS.</p> <ul style="list-style-type: none"> • Passion for Vested interest on OHS is critical to sustain and further improve the OHS trend. • Allowing and Encouraging for participation and engagements of all the Tripartite stakeholders in matters of OHS including communities affected by mining (Stakeholder inclusivity promotion) <p>(c) Continuous monitoring and reviewing of OHS trends and improvements done through the MHSC research outcomes and initiatives to improve the incidents.</p> <p>(d) Continuous stakeholder engagements with Tripartite stakeholders in sharing of learnings and best practices at RTFs and workshops and OHS Summit, etc.</p> <p>(e) Create a platform for Tripartite interactions.</p> <p>(f) Collaboration with Strategic Partners.</p> <ul style="list-style-type: none"> • Consistent engagements with strategic partners through MoU's and sharing of best practices. • Avoiding duplication of efforts. 	<p>(a) Lack of Leadership</p> <ul style="list-style-type: none"> • Long term interventions are planned to address leadership instability through effective organisational succession planning. • Trust deficit to enable line managers making decisions. • Empowering business heads to ensure they are capacitated to lead subordinates. • Creating an environment where managers are trusted to make good decisions

STRENGTHS	WEAKNESSES
<p>(g) Technical experts/ Industry experts.</p> <p>(h) Capable workforce.</p> <ul style="list-style-type: none"> • Delivery on strategic objectives initiatives through effective human capital allocation in key areas identified on regular basis. <p>(i) Informed research programme and research management approach, Existing Research Project Portfolio.</p> <ul style="list-style-type: none"> • By developing interventions to address pertinent OHS research areas to address OHS challenges. • The MHSC methodology/ approach on soliciting research topics or proposals inclusive of all tripartite stakeholders (Stakeholder consultation in the research value chain process). <p>(j) Capacity building initiatives for Council, Council Advisory committees and MHSC employees.</p> <ul style="list-style-type: none"> • Utilisation of existing skills expertise of all stakeholder to create MHSC value to the SAMI. <p>(k) Capacity building initiatives for Council, Council Advisory committees and MHSC employees.</p> <ul style="list-style-type: none"> • Utilisation of existing skills expertise of all stakeholder to create MHSC value to the SAMI. <p>(l) Associations and interactions with stakeholders on various platforms including RTF's.</p> <ul style="list-style-type: none"> • Effective networking that cuts across the value chain of the MHSC. 	<p>(b) Inadequate implementation of the Interaction with the Minister.</p> <ul style="list-style-type: none"> • Strengthen implementation of the Interaction Plan. <p>(c) Organisational instability (Skills retention, Vacancy rate and Employee job satisfaction).</p> <ul style="list-style-type: none"> • Human capital practices will be addressed as part of the proposed strategy. • Ensure the labour force turnover rate is reduced by introducing competitive remuneration packages and creating a better working environment. • Strengthen Recruitment Process, Retention Strategy, Exit Interview Process and Review Organisational Culture. <p>(d) Lack of integrated MHSC ICT systems (e.g. Finance, Project Management System, Documentation System, Requisition System, etc.).</p> <ul style="list-style-type: none"> • Reviewing current systems and sourcing integrated system, including supporting ICT infrastructure. • Implementation of an integrated system for various databases to interphase with each other. <p>(e) Inadequate staff capacity.</p> <ul style="list-style-type: none"> • Reviewing the current MHSC structure or organogram for possible restructuring as part of alignment of human capital resources with MHSC strategy. <p>(f) Prolonged decision making resulting inadequate service delivery.</p>

STRENGTHS	WEAKNESSES
<p>(m) Ability to collect revenues and collection rates.</p> <ul style="list-style-type: none"> • Financial Sustainability of MHSC. • Conducting of research. • Seed funded projects. <p>(n) Stable ICT infrastructure.</p> <ul style="list-style-type: none"> • Access to MHSC information and good base for creating MHSC information hub for OHS also assisting with internal efficiencies. • Stable ICT infrastructure which enables ability to host virtual events. <p>(o) Stable ICT infrastructure.</p> <ul style="list-style-type: none"> • Access to MHSC information and good base for creating MHSC information hub for OHS also assisting with internal efficiencies. • Stable ICT infrastructure which enables ability to host virtual events. <p>(p) Well-known brand name, image/ reputation.</p> <ul style="list-style-type: none"> • Improve stakeholder engagements. <p>Providing more visibility towards ZERO Harm.</p>	<ul style="list-style-type: none"> • Implement effective improved internal control systems and workflows. (i.e.) <ul style="list-style-type: none"> ○ Improved leadership ○ Improved communication ○ Alignment and streamlining of the business unit's workplans. ○ Prioritization of initiatives. <p>f) Inadequate communication, promotion, dissemination and implementation of research outcomes.</p> <ul style="list-style-type: none"> • Targeted messaging, improved packaging of research outcomes and leverage on 4th Industrial Revolution opportunities. • Encourage the implementation of research outcomes on different dissemination platforms (Virtual and physical platforms). <p>g) Rapid changes in nature of work and misalignment of organisational structure.</p> <ul style="list-style-type: none"> • Regular review of workflows and realign human capital. • (HR unit to be properly structured and prepared to deal or adjust to the rapid changes within the organization). <p>(i) Lack of integration with partners' systems e.g. DMRE Statistics systems.</p> <ul style="list-style-type: none"> • Engage with partners (including DMR) to define and implement system integration. <p>(j) Inadequate research needs determination.</p> <ul style="list-style-type: none"> • Strengthen MHSC research process to avoid and detect potential duplication of research. • Improve the research projects database (repository) of the MHSC and knowledge management systems. • MHSC is strengthening the collaboration with strategic partners to avoid duplication of effort.

OPPORTUNITIES	THREATS
<p>(a) Klopperbos Facility which is Internationally Recognised.</p> <ul style="list-style-type: none"> • Potential to develop research capability within MHSC, expanding research offering, through the availability and use of Klopperbos Research and Testing Facilities. <p>(b) IP and Royalties from Research and seed funded projects.</p> <ul style="list-style-type: none"> • Possible additional revenue stream generated through IP and Royalties from research and seed funded projects. <ul style="list-style-type: none"> ○ Development of a strong Business Case ○ Conduct Market Assessment. ○ Calculation of ROI Return of investment & Return of intent. ○ Capacity – Capacitate current workforce and or hire new workforce/ outsource. <p>(c) Review MHSC Strategic Partnerships research institutions and funding institutions (both public and private sector).</p> <ul style="list-style-type: none"> • Potential for co-funding and leveraging on existing resources of the partnership. <p>(d) Strategic Partnerships OHS</p> <ul style="list-style-type: none"> • Promotion of OHS culture in the SAMI to achieve Zero Harm. <p>(e) New levy model</p> <ul style="list-style-type: none"> • Improvement of OHS in the industry through focus on managing risks and leading indicators of OHS and rewarding good performers and encouraging continuous improvements. <p>(f) Fourth Industrial Revolution</p> <ul style="list-style-type: none"> • Efficient internal processes, real time monitoring and interventions to OHS challenges. 	<p>(a) Resistance to the new levy model in the SAMI.</p> <ul style="list-style-type: none"> • Levy model is still in pilot phase, inputs to be collected from levy paying mines, to ensure efficient and effective levy model collection for the new levy model.

2.6.3 EXTERNAL ENVIRONMENT ANALYSIS

2.6.3.1. RECENT STATISTICS RELEVANT TO THE INSTITUTION AND SECTOR

On the 11th of March 2020, the World Health Organization (WHO) declared the coronavirus COVID-19 outbreak as a pandemic. To mitigate the spread of COVID-19 government declared a national state of disaster and subsequent thereto also declared a national lockdown which was eased to level 4 lockdown Stage on the 01st May 2020.

On the 23rd of April 2020, the President announced that a risk adjusted strategy will be implemented through which government will take a deliberate and cautious approach to the easing of the current lockdown restrictions and reiterated that the action we take now must be measured and incremental.

The country is currently on COVID-19 alert level 3, in an attempt to carefully manage the spread of the various and simultaneously keep many sectors of the SA economy open. The MHSC continues to be cautious as there are still fears given, we are slowly escaping the second wave of the COVID19 pandemic, and a third wave may erupt.

As of the 17th of February 2021, according to information compiled by the Minerals Council South Africa. A total number of 387 540 employees have been screened out of a total number of 472 706 employees from member mines of the Minerals Council South Africa. The total number of tests conducted is 122 966, and a total of 30 341 positive cases have been reported. As of the 17th of February 2021, 604 cases were active, 342 deaths have been reported in SA mines and 29 395 employees have recovered from COVID19.

Over the years, there have been concerns raised that the Occupational Health and Safety (OHS) performance of the South African Mining Industry (SAMI) was not accurately or satisfactorily reflecting the amount of effort and resources that the SAMI stakeholders, collectively and individually, have invested for the purpose. However, we have recently observed and are proud and encouraged that our efforts have started to show a sustainable downward trend in occupational diseases, injuries and fatalities. This improvement was also commended during the Minister's release of the 2019 mine health and safety statistics, where the sector recorded the lowest ever number of fatalities on record at fifty-one (51) fatalities in 2019 compared to eighty-one (81) in 2018; which represents a 37% improvement year-on year. Final statistics for the year 2020 have not been officially released by the Department of Mineral Resources and Energy (DMRE) as yet, however provisional statistics as of the 14th of December 2020, show that fifty-eight (58) fatalities have been reported in 2020 as

of that day, which represents a 18% regression as compared to the 14th of December 2019.

There is a continued gradual reduction on the pulmonary tuberculosis (PTB) cases reported from 2015 to 2018 in the South African Mining Industry. Medical Inspectors ensure that mines adhere to the TB Guidance note which is based on the Department of Health, National Guidelines, Masoyise iTB Programme campaigns by the Minerals Council South Africa and MITHAC, the implementation of tuberculosis (TB) programs where extensive contact tracing is done at primary health centre (PHC), occupational health centre (OHC), mine accommodation and in the peri-mining communities.

During 2014, the industry reported the highest number of noise-induced hearing loss (NIHL) cases, followed by a downward trend in 2015 and 2016. An increase was noted on the number of cases reported in 2017, followed by a decrease in 2018. During 2019, the NIHL cases reported by mines increased slightly when compared to the previous year.

Counselling for HIV has steadily shown an upward trend, although the industry has not reached the milestone requirement of 100% as envisaged from the summit milestone on HIV, Counseling and Testing (HCT).

