MHSC

Mine Health and Safety Council

ANNUAL REPORT 2021/22

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PART A: GENERAL INFORMATION

1.1 PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	**Mine Health and Safety Council**
PHYSICAL ADDRESS:	**145 Western Service Road** **Western Woods Office Park** **B7 Maple Place** **Woodmead** **Gauteng** **South Africa**
POSTAL ADDRESS:	**Private Bag X11** **Wendywood** **2144**
TELEPHONE NUMBER/S:	**+27 11 070 4200** **+27 11 656 1797**
EMAIL ADDRESS:	**communication@mhsc.org.za**
WEBSITE ADDRESS:	**www.mhsc.org.za**
EXTERNAL AUDITORS:	**Auditor-General of South Africa** **4 Daventry Street Lynnwood Bridge Office Park,** **Lynnwood Manor, Pretoria, 0081**
BANKERS:	**First National Bank (FNB)** **2 First Place, 6 Floor, Corner Jeppe and** **Simmonds Street, Bank City Johannesburg**

1.2 LIST OF ABBREVIATIONS/ACRONYMS

4IR	Fourth Industrial Revolution
AGSA	Auditor-General South Africa
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
B-BBEE	Broad-based Black Economic Empowerment
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGS	Council for Geoscience
COE	Centre of Excellence
CROO	Chief Research Operations Officer
CSIR	Council for Scientific and Industrial Research
CTAC	Culture Transformation Advisory Committee
CTF	Culture Transformation Framework
DMRE	Department of Mineral Resources and Energy
GRAP	Generally Recognised Accounting Practice
HCT	HIV Counselling and Testing
HIV	Human Immunodeficiency Virus
HR	Human Resources
HRRAC	Human Resources and Remuneration Advisory Committee
ICT	Information and Communication Technology
MHSA	Mine Health and Safety Act (No. 29 of 1996)
MHSC	Mine Health and Safety Council
MITHAC	Mining Industry TB, HIV and AIDS Advisory Committee
MOHAC	Mining Occupational Health Advisory Committee
MOSAC	Mining Occupational Safety Advisory Committee
MQA	Mining Qualifications Authority
MRAC	Mining Regulations Advisory Committee
NOSA	National Occupational Safety Association
OHIMS	Occupational Health Information Management System
OHS	Occupational Health and Safety
PDTC	Programme Delivery Technical Committee
PFMA	Public Finance Management Act (No. 1 of 1999) as amended
PPE	Personal Protective Equipment
PPPFA	Preferential Procurement Policy Framework Act
RCMC	Risk and Compliance Management Committee
RDTC	Research Determination Technical Committee
RODTC	Research Outcome Dissemination Technical Committee
RTF	Regional Tripartite Forum
SAMTRAC	Safety Management Training Course
SIMRAC	Safety in Mines Research Advisory Committee
TB	Tuberculosis
TMM	Trackless Mobile Machinery
UP	University of Pretoria
WIM	Women in Mining
WIMAC	Women in Mining Advisory Committee

1.3 TERMS AND DEFINITIONS

CHIEF INSPECTOR OF MINES means the officer appointed in terms of section 48(1) of the Mine Health and Safety Act, as amended, and includes any officer acting in that capacity.

COUNCIL means the Accounting Authority of the Mine Health and Safety Council established in terms of section 41(1) of the Mine Health and Safety Act, 1996, as amended.

HAZARD means a source of, or exposure to danger.

HEALTH means occupational health at mines.

HEALTH HAZARD means any physical, chemical or biological hazard to health including anything declared to be a health hazard by the Minister.

MINES means any excavation and activity where mineral deposits are mined; all buildings, structures, machinery, dumps, roads or objects that are used during the winning, exploitation and processing of a mineral.

MINISTER means the South African Minister of Mineral Resources and Energy.

OCCUPATIONAL HEALTH means occupational hygiene and occupational medicine.

OCCUPATIONAL HYGIENE means the anticipation, recognition, evaluation and control of conditions at a mine that may cause illness or adverse health effects to persons.

OCCUPATIONAL MEDICINE means the prevention, diagnosis and treatment of illness, injury and adverse health effects associated with a particular type of work.

RESEARCH THRUST AREAS means research focus areas.

RISK means the likelihood that occupational injury or harm to persons will occur.

STRATEGIC OBJECTIVES means organisational outcomes that are critical to the achievement of the Mine Health and Safety Council's mission for a period of three to five years.

Mr David Msiza

Chairperson of Mine Health and Safety Council

1.4 FOREWORD BY THE CHAIRPERSON

It gives me a great pleasure and privilege to present, on behalf of the Mine Health and Safety Council (MHSC), the annual report for the financial year ended 31 March 2022 to the Honourable Minister of Mineral Resources and Energy, Mr Gwede Mantashe, our key allies and partners, tripartite industry stakeholders, the state, organised labour, employers in the mining industry and other relevant stakeholders.

The Council (Board) approved the MHSC's amended Strategy for 2020-2024 in January 2021 to set the tone for the MHSC's strategic direction. Despite the overwhelming negative impacts of COVID-19, the MHSC continued to implement its mandate through the prioritisation of research projects, stakeholder management and collaborations with strategic partners. The MHSC managed to achieve less than 80% of all its initiatives linked to the strategic objectives as part of the delivery on its mandate, which includes advising the Minister of Mineral Resources and Energy on all Occupational Health and Safety (OHS) matters in the mining industry. This include regulations, research, OHS promotion and liaison with various stakeholders on these matters.

During the year under review, the MHSC submitted two advisory notes to the Minister:

1. Guideline for the compilation of a mandatory code of practice for an "occupational health programme" focusing on occupational and medical surveillance for Noise and
2. Advisory note on the review of the Guideline for the compilation of a mandatory code of practice for management of Self-Contained Self-Rescuers in mines.

In partnership with statutory bodies and strategic partners, the MHSC has undertaken the following initiatives in 2021/22 financial year:

Statutory bodies

1. The implementation of Phase 2 of the Centre of Excellence (CoE) project in partnership with the Mining Qualification Authority (MQA);
2. The MHSC reviewed regulations dealing with competencies of legal appointments in the South African mining industry in partnership with the MQA and

3. In collaboration with the South African National AIDS Council, the MHSC hosted World HIV/AIDS/TB Day.

The MHSC generated invoices for R97.5 million, but only received payments of R78.5 million, which represent an 81% collection rate, compared to 84% for 2020/21 financial year. The target was set at 70%, taking into consideration the impact of COVID-19 on the South African Mining Industry (SAMI) and the MHSC.

The excess in collection was due to the performance of the industry and the positive response to the revised levy model.

The MHSC continued to fill up the critical positions at executive level. To this end, the position for the Chief Executive Officer (CEO) and Chief Research Operations Officer (CROO) were advertised. The CEO started on 01 April 2022, while the position of CROO will be occupied on 01 August 2022. The organisational efficiency study that is scheduled for the next financial year and the MHSC value proposition will assist in attracting the right people for the vacant roles.

On governance issues, the Council made a resolution to ensure that all governance structures are constituted with independent committee members only, in addition to the introduction of the Social and Ethics Committee (SEC). Together with the Human Remuneration and Resources Advisory Committee (HRRAC) and the Audit and Risk Committee (ARC), the MHSC is poised to comply fully with King IV recommendations, the Company Act, the Public Finance Management Act (Act 1 of 1999), as amended (PFMA) and Treasury Regulations on areas of corporate governance. The MHSC's Social and Ethics Committee is a statutory sub-committee of Council, established in terms of section 72(4) of the Companies Act, 2008, read in conjunction with Regulation 43 of the Companies Regulations, 2011 and the King IV Report on Corporate Governance (as adopted by the MHSC), and any other applicable law or regulatory provision. The Council has passed the resolution for all governance committee structures to be comprised of members who are fully vetted for credit, criminal activities and qualifications.

The Council plans to review its business model in the next financial year to ensure long-term sustainability in line with its mandate, as articulated in the Mine Health and Safety Act (MHSA).

The MHSC is in the process of procuring a new office building. Relocation to the new offices is scheduled to take place in the 2022/23 financial year.

I wish to extend my appreciation to the Minister of Mineral Resources and Energy for the continued stewardship and support, and for trusting the MHSC Board with such a mammoth mandate. I would also like to extend my sincere thanks to the Council, Council advisory committees, and internal and external auditors. My appreciation also goes to the MHSC's executives and staff for their performance and support, and to all structures of the MHSC and its stakeholders.

Mr David Msiza

Chairperson of Mine Health and Safety Council

31 July 2022

Mr David Mamphitha

Chief Executive Officer

1.5 CHIEF EXECUTIVE OFFICER'S OVERVIEW

The MHSC has adopted a balanced scorecard system to measure its performance at corporate, business unit and individual level in the financial year under review.

Based on the initiatives of the 2021/22 Annual Performance Plan, the MHSC achieved an overall performance score of 51%. This is against a minimum target of 80% for the financial year under review. The major challenges to the organisation not meeting its targets are as follows:

- The technical committees are performing exceptionally well in implementing their workplans. However, planned initiatives that support the achievement of specific targets are not aligned with the broader strategic objectives or with the mandate, resulting in the organisation incorrectly reporting poor performance.
- The impact of COVID-19 restrictions resulted in most employees working from home.
- Treasury restrictions are applicable to the procurement of goods and services above R30 000.
- There is a high staff turnover rate at approximately 10%, mainly in the CoE and Finance.
- There is a high vacancy rate at executive level at 75%.

During the year under review, the MHSC submitted two advisory notes to the Minister:

- Guideline for the compilation of a mandatory code of practice for an "occupational health programme" focusing on occupational and medical surveillance for Noise and
- Advisory note on the review of the Guideline for the compilation of a mandatory code of practice for management of Self-Contained Self-Rescuers in mines.

The Mining Regulations Advisory Committee (MRAC) developed an advisory note on trackless mobile machinery (TMMs) for the implementation of suspended sub-regulations dealing with diesel equipment. This will be submitted to Council for approval in the first quarter of 2022/23 financial year. The MRAC also reviewed Chapter 15 regulations dealing with appointments, duties and responsibilities, qualifications and competencies.

The MHSC's Safety in Mines Research Advisory Committee (SIMRAC) developed an advisory report on the review of the state of health and safety performance in the SAMI, which will be submitted to the Minister in the next financial year.

The MHSC's Mining Occupational Health Advisory Committee (MOHAC) developed an advisory note on the development of a web-based Occupational Health Information Management System (OHIMS) for the SAMI.

To promote a culture of health and safety in the South African Mining Industry through engagement, communication, participation and the dissemination of OHS best practices, the Culture Transformation Framework (CTF) programme was developed and approved by Council in October 2021 for implementation. Despite COVID-19 restrictions, five regional tripartite forums (RTFs) were held during the period under review. The Research Outcomes Dissemination Technical Committee (RODTC) updated the dissemination repository, and the legal and advisory notes register for technical and advisory committees. The RODTC also maintained and updated the stakeholder database and continued to collaborate with stakeholders and research partners. The much-awaited branding and marketing strategy was approved by Council. Additionally, the MHSC implemented the following initiatives in the 2021/22 financial year:

- Dissemination of information on World AIDS Day in the form of TB/HIV pamphlets, playing cards, guidelines, and books;
- Participation in the Women in Mining Chairpersons' meetings;
- Dissemination of information in the form of presentations, guidelines, research books, pamphlets, videos and other items, but mainly URL links;
- Participation in health workshops - occupational diseases, airborne pollutants and wellness research books, guidelines, pamphlets, playing cards and posters;
- Participation and engagements in MRAC workshops on new guidelines in the MHSA law book and
- Communication and engagement with stakeholders via newsletters, quarterly magazines and the MHSC's website.

The MHSC actively liaises with statutory bodies, collaborates with strategic partners, and engages with various stakeholders on matters relating to OHS. To this end, the Strategic Partners Collaboration Programme and the Comprehensive Stakeholder Management Strategy were approved and implemented by Council. The Global Collaboration Strategy was reviewed and approved by Council in April 2021.

In partnership with statutory bodies and strategic partners, the MHSC undertook the following initiatives in the 2021/2022 financial year:

Statutory bodies

- Implemented Phase 2 of the CoE project in partnership with the Mining Qualification Authority (MQA);
- Reviewed regulations dealing with competencies of legal appointments in the SAMI in partnership with the MQA and
- Hosted World HIV/AIDS/TB Day in collaboration with the South African National AIDS Council.

Strategic partners

- Provided seed funding for the rope testing project in partnership with the Council for Scientific and Industrial Research (CSIR);
- Provided seed funding for a self-contained self-rescuer breathing simulator, and a 1 000-ton compression test equipment in partnership with the CSIR;
- Provided seed funding for drone technology in collaboration with the University of the Witwatersrand;
- Provided seed funding for a camera to silence machines to reduce noise-induced hearing loss in collaboration with Acoustic Laboratories at the University of Pretoria;
- Provided internship programmes for rock engineering and seismicity students in partnership with Sasol and
- Reviewed legislation on emergency preparedness and response in partnership with Mine Rescue Services.

Stakeholders

- The MHSC continued to provide strategic and technical expertise to the Department of Mineral Resources and Energy (DMRE) for the achievement of the MHSC's mandate and goal of Zero Harm.
- The Mineral Councils of South Africa, organised labour and the DMRE remain key strategic partners and stakeholders, and continue to actively participate in the MHSC's oversight structures to ensure the development and implementation of initiatives to promote Zero Harm.

The MHSC strives to create a competitive employer value proposition to attract and retain the best skills in the industry. To achieve this, the Human Capital Strategy and Plan was reviewed and approved by Council in October 2021. However, the planned organisational efficiency review study is scheduled for completion in 2022/23 financial year.

The MHSC continues to ensure that information at its disposal is adequately managed and secured. During the 2021/22 financial year, Council approved the information, knowledge and records management programme.

The Fourth Industrial Revolution programme for information and communication technology (ICT) was approved in October 2021. However, there were delays in the procurement of the services to provide the new servers. A service provider for the new financial system integration was appointed in the year under review, and the system configuration commenced in the latter part of the financial year.

The MHSC reviewed regulations dealing with rescue, first aid, and emergency preparedness and response, including provisions for the missing persons locator system.

With regard to its financial strategic objectives, the MHSC generated invoices for R97.5 million, but only received payments of R78.5 million, which represent an 81% collection rate, compared to 84% for the 2020/21 financial year. The target was set at 70%, taking into consideration the impact of COVID-19 on the SAMI and the MHSC. The excess in collection was due to the performance of the industry and the positive response to the revised levy model.

The MHSC continues to review measures to improve the levy model, taking into consideration the performance of the industry and the improvement in health and safety performance. As part of its strategic imperatives, the MHSC is implementing a revenue generation strategy, which seeks to look at other means of funding that will assist the MHSC to better fund its operational activities and research programmes, with the aim of getting even closer to the goal of Zero Harm. Council approved the Contract Management Policy and Strategy in November 2021.

Due diligence was undertaken on the transfer of the Klopperbos Research Facility. The recommendation for the transfer of land from the Department of Public Works and Infrastructure to the MHSC was not supported by the DMRE, and the MHSC was requested to consider the Government Immovable Assets Management Act, Act 19 of 2007. The MHSC has submitted a proposal to the DMRE for the approval to take over the land through a long-term lease.

During the year, management held workshops on audit findings and the plan on the improvement of internal controls. The Audit Tracker was presented to the Management Committee, Executive Management Committee and the relevant governance structures. Audit findings have also been included as part of performance for all levels of management.

The MHSC has made considerable strides in the implementation of the Social and Ethics Committee through the development of the terms of reference and the appointment of the Social and Ethics Committee member.

I would like to thank the Counil members and its advisory committees, under the capable leadership of the chairperson, Mr. David Msiza, for their support and guidance throughout the year. Special appreciation goes to Parliament's Portfolio Committee on Mineral Resources and Energy for their continued support, commitment, oversight and guidance, the Honourable Minister, Gwede Samson Mantashe, as well as the officials of the DMRE.

Lastly, I would like to thank the MHSC team for their much-valued contribution in the past financial year. Through hard work and the spirit of continuous improvement, I am certain that the future will look brighter. We share a common vision of achieving zero harm in the South African mining industry. We salute all mining industry employees who lost their lives in the line of duty. May their souls rest in perfect peace.

Mr David Mamphitha

Chief Executive Officer

31 July 2022

1.6 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.
- The annual report is complete, accurate and free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In our opinion, the annual report fairly reflects the operations, performance information, human resources information and financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully

Chief Executive Officer

Name: Mr David Mamphitha

Date: 31 July 2022

Chairperson of the Council

Name: Mr David Msiza

Date: 31 July 2022

1.7 STRATEGIC OVERVIEW

1.7.1 Vision statement

Zero harm to mine employees and communities affected by mining activities

1.7.2 Mission

To promote a culture of occupational health and safety in the mining industry and to make a meaningful contribution to improved occupational health and safety through a tripartite relationship between mine employers, mine employees and the state.

1.7.3 Values

The MHSC prides itself in subscribing to a set of shared values that inform and guide the interaction between employees, stakeholders and the mining industry at large. The acronym "CIRA" represents the MHSC's core values:

Caring - displaying kindness and concern to others

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

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

Accountability – Fully commit to improving the health and safety culture in the South African mining industry

1.7.4 Goals

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

(a) Facilitate Zero Harm to mine workers and communities affected by mining activities.

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

1.7.5 Slogan

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

1.8 LEGISLATIVE AND OTHER MANDATES

The MHSC was established in terms of the Mine Health and Safety Act (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 1 of 1999), as amended.

The mandate of the MHSC is derived from section 43 of the Mine Health and Safety Act, as amended, which states that the MHSC must do the following:

- Advise the Minister on health and safety at the mines, including, but not limited to, any legislation on mine rehabilitation in so far as it concerns health and safety.
- Coordinate the activities of its committees, receive reports from the committees and liaise with the MQA on matters relating to health and safety.
- Liaise with any other statutory bodies concerned with matters relating to health and safety.
- Promote a culture of health and safety in the mining industry.
- Arrange and coordinate a tripartite summit at least once every two years to review the state of health and safety at mines.
- Annually advise the Minister on relevant research relating to health and safety at mines.

1.9 ORGANISATIONAL STRUCTURE

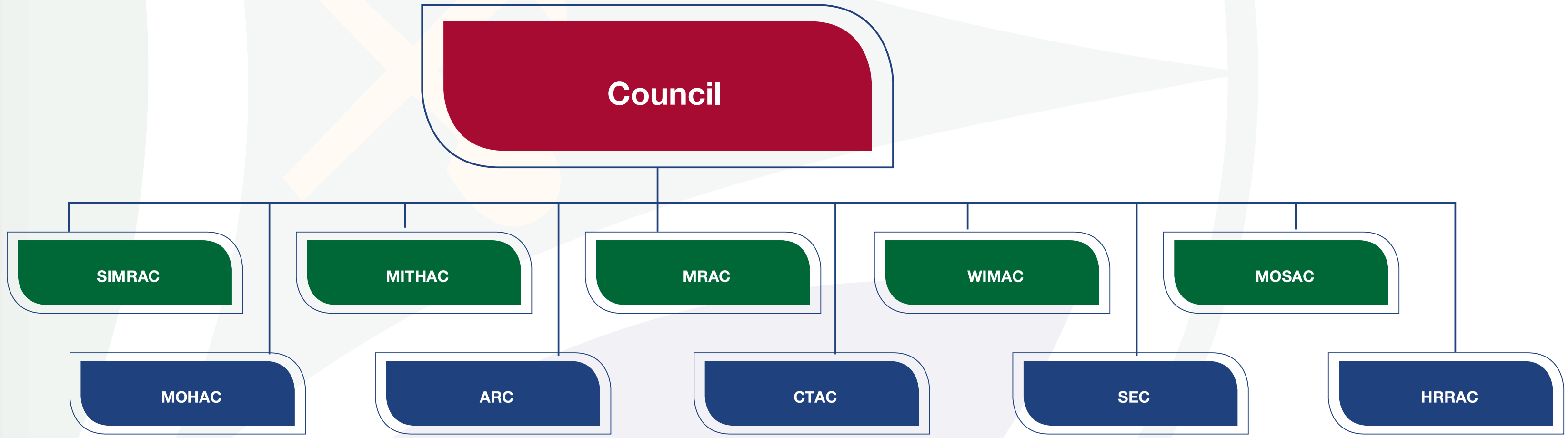

Figure 1:MHSC structure

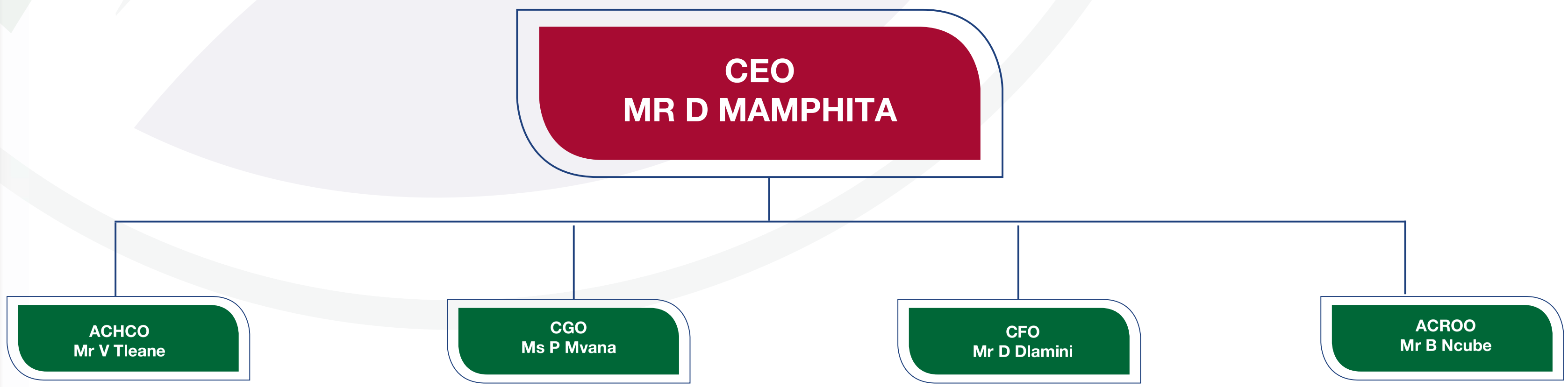

Figure 2: MHSC office structure

PART B: PERFORMANCE INFORMATION

2.1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined objectives heading in the Audit Report on other legal and regulatory requirements section of the Auditor's Report.

Refer to page 70 of the Auditor's Report, published as Part E: Financial Information.

2.2 SERVICE DELIVERY ENVIRONMENT

During the period under review, the MHSC completed an advisory note on the review of the guideline for the compilation of a mandatory code of practice for an occupational health programme, focusing on occupational hygiene and medical surveillance for noise. The guideline was reviewed to assist the mining sector to prevent noise-induced hearing loss.

The MHSC also completed an advisory note on the guideline for the compilation of a mandatory code of practice for management of Self-Contained Self-Rescuers in mines: Incident reporting and investigation protocols for Approved Self-Contained Self-Rescuers. This review will assist the mining sector in the improved management of Self-Contained Self-Rescuers which are critical in emergency situations. In the 2022/23financial year, the MHSC will focus on the following projects:

Prevention of fall of ground

- Through the Centre for Education and Training of Mineworkers, the MHSC is facilitating the training of seismologists and rock engineers with partner institutions, including the Council for Geoscience (CGS), MQA, Wits University and the University of Pretoria (UP)
- The guideline for the mitigation of geo-technical risks is to be completed by the end of September 2022
- A research project is currently underway to determine the appropriate average pillar stress criterion for the design of regional pillars in platinum reefs, gold reefs and other ore/minerals

Prevention of transport accidents

- The guideline for the compilation of a mandatory code of practice for Trackless Mobile Machines (TMMs) was reviewed.
- Collision avoidance technology for diesel-powered machines in the mining sector was implemented.
- Prevention of noise-induced hearing loss
- The MHSC is disseminating the revised Guideline for the Compilation of a Mandatory Code of Practice for an Occupational Health Programme for Noise. A workshop on the guideline will be held on 04th and 05th May 2022.
- In collaboration Acoustic Laboratories at UP, the MHSC is developing a camera to assist the SAMI to do the following:
    - o Achieve the targeted silencing of machines;
    - o Increase the effectiveness of analysing moving noise sources and
    - o Prevent unauthorised modifications of machines.

Quieter machines lead to the elimination of Noise Induced Hearing Loss and associated compensation claims. By July 2022, the MHSC will be ready to promote the use of this camera in the mining industry.

Prevention of occupational lung diseases as well as TB and HIV/AIDS

- A commemoration event will be convened in December 2022 on World TB Day. The MHSC continues to disseminate guidance notes on TB and HIV.
- The MHSC is reviewing the current Airborne Exposure limits in schedule 22.9 (A) of the MHSA to reduce the exposure of employees to high-level airborne pollutants and to reduce the chances of employees developing occupational lung diseases.
- The MHSC is disseminating the following documents within the regional tripartite structures:
  - Guidance note on HIV self-resting for the SAMI.
  - Guidance note on strengthening the HIV counselling and testing (HCT) uptake in the South African mining industry.
  - Guidance note on HIV management and control.

Communities affected by mining activities

- A guideline was developed for minimum standards for the protection of communities against ground vibration, noise, air-blast and fly rock when conducting blasting operations with which explosive manufacturers and mining companies should comply.

The use of advanced technology

The MHSC entered into a strategic partnership with Wits University to develop drone technology focusing on wireless communication systems, surveying, mapping and navigation, health, safety and security, and integration for smart mining. The MHSC will also review regulations dealing with rescue, first aid, and emergency preparedness and response (including provisions for missing persons locator systems)

Prevention, mitigation and management of the COVID-19 outbreak in the South African mining industry

The MHSC will focus on encouraging vaccinations through various channels and avenues.

Women in Mining

- The Personal Protective Equipment (PPE) Guideline Code of Practice for Women in Mining (WiM) would be reviewed by June 2022.
- A Gender-based violence framework guideline document for the SAMI to assist with gender-based violence would be developed by August 2022.
- The Occupational Health and Safety Women in Mining Indaba would be hosted in August 2022.
- WiM structures were created in all provinces.

Occupational Health and Safety Summit

The 2020 Occupational Health and Safety Summit could not be held due to the COVID-19 regulations. In 2022, the MHSC will host the Mine Health and Safety Summit to review progress towards the achievement of the milestones that were agreed upon at the 2014 Summit by stakeholders for implementation by 2024.

2.3 ORGANISATIONAL ENVIRONMENT

The MHSC faced major capacity challenges due to vacancies at executive level and in key critical and scarce positions. While there were acting incumbents in the positions, the performance of the organisation was negatively impacted as employees below management level had to assume responsibilities above their level. Recruitment processes have been initiated for vacant positions. Council has developed and approved a human resource strategy, with a focus on the attraction and retention of specialised skills, to address the challenges around staff resourcing and retention.

For the year under review, the MHSC was adversely impacted by the National Treasury directive to temporarily suspend procurement above R30 000, which affected the provision of services by external suppliers. However, an exemption was granted late in March 2022, and the MHSC was subsequently able to continue with the procurement of much-needed services. The exemption will only assist prospectively in terms of performance recovery.

The MHSC successfully appointed a SEC members and advanced the finalisation of the terms of reference for the SEC. A temporary Ethics Officer was also appointed to assist with the Committee's administrative functions.

During the financial year, the MHSC managed to achieve a surplus of about a million as opposed to the loss incurred in the previous financial year. Despite COVID-19 challenges, the MHSC successfully collected 11% more levies against the target of 70%.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The Mine Health and Safety Act was promulgated following the outcomes of the Leon Commission. Before the promulgation of the MHSA, the safety of South African mine workers was provided for in the Mines and Works Act, No. 12 of 1911 and its applicable regulations.

The Mines and Works Act, No. 12 of 1911, was repealed by the Mines and Works Act, No. 27 of 1956. After that, Act No. 27 of 1956 was repealed by the Minerals Act, No. 50 of 1991. The Minerals Act was focused predominantly on safety issues in the mining industry, with no emphasis on promoting the occupational health status of workers. The Leon Commission identified various shortfall in the Minerals Act regarding the occupational health and safety of workers in the industry.

The drafting of the new Mine Health and Safety Act would provide a comprehensive legal framework to create a healthy and safe working environment. It recommended making provision for the following:

- Restructuring of the enforcement agency;
- Promulgation of regulations on rock falls and rock bursts;
- Promulgation of regulations and measures to protect the health of workers, including occupational and medical surveillance programmes, with specific reference to tuberculosis (TB);
- Restructure research institutions and health information systems and
- Ensure the appropriate training and certification of all workers in the mining industry.

After intensive discussions and rigorous engagements between government, employers and employee representatives, many of these recommendations were incorporated into the Mine Health and Safety Act, No 29 of 1996.

In terms of Section 9 of the MHSA, the employer is required to prepare and implement code of practice guidelines on any matter affecting the health and safety of employees and other persons who might be directly affected by activities at the time. For this financial year, the following code of practice guideline was promulgated:

- Guideline for the compilation of a mandatory code of practice for the prevention of flammable gas explosions in mines other than coal mines, which was effective on 01 May 2021.

The objective of these guidelines is to assist the employer of every mine, other than a coal mine, to compile a code of practice that, if properly implemented and complied with, would considerably reduce the risk of the ignition of flammable gas.

The COVID-19 pandemic continued to raise challenges during the financial year. The government introduced several regulations under the Disaster Management Act, No. 57 of 2002, to address the pandemic, which had an impact on the achievement of the MHSC's mandate. A comprehensive response on how the MHSC responded to the pandemic is detailed in section 3.2 of this report.

2.5 PERFORMANCE INFORMATION BY PROGRAMME, ACTIVITY OR OBJECTIVE

The MHSC has adopted a balanced scorecard system to measure its performance at corporate, business unit and individual level. In the financial year under review, certain planned initiatives were not aligned with the broader strategic objectives or the mandate, resulting in the organisation incorrectly reporting poor performance.