HIV testing has improved from 57% to 66.7% for the reporting period. This might not be in line with the 90:90:90 strategy which requires that at least 90% of employees should know their status, however it is encouraging that more people are agreeing to get tested.

TB screening has increased satisfactorily over the years from 72% to 97.3% currently. The increase has been in line with 90: 90: 90 strategy whereby 90% of employees have been screened for TB and this has remained constant for the past four years.

The summit commitments on TB set in 2014 require that the TB incident rate SHOULD BE at or below the national TB incident rate. The WHO estimated a rate of 520 per 100 000 in 2018 and the industry was below that at 435 per 100 000, however the incidence rate has increased to 578 per 100 000 for the reporting period. National TB incidence Rate for 2019 is not available for comparison with the industry.

Approximately 70% of employees were counselled for HIV, however only 67% agreed to be tested for HIV and of those tested, only 6,2% were found to be positive.; while

4.2% were positive when considering those counselled and 2.9% were positive considering the total population.

TB screening has remained above 90% for the past four years as seen with the TB screening trend above, and that is encouraging as it implies that more than 90% of employees will be investigated for TB and treated accordingly as soon as they have been diagnosed. Employees diagnosed with TB have decreased from 0.4% in 2018 to 0.3% in 2019. The TB strategies put in place are working as less people are diagnosed with TB.

2.6.3.2. INFORMATION ABOUT STAKEHOLDERS WHICH CONTRIBUTES TO THE INSTITUTION'S ACHIEVEMENT OF ITS PLANNED OUTCOMES.

The Mine Health and Safety Council (MHSC) hosted the Mine Occupational Health and Safety (OHS) Principals Meeting on the 26th of November 2020. The Principals Meeting was hosted in line is in line with the MHSC mandate provided for in Section 43 (e) of the Mine Health and Safety Act (MHSA), which states that the MHSC must at least every two years, arrange and coordinate a tripartite Summit to review the state of OHS at mines. The summit could not be held in 2020 due to travel restrictions and limitations in gatherings as part of control measures to manage the COVID19 Pandemic.

Principals from the State, Organised Labour and Employers provided their perspectives regarding the current challenges and measures that should be implemented to ensure sustainable OHS improvement.

At the MHSC Mine Occupational Health and Safety Summit held in 2014, Mining Stakeholder Principals and Industry representatives agreed on the following milestones to be achieved by 2024:

- Elimination of Fatalities and Injuries
- Rehabilitation of mine workers injured in the line of duty.
- Elimination of occupational diseases
- Elimination of Noise Induced Hearing Loss
- Integration and simplification of compensating systems
- Reduction and prevention of TB, HIV and Aids
- Implementation of the Culture Transformation Framework
- Establishing of the Centre of Excellence for Research, Research Implementation, and Capacity Building

Mining industry stakeholder Principals deliberated on a number of key issues. Principals agreed that the mining sector needs to prioritise matters relating to Women in Mining (WIM) and Gender Based Violence (GBV). Furthermore, the mining industry needs to work together, in consultation with other Departments and entities including the Department of Health and the Department of Employment and Labour, to find solutions to the COVID19 Pandemic.

Principals also asserted that the revision of the Mine Health and Safety Act, 1996 (Act No. 29 of 1996) as amended, needs to be prioritised, to accommodate small scale mining operations, the right to refuse dangerous work and accountability measures for gross negligence or misconduct.

The MHSC needs to fast-track research and legislative initiatives dealing with matters of Falls of Ground, Seismicity, Collision Avoidance and Traffic Management Systems in the SA mining industry.

The MHSC and its stakeholders need to increase resources and capabilities to deal with matters of health such as TB, HIV/Aids and COVID19 in addition to focusing on matters of safety in the SA mining industry. The use of cannabis at the workplace is of a high concern. Guidance on this is required from a legislative and research perspective. In addition, stakeholders need to continue with research and legislative efforts focusing on silicosis, Noise Induced Hearing Loss and coal miners' pneumoconiosis.

The MHSC needs to continue benchmarking with international mining counterparts such as Australia that are performing relatively well in terms of Occupational Health and Safety. Mining Principals need to consider re-establishing the Mining Industry Growth, Development and Employment Task Team MIGDETT given the current challenges the sector is facing. Illegal mining remains a challenge we need to address, a multi-stakeholder approach and a renewed focus will assist the mining sector in reaching greater heights.

The MHSC needs to ensure that compensation and rehabilitation systems are in place for mineworkers affected by mining activities resulting in diseases or impairments such as Silicosis and Noise Induced Hearing loss. Also, the Culture Transformation Pillars need to be reprioritised and the implementation of the pillars needs to be expedited.

The Honourable Minister Gwede Mantashe delivered the keynote address and emphasised the need for all stakeholders to work together in managing the COVID19 pandemic. The Minister further urged delegates to not be negative towards technology. Mining leaders must equip employees on technology for the benefit of all stakeholders. In addition, the Minister advised that safety for Women must be improved. Mining leadership needs to look into safety equipment and allocation of jobs for women. The Minister went further to add that small scale mining is an important and growing sector of the economy. The Department has developed a programme for the training of artisanal mining in the Northern Cape. Lastly, the Minister implored the delegates to consider and focus on clean coal technologies to ensure a sustainable future for South African mining.

2.6.4 INTERNAL ENVIRONMENT ANALYSIS

2.6.4.1. CENTRE OF EXCELLENCE (COE)

The launch of the Centre of Excellence (CoE) which is a game changer on how MHSC conducts business and whose scope has been extended taking into consideration the implementation of Phase two (2) of the CoE Implementation Plan. Phase two of the CoE deals with training and development of mineworkers on occupational health and safety aspects. The MHSC tripartite stakeholders' arrangement continues to offer support in the delivery of the MHSC mandate. The MHSC recognises the significant role played by its stakeholders in its success and has amended its strategic objective on capacity building to ensure its stakeholders are provided with sufficient support for the purposes of executing their support and oversight responsibilities.

The Centre of Excellence (CoE) was established to ensure that the MHSC conducts high quality research with outcomes that will be widely adopted by the South African Mining Industry (SAMI). This was because of MHSC Tripartite Stakeholders acknowledging that since the establishment of the MHSC in 1997, research was conducted but whether the outcomes were reaching the coalface remained unsatisfactory and unmeasured. In addressing dissemination challenges; the CoE was envisaged to be the game changer with which the research conducted is streamlined to provide evidence into OHS training initiatives, creation of new knowledge and innovative technologies to improve OHS, generation of IP and possible commercialisation of research outcomes in form of new technologies and knowledge made available to the mining industry.

Therefore, it became necessary for the MHSC to review its strategy and plan to align with this new development, which contributes to the National Development Plan (NDP), and will indirectly create job opportunities and improve OHS research through collaboration with existing national research institutions. This collaboration has enabled the MHSC to reach agreements with various research institutions and provided seed funding for upgrading of their laboratories for them to be research ready to service the South African Mining Industry thus have Return on Investment (ROI) in the long term, in terms of various benefits to be accrued to the mining industry.

2.6.4.2. ORGANISATIONAL ENVIRONMENT

There have been no significant changes to the strategic focus of MHSC as a result of changes to the organisational environment.

2.6.4.3. INFORMATION ABOUT THE INSTITUTION'S CAPACITY TO DELIVER ON ITS MANDATE

The MHSC's core mandate is to advise the Minister of Mineral Resources and Energy on matters of health and safety affecting the South African mining industry. This mandate is achieved by conducting cutting edge research; reviewing and developing legislation; and promoting a culture of health and safety in the South African mining industry.

The MHSC employs over 60 permanent office employees that are well trained and qualified to support the council in delivering on its mandate. The MHSC office also works in close collaboration with over 150 members of advisory committees and subcommittees from tripartite stakeholders including the State, Employers and Organised Labour. Expertise to advise Council is derived from the following specialist committees:

- (a) Audit and Risk Committee (ARC)
- (b) Human Resources and Remuneration Advisory Committee (HRRAC)
- (c) Social and Ethics Committee (SEC)
- (d) Safety in Mines Research Advisory Committee (SIMRAC)
- (e) Mining Regulations Advisory Committee (MRAC)
- (f) Culture Transformation Advisory Committee (CTAC)
- (g) Mining Occupational Health Advisory Committee (MOHAC)
- (h) Mining industry TB HIV/Aids Advisory Committee (MITHAC)
- (i) Mining Occupational Safety Advisory Committee (MOHAC)

(j) Women in Mining Advisory Committee (WIMAC)

3. PART C: MEASURING MINE HEALTH AND SAFETY COUNCIL PERFORMANCE

3.1 INSTITUTIONAL PERFORMANCE INFORMATION

3.2.1 IMPACT STATEMENTS.

3.1.1.1. STRATEGIC PLAN FOR 2021/22 – 2024/25

The Mine Health and Safety Council (MHSC) is a schedule 3A public entity that is established in terms of section 41 of the Mine Health and Safety Act (MHSA). The MHSC is an advisory body to the Minister of Mineral Resources and Energy on issues of Occupational Health and Safety (OHS) in the South African Mining Industry (SAMI).

The Council as the Accounting Authority is a tripartite body which is constituted of Organised Labour, Employers and the State. The Council is supported by a number of advisory committees in executing its duties. Council and its advisory committees provide a platform for stakeholder engagements on OHS matters. The MHSC office provides administrative support to Council and Advisory Committees.

The MHSC Strategic Plan outlines the strategic objectives and initiatives for the period 2020/21 - 2024/25 as a prudent five (5) year plan. The Strategic Plan will be implemented through the Annual Performance Plan (APP).

In developing the Strategic Plan, the following issues were considered:

- National Development Plan (NDP);
- State of the Nation Address (SONA) – Seven (7) Priority Focus Areas);
- Outcomes of the OHS Tripartite Summits;
- MHSC Culture Transformation Framework;
- Mining Industry Stakeholders Inputs;
- Environmental scan (Internal and External) as it affects the MHSC and
- The state of OHSC performance in the SAMI.

3.1.1.2. STRATEGY ARCHITECTURE

The MHSC Strategy is architected centred around the Vision, Mission, Goals and Mandate of the MHSC and defines a number of strategic objectives that enable the achievement of the organisation's goals. The strategic objectives are structured in four categories, utilising a balance score-card approach, namely:

- Customer Perspectives (CP);

- Internal Processes Perspectives (IP);
- Learning & Growth Perspectives (LG); and
- Financial Perspectives (FP).