STRATEGIC OBJECTIVE	WEIGHT	TARGET	ACTUAL	STATUS
CP01 - Provide advice to the Minister on health and safety matters in the South African Mining Industry and communities affected by mining.	**15%**	85%	22%	Not Achieved
CP02 – Promote a culture of health and safety in the SAMI through engagement, communication, participation and dissemination of Occupational Health and Safety (OHS) best practices.	**15%**	100%	59%	Partially Achieved
CP03 - Liaise with statutory bodies, strategic partners and stakeholders on matters relating to OHS.	**10%**	100%	44%	Not Achieved
LG01 - 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.	**10%**	100%	58%	Partially Achieved
IP01 - To improve MHSC compliance and implementation of good corporate governance structures.	**5%**	100%	72%	Partially Achieved
IP02 - Ensure MHSC information is adequately managed and secured.	**10%**	100%	88%	Achieved
IP03 - To ensure ICT infrastructure is available to facilitate implementation MHSC core systems Integration and automation.	**5%**	100%	33%	Not Achieved
IP04 - Leverage on the fourth industrial revolution (4IR) for improvement of OHS in the SAMI and internal effectiveness.	**5%**	85%	0%	Not Achieved
FP 01 - Ensure financial sustainability of MHSC.	**15%**	70%	81%	Achieved
FP 02 - Ensure efficient and effective financial management.	**10%**	75%	20%	Not Achieved

The MHSC is currently reviewing the initiatives of its 2022/23 Annual Performance Plan to align deliverables with the organisational mandate.

Table 1: Performance overview of the MHSC for the 2021/22 financial year

The MHSC utilises the robot methodology below to interpret its organisational performance.

If the performance is greater than 80% of the planned target, then it is considered Achieved	If the performance is between 51% and 79% of the planned target, then it is considered Partially Achieved	If the performance is less than 50% of the planned target, then it is considered Not Achieved

Figure 4: Legend for performance rating

The details of each strategic objective, initiatives and target are provided below.

NAME OF THE OBJECTIVE (CP01): PROVIDE ADVICE TO THE MINISTER ON HEALTH AND SAFETY MATTERS IN THE SOUTH AFRICAN MINING INDUSTRY AND COMMUNITIES AFFECTED BY MINING					
DEFINITION: DEVELOP INTERVENTIONS THAT WILL ADDRESS CURRENT AND EMERGING OHS RISKS AND ADVICE THE MINISTER THROUGH ADVISORY NOTES AND ENGAGEMENTS					
Primary measure: Percentage of achievement of initiatives	Target for the year: 85%	Actual: 22%	Variance: (63%)	Percentage of target achieved: 44%	Status: Not Achieved
Initiative 1: Develop a legislative programme for minister's approval					
• The MHSC legislative programme was approved by Council and submitted for the Minister's approval.					
Initiative 2: Implement the approved legislative programme					
The Mining Regulations Advisory Committee (MRAC) developed the following two of the four legislative advisory notes, which were also not finalised in the current financial year: • Trackless mobile machinery for the implementation of suspended sub-regulations dealing with diesel equipment: to be submitted to Council for approval in the first quarter of 2022/23. • Chapter 15 regulations dealing with appointments, duties and responsibilities, and qualifications and competencies: in final stages of completion. The non-achievement of this initiative is attributed to delays in finalisation of the appointment of the Chairperson of the MRAC.					
Initiative 3: Develop a costed research programme for approval by the Minister and submission to the Minister of Finance					
• The costed research programme was developed and will be submitted to the Minister for approval after recommendation by Council. • There were delays in the development of the costed research programme due to the unavailability of stakeholders.					

NAME OF THE OBJECTIVE (CP01): PROVIDE ADVICE TO THE MINISTER ON HEALTH AND SAFETY MATTERS IN THE SOUTH AFRICAN MINING INDUSTRY AND COMMUNITIES AFFECTED BY MINING

DEFINITION: DEVELOP INTERVENTIONS THAT WILL ADDRESS CURRENT AND EMERGING OHS RISKS AND ADVICE THE MINISTER THROUGH ADVISORY NOTES AND ENGAGEMENTS

Initiative 4: Implement the approved research programme

The following initiatives were implemented during the financial year as part of implementation of the 2021/22 research programme:

- CoE 180607 “Review the Current Airborne Exposure Limits as Listed in Schedule 22.9(A)”.
- CoE 180906 “Determine the capacity of Mine Health Facilities to accommodate surrounding communities.
- CoE 190605 “Is the Current Crystalline Silica Dust Exposure Medical Surveillance System in the SAMI Comprehensive to Monitor all Organs Adverse Health Outcomes?

The following advisory note was finalized late in the financial year and could not be presented to Council for approval during the current financial year:

- CoE 180901 “Development of a Framework for Employers to effectively manage contractors to improve OHS performance in the SAMI”.

Initiative 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

- The MHSC’s Safety in Mines Research Advisory Committee (SIMRAC) has developed an advisory report on the review of the state of health and safety performance in the South African Mining Industry, which will be submitted to the Minister in the next financial year.
- There were capacity constraints within the Centre of Excellence, (CoE) which negatively affected the performance of SIMRAC.

Initiative 6: Conduct impact assessment study for research and legislative interventions.

- The impact assessment study was not conducted due to budget constraints as it was not properly budgeted for. There were challenges with the budgeting process due to acting appointments.

Initiative 7: Review interaction programme for Minister and Stakeholders’ Principals

- The interactive programme was reviewed and approved by Council.

Initiative 8: Implement interaction programme with minister and stakeholders’ principals.

- The interactive programme was not implemented due to the unavailability of the stakeholder and COVID-19.

Initiative 9: Provide advice on collection, processing and distribution of health and safety data to the industry.

- The MHSC’s Mining Occupational Health Advisory Committee (MOHAC) developed an advisory note on the development of a web-based Occupational Health Information Management System (OHIMS) for the South African Mining Industry.
- There was a delay in the development of the advisory note due to capacity constraints, which led to delays in approvals by Council.

In addition to the above, the MHSC submitted one guideline and two advisory notes to the Minister in the 2021/22 financial year, namely:

- Guideline for the compilation of the mandatory code of practice for an “occupational health programme” focusing on occupational and medical surveillance for noise;
- Advisory note on the review of the Guideline for the compilation of a mandatory code of practice for management of Self-Contained Self-Rescuers in mines and
- Advisory note on trackless mobile machines.

NAME OF THE OBJECTIVE (CP02): PROMOTE A CULTURE OF HEALTH AND SAFETY IN THE SAMI THROUGH ENGAGEMENT, COMMUNICATION, PARTICIPATION AND DISSEMINATION OF OCCUPATIONAL HEALTH AND SAFETY (OHS) BEST PRACTICES.					
DEFINITION: SHARE AND FACILITATE IMPLEMENTATION OF OHS BEST PRACTICES IN THE SAMI THROUGH TECHNOLOGY INNOVATIONS, KNOWLEDGE TRANSFER AND TRAINING INITIATIVES ON OHS.					
Primary measure: Percentage of achievement of initiatives	Target for the year: 100%	Actual: 59%	Variance: 41%	Percentage of target achieved: 59%	Status: Partially Achieved
Initiative 1: Review the CTF programme for approval by Council.					
• Council developed and approved the CTF programme on 28 October 2021 for implementation.					
Initiative 2: Implement the approved CTF programme.					
• Of the fourteen (14) planned Regional Tripartite Forums (RTF) planned, only five (5) were implemented due to restrictions of COVID-19.					
Initiative 3: Annual publication and communication of research results.					
• The MHSC published all the outcomes of completed research projects on its website during the year.					
Initiative 4: Review effectiveness of the current Dissemination Strategy.					
• The effectiveness of the current dissemination was not reviewed in the current financial year due to capacity constraints from vacant positions in the CoE.					
Initiative 5: Review the dissemination framework and guidelines.					
• Council approved the revised dissemination framework and guidelines on 28 October 2021.					
Initiative 6: Implement the dissemination framework and guidelines.					
• The Research Outcomes Dissemination Technical Committee updated the dissemination repository, and the legal and advisory notes register for technical and advisory committees. • The RODTC also maintained and updated the stakeholder database and continued collaboration with stakeholders and research partners.					
Initiative 7: Review the Branding and Marketing Strategy for approval by Council.					
• Council approved the branding and marketing strategy.					
Initiative 8: Implement Branding and Marketing Strategy.					
• The Branding and Marketing strategy was approved without an implementation plan. • The implementation plan has been incorporated into the 2022/23 strategic initiatives.					

In support of this strategic objective, the MHSC implemented the following additional initiatives in 2021/22 financial year:

- Dissemination of information on World AIDS Day in the form of TB/HIV pamphlets, playing cards, guidelines and books;
- Participation in the regional tripartite forums, Women in Mining Chairperson's meetings; dissemination of information in the form of presentations, guidelines, research books, pamphlets, videos and other items, but mainly URL links;
- Participation in health workshops; dissemination of information on occupational diseases, airborne pollutants and wellness research books, guidelines, pamphlets, playing cards and posters;
- Participation and engagements in MRAC workshops on new guidelines in the MHSA law book and
- Communication and engagement of stakeholders via newsletters, magazines and the MHSC's website.

<table>
<tr><th colspan="6">NAME OF THE OBJECTIVE (CP03): LIAISE WITH STATUTORY BODIES, STRATEGIC PARTNERS AND STAKEHOLDERS ON MATTERS RELATING TO OHS.</th></tr>
<tr><th colspan="6">DEFINITION: COLLABORATION WITH STATUTORY BODIES, STRATEGIC PARTNERS AND STAKEHOLDERS ON OHS MATTERS.</th></tr>
<tr><td>Primary measure:

Percentage of achievement of initiatives</td><td>Target for the year:

100%</td><td>Actual:

44%</td><td>Variance:

(56%)</td><td>Percentage of target achieved:

44%</td><td>Status:

Not Achieved</td></tr>
<tr><th colspan="6">Initiative 1: Review the strategic partners' collaboration programme for approval by Council.</th></tr>
<tr><td colspan="6">• The strategic partners' collaboration programme was not reviewed due to a lack of feedback from Council. Collaboration, however, continued as part of the MHSC's mandate.</td></tr>
<tr><th colspan="6">Initiative 2: Implement the approved strategic partners' collaboration programme.</th></tr>
<tr><td colspan="6">• The strategic partners' collaboration programme was implemented. MHSC's stakeholders and partners were consulted in line with the stakeholder mapping strategy.</td></tr>
<tr><th colspan="6">Initiative 3: Review the comprehensive stakeholder management strategy for approval by Council</th></tr>
<tr><td colspan="6">• The comprehensive stakeholder management strategy was developed and approved by Council on 28 April 2021.</td></tr>
<tr><th colspan="6">Initiative 4: Implement the approved Comprehensive Stakeholder Management Strategy.</th></tr>
<tr><td colspan="6">• Of the twenty-four (24) initiatives planned for the financial year, only fifteen (15) were implemented due to the unavailability of stakeholders and postponements of events.</td></tr>
<tr><th colspan="6">Initiative 5: Review the Global Collaboration Strategy for approval by Council.</th></tr>
<tr><td colspan="6">• The Global Collaboration Strategy was reviewed and approved by Council on 28 April 2021.</td></tr>
<tr><th colspan="6">Initiative 6: Implement the approved Global Collaboration Strategy.</th></tr>
<tr><td colspan="6">• Global Collaboration Strategy was not implemented due to COVID-19 pandemic travelling restrictions.</td></tr>
</table>

In partnership with statutory bodies and strategic partners, the MHSC undertook the following initiatives:

Statutory bodies

- Implemented Phase 2 of the CoE project in partnership with the Mining Qualification Authority (MQA);.
- Reviewed regulations dealing with the competencies of legal appointments in the SAMI in partnership with the MQA and
- Hosted World HIV/AIDS/TB Day in collaboration with the South African National AIDS Council.

Strategic partners

- Provided seed funding for the rope testing project in partnership with the CSIR;
- Provided seed funding for a self-contained self-rescuer breathing simulator, and a 1 000-ton compression test equipment in partnership with the CSIR;
- Provided seed funding for drone technology in collaboration with the University of the Witwatersrand
- Provided seed funding for a camera to silence machines to reduce noise-induced hearing loss in collaboration with Acoustic Laboratories at the University of Pretoria
- Provided internship programmes for rock engineering and seismicity students in partnership with Sasol
- Reviewed legislation on emergency preparedness and response in partnership with Mine Rescue Services

Stakeholders

- The MHSC continued to provide strategic and technical expertise to the DMRE for the achievement of the MHSC's mandate and goal of Zero Harm
- The Mineral Councils of South Africa, Organised Labour and the DMRE remain key strategic partners and stakeholders, and continue to actively participate in the oversight structures of the MHSC to ensure the development and implementation of initiatives to promote Zero Harm.

NAME OF THE OBJECTIVE (LG01): 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.					
DEFINITION: IMPLEMENTATION OF BEST HUMAN CAPITAL PRACTICES UTILISING THE HUMAN CAPITAL STRATEGY.					
Primary measure: Percentage of achievement of initiatives	Target for the year: 100%	Actual: 58%	Variance: (42%)	Percentage of target achieved: 58%	Status: Partially Achieved
Initiative 1: Review the Human Resources strategy.					
• The human capital strategy and plan was reviewed and approved by Council on 28 October 2021.					
Initiative 2: Implement the Human Resources strategy.					
• The human resources strategy implementation plan was partially implemented. • Most the planned initiatives formed part the organisational efficiency review study, which was not conducted due to non-responsive procurement tenders.					

NAME OF THE OBJECTIVE (IP01): TO IMPROVE MHSC'S COMPLIANCE AND IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE					
DEFINITION: CONTINUOUS IMPROVEMENT OF MONITORING, COMPLIANCE AND CORPORATE GOVERNANCE PRACTICES AND PROGRAMMES WITHIN MHSC.					
Primary measure: Percentage of achievement of initiatives	Target for the year: 100%	Actual: 72%	Variance: 28%	Percentage of target achieved: 72%	Status: Partially Achieved
Initiative 1: Review King IV implementation plan for 2021/22 for approval by Council					
• The King IV Gap Analysis, combined with the Independent Council and Committee Appraisal Implementation Plan for 2021/22, was reviewed and subsequently approved by the Acting Chief Executive Officer.					
Initiative 2: Implement approved recommendations of the King 4 Gap Analysis					
• The King IV Gap Analysis, combined with the Independent Council and Committee Appraisal Implementation Plan 2021/22, was partially implemented. There were delays in procurement, in the appointment of Social and Ethics Committee members, and in the finalisation of the business case for the appointment of the independent Secretariat.					
Initiative 3: Review the Social and Ethics Implementation Plan for 2021/22 for approval by Council					
• The Acting Chief Executive Officer approved the Social and Ethics Implementation Plan for 2021/22					
Initiative 4: Implement the Social and Ethics Implementation Plan					
• The implementation of the Social and Ethics Plan was partially implemented. There were delays in the appointment of the Social and Ethics Committee members required to approve the Social and Ethics Plan.					

NAME OF THE OBJECTIVE (IP02): ENSURE MHSC INFORMATION IS ADEQUATELY MANAGED AND SECURED					
DEFINITION: CREATE A MINING OHS KNOWLEDGE HUB AND IMPLEMENTATION OF CENTRE OF EXCELLENCE STRATEGIC OBJECTIVES.					
Primary measure: Percentage of achievement of initiatives	Target for the year: 100%	ACTUAL: 88%	Variance: (12%)	Percentage of target achieved: 88%	Status: Achieved
Initiative 1: Develop information, knowledge and records management programme for approval by Council					
• The information, knowledge and records management programme was approved by Council on the 28th of October 2021.					
Initiative 2: Implement information, knowledge and records management programme					
• Eighteen (18) initiatives were implemented out of the total of twenty-four (24) initiatives planned for the year					

NAME OF THE OBJECTIVE (IP03): TO ENSURE MHSC OFFICE ICT INFRASTRUCTURE IS AVAILABLE TO FACILITATE IMPLEMENTATION MHSC CORE SYSTEMS INTEGRATION AND AUTOMATION.					
DEFINITION:PROVIDE ICT INFRASTRUCTURE AND IMPLEMENT CORE MHSC SYSTEM INTEGRATION AND AUTOMATION.					
Primary measure: Percentage of achievement of initiatives	Target for the year: 100%	Actual: 33%	Variance: (67%)	Percentage of target achieved: 33%	Status: Not Achieved
Initiative 1: Develop the fourth industrial revolution (4IR) programme for approval by Council.					
• The fourth industrial revolution (4IR) programme was approved by Council on 28 October 2021.					
Initiative 2: Implement ICT Infrastructure recommendations aligned to MHSC 4IR programme.					
• There was a delay in the procurement of services to provide the new servers. • A service provider has since been appointed and the MHSC is awaiting equipment from abroad. The expected delivery date is 30 June 2022.					
Initiative 3: Implement systems integration and automation programme.					
• A service provider for the new financial system integration was appointed in the year under review. The system configuration has commenced.					

NAME OF THE OBJECTIVE (IP04): LEVERAGE ON THE FOURTH INDUSTRIAL REVOLUTION (4IR) FOR IMPROVEMENT OF OHS IN THE SAMI.					
DEFINITION: CONTINUOUS MONITORING OF THE IMPACT OF THE 4IR RELATED DEVELOPMENTS FOR IMPROVEMENT OF OHS IN THE SAMI.					
Primary measure: Percentage of achievement of initiatives	Target for the year: 85%	Actual: 0%	Variance: 100%	Percentage of target achieved: 0%	Status: Not Achieved
Initiative 1: Develop the SAMI fourth industrial revolution (4IR) programme for approval by Council.					
• The 4IR for SAMI has not been fully developed. However, the MHSC has implemented the following technologies in support of the 4IR: o Missing person's locator and o Unmanned arial vehicle (drone).					

NAME OF THE OBJECTIVE (FP01): ENSURE FINANCIAL SUSTAINABILITY OF MHSC				
DEFINITION: DIVERSIFY REVENUE SOURCES TO ENSURE FINANCIAL SUSTAINABILITY OF MHSC.				
Primary measure: Proportion of income collected	Target for the year: 70%	Actual: 81%	Percentage of target achieved: >100%	Status: Achieved
Initiative 1: Review the Revenue Generation Plan for approval by the Council.				
• The revenue generation plan was approved by Council on 19 November 2021.				
Initiative 2: Implement the Revenue Generation Plan.				
• The revenue generation plan was developed and approved late. As a result, no activities were planned for this financial year.				
Initiative 3: Implement the Debt Management Strategy.				
• Invoices to the value of R97 548 375.24 were issued, and R78 597 798.10 was collected, resulting in 81% collection as at 31 March 2022.				

NAME OF THE OBJECTIVE (FP02): ENSURE EFFICIENT AND EFFECTIVE FINANCIAL MANAGEMENT					
DEFINITION: ENSURING VALUE FOR MONEY THROUGH ZERO BUDGETING, STRATEGIC SOURCING, EXPENDITURE AND CONTRACT MANAGEMENT.					
Primary measure: Percentage of initiatives implemented	Target for the year: 75%	Actual: 20%	Variance: (55%)	percentage of target achieved: 20%	Status: Not Achieved
Initiative 1: Spend 95% of MHSC capital expenditure.					
• The new MHSC office building capital project tender was not awarded due to negative vetting results from service providers, and costs incurred on this project in the financial year under review.					
Initiative 2: Implement the goods and services sourcing strategy.					
• The MHSC has experienced challenges with the implementation of goods and sourcing strategy, mainly due to non-responsive bids, capacity constraints and the non-submission of terms of reference.					
Initiative 3: Review the Contract Management Policy and Strategy.					
• The contract management policy and strategy were approved by Council on 19 November 2021.					
Initiative 4: Implement the Contract Management Policy and Strategy.					
• The contract management policy and strategy was not implemented due to a lack of dedicated resources for contract management.					
Initiative 5: Finalise the transfer of Klopperbos Research Facility					
• Due diligence was undertaken. The outcomes were presented to Council and the recommendations were adopted. • The recommendation for the transfer of land from the Department of Public Works and Infrastructure was not supported by the DMRE. The MHSC was requested to consider the Government Immovable Assets Management Act, No. 19 of 2007. • The recommendation for the MHSC to take over the land through a long-term lease has been submitted to the DMRE for approval.					

2.6 LINKING PERFORMANCE WITH BUDGETS

STRATEGIC OBJECTIVE	2021/2022 BUDGET	2021/2022 ACTUAL EXPENDITURE	2021/2022 OVER/(UNDER) EXPENDITURE	2020/2021 BUDGET	2020/2021 ACTUAL EXPENDITURE	2020/2021 OVER/(UNDER) EXPENDITURE
	R (0'00)	R (0'00)	R (0'00)	R (0'00)	R (0'00)	R (0'00)
CP01	34 783	22 951	11 832	58 196	37 627	20 569
CP02	16 329	12 451	3 878	51 779	30 562	21 217
CP03	5 617	9 297	(3 680)	-	-	-
IP01	7 419	12 251	(4 832)	-	-	-
IP02	15 039	5 548	9 491	-	-	-
LG01	1 325	9 328	(8 003)	-	-	-
FP01	5 147	-	5 147	-	-	-
FP02	2 783	7 242	(4 459)	30 541	33 924	(3 383)
Total	**88 442**	**79 068** **(89.4% of budget)**	**9 374**	**140 516**	**102 113**	**38 403**

The MHSC has not achieved some of its strategic objectives in health and safety research due to the negative impact of COVID-19, particularly on the research programmes, which required stakeholder engagement and face-to-face interaction. The MHSC was also adversely affected by procurement directives, which required stringent timelines and restrictions during the hard lockdown mandates. Procurement processes were also negatively affected by the suspension of key personnel within Supply Chain Management and resignations within the Research Operations Business Unit, notably the Centre of Excellence Manager and the Chief Research Operations Officer. It is for these reasons that the MHSC spent 89.4% of its budget. A recovery plan was developed and is being enforced to ensure that the goal of zero harm is not compromised.

2.7 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The MHSC has developed a strategy based on a review of the major challenges that have led to under performance. The strategy was developed by the management team and presented to Council.

NO.	CHALLENGES IDENTIFIED	REMEDIAL ACTION PLAN
	High staff turnover rate and high vacancy rate (particularly for critical skills – executive level).	1. A Talent Management Framework has been developed with a long-term view of bringing stability and sustainability to the organisation. The Framework will focus on recruitment, retaining, training and development and a well-balanced pay philosophy. 2. A retention strategy is being developed and will be finalised with the completion of the organisational efficiency study.
	Strategic plan includes strategic objectives that are not linked to the mandate.	1. The strategic plan has been revised to focus on strategic objective that are linked to the mandate as per the MHSA.
	Low productivity of employees working from home due to COVID-19 restrictions.	1. Measures to manage performance were introduced. 2. Staff rotation was introduced. 3. Staff was finally requested to return to work permanently from the office.
	Alignment of strategic objectives with initiatives in the Annual Performance Plan.	1. Review is under way to ensure alignment.
	Implementation of consequence management/ instilling a culture of discipline.	1. A process to ensure that discipline is inculcated into the culture of the organisation has commenced through engagements at various levels of governance. 2. The consistent application of discipline and consequence management from the top down has been agreed and made the focus of the MHSC going forward. This is supported by the three independent committees of Council.
	Delayed completion of research and legislative initiatives to make an impact and eliminate fatalities and diseases due to procurement challenges.	1. Review organisational design and role profiles of the Research and Centre of Excellence Unit to improve efficiencies and the delivery of research and legislative initiatives. 2. Additional procurement resources were secured to expedite the procurement plan.

2.8 REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

PROGRAMME / SUB-PROGRAMME	INTERVENTION	GEOGRAPHIC LOCATION	NUMBER OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES	TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)	BUDGET SPENT PER INTERVENTION (R'000)	CONTRIBUTION TO THE OUTPUTS IN THE ANNUAL PERFORMANCE PLAN
Provide advice to Minister on Health and Safety matters in the South African Mining Industry and communities affected by mining	Review and gazetting of Guideline for the Compilation of Mandatory Code of Practice for the mitigation of the COVID-19 outbreak, mainly spent on gazetting at Government Printing Works. Legal advice was solicited on the validity of mandatory vaccinations in the SAMI	All South African mining operations	Approximately 459 000 employees	N/A	789	789	Providing legislative advice on health and safety to the Minister of Mineral Resources and Energy
MHSC internal COVID-19 management measures	The MHSC paid for data allowance for all employees working from home. The MHSC purchased sanitisers for use at the office	Various employees' locations	65	N/A	463 352	463 352	Ensure best Human Capital management practices will support the achievement of highly skilled, motivated and capable MHSC employees, Council Advisory Committees and Council

In addition, the MHSC established a COVID-19 committee to deal with all issues relating to the impact of COVID-19. Through this committee, the MHSC kept staff appraised of the latest developments and conducted a survey with staff on vaccination.

2.9 REVENUE COLLECTION

SOURCES OF REVENUE	2021/22			2020/21		
	ESTIMATED (BUDGET)	ACTUAL AMOUNT COLLECTED	OVER/(UNDER) COLLECTION	ESTIMATED (BUDGET)	ACTUAL AMOUNT COLLECTED	OVER/(UNDER) COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Levies	**98 212**	**78 597**	**(19 614)**	**90 693**	**76 276**	**(14 417)**

The MHSC sent invoices worth R97.5 million (billed) to mining companies and collected R78.5 million, which is an 81% collection rate for 2021/22, compared to 84% for 2020/21. The target was set at 70%, taking into consideration the impact of COVID-19 on the SAMI and the MHSC. The excess in collection was due to the performance of the industry and the positive response to the revised levy model. The MHSC continues to review measures to improve the levy model, taking into consideration the performance of the industry and the improvement in health and safety performance. As part of its strategic imperatives, the MHSC is implementing the Revenue Generation Strategy which seeks to look at other means of funding that will assist the MHSC to better fund its operational activities and research programmes, with the aim of getting ever closer to the goal of zero harm.

2.10 CAPITAL, MAINTENANCE AND ASSET MANAGEMENT PLAN

No capital expenditure was incurred for the financial year ending March 2022. The MHSC is in the process of procuring a new office building. Relocation to the new premises is scheduled to take place in the next financial year.

PART C: GOVERNANCE

3.1 INTRODUCTION

Corporate governance embodies the processes and systems by which public entities are directed, controlled and held accountable. In addition to the legislative requirements based on a public entity's enabling legislation, as well as the Companies Act. Corporate governance with regard to public entities is applied through the precepts of the PFMA and run in tandem with the principles contained in the King Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

3.2 PORTFOLIO COMMITTEES

The MHSC met with the Parliamentary Portfolio Committee on two occasions during the financial year: on 04 May 2021 for the presentation of the Annual Performance Plan for 2021/22 financial year, and on 9 November 2021 to deliver the Annual Report 2020/21 financial year.

During engagement with the Parliamentary Portfolio Committee, the MHSC communicated several challenges, which it constantly attempted to mitigate in line with the MHSC Risk Management Policy and Strategy. Of the major risks to which the MHSC was exposed, the following were significant and had an impact on organisational performance:

- Inadequate or unsupported stakeholder management;
- The inadequate dissemination of research outcomes;
- Employee requirement mismatch and
- Inadequate or poor implementation of business continuity.

An additional area of improvement in the enhancement of efforts to achieve the MHSC's mandate is stakeholder management. To address the challenges a Stakeholder Engagement Strategy (which included an element of dissemination) was developed during the financial year. The plan was, however, negatively impacted by the COVID-19 restrictions on gatherings. Implementation of the plan will continue during the 2022/23 financial year.

The Parliamentary Portfolio Committee had previously raised its concern around irregular expenditure. An investigation was subsequently instituted and has recently been completed. The recommendations of the report will be implemented following the presentation of the report to the relevant governance structures. The MHSC has also developed a training plan with a focus on irregular expenditure at management level for all involved in the procurement process. To address contract management challenges, the MHSC appointed a service provider to assist with the development and implementation of a contract management policy and plan.

3.3 EXECUTIVE AUTHORITY

- The MHSC's Communication and Engagement Framework was implemented with the Ministry, although with much difficulty due to the COVID-19 restrictions.
- The DMRE has shown tremendous support to the MHSC through the State representatives in the MHSC's various governance structures. The leadership and demonstration of a strategic and resolution-driven approach have assisted the MHSC to always ensure a stakeholder-inclusive approach.
- Significant improvements have been evidenced through continued engagements, particularly in areas of governance and compliance matters.

- All statutory reporting requirements in terms of submissions were complied with during the 2021/22 financial year.

3.4 THE ACCOUNTING AUTHORITY / BOARD

The Council's key purpose "is to ensure the MHSC's prosperity by collectively directing the MHSC's affairs, while meeting the interests of its stakeholders". The Council achieves this role through the law, relevant regulations and commercial considerations. In pursuing this key purpose, Council faces a uniquely demanding set of responsibilities and challenges. It also faces a range of objectives that can sometimes seem contradictory.

3.4.1 The role of the Board is defined in the MHSC Council Charter as follows:

(a) For the policies and performance of the MHSC, including its use of resources and the policy framework within which it operates.

(b) Submit proposal changes to legislation and other initiatives to the Minister in respect of mine health and safety interventions, and advise the Minister on health and safety at mines, including:

- o Approving and submitting occupational, health and safety guidelines, and codes of practice to the Minister for adoption.
- o Ensuring that a culture of health and safety in the mining industry is promoted.
- o Appointing advisory committees, groups and panels whose members are appointed in accordance with an agreed membership and terms of reference, and in conformity with the principles set out in the Code of Ethics.
- o Providing any services, within its mandate, facilities or information required by the DMRE.

(c) Council is also ultimately accountable for the governance of the organisation, and has two main functions:

- o Firstly, it is responsible for determining the organisation's strategic direction (and, consequently, its ultimate performance).
- o Secondly, it is responsible for the control of the organisation. The Council requires management to execute strategic decisions effectively and according to the applicable laws and the legitimate interests and expectations of its stakeholders.

(d) The Council's role is to exercise leadership, integrity and informed judgement in directing the affairs of the organisation in a sustainable manner.

(e) In managing and directing the affairs of the organisation, the PFMA affords the Council the power to perform any functions of the organisation to the extent that the MHSA, the Companies Act, the PFMA and the MHSC's Constitution do not provide otherwise.

(f) The Council is responsible for exercising its powers responsibly and in the best interests of the MHSC.

(g) In the spirit of transparent leadership, the Council hereby affirms that Council members shall have unrestricted access to the organisation's information, records, documents and property in order to properly perform their duties and fulfil their responsibilities.

3.4.2 Board Charter

The Council Charter was not reviewed by the Council during the 2021/22 financial year.