THE MHSC STRATEGY ARCHITECTURE

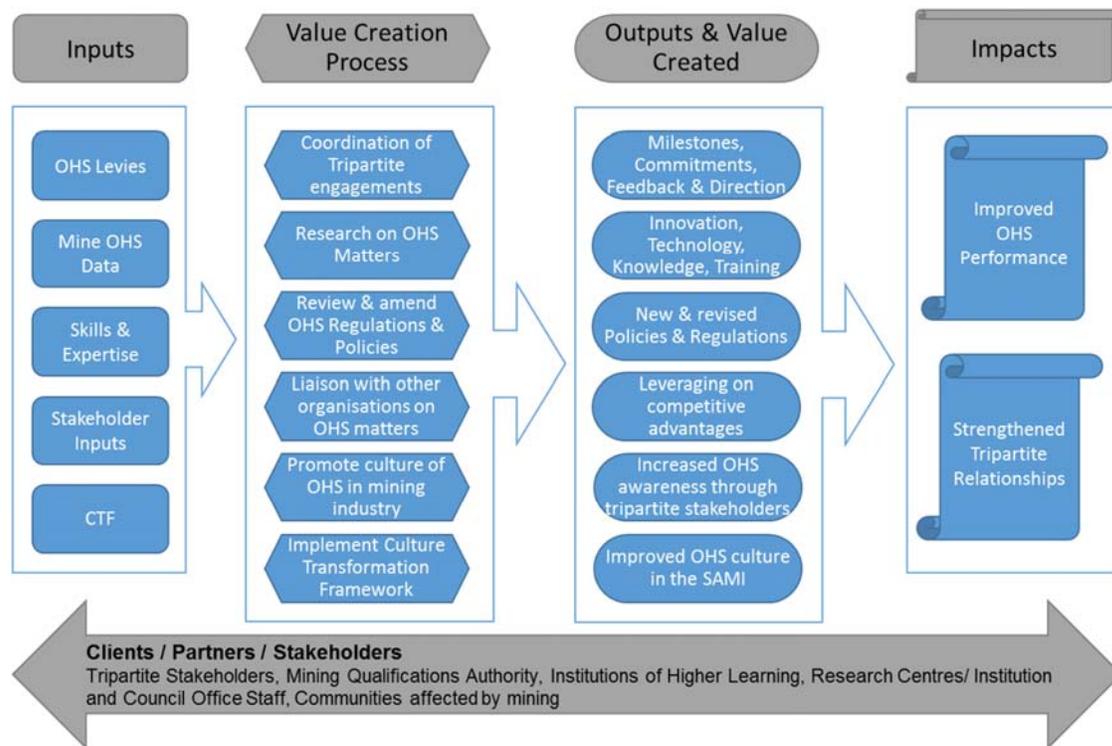


The ten (10) strategic objectives will enable the MHSC achieve its vision and mission while adhering to the organisational values.

3.1.1.3. BUSINESS MODEL

The MHSC Business Model describes how the organisation creates and delivers value to its stakeholders through the services and products it offers and the outputs and value that the MHSC creates. The business model also defines the intended impact of the organisation. The business model can be used as a marketing tool to illustrate the MHSC mandate implementation.

MHSC BUSINESS MODEL

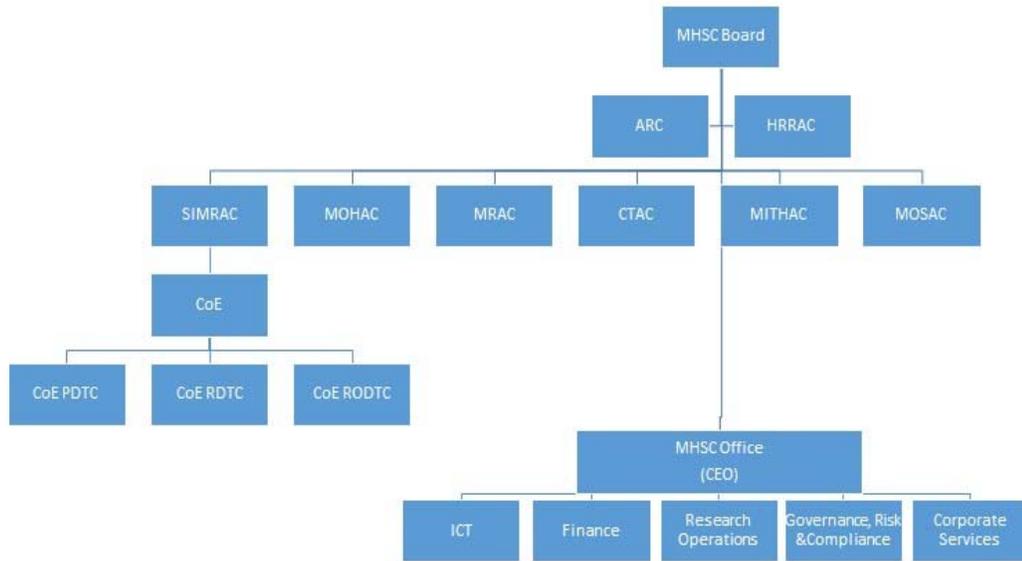


In the Business Model:

- **Inputs** are the key resources that the MHSC uses.
- **Value Creation Process** are the key processes that create value in the organisation. These Value Creation Processes are supported by business processes.
- **Outputs and Value Created** are the key “deliverables” of the MHSC to the SAMI. These include tangible deliverables such as policies and regulations, but also intangible deliverables such as increased OHS awareness and culture.
- **Impacts** are the key effects that the value created by the MHSC has on the SAMI.

The MHSC has implemented the operational structure illustrated below through which it gives effect to the business model.

MHSC OPERATING STRUCTURE



3.1.1.4. STRATEGY MAP

The MHSC Strategic Objectives formulated for the 2020/21 - 2024/25 financial years have been transposed onto a strategy map that provides a high-level illustration of the strategy showing where each objective is depicted in the balanced scorecard perspectives and the causal relationships between each objective.

In order for the stakeholder/customer objectives to be achieved, MHSC needs to deliver effective and efficient services through its internal processes. These processes are efficient and effective if they are supported by the appropriate organisational learning and human resources growth. All of the Strategic Objectives require the financial resources to be achieved.

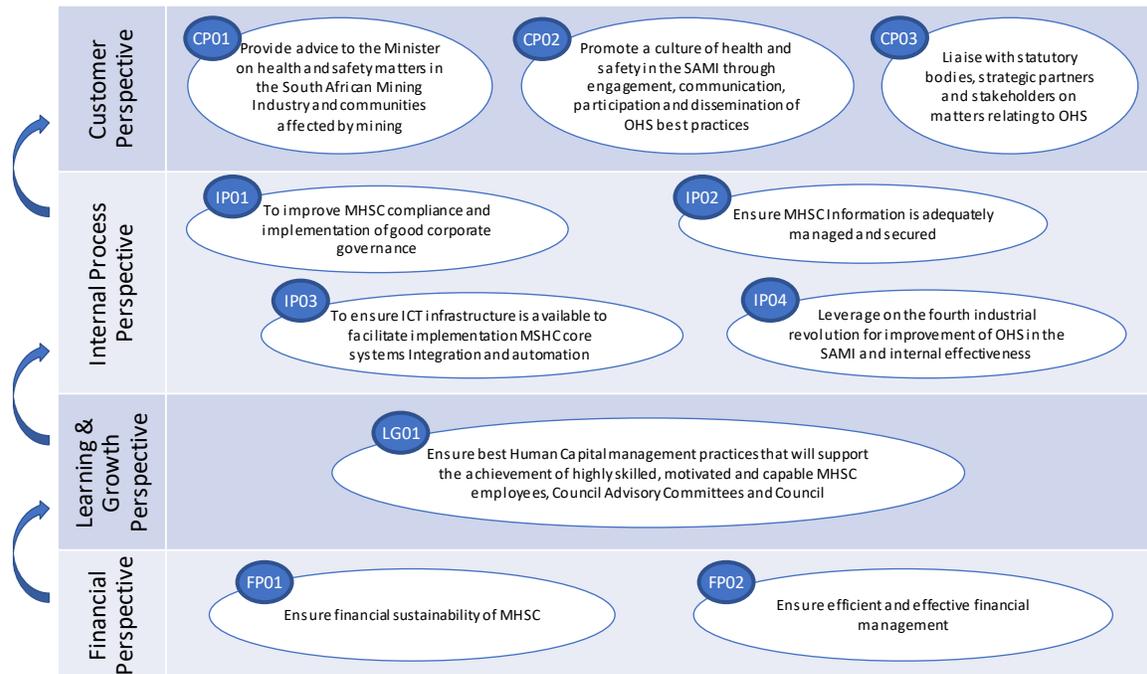
Customer Perspective: Recent management philosophy has shown an increasing realisation of the importance of customer focus and customer satisfaction in any organisation. These provide leading indicators: *MHSC will endeavour to ensure that on a continuous basis, there is customer satisfaction improvements through customer feedback.* The customer perspective is within the context of mining industry stakeholders, communities and individuals are affected by mining activities.

Internal Processes Perspective: This perspective focuses on the business processes that are core to the organisation and improving these to achieve operational efficiency, effectiveness and excellence. A fully functional Centre of Excellence its core to ensuring efficiency and effectiveness of MHSC and changing how the core business of the organisation is conducted.

Learning and Growth Perspective: There are three key areas of focus when developing objectives and measures for the Learning and Growth perspective and they are: *human capital, information capital and organisational capital.* These components should ensure that employees and MHSC stakeholders (Council and Advisory Committee members) possess skills that match the organisational strategy, the ability to provide tools that the MHSC needs to execute the strategy and the ability to grow and learn for sustainable results.

Financial Perspective: This perspective will address financial sustainability. In the case of MHSC the focus is on collecting all revenue, planning and budgeting appropriately, managing expenditure and financial risks.