Mr. D. Msiza


Dr. L. Ndelu


Mr. X. Mbonambi


Mr. M. Zondi


Mr. N. Mahwasane


Mr. M. Nhlapo


Mr.S. Mungwe


Mr. X. Bokoloshe


Mr. F. Stehring


Adv. P. Mardon


Dr. T. Balfour


Mr. V. Nundali


Mr. S. Sepetla


Mr. R. Chinamatira


Mr. P. Temane

3.4.3 Council/Board composition

During this period, the Council held eight meetings, as indicated in the table below:

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NUMBER OF MEETINGS ATTENDED
MR D MSIZA (CHAIRPERSON)	1. BSc Mining Engineering Degree 2. Executive Development Programme 3. Mine Manager's Certificate of Competency	State	N/A	1 April 2020	N/A - 3-year membership	6
DR L NDELU	1. Medicine and Surgery (MBChB) degree and Higher Diploma in Occupational Medicine 2. Executive Development Certificate	State	N/A	1 April 2020	N/A - 3-year membership	4
MR X MBONAMBI	1. Master of Engineering (Mining) 2. BSc Engineering honours (Mining) 3. Graduate Diploma in Engineering, majoring in Mineral Economics	State	N/A	1 April 2020	N/A - 3-year membership	8
MR F NKUNA	1. National Higher Diploma Metalliferous Mining 2. Safety Management Diploma 3. Mine Managers Certificate	State	N/A	1 April 2020	31 May 2021	1 out 2

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NUMBER OF MEETINGS ATTENDED
MR NDIVHUDZA VICTOR MAHWASANE	1. Mine Surveyors Certificate of Competency and National Higher Diploma: Mineral Resources Management 2. Executive Development Programme	State	N/A	10 June 2021	N/A - 3-year membership	6
MR MTHOKOZISI ZONDI	1. BSc Electrical Engineering 2. Government Certificate of Competency for Electrical Engineer's (Mines and Works 3. Management Development Programme	State	N/A	10 June 2022	N/A - 3-year membership	7
MR M NHLAPO	1. BSc degree 2. General Health and Safety Certificate 3. Competent Persons Certificate in Boiler Inspections	Organised Labour	N/A	1 April 2020	N/A - 3-year membership	3
MR S MUNGWE	1. Project Management (Durban University of Technology) 2. Fundamental Management Programme (North-West University)	Organised Labour	N/A	1 April 2020	N/A - 3-year membership	3
MR F STEHRING	1. National Mining Diploma and Supervisory Skills Certificate; Mine Overseers Certificate; Advanced Certificate as a Brigades man 2. Institute of Mine Surveyors of Southern Africa Certificate on Negotiations and Dispute Resolution 3. Certificate on Union Management Negotiations Skills 4. Certificate for Non-financial Managers	Organised Labour	N/A	1 April 2020	N/A - 3-year membership	4

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NUMBER OF MEETINGS ATTENDED
ADV P MARDON	1. BJuris (University of South Africa) and LLB (UP) 2. Certificate in Advanced Labour Law (UP) 3. Advanced Diploma: International Humanitarian Law (International Institute for Humanitarian Law)	Organised Labour	N/A	1 April 2020	N/A - 3-year membership	7
MR XOLANI BOKO-LOSHE	1. Adult Basic Education and Training Level 2	Organised Labour	N/A	10 June 2020	N/A - 3-year membership	0 (alternate attended meetings not attended)
DR T BALFOUR	1. MBChB and Diploma in Tropical Medicine and Hygiene; Diploma in Public Health, Diploma in Health Service Management; Diploma in Occupational Health 2. Fellow of College of Public Health Medicine 3. Bachelor of Arts Honours in Industrial Sociology 4. Master of Business Administration	Employers	N/A	1 April 2020	N/A - 3-year membership	6
MR V NUNDLALL	1. Certificate in Mine Environmental Control – Chamber of Mines (1988) 2. Master of Public Health (Occupational Hygiene) – Wits University (2004) 3. Safety Management Training Course (SAMTRAC) – National Occupational Safety Association (NOSA) (2009) 4. Diploma in Mechanical Engineering (2013) 5. MSc Mining Engineering – Wits University (2014)	Employers	N/A	1 April 2020	N/A - 3-year membership	5

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NUMBER OF MEETINGS ATTENDED
MR S SEPETLA	1. B-Tech Mining Engineering 2. Certificate in Occupational Health and Safety 3. Mine Managers Certificate of Competency - Metalliferous Mines and Chamber of Mines Strata Control Course	Employers	N/A	1 April 2020	N/A - 3-year membership	5
MR P TEMANE	1. Public Administration and Political Science	Employers	N/A	1 April 2020	N/A - 3-year membership	8
MR R CHINAMATIRA	1. Master in Business Administration (MBA) and BSc Honours in Mining Engineering 2. Certificate in Mining Technology 3. Management Development Programme Certificate 4. Advanced Management Programme Certificate	Employers	N/A	1 April 2020	31 December 2021	5

3.5 AUDIT AND RISK COMMITTEE (ACR) MEMBERSHIP AND ATTENDANCE

The ARC is constituted to review internal control, governance, and risk management within the MHSC in terms of section 77 of the PFMA. The ARC also provides oversight on internal audit, the Auditor-General, financial management and compliance management. During the financial year, the ARC failed to quorate due to resignations. After the appointment of an additional member in June 2022, the committee reviewed the Annual Report and Financial Statements for the year ended 31 March 2022 at a meeting held on 25 July 2022. Members' attendance of the ARC and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL NUMBER OF MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
INDEPENDENT MEMBERS (No alternate for independent members)			
Ms. N. Madiba (Chairperson)	6	6	Attended 6 out of 6 meetings as required. Contract expired 31 July 2021
Mr. F. Docrat	8	7	Attended 7 out of 8 meetings for the period. Resigned 14 September 2021
Mr. L. Mangquku	12	8	
Ms. J. Masite (Interim Chairperson from 20 August 2021until resignation 12 November 2021)	10	8	Attended 8 out of 10 required meetings. Resigned 12 November 2021
Mr. S. Marota (Interim Chairperson from 18 January 2022 until resignation 4 February 2022)	2	2	Attended 2 out of 2 meetings as required. Appointed 9 November 2021 and resigned 4 February 2022
STATE			
Mr. V. Myambo	12	10	
ORGANISED LABOUR			
Mr. L. Mashego	1	0	No Meetings attended, only required to attend 1 until replaced May 2021
Mr. L. Sithole	10	5	Appointed 1 June 2021
Mr. P. Manyathi	12	7	
Mr. S. Basson	12	11	
Adv. H van Vuuren	12	7	Alternate attended on 23 and 25 August 2021 special ARC meetings
EMPLOYERS			
Ms. J. Broderick	12	11	
Mr. P. Temane	12	11	

3.6 HUMAN RESOURCE AND REMUNERATION ADVISORY COMMITTEE (HRRAC) MEMBERSHIP AND ATTENDANCE

The HRRAC advises the MHSC on human resources matters in general, including the remuneration of employees.

During the 2021/22 financial year, the HRRAC held fourteen (14) meetings of which six (6) were special meetings. The special meetings were held to deal with additional challenges encountered in the Human Resources business unit. Members' attendance of the HRRAC meetings and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL NUMBER OF MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
INDEPENDENT MEMBERS (NO ALTERNATE FOR INDEPENDENT MEMBERS)			
Dr. S. Zulu	14	14	No alternate member
Mrs. N. Ali	13	13	No alternate member. Member appointed July 2021
Mr. J. Mabaso	14	2	The member passed on in July 2021
STATE			
Mr. E. Ndou	14	5	Alternate - never attended meetings
Mr. C. Ramoshaba	14	0	Alternate - never attended meetings
ORGANISED LABOUR			
Mr. S. Motlhabi	14	7	Meeting not attended by the main member; meetings attended by the alternate member
Mr. N. van Rooyen	14	6	Meeting not attended by the main member; meetings attended by the alternate member
Mr. L. Mashego	14	3	Meeting not attended by the main member; meetings attended by the alternate member
Mr. J. Boning	14	1	Meeting not attended by the main member; meetings attended by the alternate member
EMPLOYERS			
			No employer member appointed since July 2020

3.7 SAFETY IN MINES RESEARCH ADVISORY COMMITTEE (SIMRAC) MEMBERSHIP AND ATTENDANCE

The SIMRAC is responsible for advising the MHSC on research programmes needed to improve OHS in the mining sector by reviewing OHS risks based on the statistics of prior years, evaluating research proposals, and monitoring and evaluating the implementation of MHSC research projects or programmes. As per the approved Centre of Excellence (CoE) business plan, SIMRAC provides oversight on the work of the CoE, which is executed through the three (3) CoE technical committees: the Research Determination Technical

Committee (RDTC), the Programme Delivery Technical Committee (PDTC) and the Research Outcomes Dissemination Technical Committee (RODTC).

The RDTC utilises historical data on OHS statistics, predominantly as received from the DMRE and emerging trends in OHS, as a basis for developing research questions and defining research needs for the MHSC. To ensure the effectiveness of this phase of the research process, the involvement and inclusion of various stakeholders (MHSC members, mining companies (research sites providers), original equipment manufacturers, the Technology Innovation Agency (TIA), inputs into determining research focus areas are also critical. Terms of reference for identified research topics are developed, and the MHSC's procurement processes are followed until service providers are contracted to conduct the relevant research.

The PDTC manages the actual research programme execution process, and ensures the quality of the delivery of the research project by the service provider on brief, budget and time.

The RODTC ensures that the outcomes of completed research projects are appropriately packaged for the identified target audience, using the best possible knowledge and technology transfer medium for high-level impact to OHS performance in the SAMI.

During the 2021/22 financial year, SIMRAC held five (5) meetings, of which one (1) was a special meeting. Members' attendance of the meetings and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. X. Mbonambi	5	5	
Ms. N. Mphahlele (Convenor)	5	5	
Ms. M. Hlapane	5	5	
Mr. S. Kgosiemang	5	0	Alternate attended meetings not attended
Mr. C. Dlamini	5	0	Alternate attended meetings not attended
ORGANISED LABOUR			
Mr. T. Mpete (Convenor)	5	5	
Mr. J. Mabaso	5	0	Alternate attended meetings not attended
Mr. N. Prinsloo	5	4	Alternate attended meetings not attended
Ms. N. Tsepane	5	2	Alternate attended meetings not attended
EMPLOYERS			
Ms. L. Tsele (Convenor)	5	5	
Mr. N. Phokwana	5	4	Alternate attended meetings not attended
Dr. T. Sedibe	5	1	Alternate attended meetings not attended
Mr. J. van Rensburg	5	5	

3.8 CULTURE TRANSFORMATION ADVISORY COMMITTEE (CTAC) MEMBERSHIP AND ATTENDANCE

The CTAC advises Council on the implementation of the Culture Transformation Framework (CTF). The CTF has a total of eleven (11) priority pillars, with five (5) prioritised for implementation by 2021: Risk Management; Leadership; Elimination of Genderism, Racism, and all forms of Discrimination; Bonus and Incentive Schemes; and Adoption of Leading Practices. The CTAC is also responsible for coordinating the hosting of the biannual summits to review the status of OHS in the SAMI.

During the 2021/22 financial year, the CTAC held six (6) meetings, of which one (1) was a special meeting. The CTAC had delays in conducting meetings due to the appointment of the Chairperson, which was resolved later in the financial year. Members' attendance of the CTAC meetings and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. N. V. Mahaswane (Chairperson)	6	6	
Mr. M. Madubane (Convenor)	6	4	Alternate attended meetings not attended
Mr. T. Doyle	6	4	Alternate attended meetings not attended
Ms. D. Mahlaba	6	3	Alternate attended meetings not attended
Ms. B. Novolo	6	4	Alternate attended meetings not attended
ORGANISED LABOUR			
Mr. C. Mkhumane	6	5	Alternate attended meetings not attended
Adv. H. J. van Vuuren	6	2	Alternate attended meetings not attended
Mr. G. Nkosi (Convenor)	6	5	Alternate attended meetings not attended
Mr. A. van Heerden	6	0	Alternate attended meetings not attended
EMPLOYERS			
Ms. D. Venter	6	5	Alternate attended meetings not attended
Dr. S. Phakathi (Convenor)	6	5	Alternate attended meetings not attended
Mr. W. Osae	6	2	Alternate attended meetings not attended

3.9 MINING REGULATION ADVISORY COMMITTEE (MRAC) MEMBERSHIP AND ATTENDANCE

The MRAC advises the MHSC on reviewing, developing or amending legislation that impacts OHS in the SAMI. In addition, the committee considers and develops guidelines for Mandatory Code of Practice. This is achieved by developing or reviewing regulations, guidelines and guidance notes with regard to appropriate changes to regulatory mechanisms and guidance materials.

During the 2021/22 financial year, MRAC held three (3) meetings. No special meetings were held. Members' attendance of the MRAC meetings and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. M. Zondi (Chairperson)	3	3	
Mr. M. Ramabulana	3	3	
Ms. M. Sebitloana	3	2	Alternate attended on behalf of a member.
Mr. L. Polley	3	2	Alternate attended on behalf of a member.
Mr. N. Mokhonoana	3	0	No alternate attended the meetings not attended by the main member.
ORGANISED LABOUR			
Adv. H. J. van Vuuren (Convenor)	3	2	Alternate attended on behalf of a member.
Mr. M. Matlhoko	3	1	No alternate attended the meetings not attended by the main member.
Mr. T. Segatle	3	3	
Mr. T. Fourie	3	2	No alternate attended the meetings not attended by the main member.
Mr. J. White	3	1	No alternate attended the meetings not attended by the main member.
EMPLOYERS			
Ms. L. Tsele (Convenor)	3	3	
Mr. W. Odendaal	3	1	Alternate attended on behalf of a member.
Mr. P. Becker	3	3	
Mr. P. Coetzer	3	1	Alternate attended on behalf of a member.

3.10 MINING OCCUPATIONAL HEALTH ADVISORY COMMITTEE (MOHAC) MEMBERSHIP AND ATTENDANCE

MOHAC advises Council on occupational health policies, standards and research with a view to improving the occupational health of employees in the mining industry. MOHAC is also tasked with the responsibility of reviewing occupational health policies, regulatory mechanisms, and standard systems and procedures to assess, avoid, control and minimise occupational health risks to mine workers in South Africa.

During the 2021/22 financial year, MOHAC held ten (10) meetings, of which four (4) were special meetings. Members' attendance of MOHAC and the number of meetings held in the year are shown in the table below.

MEMBER NAME PER STAKEHOLDER GROUP-ING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Dr. L. Ndelu (Chairperson)	10	7	Alternate attended meetings not attended
Ms. C. Kekana	10	9	Alternate attended meetings not attended
Dr. D. Mokoboto	10	5	Alternate attended meetings not attended
Ms. B. Novolo	10	3	Alternate attended meetings not attended
Ms. D. Mahlaba	10	4	Alternate attended meetings not attended
Mr. B. Mongoma	10	4	Alternate attended meetings not attended. Appointed as a state member as of 1 August 2021.
ORGANISED LABOUR			
Mr. A. Hlakoana	10	2	Alternate did not attend
Mr. D. Mahutsana	10	4	Alternate attended meetings not attended
Ms. K. Mokgongwana	10	7	Alternate attended meetings not attended
Mr. J. Kok	10	5	Alternate attended meetings not attended
Mr. D. Blaauw	10	8	Alternate attended meetings not attended
EMPLOYERS			
Mr. B. Mongoma	10	2	Alternate attended meetings not attended Resigned as an employer representative at the end of June 2021
Mr. W. Deysel	10	3	Appointed as employer representative to replace Mr Mongoma
Dr. K. Baloyi	10	5	Alternate attended meetings not attended
Mr. J. Oosthuyzen	10	8	Alternate attended meetings not attended
Mr. T. Letanta	10	0	Alternate attended meetings not attended
Dr. T. Legobye	10	2	Alternate attended meetings not attended

3.11 MINING INDUSTRY TB AND HIV/AIDS ADVISORY COMMITTEE (MITHAC) MEMBERSHIP AND ATTENDANCE

MITHAC advises Council on TB and HIV/AIDS-related policies and regulations with a view of improving the health performance of the SAMI. MITHAC is also tasked with the responsibility of driving and monitoring the implementation of initiatives that focus on addressing HIV/AIDS and TB in the SAMI.

During the 2021/22 financial year, MITHAC held eight (8) meetings, of which five (5) were special meetings. Members' attendance of MITHAC and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Dr. L. Ndelu (Chairperson)	8	4	Alternate attended meetings not attended
Dr. D. Mokoboto	8	3	Alternate attended meetings not attended
Ms. M. Hlapane	8	5	Alternate attended meetings not attended
Ms. B. Senabe	8	5	Alternate attended meetings not attended
Ms. B. Kesilwe	8	0	Alternate attended meetings not attended
ORGANISED LABOUR			
Mr. C. Mkhumane	8	4	Alternate attended meetings not attended
Mr. G .Mphahlele	8	0	Alternate attended meetings not attended
Ms. M. Nyathi	8	1	Alternate attended meetings not attended
Mr. J. Kok	8	5	Alternate attended meetings not attended
Mr. J. Benade	8	4	Alternate attended meetings not attended
EMPLOYERS			
Dr. K. Baloyi	8	7	Alternate attended meetings not attended
Dr. B. Ramantsi	8	4	Alternate attended meetings not attended
Dr. P. Mothapo	8	6	Alternate attended meetings not attended
Dr. K. Msimeki	8	0	Alternate attended meetings not attended

3.12 WOMEN IN MINING ADVISORY COMMITTEE (WIMAC) MEMBERSHIP AND ATTENDANCE

The WIMAC was established by Council in 2020 to provide advice and evidence-based information on women's health in the mining industry. WIMAC identifies focus areas in occupational health and safety for women in the mining sector, and contributes to the programme of research work to the CoE on an annual basis, as well as contributing to the MHSC's legislative programme on an annual basis. Lastly, the WIMAC advises Council regarding the communication and publication of health and safety information and statistics affecting women in the SAMI.

During the 2021/22 financial year, WIMAC held seven (7) meetings. No special meetings were held. Members' attendance of the WIMAC meetings and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Ms. B. Senabe (Chairperson)	7	7	
Ms. M. Mokwena (Convenor)	7	7	
Adv. G. Masilo	7	5	Alternate attended meetings not attended
Ms. L. Mokonyane	7	5	Alternate attended meetings not attended
Ms. M. Duiker	7	1	Alternate attended meetings not attended
ORGANISED LABOUR			
Ms. C. van Aswegen-Pienaar	7	4	Alternate attended meetings not attended
Adv. H. J. van Vuuren	7	4	Alternate attended meetings not attended
Ms. L. Mafulatha	7	1	Alternate attended meetings not attended
EMPLOYERS			
Ms. L. Tsele	7	4	Alternate attended meetings not attended
Ms. K. Ntombela	7	1	Alternate attended meetings not attended
Ms. N. Molelekeng	7	3	Alternate attended meetings not attended

3.13 MINING OCCUPATIONAL SAFETY ADVISORY COMMITTEE (MOSAC) MEMBERSHIP AND ATTENDANCE

MOSAC was established by Council in 2020 to provide advice and evidence-based information on safety in the mining industry. MOSAC identifies focus areas in occupational safety for the mining sector and contributes to the programme of research work to the CoE on an annual basis. MOSAC also contributes to the MHSC's legislative programme on an annual basis. Lastly, the Committee advises Council regarding the communication and publication of mine occupational safety information and statistics in the SAMI.

During the 2021/22 financial year, MOSAC held three (3) meetings. No special meetings were held. Members' attendance of the MOSAC meetings and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
STATE			
Mr. M. Zondi (Chairperson)	3	3	
Mr. P. Nyaqcela (Convenor)	3	1	Alternate attended on behalf of a member
Mr. G. Kruger	3	0	Appointed in May 2021 and has not attended any meetings
Mr. T. Mateta	3	3	Alternate attended meetings not attended
Ms. N. Mphahlele Gogela	3	2	Alternate attended on behalf of a member.
ORGANISED LABOUR			
Mr. C. Smith (Convenor)	3	1	No alternate attended the meetings not attended by the main member
Mr. V. Mphore	3	0	Appointed in May 2021 and has not attended any meetings
Ms. C. T. Sejake	3	2	Alternate attended on behalf of a member
Mr. J. Böning	3	1	Alternate attended on behalf of a member
Ms Naledi Tsipane	3	2	Alternate attended on behalf of a member
EMPLOYERS			
Ms. L. Tsele (Convenor)	3	3	
Mr. A. Mgadzah	3	3	
Mr. G. Hay	3	1	Alternate attended on behalf of a member
Mr. L. McMaster	3	2	Alternate attended on behalf of a member

3.14 SOCIAL AND ETHICS COMMITTEE (SEC) MEMBERSHIP AND ATTENDANCE

The SEC of MHSC is constituted as a statutory sub-committee of Council. The SEC performs its duties as required by MHSC's Council Charter, section 72(4) of the Companies Act, 2008, read in conjunction with Regulation 43 of the Companies Regulations, 2011, and the King IV Report on Corporate Governance (as adopted by the MHSC), and any other applicable law or regulatory provision.

The duties, responsibilities and deliberations of the SEC do not reduce the individual and collective responsibilities of the members of Council regarding their fiduciary duties and responsibilities, who must continue to exercise due care and judgement in accordance with their legal obligations.

During the 2021/22 financial year, SEC held three (3) meetings of which two (2) were special meetings. Members' attendance of the SEC meetings and the number of meetings held in the year are shown in the table below:

MEMBER NAME PER STAKEHOLDER GROUPING	TOTAL NUMBER OF SCHEDULED MEETINGS (INCLUSIVE OF SPECIAL MEETINGS)	TOTAL NUMBER OF MEETINGS ATTENDED	COMMENTS ON MEMBERSHIP AND ATTENDANCE
Ms. Z. Jafta	3	3	
Ms.T. Mabeleng	3	3	
Ms. J. Thupana	1	0	Resigned on 30 November 2021

3.15 REMUNERATION OF BOARD MEMBERS

Council members are appointed by the Minister of Mineral Resources and Energy based on nominations from MHSC stakeholders in terms of the MHSA. The members are remunerated by the organisations that nominated them. The MHSC reimburses members of organised labour for travel and other miscellaneous expenses incurred in the process of executing their duties on behalf of the MHSC.

NAME	REMUNERATION	OTHER ALLOWANCE	OTHER DISBURSEMENTS	TOTAL
Mr. N. Nhlapo	-	R5 500.02	R12 262.70	R17 762.72
Mr. S. Mungwe	-	R4 033.35	-	R4 033.35
Ms. N. Tsipane	-	R4 400.00	R9 044.22	R13 444.22
Mr. G. Nkosi	-	R2 200.00	R1 270.00	R3 470.00
Total				**R38 710.29**

3.16 RISK MANAGEMENT

- The MHSC has a Risk Management Policy and Strategy which is reviewed on an annual basis and is approved by the Audit and Risk Committee.
- Risk assessments are conducted annually through a risk assessment by management and the governance structures to determine the organisation's risk profile. The risk profile, as well as emerging risks, are reviewed on a quarterly basis.
- The Risk and Compliance Management Committee (RCMC) is chaired by an independent chairperson and comprises the executive management and the Governance Unit, as well as the Risk and Compliance Management team.
- The Audit and Risk Committee advises the MHSC on risk management, and independently monitors the effectiveness of the system of risk management.
- There is a need for improvements in the MHSC's risk management processes, mainly around the combined assurance model. The process is being reviewed and will be implemented as capacity is addressed in the areas of ethics and compliance.

3.17 INTERNAL AUDIT

The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively. The following internal audit reviews were conducted during the financial year, in line with the approved internal audit plan for 2021/22 financial year:

- Alignment of the Strategic Plan and Annual Performance Plan;
- Follow-up of prior findings;
- Supply Chain Management;
- Internal Financial Controls and
- Audit of predetermined objectives (Quarter 1 to Quarter 4).

3.18 COMPLIANCE WITH LAWS AND REGULATIONS

Compliance management is the process by which managers plan, organise, control and lead activities that ensure compliance with laws, regulations and standards. Since the MHSC's compliance maturity is still in its developmental stages, an implementation plan was designed and approved at the RCMC. The plan describes the activities to be implemented during the 2021/22 financial year to facilitate compliance. This will ensure that all legislation, regulations, guidelines and standards that govern the operations of the MHSC are clearly identified and that all the controls that management has put in place are effective.

3.19 FRAUD AND CORRUPTION

- The MHSC's Fraud Prevention Plan and Strategy were reviewed and approved during the financial year. Prevalence of fraud has been low (one incident of fraud was reported on the Deloitte Fraud Hotline) and management has continued with the plan as approved. A survey was conducted during 2021/22 financial year on the basis of which an implementation plan will be developed. The outcomes of the survey have not been completed as the challenge of a resource within the Ethics Management Office has not been addressed.
- The MHSC's Fraud Hotline is managed by Deloitte. The hotline is a 24-hour system that is available through various platforms, such as email, fax and telephone. Reports are distributed to the relevant officials within the MHSC, and the relevant governance structures in terms of the Whistle-blowing Guidelines. Employees are encouraged to make confidential disclosures about alleged fraud and corruption when utilising any of the available platforms.
- Cases are reported to the relevant governance structures as and when they are received and are being investigated. Reports are shared in-committee in the governance structures meetings, and ultimately to the Board, where the final decision on the closure of the matters is taken. During the financial year, fourteen (14) cases were reported to the relevant governance structure, and referred for investigation internally or to an external investigator. The investigations are ongoing owing to interdicts by the Public Protector, suspensions or resignations.

3.20 MINIMISING CONFLICT OF INTEREST

MHSC officials sign an annual declaration of interest for any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest. Furthermore, Supply Chain Management officials, together with the appointed members of the bid committees, sign a Code of Conduct for Supply Chain Management practitioners. The training of bid committees is conducted annually in line with National Treasury Regulations. All bid committee members sign a declaration of interest form for each bid going through the bid committees.

Where conflict of interest has been identified, each member or official will declare and will be recused from participating in the meeting where a particular bid is discussed.

3.21 CODE OF CONDUCT

The MHSC has and maintains a code of conduct. During the financial year, the MHSC embarked on the process of implementing the Social and Ethics Committee (SEC) with the aim of improving social and ethics matters. The process has been completed. As part of major projects for the SEC, it will review the code of conduct and its alignment to other related policies of the MHSC. The review process will include details of processes when a breach of conduct has occurred.

3.22 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The MHSC has an established Internal Health and Safety Committee. During the 2021/22 financial year, there were no major challenges or matters worth reporting. However, the advent of COVID-19 continued and was managed through a COVID-19 Committee. The Health, Safety and Environment Committee members were part of the core team of the COVID-19 Committee. The Committee has formed part of the MHSC's response to the impact of COVID-19 in the workplace, including the labour/employee union.

3.23 SOCIAL RESPONSIBILITY

The SEC became operational during November 2021 and is in the process of establishing a framework for the MHSC. As part of the framework, matters relating to corporate social responsibility, the environment and the economic development aspects of the work of the SEC will be outlined.

MHSC Office Staff

3.24 AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee (ARC) reports that it has executed its responsibilities arising from section 51(1)(a)(ii) of the Public Finance Management Act (as amended by Act 29 of 1999) and Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its ARC terms of reference, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Composition of the ARC

The ARC was unfortunately negatively affected by unexpected resignations, which left a vacuum in terms of effectively providing its oversight and monitoring function.

Risk management

The ARC was tasked with the oversight of risk management in terms of the PFMA, as supported by the Risk and Compliance Management Committee, which provided the necessary assurance to this Committee during the year under review.

The effectiveness of internal control

The system of internal control within the MHSC was designed to provide reasonable assurance that assets were safeguarded and that liabilities and working capital were properly managed in line with the PFMA and the protocol on corporate governance for public entities. The internal auditors had provided assurance to the ARC in accordance with the International Professional Practices Framework and no areas of non-adherence were identified or brought to the attention of the ARC. The ARC concluded that the existing control environment, during the year under review, was adequate and effective.

The quality of management and quarterly reports

The ARC was satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review. The actual costs incurred were also monitored against the approved budget throughout the year. The ARC noted the improvements in the quality of the reports tabled by management and made recommendations towards remedying any shortcomings.

Internal audit

Internal auditors successfully completed the following reviews in line with the internal audit plan during the 2021/22 financial year:

- Alignment of the Strategic Plan and Annual Performance Plan;
- Follow-up of prior-period findings;
- Supply Chain Management;
- Internal Financial Controls;
- Audit of predetermined objectives and
- Irregular expenditure investigations.

Evaluation of the annual financial statements

The ARC evaluated the Annual Financial Statements presented in this annual report. The Annual Financial Statements fairly presented the financial performance, cash flows, financial position and the results of the financial operations for the year ended 31 March 2022. The focus of the review of the annual financial statements was on the following:

- Significant financial reporting judgments and estimates contained in the annual financial statements;
- The clarity and completeness of disclosure and the adequacy thereof;
- The quality and acceptability of, and any changes in, accounting policies and practices;
- Compliance with accounting standards and legal requirements;
- Significant adjustments and/or unadjusted differences resulting from the audit;
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Valuation of significant estimates;
- Calculation and levels of general and specific provisions;
- Write-offs and the reversal thereof and
- The basis for the going-concern assumption.

The Auditor-General of South Africa's report

The Auditor-General of South Africa (AGSA) did not raise any unresolved issues. The external audit function is independent of the entity. The ARC has met with the AGSA and acknowledges the diligence and cooperation of its team. The ARC concurs and accepts the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the audit report.

On behalf of the Audit and Risk Committee:

Mr S Gounden CA(SA)
Acting Chairperson of the Audit and Risk Committee
(Mine Health and Safety Council)
31 July 2022

3.25 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table should be completed in accordance with compliance to the broad-based black economic empowerment (B-BBEE) requirements, as required by the B-BBEE Act and as determined by the Department of Trade, Industry and Competition. Where there has been no or only partial compliance with the criteria, the entity should provide a discussion and indicate the measures taken to comply.

HAS THE PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 TO 8) WITH REGARDS TO THE FOLLOWING?		
Criteria	**Response Yes / No**	**Discussion**
(a) Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	**N/A**	Not relevant to the business activities of the MHSC.
(b) Developing and implementing a preferential procurement policy?	**Yes**	• MHSC's Supply Chain Management Policy has been developed and implemented in line with the preferential procurement policy. • The evaluation of bids above R30 000.00 is done by applying the preferential points evaluation on 80/20 and 90/10 principles. • Pre-qualification for preferential procurement is done on selected bids to advance designated groups. • Subcontracting on selected tenders above R3 million is implemented in line with the MHSC's Supply Chain Management policy.
(c) Determining qualification criteria for the sale of state-owned enterprises?	**N/A**	• Not relevant to the business activities of the MHSC.
(d) Developing criteria for entering partnerships with the private sector?	**N/A**	• Not relevant to the business activities of the MHSC.
(e) Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	**N/A**	• Not relevant to the business activities of the MHSC.

PART D:

HUMAN RESOURCE MANAGEMENT

4. INTRODUCTION

4.1 OVERVIEW OF HUMAN RESOURCES (HR) MATTERS AT THE PUBLIC ENTITY

The MHSC developed a human capital strategy with a plan clearly stipulating all the initiatives to be implemented in 2021/22. These interventions were meant to respond to the challenges faced by the organisation. The business unit could, however, not implement most of those interventions as result of capacity challenges and unstable leadership within the Corporate Services business unit.