THE MHSC STRATEGY MAP AND STRATEGIC OBJECTIVES



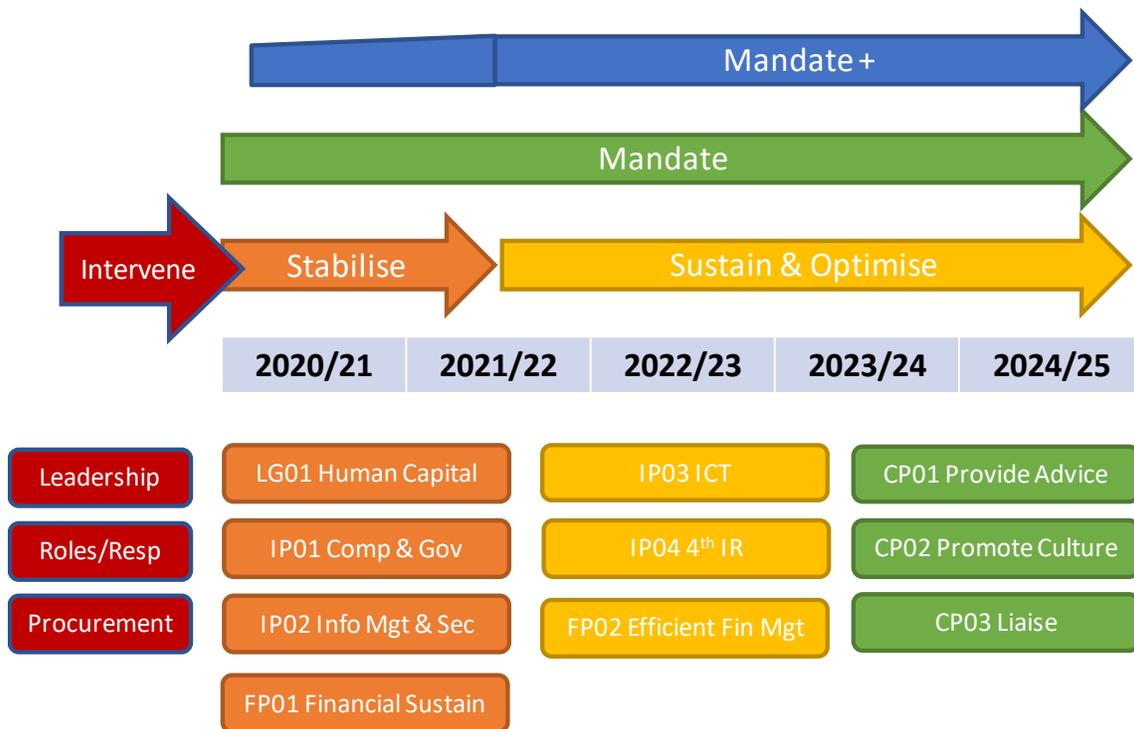
3.1.1.5. STRATEGY IMPLEMENTATION

It is important to outline the proposed Strategy Implementation for the MHSC. The Strategy Implementation can be defined through a Strategic Intervention, supported by four Strategic Themes through which the current and future strategic objectives of the MHSC will be delivered. These are defined as follows:

- A **Strategic Intervention**, starting in the 2019/2020 financial year to address the key weaknesses of the organisation, including leadership instability, unclear roles and responsibilities and ineffective procurement practices.
- **Stabilise**: a number of strategic objectives and initiatives aimed at stabilising the organisation within the 2020/2021 financial year. This strategic theme is highly dependent on the Strategic Intervention described above.
- **Sustain & Optimise**: following the successful stabilisation, a number of strategic objectives and initiatives will be launched in the 2021/2022 financial year, aiming ensure sustainability of the organisational improvements and to drive further optimisation.

- **Mandate:** while the organisation implements strategies aimed at stabilising and then optimising, the organisation will continue to execute on its mandate and will implement strategic objectives and initiatives aligned to the mandate.
- **Mandate:** As the MHSC stabilises, it will build on the (then) stronger organisation in order to deliver beyond its mandate. A number of future initiatives have already been identified and will be reviewed annually to ensure relevance.

The proposed Strategy Implementation is illustrated in the diagram below, where colour -coding is used to link the Strategic Objectives to the Strategic Themes.



It is important to note that timeframes are indicative and will be reviewed on an annual basis.

3.1.1.6. STRATEGY TIME FRAMES

The following time frames are applicable for the execution of the MHSC Corporate Strategy.

- Short term – April 2020 to March 2021 (1 year)
- Medium term – April 2020 to March 2023 (3 years)
- Long term – April 2020 to March 2025 (5 years)

The strategy contained in this document is based on the information currently available. As time progresses, the strategic objectives will most likely be impacted by changes in the environment affecting the MHSC. The impact of these factors needs to be addressed on an annual basis as part of the strategy review process leading to the development of Annual Performance Plans.

3.1.1.7. MHSC STRATEGY AND LINK TO NATIONAL DEVELOPMENT PLAN INITIATIVES

The Strategic Plan 2020/21 - 2024/25 was assessed for alignment to the current National Development Plan (NDP) goals and objectives. Chapter 9, 10 and 13 of the NDP were found to be the most relevant chapters for the Mine Health and Safety Council in terms of its contribution to the national initiatives, as outlined by the National Development Plan including the Nine-Point plan as delivered in the 2017 State of the Nation Address. The table 3 below, shows proposed MHSC 2020/21 - 2024/25 Strategic Objectives addressing the NDP initiatives.

NATIONAL DEVELOPMENT PLAN		MHSC STRATEGIC RESPONSE	
RELEVANT NDP CHAPTER	SPECIFIC NDP ITEM	MHSC OBJECTIVE	STRATEGIC OBJECTIVE
Chapter 9 Improving Education, Training and Innovation	Research and innovation by institutions have a key role to play in improving SA's global competitiveness.	Provide advice to the Minister on health and safety matters in the South African Mining Industry and communities affected by mining.	CP 01
	Ensure R&D should be expanded in the country through collaboration across the South African education system with internationally accredited institutions.	Liaise with statutory bodies, strategic partners and stakeholders on matters relating to OHS.	CP 03
	South Africa's global competitiveness should be improved, and the system of innovation has a key role to play.	Provide advice to the Minister on health and safety matters in the South African Mining Industry and communities affected by mining	CP 01

NATIONAL DEVELOPMENT PLAN		MHSC STRATEGIC RESPONSE	
RELEVANT NDP CHAPTER	SPECIFIC NDP ITEM	MHSC OBJECTIVE	STRATEGIC OBJECTIVE
	Multiple sites of research should be utilised through collaboration of industrial laboratories, government departments, corporate research. Parastatals, statutory research Councils and NGOs.	Liaise with statutory bodies, strategic partners and stakeholders on matters relating to OHS.	CP 03
Chapter 10 Promoting Health	Health Goal 1 – Average life expectancy (HIV/Aids issues). Health Goal 2 – Progressively improve TB prevention and cure. Health Goal 4 – Reduction of non-communication disease or lifestyle diseases.	Promote a culture of health and safety in the SAMI through engagement, communication, participation and dissemination of OHS best practices	CP 02
Chapter 13 Building a capable and developmental state	Procurement systems need to deliver value for money. It is recommended that procurement types be differentiated.	Ensure financial sustainability of MHSC	FP 01
	Oversight functions need to ensure value for money through compiling and scrutinising data and where possible, setting benchmarks.	Ensure best Human Capital management practices that will support the achievement of highly skilled, motivated and capable MHSC employees, Council Advisory Committees and Council.	LG 01

3.1.1.8. NATIONAL SEVEN (7) FOCUS AREAS

The following government initiatives as presented as part of the 2019 State of the Nation Address (SONA) Seven Focus Areas are the most relevant to MHSC contribution to the National initiatives.

1. **A capable, ethical and developmental state ***
2. Economic transformation and job creation
3. **Education, skills and health ***

4. Consolidating the social wage through reliable and quality basic services
5. Spatial integration, human settlements and local government
6. Social cohesion and safe communities
7. A better Africa and World

* - The initiative is applicable to the MHSC (Initiatives 2 and 6).

3.1.1.9. STRATEGIC OBJECTIVES (PROGRAMME), TARGETS, INDICATORS (MEASURE) AND INITIATIVES

The balance scorecards below detail the MHSC Corporate Strategy Objectives which are the result of the assessments through reviews, analysis and the collaborative effort of MHSC Office and Council members during the strategic workshop process.

Each balance scorecard reflects the strategic objective, the method of measuring the achievement of that objective, related to the target that MHSC is aiming for in each reporting period.

In support of the measurement of the strategic objective, tracking performance indicators are also provided for, to meet a wide variety of reporting requirements and more importantly so that interim performance can be managed by the business. These are also reflected as lead indicators. The measurement of targets and indicators is also indicated in the Technical Descriptive Measure document.

Finally, a set of Strategic Initiatives or actions are outlined towards the achievement of the Strategic Objective. Each component of the Strategy is assigned to a responsible employee and dates upon which results should be delivered and performance measured. MHSC's ten (10) strategic objectives are shown below:

3.2 MEASURING MINE HEALTH AND SAFETY COUNCIL STRATEGIC OBJECTIVES (OUTCOMES)

3.2.1 CUSTOMER PERSPECTIVE OBJECTIVE 1 (CP01) (15%)

Name of the objective: Provide advice to the Minister on health and safety matters in the South African Mining Industry and communities affected by mining.				Accountable for the objective: Council	
Definition of the objective: Develop interventions that will address current and emerging OHS risks and advise the Minister through advisory notes and engagements.				Responsible for Execution & Reporting: Chief Executive Officer	
Measures to enable tracking of progress:		Formula for calculation:		Measure unit:	Frequency of Reporting date
Primary measure	Percentage of initiatives developed and implemented	(actual initiatives implemented/planned initiatives) x 100		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
100%	80%	85%	90%	100%	100%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Annual Legislative Programme			Quarterly
Lead Monitor	2	Quarterly Report on implementation of initiatives from the Legislative Programme			Quarterly
Lead Monitor	3	Annual costed Research Programme			Quarterly
Lead Monitor	4	Quarterly Report on implementation of initiatives from the Research Programme			Quarterly
Lead Monitor	5	Impact assessment study report			Annually
Lead Monitor	6	Advisory notes on the review of the state of OHS performance in the SAMI			Bi annually

Initiatives to enable achievement of the objective:		Responsible	Due Date
1	Develop a legislative programme for Ministers approval.	CROO	Annually ¹
2	Implement the approved legislative programme.	CROO	Annually ²
Initiatives to enable achievement of the objective:		Responsible	Due Date
3.	Develop a costed research programme for approval by the Minister and submission to Minister of Finance	CROO	Annually
4.	Implement the approved research programme.	CROO	Annually
5.	Review the state of health and safety performance in the SAMI and advice the Minister on relevant interventions taking into consideration emerging and global development impacting on health and safety	CROO	Annually
6.	Conduct Impact assessment study for research and legislative interventions.	CHCO	Annually
7.	Review Interaction Programme for Minister and Stakeholders Principals.	CHCO	Annually
8.	Implement Interaction Programme with Minister and Stakeholders Principals.	CHCO	Annually
9.	Provide Advice on Collection, processing and distribution of OHS data to the industry	CROO	Annually