Furthermore, the MHSC has reviewed the strategy and developed an implementation plan for 2022/23 financial year in line with the Annual Performance Plan. In reviewing the strategy, the MHSC focused on the delivery of all the interventions that had not been implemented, and included them in this year's implementation plan.

In response to COVID-19, the MHSC advised employees to work from home to ensure the achievement of the organisation's goals. However, working from home has negatively affected the delivery and performance of the organisation because the organisation's systems and processes were not designed to deal with such an environment. In March 2022, all employees were asked to return to the office as the COVID-19 impacts had subsided.

4.2 HUMAN CAPITAL PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The period under review involved a focus on ensuring best human capital management practices that will support the achievement of highly skilled, motivated and capable MHSC employees, Council advisory committees and Council. This was done through the revision of the HR strategy, with a specific focus on capacity building, the induction of new members of staff and committees of Council, promoting a culture of motivated employees who are committed to the MHSC and to continuous work improvement, and the implementation of HR best practice.

4.3 WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

A talent management strategy was developed to provide a pool of managers or leaders and technical specialists that focus on critical and scarce skills.

The framework covers the strategic imperative and outcomes required for talent management. It also outlines talent definitions, approaches and principles. The talent framework processes are explained to ensure effective talent identification, succession planning, attraction and sourcing, development, retention and release. Included are the measures, roles and accountabilities to ensure the successful implementation and sustainable management of talent over time.

4.4 EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The MHSC has a performance management system in place to monitor employees' performance against set targets. The performance management system clarifies expectations, sets goals, and provides on-the-job coaching, the continuous assessment of performance and the appraisal of employees' performance.
The performance management cycle is a 12-month period, which forms the MHSC's financial year, during which performance is planned, executed and assessed. The MHSC engages in performance management from the departure point of cascading the Annual Performance Plan to the entire workforce, which is implemented through the development of individual performance agreements. The assessment of individual performance was done biannually and is reflected in the overall organisational performance as per the annual report.

4.5 EMPLOYEE WELLNESS PROGRAMMES

To respond to the challenges brought about by the pandemic, management continuously provides relevant and up-to-date information to employees, clients and stakeholders regarding the pandemic status, and has taken measures to mitigate the impact on services. A COVID-19 committee was established to advise management on compliance with the regulations and preventative measures within the workplace.

4.6 POLICY DEVELOPMENT

All MHSC policies were reviewed to reflect best practice, address and resolve audit findings, and support the organisation in achieving its strategic objectives.

4.7 HIGHLIGHT ACHIEVEMENTS

During the period under review, the following activities were implemented to assist employees to be productive and to continue considering the MHSC to be a great place to work:

- Employee wellness sessions;
- COVID-19 awareness sessions;
- Provision of stress management training;
- Learning and growth opportunities through the provision of bursaries;
- Promotion opportunities for deserving employees and
- Payment of bonuses.

4.8 CHALLENGES FACED BY THE PUBLIC ENTITY

As part of a long-term strategic plan to address issues of capacity and the preservation of institutional memory, the MHSC embarked on a process to appoint a service provider to perform an organisational efficiency study. The MHSC was unable to commence with the process during the current financial year due to capacity constraints and procurement challenges. The process was expedited after a National Treasury directive to suspend procurement above R30 000.00.

The MHSC has experienced additional challenges in implementing the performance management system, mainly due to the inadequate cascading and alignment of the Annual Performance Plan. In order to address these challenges, training was conducted, and senior management contracts were extensively reviewed with a view to ensuring that the lessons were cascaded down to all levels.

4.9 FUTURE HR PLANS AND GOALS

As it has become increasingly difficult to attract and retain talented employees in scarce skills positions. A talent management strategy was developed during the year under review and will be fully implemented in the next financial year. The talent management strategy provides a framework for the management of talent within the MHSC, with the aim of ensuring that the right people with the right skills are in the right roles at the right time to deliver on the MHSC's strategy.

5. HUMAN RESOURCES OVERSIGHT STATISTICS

5.1 PERSONNEL COST BY BUSINESS UNIT

Personnel costs per business unit refers to the remuneration costs of personnel compared to the expenditure of the business unit. The expenditure is the total expenditure incurred by the business unit during the financial year. Expenditure decreased during the financial year, particularly for the Office of the Chief Executive Officer, Corporate Services and Research Operations, due to vacancies and limited procurement actions due to COVID-19 restrictions.

BUSINESS UNITS	TOTAL EXPENDITURE FOR THE ENTITY (R'000)	PERSONNEL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A PERCENTAGE OF TOTAL EXPENDITURE	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Office of the Chief Executive Officer	27 187	1 308	5%	2	654
Security	1 117	1 082	97%	2	541
Governance Risk and Compliance	7 545	4 614	61%	5	923
Corporate Services	11 502	8 167	71%	13	628
Finance	21 140	15 115	72%	15	1 008
Information and Communication Technology	5 390	3 857	72%	5	771
Research Operations	26 627	16 209	61%	23	705
Total	**100 507**	**50 352**	**50%**	**65**	**775**

5.2 PERSONNEL COST BY SALARY BAND

Personnel cost by salary band provides details on the salaries paid during the financial year per category. The MHSC adopted the Hay Group job grading and remuneration philosophy. According to the Hay Group framework, top management refers to business unit heads of departments or business units, while professional qualified refers to managers within business units and specialists. Skilled personnel are those employees with knowledge, training in the specified area, and semi-skilled personnel are those with some special skills to do their job, but who may require additional training and development. Professional and skilled personnel make up the middle management of the organisation, who report to the Executive Management Committee. The unskilled workforce covers employees who have little or no educational requirement for the execution of their duties.

LEVELS	PERSONNEL EXPENDITURE(R'000)	PERCENTAGE OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top management	5 854	12%	4	1 463
Professional qualified	22 565	45%	20	1 128
Skilled	11 205	22%	15	747
Semi-skilled	9 801	19%	19	516
Unskilled	928	2%	7	133
Total	**50 352**	**100%**	**65**	**775**

5.3 PERFORMANCE REWARDS

Performance rewards are made up of the total cost to company of employees and bonuses based on the organisation's remuneration policy. During the year under review, no bonuses were paid for management.

LEVELS	PERFORMANCE REWARDS (R'000)	PERSONNEL EXPENDITURE (R'000)	PERCENTAGE OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top management	0	5 854	0%
Professional qualified	0	22 565	0%
Skilled	613	11 205	5%
Semi-skilled	591	9 801	6%
Unskilled	76	928	8%
Total	**1 281**	**50 352**	**3%**

Training costs

The training costs expenditure is presented as expenditure against the personnel per business unit. The expenditure is budgeted and approved in line with the organisation's training and development policy, with a focus on developing skills for the long-term success of the MHSC

BUSINESS UNITS	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	TRAINING EXPENDITURE AS A PERCENTAGE OFPERSONNEL COSTS	NUMBER OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE (R'000)
Office of the Chief Executive Officer	1 308	0	0%	0	0
Security	1 082	9	1%	2	4
Governance Risk and Compliance	4 614	94	2%	2	47
Corporate Services	8 167	110	1%	3	37
Finance	15 115	112	1%	10	11
Information and Communication Technology	3 857	56	1%	4	14
Research	16 209	102	1%	9	11
Total	**50 352**	**483**		**30**	**124**

5.4 PERSONNEL COST BY SALARY BAND

Personnel costs are made up of the salary, which comprises a basic salary, taxes, group life cover, unemployment fund, medical aid and allowances. Professionally qualified personnel account for the greatest expenditure in terms of the categories. The personnel costs and the poor culture are still the main contributors for the high staff turnover.

LEVELS	PERSONNEL EXPENDITURE (R)	PERCENTAGE OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NUMBER OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R)
Top management	5 853 685.35	11.63%	4	1 463 421.34
Professional qualified	22 565 381.70	44.82%	20	1 128 269.09
Skilled	11 204 820.35	22.25%	15	746 988.02
Semi-skilled	9 800 542.05	19.46%	19	515 818.00
Unskilled	927 651.86	1.84%	7	132 521.69
Total	**50 352 081.31**	**100%**	**65**	**3 987 018.14**

5.5 EMPLOYMENT AND VACANCIES

The table below depicts the number of approved positions as per the approved structure versus the vacant positions as at 31 March 2022. Vacancies at top management and the level of professional qualified personnel were the main contributors to the vacancy rate and employment changes. The vacancy rate for 2021/22 was 19%.

BUSINESS UNITS	2020/21 NUMBER OF EMPLOYEES	2021/22			
		APPROVED POSTS	NUMBER OF EMPLOYEES	VACANCIES	PERCENTAGE OF VACANCIES
Office of the Chief Executive Officer	2	3	1	2	67%
Security	2	2	1	1	50%
Governance Risk and Compliance	5	3	3	0	-
Corporate Services	11	13	12	1	8%
Finance	14	17	14	3	18%
Information and Communication Technology	4	4	3	1	25%
Research Operations	15	20	16	4	20%
Total	**53**	**62**	**50**	**12**	

LEVELS	2020/21 NUMBER OF EMPLOYEES	2021/22			
		APPROVED POSTS	NUMBER OF EMPLOYEES	VACANCIES	PERCENTAGE OF VACANCIES
Top management	4	5	2	3	60%
Professional qualified	15	17	13	4	24%
Skilled	14	15	14	1	7%
Semi-skilled	16	21	17	4	19%
Unskilled	4	4	4	0	-
Total	**53**	**62**	**50**	**12**	

5.6 EMPLOYMENT CHANGES

The MHSC's headcount, as at the end of 2021/22, was 50 staff members, of which 32 were female and 18 were male. This represents 64% female and 36% male. The headcount decreased from 53 in 2020/21 to 50 in 2021/22 due to nine terminations and six new appointments during the year under review.

SALARY BAND	EMPLOYMENT AT THE BEGINNING OF THE PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT THE END OF THE PERIOD
Top management	4	1	3	2
Professional qualified	15	3	5	13
Skilled	14	0	0	14
Semi-skilled	16	2	1	17
Unskilled	4	0	0	4
Total	**53**	**6**	**9**	**50**

5.7 REASONS FOR STAFF LEAVING

The headcount decreased from 53 in 2020/21 to 50 in 2021/22 due to terminations, which amount to 67% of departures, while the expiry of contracts contributed to 33% of all departures. Terminations were mainly due to resignations and fixed-term contracts coming to an end. The main reasons cited for resignations were better remuneration and a better working environment.

REASON	NUMBER	PERCENTAGE OF TOTAL NUMBER OF STAFF LEAVING
Death	-	
Resignation	6	67%
Dismissal	-	
Retirement	-	
Ill health	-	
Expiry of contract	3	33%
Other	-	
Total	**9**	**100%**

5.8 LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Several employee relations matters were referred to the Commission for Conciliation, Mediation and Arbitration (CCMA) by employees. The MHSC is dealing with these matters with the assistance of labour law experts. Going forward, a review of the process revealed the need to appoint internal legal expertise and ensure better management of the panel of service providers by a legal expert.

In the case of written warnings pertaining to two employees, consequence management was subsequently applied.

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	0
Written warning	0
Final written warning	3
Dismissal	0

5.9 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The MHSC adopted the National Economic Active Population Strategy, as an MHSC employment equity plan has not yet been developed. Attempts to establish an Employment Equity Committee were undermined during the previous financial year by some employees. As a way of addressing the challenges raised, an Employment Equity Consultative Committee was established with the aim of educating employees, thereby securing buy-in for the establishment of the Employment Equity Committee.

The MHSC's staff complement, as at the end of 2021/22, is reflected in the tables below.

LEVELS	MALE								TOTAL
	AFRICAN		COLOURED		INDIAN		WHITE		
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	
Top management	1	0	0	0	0	0	0	0	1
Professional qualified	6	0	1	0	0	0	0	0	7
Skilled	6	0	0	0	0	0	0	0	6
Semi-skilled	3	0	0	0	0	0	0	0	3
Unskilled	1	0	0	0	0	0	0	0	1
Total	**17**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**18**

LEVELS	FEMALE								TOTAL
	AFRICAN		COLOURED		INDIAN		WHITE		
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	
Top management	1	0	0	0	0	0	0	0	1
Professional qualified	4	0	0	0	0	0	0	0	4
Skilled	9	0	0	0	1	0	0	0	9
Semi-skilled	13	0	0	0	1	0	0	0	13
Unskilled	3	0	0	0	0	0	0	0	3
Total	**30**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**32**

LEVELS			DISABLED STAFF		
		MALE		FEMALE	
	CURRENT		TARGET	CURRENT	TARGET
Top management	0		0	0	0
Senior management	0		0	0	0
Professional qualified	0		0	0	0
Skilled	0		0	0	0
Semi-skilled	1		0	0	0
Unskilled	0		0	0	0
Total	**1**		**0**	**0**	**0**

PART E: FINANCIAL INFORMATION

MHSC
Mine Health and Safety Council

MINE HEALTH AND SAFETY COUNCIL ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

These annual financial statements were supervised by:
Mr D Dlamini
Chief Financial Officer

General Information

PHYSICAL ADDRESS:	145 Western Service Road Western Woods Office Park B7 Maple Place Woodmead Gauteng South Africa
POSTAL ADDRESS:	Private Bag X11 Wendywood 2144
EXTERNAL AUDITORS:	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, 0081
BANKERS:	First National Bank (FNB) 2 First Place, 6 Floor, Corner Jeppe and Simmonds Street, Bank City Johannesburg

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

Council's responsibilities and Approval

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records, and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements, and was were given unrestricted access to all financial records and related data.

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

The annual financial statements are based upon appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity, and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and the adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in to ensuring ensure that the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The members have reviewed the entity's cash flow forecast for the year toended on 31 March 20232022 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the levy income received from mines for the continued funding of its operations. The annual financial statements are prepared on the basis that the entity is a going concern, and that the government has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority are is primarily responsible for the financial affairs of the entity, they areit is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 69 – 74.

The annual financial statements set out on page 75 - 108, which have been prepared on the going going-concern basis, were approved by the accounting authority on 31 July 2022, and were signed on its behalf by:

....

MR. DAVID MSIZA
MHSC BOARD CHAIRPERSON

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Mine Health and Safety Council set out on pages 75 to108, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Mine Health and Safety Council as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act No.1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of Mine Health and Safety Council in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March. 2021 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2022.

Responsibilities of the Accounting Authority for the financial statements

8. The council which consitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standard of GRAP and the requirements of the PFMA aand for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity's or to cease operations, or has no realistic alternative but to do so.

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

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

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the entity's annual performance report for the year ended 31 March 2022:

OBJECTIVE	PAGES IN THE ANNUAL PERFORMANCE REPORT
CP01 - Provide advice to the Minister on health and safety matters in the South African Mining Industry and communities affected by mining.	19 – 26

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I have not identified any material findings on the usefulness and reliability of the performance information of the selected objective;

- **CP01 - Provide advice to the Minister on health and safety matters in the South African Mining Industry and communities affected by mining.**

Other matter

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 25 to 26 for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of CP01 – Provide advice to the Minister on health and safety matters in the South African mining industry and communities affected by mining. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

22. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (a) of the PFMA. Material misstatements of current assets, expenditure, current liabilities, non-current assets and disclosure item identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R338 809.00 as disclosed in note 24 to the annual financial statements, as required by section 51(1) (b) (ii) of the PFMA. The majority of the irregular expenditure was caused by non- compliance with procurement processes

Revenue Management

24. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1) (b) (i) of the PFMA. Management did not fully implement the policy in taking further steps to collect debt as per MHSC standard operating policy.