¹ Annually means at the end of each Financial Year

3.2.2 CUSTOMER PERSPECTIVE OBJECTIVE 2 (CP02) (15%)

Name of the objective: Promote a culture of health and safety in the SAMI through engagement, communication, participation and dissemination of OHS best practices.				Accountable for the objective: Council	
Definition of the objective: Share and facilitate implementation of OHS best practices in the SAMI through technology innovations, knowledge transfer and training initiatives on OHS.				Responsible for Execution & Reporting: Chief Executive Officer	
Measures to enable tracking of progress:		Formula for calculation:		Measure unit:	Frequency of Reporting date
Primary measure	Percentage of initiatives developed and implemented	(actual initiatives implemented/planned initiatives) x 100		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
80%	100%	100%	100%	100%	100%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Milestones Monitoring Reports			Quarterly
Lead Monitor	2	OHS Culture Programme Reports			Quarterly
Lead Monitor	3	Publication of research results			Annually
Initiatives to enable achievement of the objective:				Responsible	Due Date
1.	Review the CTF programme for approval by Council.			CROO	Annually
2.	Implement the approved CTF programme.			CROO	Annually ²
3.	Annual publication and communication of research results.			CROO	Annually
4.	Review effectiveness of the current Dissemination Strategy.			CROO	Annually

5.	Review the dissemination framework and guidelines.	CROO	Annually
6.	Implement the dissemination framework and guidelines.	CROO	Annually ²
7.	Review the Branding and Marketing Strategy for approval by Council.	CHCO	Annually
8.	Implement Branding and Marketing Strategy.	CHCO	Annually ²

3.2.3 CUSTOMER PERSPECTIVE OBJECTIVE 3 (CP03) (10%)

Name of the objective: Liaise with statutory bodies, strategic partners and stakeholders on matters relating to OHS				Accountable for the objective: Council	
Definition of the objective: Collaboration with statutory bodies, strategic partners and stakeholders on OHS matters				Responsible for Execution & Reporting: Chief Executive Officer	
Measures to enable tracking of progress:			Formula for calculation:	Measure unit:	Frequency of Reporting date
Primary measure	Percentage of initiatives developed and implemented	(actual initiatives implemented/planned initiatives) x 100		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
80%	100%	100%	100%	100%	100%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Identification of stakeholders and strategic partners			Quarterly
Lead Monitor	2	Approved collaborative programme inclusive of stakeholder programme			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1	Review the strategic partners' collaboration programme for approval by Council.			CHCO	Annually
2	Implementation the approved strategic partners' collaboration programme.			CHCO	Annually ²
3	Review the Comprehensive Stakeholder Management Strategy for approval by Council.			CHCO	Annually
4	Implement the approved Comprehensive Stakeholder Management Strategy.			CHCO	Annually ²
5	Review the Global Collaboration Strategy for approval by Council.			CHCO	Annually
6	Implement the approved Global Collaboration Strategy.			CHCO	Annually ²

3.2.4 LEARNING & GROWTH PERSPECTIVE OBJECTIVE 1 (LG01) (10%)

Name of the objective: Ensure best Human Capital management practices that will support the achievement of highly skilled, motivated and capable MHSC employees, Council Advisory Committees and Council.				Accountable for the objective: Chief Executive Officer	
Definition of the objective: Implementation of best Human Capital practices utilising the Human Capital Strategy				Responsible for Execution & Reporting: Chief Huma Capital Officer	
Measures to enable tracking of progress:			Formula for calculation:	Measure unit:	Frequency of Reporting date
Primary measure	Percentage of initiatives developed and implemented	(actual initiatives implemented/planned initiatives) x 100		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
100%	100%	100%	100%	100%	100%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Human Capital Strategy 2021/22			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1	Review the Human Capital Strategy and Plan for Council approval.			CHCO	Annually
2	Implement the approved Human Capital Plan.			CHCO	Annually ²

3.2.5 INTERNAL PERSPECTIVE OBJECTIVE 1 (IP01) (5%)

Name of the objective: To improve MHSC compliance and implementation of good corporate governance				Accountable for the objective: Council	
Definition of the objective: Continuous improvement of monitoring, compliance and corporate governance practices and programmes within MHSC				Responsible for Execution & Reporting: Chief Executive Officer	
Measures to enable tracking of progress:		Formula for calculation:		Measure unit:	Frequency of Reporting date
Primary measure	Percentage of achievement of initiatives	(Actual initiatives /Planned initiatives) x100		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
0%	100%	100%	100%	100%	100%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	King 4 Gap Analysis Report			Quarterly
Lead Monitor	2	Social and Ethics Implementation Plan			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1	Review King IV Implementation Plan for 2021/22 for approval by Council.			CGO	30 April 2021
2	Implement approved recommendations of the King 4 Gap Analysis including integrated reporting.			CGO	31 March 2023
3	Review the Social and Ethics Implementation Plan for 2021/22 for approval by Council.			CGO	30 April 2021
4	Implement the Social and Ethics Implementation Plan.			CGO	31 March 2023

3.2.6 INTERNAL PERSPECTIVE OBJECTIVE 2 (IP02) (10%)

Name of the objective: Ensure MHSC Information is adequately managed and secured				Accountable for the objective: Chief Executive Officer	
Definition of the objective: Information, distribution, access, storage and security				Responsible for Execution & Reporting: Chief Human Capital Officer	
Measures to enable tracking of progress:			Formula for calculation:	Measure unit:	Frequency of Reporting date
Primary measure	Percentage of initiatives developed and implemented		(actual initiatives implemented/planned initiatives) x 100	Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
0%	100%	100%	100%	100%	100%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Develop electronic records management programme in conjunction with ICT			Quarterly
Lead Monitor	2	Develop electronic records SOP			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1	Develop information, knowledge and records management programme for approval by Council.			CHCO	30 April 2021
2	Implement information, knowledge and records management programme.			CHCO	Annually

3.2.7 INTERNAL PERSPECTIVE OBJECTIVE 3 (IP03) (5%)

Name of the objective: To ensure MHSC Office ICT infrastructure is available to facilitate implementation MHSC core systems Integration and automation				Accountable for the objective: Chief Executive Officer	
Definition of the objective: Provide ICT infrastructure and implement core MHSC system integration and automation				Responsible for Execution & Reporting: ICT Manager	
Measures to enable tracking of progress:		Formula for calculation:		Measure unit:	Frequency of Reporting date
Primary measure	Percentage of modules deployed	Number of modules / total of modules		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
N/A	100%	100%	100%	100%	100%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Assessment Report approved			Quarterly
Lead Monitor	2	Implement initiatives			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1	Develop the fourth industrial revolution (4IR) programme for approval by Council.			ICT Manager	31 July 2021
2	Implement ICT Infrastructure recommendations aligned to MHSC 4IR Programme			ICT Manager	Annually
3	Implement systems integration and automation programme.			ICT Manager	Annually

3.2.8 INTERNAL PERSPECTIVE OBJECTIVE 4 (IP04) (5%)

Name of the objective: Leverage on the fourth industrial revolution (4IR) for improvement of OHS in the SAMI.				Accountable for the objective: Chief Executive Officer	
Definition of the objective: Continuous monitoring of the impact of the 4IR related developments for improvement of OHS in the SAMI				Responsible for Execution & Reporting: ICT Manager	
Measures to enable tracking of progress:		Formula for calculation:		Measure unit:	Frequency of Reporting date
Primary measure	Percentage of achievement of initiatives	(Actual initiatives /Planned initiatives) x100		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
N/A	80%	85%	90%	90%	90%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Approved fourth industrial revolution programme			Quarterly
Lead Monitor	2	Implement initiatives			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1	Develop the SAMI fourth industrial revolution (4IR) programme for approval by Council.			ICT Manager	31 March 2022
2	Implement the fourth industrial revolution (4IR) programme for the South African Mining Industry.			ICT Manager	Annually ²

3.2.9 FINANCIAL PERSPECTIVE OBJECTIVE 1 (FP 01) (15%)

Name of the objective: Ensure financial sustainability of MHSC				Accountable for the objective: Chief Executive Officer	
Definition of the objective: Diversify revenue sources to ensure financial sustainability of MHSC.				Responsible for Execution & Reporting: Chief Financial Officer	
Measures to enable tracking of progress:			Formula for calculation:	Measure unit:	Frequency of Reporting date
Primary measure	Proportion of income collected from various sources		Rand value of revenue collected/total budgeted revenue for the year) x 100	Percentage	Bi-annually
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
90%	70%	70%	70%	70%	70%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Report on the implementation of the revenue strategy			Quarterly
Lead Monitor	2	Report detailing feedback from the engagements with mines			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1.	Review the Revenue Generation Plan for approval by the Council.			CFO	30 April 2021
2.	Implement the Revenue Generation Plan.			CFO	Annually
3.	Implement the Debt Management Strategy.			CFO	Annually

3.2.10 FINANCIAL PERSPECTIVE OBJECTIVE 2 (FP 02) (10%)

Name of the objective: Ensure efficient and effective financial management				Accountable for the objective: Chief Executive Officer	
Definition of the objective: Ensuring value for money through zero budgeting, strategic sourcing, expenditure and contract management				Responsible for Execution & Reporting: Chief Financial Officer	
Measures to enable tracking of progress:			Formula for calculation:	Measure unit:	Frequency of Reporting date
Primary measure	% Achievement of planned tasks	(Total number of implemented items/ total items planned) x 100		Percentage	Quarterly
Prior Year Target 2019/20	Target 2020/21	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/25
80%	75%	75%	75%	75%	75%
Monitor Type	No	Monitors			Frequency of Reporting
Lead Monitor	1	Klopperbos implementation plan report			Quarterly
Lead Monitor	2	Expenditure variance reports			Quarterly
Initiatives to enable achievement of the objective:				Responsible	Due Date
1.	Spend 95% of MHSC capital expenditure			CFO	Annually
2.	Implement the goods and services sourcing strategy.			CFO	Annually
3.	Review the Contract Management Policy and Strategy for approval by Council.			CFO	30 April 2021
4.	Implement the Contract Management Policy and Strategy.			CFO	Annually
5.	Finalise the transfer of Klopperbos Research Facility.			CFO	31 March 2022

3.3 UPDATED KEY RISKS AND MITIGATION STRATEGIES

Management has developed the MHSC Strategic Plan for 2020/21 to 2024/25 and Annual Performance Plan 2020/21 financial year. MHSC Strategic Risk Register 2020/21 financial year have been developed and aligned with the Strategic Plan 2020/21 to 2024/25. The table below shows the key updated risks and mitigations on the Strategic Risk Register.

OUTCOMES	KEY RISKS	RISK MITIGATIONS
1. Provide advice to the Minister on health and safety matters in the South African Mining Industry and communities affected by mining.	1. Delayed advice to Minister	1. Reschedule projects milestones. 2. Provide allowance for committee membership. 3. Committees to be granted permissions to continue with meetings. 4. Revise the Committee ToRs to provide use of alternative means of communication. 5. Filling of the vacant posts. 6. Review of the structure
2. Promote a culture of health and safety in the SAMI through engagement, communication, participation and dissemination of Occupational Health and Safety (OHS) best practices.	2. Inadequate dissemination of research outcomes	1. Develop central database. 2. Development of the dissemination framework and guidelines. 3. Implementation of the dissemination framework and guidelines. 4. Conduct evaluation survey. 5. Implementation of the CTF programmer.
3. Liaise with statutory bodies, strategic partners and stakeholders on matters relating to OHS.	3. Inadequate/unsupported stakeholder management	1. Engagement with stakeholders to create awareness on upcoming MHSC activities. 2. Continuous engagements through different platforms.
4. Ensure best Human Capital management practices that will support the achievement of a highly skilled, motivated and capable MHSC employees, Council Advisory Committees and Council.	4. Employee requirement mismatch.	1. Develop a competency-based interviews methodology framework. 2. Develop MHSC competency framework. 3. Develop the talent attractions and talent retention strategy. 4. Upskill the employees on performance management.
5. To ensure ICT infrastructure	5.1 Obsolete ICT	1. Procurement of the hardware and software

OUTCOMES	KEY RISKS	RISK MITIGATIONS
is available to facilitate implementation MHSC core systems Integration and automation.	infrastructure with no warranty. 5.2 Lack of application integration.	including Storage Area Network. 2. Procurement of Solution to integrate and automate.
6. Ensure financial sustainability of MHSC.	6. Inadequate funding to finance MHSC operations	1. Conduct site visit at the mines after the billing process. 2. Develop payment plans for mines struggling with payments on a case-by-case basis.
7. Ensure efficient and effective financial management.	7. MHSC not spending on the mandate related activities	1. Reprioritise the MHSC spending plans. 2. Monitor the revised spending plans.

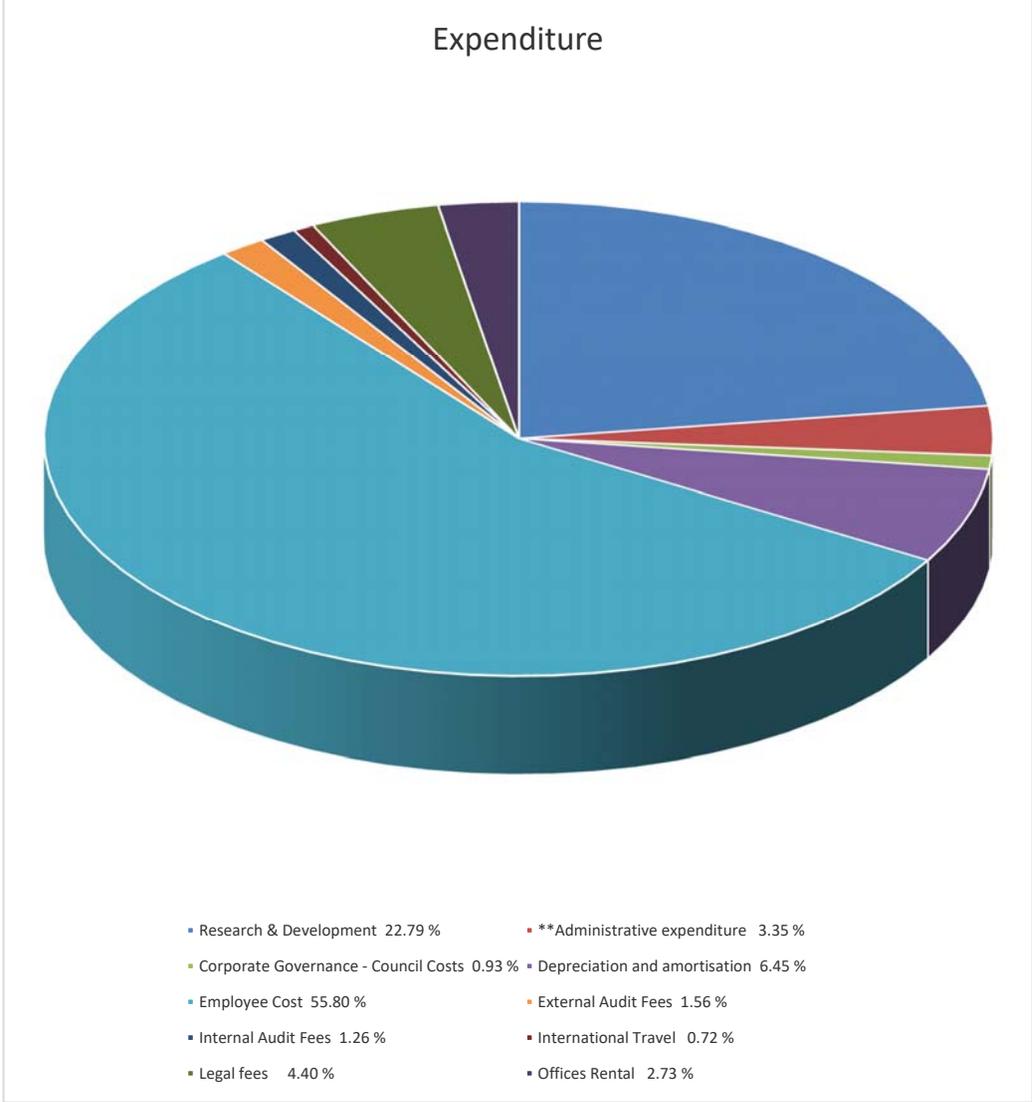
3.4 OVERVIEW OF 2021/22 to 2024/25 BUDGET ESTIMATES

MINE HEALTH AND SAFETY COUNCIL				
STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDING				
	Budget	Budget	Budget	Budget
	2022	2023	2024	2025
	R	R	R	R
Income	111 237 850	120 371 188	125 122 818	135 607 222
Revenue from non-exchange transactions				
Promotion of health and safety				
Levies	98 212 711	110 992 173	117 450 327	128 020 856
Surplus Utilisation			-	-
State Funding	4 581 000	4 717 000	4 736 000	4 972 800
Revenue from exchange transactions:				
Klopperbos	1 834 799	2 018 279	1 614 623	1 291 698
Rental Income				
Finance income	6 609 340	2 643 736	1 321 868	1 321 868
	-			-
Expenditure	111 237 850	120 371 188	125 122 818	135 607 222
Total Research and Development	25 352 651	32 768 872	34 432 037	42 271 753
Research & Development	20 471 453	28 049 304	29 861 896	37 839 240
Dissemination	824 298	865 513	908 789	954 228
RTF Costs	2 937 500	2 790 625	2 651 094	2 518 539
Klopperbos Research & Other	1 119 400	1 063 430	1 010 259	959 746
Administrative expenditure**	3 727 625	3 541 243	3 364 181	3 195 972
Corporate Governance - Council Costs	1 029 510	978 035	929 133	882 676
Depreciation and amortisation	7 176 867	9 510 200	9 985 710	10 484 996
Employee Cost	62 072 005	65 175 605	68 434 386	71 856 105
Research Staff	27 932 402	29 329 022	30 795 474	32 335 247
Support Staff	34 139 603	35 846 583	37 638 912	39 520 858
External Audit Fees	1 736 822	1 649 981	1 567 481	1 489 107
Internal Audit Fees	1 406 475	1 336 151	1 269 344	1 205 877
International Travel		1 850 000	1 757 500	1 669 625
COVID-19	800 000	760 000	722 000	685 900
Legal fees	4 895 896	4 651 101	4 418 546	3 534 837
Offices Rental	3 040 000	-	-	-
(Deficit)/ Surplus for the year	-0	-0	-0	0

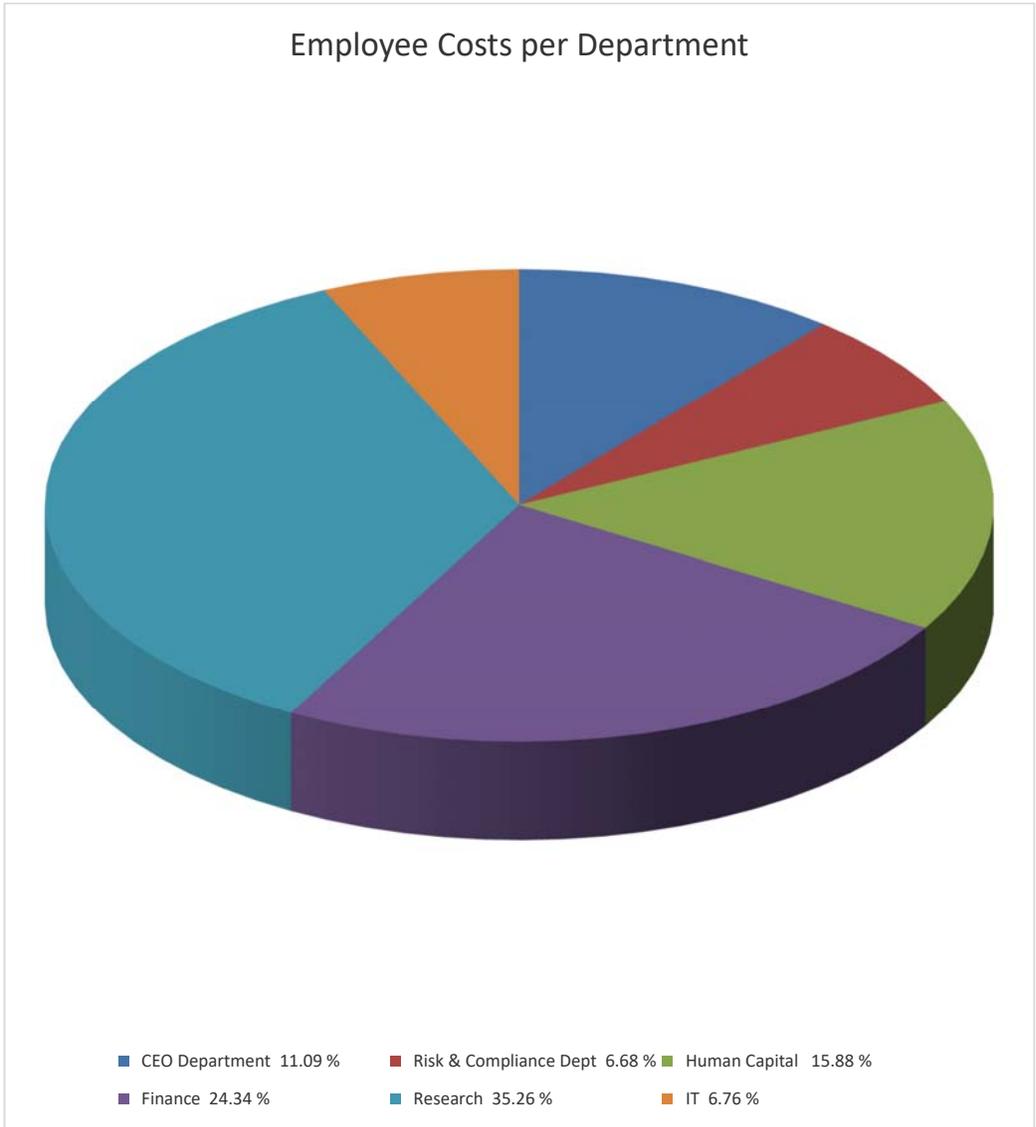
Administration cost comprises of various expenditure items as per below table:

Administration Cost Include:	3 727 624,57
Insurance	442 117,50
Local Travel	733 632,00
Printing and Stationery	753 803,00
Consumables	162 348,00
Telephone & Fax	281 920,00
Catering	209 647,10
Bad Debts Provision	1 144 156,97

The below pie chart depicts various expenditure components:



The Research Employees component equates to 45% of the total employee costs.



MINE HEALTH AND SAFETY COUNCIL
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31

	Budget 2022 R	Budget 2023 R	Budget 2024 R	Budget 2025 R
ASSETS				
Current Assets	35 362 585	31 910 294	28 855 051	26 099 107
Cash and cash equivalents	32 563 676	29 307 308	26 376 577	23 738 920
Receivables (non-exchange)	1 273 221	1 184 095	1 124 890	1 068 646
Other receivables (exchange)	1 404 459	1 306 147	1 240 840	1 178 798
Consumables	121 229	112 743	112 743	112 743
Non-Current Assets	120 787 176	112 332 074	106 715 470	101 379 696
Property, plant and equipment*	86 600 597	80 538 555	76 511 627	72 686 046
Research Assets	27 930 601	25 975 459	24 676 686	23 442 851
Intangible assets**	6 255 978	5 818 060	5 527 156,78	5 250 799
TOTAL ASSETS	156 149 761	144 242 368	135 570 521	127 478 803
LIABILITIES				
Current liabilities	21 733 990	20 591 640	19 952 457	19 364 754
Trade and other payables (exchange)	17 943 704	16 687 645	15 853 263	15 060 600
Unallocated deposits (non-exchange)	-	-	-	-
Unutilised administrative fines (non-exchange)	-	-	-	-
Provisions	3 790 286	3 903 994	4 099 194	4 304 154
Finance lease current liability	-	-	-	-
Non-Current Liabilities	5 119 784	4 761 399	4 523 329	4 321 860
Post - retirement medical aid	662 606	616 224	585 412	556 142
Unallocated deposits (non-exchange)	-	-	-	-
Finance lease non current liability	621 184	577 701	548 816	546 072
Admin fines	3 835 994	3 567 474	3 389 101	3 219 646
NET ASSETS	129 295 987	118 889 329	111 094 735	103 792 190
Surplus / (Deficit)	129 295 987	118 889 329	111 094 735	103 792 190
Accumulated Assets	129 295 987	118 889 329	111 094 735	103 792 190

MINE HEALTH AND SAFETY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDING

	2021-22	2022-23	2023-24	2024-25
Balance at beginning of period	129 295 987	118 889 329	111 094 735	103 792 190
(Deficit)/Surplus for period	-0	-0	-0	0
Balance at end of period	129 295 987	118 889 329	111 094 734	103 792 190

3.5 BUDGET TREND ANALYSIS

3.5.1 INCOME

3.5.1.1. REVENUE FROM NON-EXCHANGE TRANSACTIONS

The revenue from levies will increase to an average of R 109 million annually, with the total revenue of R455 million over the next four financial years.

3.5.1.2. STATE FUNDING

Minimal allocation for State Funding has been provided for until 2023. The entity will require a higher baseline from 2024 onwards.

3.5.1.3. ADDITIONAL REVENUE FROM KLOPPERSBOS FACILITY

The entity is estimating that revenue from this facility will be R1.8million from 2022 with an average increment of R1.6million over the next four years. The revenue is based on estimated revenues over the next 4 years. This figure is anticipated to increase due to capital investment in this facility as part of Revenue diversification strategy.

3.5.1.4. FINANCE INCOME

Finance income is expected to reduce by 10% from R6,5 million (2020/21) to an average of R1.76million (2021/2025) during the medium term framework period. This is due to the expected decline in cash surplus as a result of planned spending in terms of the Surplus funds spending plan.

3.5.2 EXPENDITURE ANALYSIS

The key strategic focus during this budgeting period will be ensuring that every mine worker returns home unharmed every day. Therefore, the implementation of the commitments and action plans of the Mine Health and Safety Tripartite Summit is also critical towards zero harm.

The total expenditure for the Council over the strategic implementation period is expected to decrease by 1% as instructed by National Treasury to cap expenditure.

3.5.2.1. RESEARCH EXPENDITURE

Total Research Expenditure will be utilized effectively and optimally to achieve zero harm. The decrease in the expenditure is a further indication of the plans to

increase internal research capacity which is reflected in the employee costs and does not equate to reduced expenditure on the actual research.

A high percentage of research topics will be implemented under the umbrella of the CoE and Kloppersbos Facility. The CoE is expected to increase the level of project completion and implementation as project management will form part of the core activities of the COE within the allocated budgets.

The dissemination of research outcomes entails the communication and promotion of research material. There is also an element of sharing of knowledge and technology transfer which include some of the following issues;

- Development of education, training and awareness material (handbooks, E-books, brochures, videos, various types or forms of training material, computer generated animated simulations, virtual reality material).
- Development or improvement of engineering controls and technological applications (software, gadgets).

3.5.2.2. ADMINISTRATIVE EXPENDITURE

Administrative expenditure will be capped at average of R3,4 million. This expenditure expected to be maintained and even reduced as cost containment measures are implemented. A combination of numerous expenditure items such as stationery, cleaning materials, Insurance, local travel, consumables etc. forms part of Administrative expenditure.

3.5.2.3. KLOPPERSBOS FACILITY EXPENDITURE

An average budget of R1.1million per annum has been allocated for a maintenance cost of the facility based on the baseline from the due diligence done in 2020.

3.5.2.4. REGIONAL TRIPARTITE FORUMS (RTF'S)

An estimated budget of R2,9million per annum has been allocated for hosting of the RTF forums. Virtual meetings are now the order of the day and in line with cost containment.

3.5.2.5. Corporate Governance.

Corporate governance has expenditure has been reduced from R1million 2021/2022 figures to an average of R930k per annum over the five-year period. Majority of corporate governance expenditure relates to Audit and Risk, HRRAC and IT Steering committee expenses. Board member's capacitation, training and travelling also forms part of Corporate Governance expenditure. Virtual meetings are now the order of the day and in line with cost containment.

3.5.2.6. DEPRECIATION AND AMORTIZATION

There has been an increase in Depreciation and Amortisation budget for all the financial years 2021/22 to 2025 to cater for effective implementation of useful life assessment, purchase of the building and other assets and review of research asset depreciation methodology.

3.5.2.7. EMPLOYEE COSTS

This figure of R58,9 million (2020/21 figures) has been increased to R71,8 million (2024/25 figures) due to additional personnel on review of job grading, additional staff requirement for Kloppersbos Facility and anticipated inflation increases for over the five-year period. The current 35% of research employee costs included in the total employee costs for the MHSC will increase to reflect the new focus on building internal research capacity as part of the strategic shift from outsourcing of MHSC research work

3.5.2.8. INTERNAL AND EXTERNAL AUDIT FEES

Internal audit fees is capped at an average of R 1.34million over the 5 year period. External audit fees will be an average of R1,65million over the 5year period in anticipation that with improved efficiencies within the MHSC, the Auditor General hours spend on the audit will reduce accordingly.

3.5.2.9. LEGAL FEES

Legal fees have been capped at an average of R4.5million annually for commercialization and intellectual property that will be realized due to fully implementation of the CoE and reduction in other legal costs related to labour issues.

3.5.2.10. OFFICE RENTAL

Office rental has been reduced in accordance with the lease agreement that has been signed for the premises. The entity will be purchasing their own administration building by November 2021 and this will eliminate this expenditure in the future.

3.5.2.11. REALISATION OF RESERVES

Due to the fact that the MHSC cannot budget for deficit, there is a portion of funds that should be utilised from the reserves to finance the shortfall. The reserves are fully utilized, so the budget is fully dependent on MHSC Levy billing and State Funding from 2022 onwards.

3.5.2.12. CURRENT ASSETS

The budgets have been prepared in accordance with the previous year's trends. Anticipated funds utilization has been taken into consideration in preparing Cash and Cash equivalent budget.

3.5.2.13. NON- CURRENT ASSETS

The 2020/21 budget is expected to increase significantly due to the purchase of purchase of administration building, SANS research network assets, and upgrades of IT infrastructure.

3.5.2.14. CURRENT LIABILITIES AND NON-CURRENT LIABILITIES

The budget amounts are based on the previous year actual costs trajectory and adjusted for expected inflation.

3.6 MATERIALITY AND SIGNIFICANCE FRAMEWORK

3.6.1 APPROVAL

This framework was approved by the Mine Health and Safety Council (the Council) in January 2017.

It come into effect immediately on its approval.

3.6.2 BACKGROUND

3.6.2.1. Section 54(2) of the Public Finance Management Act (Act no. 1 of 1999) (PFMA) states that Council as the accounting authority must inform the Department of Mineral Resources and submit particulars to the Minister as its executive authority for approval in respect of any of the following qualifying transactions:

- establishment or participation in the establishment of a company [section 54(2)(a)];
- participation in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(b)];
- acquisition or disposal of a significant shareholding in a company [section 54(2)(c)];
- acquisition or disposal of a significant asset [section 54(2)(d)];
- commencement or cessation of a significant business activity [section 54(2)(e)]; and
- a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(f)].

3.6.2.2. Section 55(2)(b)(i) of the PFMA requires the annual report and financial statements of Council to “include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.”

3.6.2.3. In terms of section 55(1)(d) of the PFMA the annual report and financial statements of the Council must be submitted to the Department of Mineral Resources. Based on the submitted information the executive authority may decide to conduct further investigations into the activities of the Council. As a result it is important for the Council to set the materiality and significance figures at an appropriate level in order to ensure that material transactions are dealt with in the annual report and financial statements, as well as communicated to the Department of Mineral Resources for approval.

3.6.2.4. In terms of Treasury Regulation 28.1.5: For purposes of material [sections 50(1), 55(2) and 66(1) {Per Treasury: Should be 61(1)(c)} of the PFMA] and significant [section 54(2) of the PFMA], the accounting authority must develop

and agree a framework of acceptable levels of materiality and significance in consultation with the external auditors.

- 3.6.2.5. In terms of Treasury Regulation 28.2.1: The annual report of public entities shall detail the materiality/significance framework applied during the financial year.
- 3.6.2.6. In terms of Treasury Regulation 30.1.3(e): [The Strategic plan must -] include the materiality/significance framework, referred to in Treasury Regulation 28.1.5;
- 3.6.2.7. This document sets out the method the Council uses to calculate its framework.
- 3.6.2.8. The results of these calculations as they apply to the 3 years ending 31 March 2021 to 31 March 2023 are contained in Appendix 1 to this policy.

3.6.3 AREAS COVERED

- 3.6.3.1. The nature of materiality is such that in a small organisation such as the Council it is not necessary to differentiate between the constituent entities. Thus all materiality will be set at Council level and applied to all committees and the offices.

Materiality will be set for:

- Errors;
- Wasteful and fruitless expenditure;
- Losses due to criminal activity and
- Losses due to negligence.

- 3.6.3.2. No distinction will be drawn between materiality involving members of the Council and staff.

3.6.4 DEFINITIONS

No definitions for the concepts “material” and “significant” were included in either the PFMA or in the Treasury Regulations. It is, therefore, necessary to look elsewhere to define these terms.

3.6.4.1. MATERIAL

The concept of materiality is well known in the auditing profession where it is applied in the audit of financial statements.

GRAP 1 define materiality as follows: “omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Thus, materiality provides

a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.”

In an audit of financial statements in the public sector, the auditor’s assessment of materiality may be influenced by the public accountability of the audited entity, and the sensitivity of the entity’s accounts, activities and functions regarding matters of public interest. The reference to “economic” decisions in the definition above may, therefore, not always be appropriate in the public sector.”

Information may be both quantitatively and qualitatively material. Therefore, both the amount (quantity) and nature (quality) of information need to be considered in setting the materiality figure. (Refer to paragraph 4.2.d for more detail in this regard).

Although the nature of and the intent with the materiality figure established in terms of section 55(2)(b)(i) of the PFMA differ substantially from that associated with the materiality figure set for audit purposes, the above definitions nevertheless provide an indication of the intended meaning of “material”.

In evaluating the fair presentation of financial statements the auditor evaluates any misstatements against materiality, both individually and in aggregate. This same principle should be applied when evaluating the materiality of losses through criminal conduct, irregular expenditure and fruitless and wasteful expenditure. Where individual amounts are deemed not to be material, entities should calculate aggregate amounts for losses, irregular expenditure and fruitless and wasteful expenditure, respectively. The aggregate amounts should be evaluated against materiality and if material particulars must be included in the annual report and financial statements.

3.6.4.2. SIGNIFICANT

The PFMA defines certain significant transactions in S54(2) a-f, that would require approval from the Executive Authority. The Council as a Public Entity would have to comply with this.

The following transactions would be considered significant i.t.o. the PFMA:

- establishment or participation in the establishment of a company [section 54(2)(a)];
- participation in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(b)];

- acquisition or disposal of a significant shareholding in a company [section 54(2)(c)];
- acquisition or disposal of a significant asset [section 54(2)(d)];
- commencement or cessation of a significant business activity [section 54(2)(e)]; and
- a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(f)].

3.6.5 METHODOLOGY

3.6.5.1. FACTORS TO BE CONSIDERED

3.6.5.1.1 Nature of the Council's business.

3.6.5.1.2 Risk and how it is managed.

3.6.5.1.3 Value of the Council's assets, liabilities income and expenditure.

3.6.5.1.4 Nature of the transaction being examined for significance or materiality.

Is it normal, or unusual for the Council to enter into the transaction? A transaction that is criminal must have a lower materiality level than a normal transaction.

3.6.5.1.5 Method of the transaction for example an electronic payment of R5 000 may not be material, but a petty cash payment of the same amount would be.

3.6.5.1.6 How an outsider would view an event – Reasonability test.

3.6.5.1.7 Method is set out for determining materiality when criminal action is involved. The materiality for this is set at zero.

3.6.5.2. FREQUENCY OF DETERMINING THE FRAMEWORK

3.6.5.2.1 As the factors which are used to determine the framework vary from year to year, it is necessary that this framework is revisited annually.

3.6.5.2.2 If major changes occur during the year, this may result in a more frequent revisit being necessary.

3.6.5.3. MATERIALITY CALCULATION

3.6.5.3.1 ASSESSMENT OF RISKS

3.6.5.3.1.1 Study the previous management letter from the Auditor-General. In areas where this indicates control weaknesses, a lower level of materiality must be used, unless the Council is satisfied that the weaknesses have been adequately addressed.

3.6.5.3.2.1 Examine the Risk Assessment and where high levels of risk exist, without adequate controls having been implemented a low level of materiality must be used.

3.6.5.3.2 TYPES OF MATERIALITY NEEDED

3.6.5.3.2.1 The balance sheet and income statement should each have their own levels of materiality.

3.6.5.3.3.1 Each type of transaction should have its own level of materiality.

3.6.5.3.4.1 Transactions outside of the Council's normal business should have a different level of materiality from normal transactions.

3.6.5.3.3 RATIOS TO BE USED

3.6.5.3.3.1 The Business Approach to Auditing recommends the following for use by external auditors when determining materiality. The lower the risk, the higher the percentage used:

- Gross revenue 0.5 % to 1.0 %
- Gross surplus 1.0 % to 2.0 %
- Net surplus 5.0 % to 10.0 %
- Total assets 1.0 % to 2.0 %

3.6.5.3.4.1 Where risks are high one would use the lower of these figures, or possibly even below the lower figures in extreme cases.

3.6.5.4. SIGNIFICANT TRANSACTIONS

3.6.5.4.1 The following transactions would be considered significant in terms of the Councils operations and would require approval from the Executive Authority:

- Establishment or participation in the establishment of a company [section 54(2)(a);
- Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(b)];
- Commencement or cessation of a significant business activity [section 54(2)(e)];

YEAR ENDING 31 MARCH 2021								
		BOTTOM STANDARD	TOP STANDARD	CONTROL	SELECTION	PERCENT	MATERIALITY RATIO	MATERIALITY YEAR ENDING 31 MARCH 2021
	R	%	%			%	%	R
STATEMENT OF FINANCIAL POSITION								
Fixed and intangible assets	96 969 298	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	1 939 396
Debtors	1 354 490	1.00%	2.00%	AVERAGE	BOTTOM	0.00%	1.00%	13 544
Bank & Petty cash	70 557 102	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	1 411 142
Gross Assets	170 503 963	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	3 410 079
Current liabilities	14 096 266	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	281 925
STATEMENT OF FINANCIAL PERFORMANCE								
Gross revenue	102 160 402	0.50%	1.00%	AVERAGE	0.5% below BOTTOM	0.05%	0.45%	459 721
Expenditure	140 515 927	1.00%	2.00%	AVERAGE	BOTTOM	0.00%	1.00%	1 405 159

YEAR ENDING 31 MARCH 2022								
		BOTTOM STANDARD	TOP STANDARD	CONTROL	SELECTION	PERCENT	MATERIALITY RATIO	MATERIALITY YEAR ENDING 31 MARCH 2022
	R	%	%			%	%	R
STATEMENT OF FINANCIAL POSITION								
Fixed and intangible assets	118 536 976	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	2 370 739
Debtors	1 273 221	1.00%	2.00%	AVERAGE	BOTTOM	0.00%	1.00%	12 732
Bank & Petty cash	36 323 676	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	726 473
Gross Assets	157 659 561	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	3 153 191
Current liabilities	13 250 490	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	265 010
STATEMENT OF FINANCIAL PERFORMANCE								
Gross revenue	109 656 850	0.50%	1.00%	AVERAGE	0.5% below BOTTOM	0.50%	0.45%	493 455
Expenditure	138 441 371	1.00%	2.00%	AVERAGE	0.25% above BOTTOM	0.25%	1.250%	1 730 517

YEAR ENDING 31 MARCH 2023								
		BOTTOM STANDARD	TOP STANDARD	CONTROL	SELECTION	PERCENT	MATERIALITY RATIO	MATERIALITY YEAR ENDING 31 MARCH 2023
	R	%	%			%	%	R
STATEMENT OF FINANCIAL POSITION								
Fixed and intangible assets	103 928 678	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	2 078 573
Debtors	1 184 095	1.00%	2.00%	GOOD	TOP	0.00%	1.00%	11 841
Bank & Petty cash	33 781 019	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	675 620
Gross Assets	140 312 682	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	2 806 254
Current liabilities	12 322 956	1.00%	2.00%	GOOD	TOP	0.00%	2.00%	246 459
STATEMENT OF FINANCIAL PERFORMANCE								
Gross revenue	118 102 476	0.50%	1.00%	GOOD	BOTTOM	0.00%	0.45%	531 461
Expenditure	136 311 028	1.00%	2.00%	AVERAGE	BOTTOM	0.25%	1.25%	1 703 888

NOTES		
1. Average controls	Debtors	The coordination of efforts between the MHSC and the Mine Inspectorate is improving controls on the year by year basis.
	Revenue	The coordination of efforts between the MHSC and the Mine Inspectorate is improving controls on the year by year basis.
2. Improving controls	All areas	The stabilization in the leadership position in focusing on improving controls across the board.
3. Criminal materiality		Every transaction where criminal activity is involved, the materiality is not taken into account as all such transactions are considered material irrespective of the amount.