OTHER INFORMATION

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report, and the Council's report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

26. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

27. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

28. If based on the work we have performed, we conclude that there is a material misstatement in the other information , we am required to report that fact. I have nothing to report in this regard

INTERNAL CONTROL DEFICIENCIES

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual financial statements, annual performance report and the findings on compliance with legislation included in this report

30. Controls over debt collection was not effective, as the MHSC debt collection policy was not always implemented to follow up or recover outstanding debt. This was due to capacity constraints in the finance department.

31. Compliance monitoring measures in place were not always effective to ensure that controls are able to detect weaknesses in the supply chain management process. As a result, noncompliance matters have been noted that also resulted in disclosure of irregular expenditure.

32. Controls implemented by management for the review of the annual financial statements and annual performance report were not adequate. Various misstatement, both material and not were identified through the audit that were not identified by the internal review processes.

33. The audit committee was not quorate from January 2022 and thus, not all audit committee functions were performed as the audit committee did not meet up for the remainder of the year as per PFMA section 77 and Treasury regulation 27.1.8. As there were no audit committee meetings beyond this time, the committee did, not review the annual financial statements and annual performance report.

Auditor - General

Pretoria

27 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Statement of Financial Position as at 31 March 2022

	NOTE(S)	2022 R	2021 R
Assets			
Current Assets			
Inventories	7	99,171	185,413
Receivables from exchange transactions	8	9,308,157	10,773,783
Statutory receivables	9	15,258,867	10,879,943
Cash and cash equivalents	10	99,771,305	108,338,613
		124,437,500	**130,177,752**
Non-Current Assets			
Property, plant and equipment	3	5,186,571	4,384,279
Intangible assets	4	337,269	810,700
		5,523,840	**5,194,979**
Total Assets		**129,961,340**	**135,372,731**
Liabilities			
Current Liabilities			
Finance lease obligation	11	87,954	16,034
Payables from exchange transactions	13	8,490,784	9,070,716
Provisions	12	3,986,152	3,737,527
Bank overdraft	10	7,873	-
		12,572,763	**12,824,277**
Non-Current Liabilities			
Finance lease obligation	11	235,967	-
Employee benefit obligation	6	296,000	228,000
Administrative Finesfines Liabilityliability		5,497,306	5,879,536
		6,029,273	**6,107,536**
Total Liabilities		**18,602,036**	**18,931,813**
Net Assets		**111,359,304**	**116,440,918**
Accumulated surplus		111,359,304	116,440,918
Total Net net Assets		**111,359,304**	**116,440,918**

Statement of Financial Performance for the year ended 31 March 2022

	NOTE(S)	2022 R	2021 R
Revenue			
Revenue from exchange transactions			
Profit or loss on disposal of assets		5,441	-
Revenue from non-exchange transactions			
Mine Levy levy Incomeincome		92,230,241	85,989,626
Interest received		3,001,506	3,777,285
Transfer revenue			
State funding		4,581,000	344,000
Other income		908,150	474,139
Recoveries		34,027	-
Total revenue from non-exchange transactions		**100,754,924**	**90,585,050**
Total revenue	**14**	**100,760,365**	**90,585,050**
Expenditure Employee costs	15	(50,352,081)	(52,608,774)
Depreciation and amortisation		(2,137,693)	(4,112,183)
Finance costs	16	(44,041)	(43,932)
Lease rentals on operating lease		(3,012,065)	(3,132,873)
Debt Impairment		(2,876,932)	(5,427,645)
Loss on disposal of assets		-	(591,274)
Operating Expensesexpenses	26	(39,442,528)	(23,166,700)
Research and development		(7,513,286)	(12,615,436)
CovidCOVID-19 expense		(463,353)	(414,322)
Total expenditure		**(105,841,979)**	**(102,113,139)**
Surplus (deficit) for the year		**(5,081,614)**	**(11,528,089)**

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets for the year ended 31 March 2022

		ACCUMULATED SURPLUS / DEFICIT	TOTAL NET ASSETS
Balance as at 1st April 2019	28	141,893,722	141,893,722
Deficit previously reported		-20,238,048	-20,238,048
Prior-Period error		**6,313,333**	**6,313,333**
Restated Balance balance at 01 April 2020		127,969,007	127,969,007
Changes in net assets Deficit previously reported		(11,528,089)	(11,528,089)
Restated Balance balance at 01 April 2021	**28**	**116,440,918**	**116,440,918**
Changes in net assets Deficit for the year		(5,081,614)	(5,081,614)
Balance at 31 March 2022		**111,359,304**	**111,359,304**

Cash Flow Statement for the year ended 31 March 2022

	NOTE(S)	2022 R	2021 R
Cash flows from operating activities			
Receipts			
Grants		4,581,000	344,000
Interest income		3,001,506	3,777,285
Receipts from Mine mine Levieslevies		87,858,398	72,673,049
Other Incomeincome		553,197	-
		95,994,101	**76,794,334**
Payments			
Employee costs		(50,411,841)	(52,269,738)
Suppliers		(51,640,872)	(42,415,470)
Finance costs		(12,041)	(32,000)
		(102,064,754)	(94,717,208)
Net cash flows from operating activities	**17**	**(6,070,653)**	**(17,922,874)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(2,201,166)	(1,999,652)
Proceeds from sale of property, plant and equipment	3	33,008	-
Purchase of other intangible assets	4	(292,957)	-
Net cash flows from investing activities		**(2,461,115)**	**(1,999,652)**
Cash flows from financing activities			
Finance lease payments		(43,413)	(317,554)
Net increase/(decrease) in cash and cash equivalents		**(8,575,181)**	**(20,240,080)**
Cash and cash equivalents at the beginning of the year		108,338,613	128,578,693
Cash and cash equivalents at the end of the year	**10**	**99,763,432**	**108,338,613**

The accounting policies on pages 80 to 91 and the notes on pages 92 to 108 form an integral part of the annual financial statements.

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

BUDGET ON CASH BASIS	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	NOTE
Statement of Financial Performance						
Revenue						
Revenue from non-exchange transactions						
Taxation revenue						
Mine Levy Income	98,212,711	-	**98,212,711**	97,458,375	**(754,336)**	25
Levy Rebate	-	-	**-**	(5,228,134)	**(5,228,134)**	
Interest from Investments	6,609,340	-	**6,609,340**	3,001,506	**(3,607,834)**	25
Transfer revenue						
State funding	4,581,000	-	**4,581,000**	4,581,000	**-**	
Other income	-	-	**-**	908,150	**908,150**	
Klopperbos	1,834,799	-	**1,834,799**	-	**(1,834,799)**	25
Recoveries	-	-	**-**	34,027	**34,027**	
Total revenue from non-exchange transactions	**111,237,850**	**-**	**111,237,850**	**100,754,924**	**(10,482,926)**	
Expenditure						
Employee Costs	(62,072,005)	-	**(62,072,005)**	(50,352,081)	**11,719,924**	25
Depreciation and amortisation	(7,176,867)	-	**(7,176,867)**	(2,137,693)	**5,039,174**	25
Administrative expenses	(3,727,625)	-	**(3,727,625)**	(6,626,851)	**(2,899,226)**	25
Dissemination	(824,298)	-	**(824,298)**	(3,239,711)	**(2,415,413)**	
Finance costs	-	-	**-**	(44,041)	**(44,041)**	
Lease rentals on operating lease	(3,040,000)	-	**3,040,000)**	(3,012,065)	**27,935**	25
Debt Impairment	-	-	**-**	(2,876,933)	**2,876,933**	
Legal Feesfees	(4,895,896)	-	**(4,895,896)**	(25,662,625)	**(20,766,729)**	25
Audit fees	(3,143,296)	-	**(3,143,296)**	(3,204,186)	**(60,890)**	
Research and development	(20,471,453)	-	**(20,471,453)**	(7,513,286)	**12,958,167**	
RTF Costscosts	(2,937,500)	-	**(2,937,500)**	-	**2,937,500**	
CovidCOVID-19 expense	(800,000)	-	**(800,000)**	(463,353)	**336,647**	
Klopperbos	(1,119,400)	-	**(1,119,400)**	-	**1,119,400**	
Corporate Governance	(1,029,510)	-	**(1,029,510)**	(709,154)	**320,356**	25
Total expenditure	(111,237,850)	-	**(111,237,850)**	(105,841,979)	**(5,395,871)**	
Operating deficit	**-**	**-**	**-**	**(5,087,055)**	**5,087,055)**	
Profit or loss on disposal of assets		-	**-**	5,441	**5,441**	
Deficit before taxation	**-**	**-**	**-**	**(5,081,614)**	**(5,081,614)**	
Actual Amount on Comparable- Basis as presented in the budget and actual Comparative		**-**	**-**	**(5,081,614)**	**(5,081,614)**	

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Randrand, which is the functional currency of the entity.

1.2 Going Going-concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note Note 12 -- Provisions.

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post-retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Allowance for doubtful debts

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

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provision for performance bonus

Performance bonuses are based on employee's' individual performance. As at year end, the assessment for the reporting is has not yet been finalised. Therefore, the provision is based on the previous year's performance and estimated average performance score.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- Iit is probable that future economic benefits or service potential associated with the item will flow to the entity;and
- The cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment, and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

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

1.4 Property, plant and equipment (continued)

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the MHSC. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The MHSC assesses, at each reporting date, whether there is any indication that the MHSC's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the MHSC revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

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

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

1.5 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity, and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

1.5 Intangible assets (continued)

An intangible asset is recognised when:

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.;
- there is an intention to complete and use or sell it.;
- there is an ability to use or sell it.;
- it will generate probable future economic benefits or service potential.;
- there are available technical, financial and other resources to complete the development and to use or sell the asset.; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Licenses and software	Straight-line	1-- 8 years

Intangible assets are derecognised:
on disposal; or
when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:

1.6 Financial instruments (continued)

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

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

Classification

Financial instruments are measured at amortised cost using the effective interest rate method less any impairment losses.

Initial recognition

The entity recognises a financial asset or a financial liability in its statementStatement of financialFinancial positionPosition when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statementStatement of financialFinancial positionPosition.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

1.8 Tax

Current tax assets and liabilities

No provision for income tax has been made as the Mine Health and Safety Council (MHSC) is exempt in terms of section 10(1)(cA)(b)(ii) of the Income Tax Act of 1962, as amended.

1.9 Leases

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

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

Finance leases -- lessee

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

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

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

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

Operating leases -- lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are is recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are initially measured at cost, except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

1.10 Inventories (continued)

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

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

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

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

1.11 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:
- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve 12 months after the end of the period in which the employees render the related service.

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

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave), where the compensation for the absences is due to be settled within twelve 12 months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance performance-related payments payable within twelve 12 months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services, such as housing, cars and cellphones) for current employees.

Post-employment benefits

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

1.11 Employee benefits (continued)

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

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

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and

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

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

1.12 Provisions and contingencies

Provisions are recognised when:
the entity has a present obligation as a result of a past event;
it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
a reliable estimate can be made of the obligation.

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

A provision is only used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).
If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in noteNote 19.

1.13 Revenue from exchange transactions

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

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

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

Measurement

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

The amount of revenue arising on a transaction which that is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory statutory Receivablesreceivables).

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- theThe amount of revenue can be measured reliably;.
- itIt is probable that the economic benefits or service potential associated with the transaction will flow to the entity;.
- theThe stage of completion of the transaction at the reporting date can be measured reliably;and.
- theThe costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame, unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.
When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is only recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

1.14 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

Statutory Receivables receivables are receivables that arise from legislation supporting legislations or similar means and require settlement by another entity in cash or another financial asset. The carrying amount is the amount at which an asset is recognised in the statement Statement of financial Financial positionPosition. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with legislation, supporting regulations or similar means.

1.15 Fruitless and wasteful expenditure

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

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

1.16 Irregular expenditure

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

National Treasury practice Practice note Note noNo. 1 of 2018/2019, which was issued in terms of sections 76(2) to 76(4) of the PFMA, requires the following (effective from 1 December 2018):

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

1.16 Irregular expenditure (continued)

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

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

Irregular expenditure that was incurred and identified during the current financial year, and which was not condoned by the National Treasury or the relevant authority, must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note Note to the financial Financial statementsStatements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/ or expenditure item, be disclosed as such in the note Note to the financial Financial statements Statements and updated accordingly in the irregular expenditure register.

1.17 Budget information

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

The annual financial statements and the budget are on the same basis of accounting. Ttherefore, a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison Comparison of budget Budget and actual Actual amounts. The approved budget covers the fiscal period from 1 April 2021/04/01 to 31 March 2022/03/31.

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

1.18 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related A related-party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

1.18 Related parties (continued)

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

The entity is exempt from disclosure requirements in relation to related related-party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which that it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances, and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related related-party transactions on its annual financial statements.

1.19 Events after the reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date).; and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.20 Administrative Fines fines Liability

These fines represent penalties imposed by the Mine Health and Safety Inspectorate in terms of section 55B of the Mine Health and Safety Act for failing to comply with the provisions of the actAct.

The MHSC is the custodian of the bank account whereinto which these funds are depositedinto.

Under the Mine Health and Safety Act, the Inspectorate is legally entitled to the fines and, as such, the MHSC recognises a liability accordingly.

The administrative fines liability is a financial instrument recognised, measured and disclosed in line with the entities entity's accounting policy on financial instruments.

1.21 Offsetting of financial transactions

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

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

STANDARD/INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
• GRAP 104 (amended): Financial Instruments	To be determined	The impact is not material.
• Guideline: Guideline on Accounting for Landfill Sites	To be determined	No impact
• GRAP 110 (as amended 2016):Living and Non-living Resources	1 April 2021	The impact is not material.
• Guideline: Accounting for Arrangements Undertaken in terms of the National Housing Programme	1 April 2021	No impact
• Directive 7 (revised): The Application of Deemed Cost	1 April 2021	The impact is not material.
• GRAP 32: Service Concession Arrangements: Grantor	1 April 2021	The impact is not material.
• Directive 14: The Application of Standards of GRAP by Public Entities That Apply IFRS® Standards	1 April 2021	The impact is not material.
• GRAP 25: Employee Benefits	1 April 2021	The impact is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2022 or later periods:

STANDARD/INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
• Guideline: Guideline on Accounting for Landfill Sites	No effective date yet	Unlikely that there will be a material impact
• GRAP 25 (as revised): Employee Benefits	No effective date yet	Unlikely that there will be a material impact
• iGRAP 7 (as revised): Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction	No effective date yet	Unlikely that there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	No effective date yet	Unlikely that there will be a material impact
• GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely that there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	1 April 2025	Unlikely that there will be a material impact
• GRAP 2020: Improvements to the Standards of GRAP 2020	1 April 2025	Unlikely that there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	1 April 2025	Unlikely that there will be a material impact

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2022			2021		
	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Furniture and fixtures	1,943,178	(1,341,935)	601,243	1,943,178	(1,194,014)	749,164
Motor vehicles	1,663,360	(1,093,552)	569,808	1,663,360	(847,752)	815,608
Office equipment	1,616,403	(1,411,451)	204,952	1,611,003	(1,198,212)	412,790
IT equipment	5,229,004	(3,592,842)	1,636,162	5,217,452	(3,092,601)	2,124,851
Leasehold improvements	4,892,997	(4,792,121)	100,876	4,892,997	(4,628,075)	264,922
Research equipment	6,651,202	(4,889,939)	1,761,263	4,856,000	(4,851,386)	4,614
Leased office equipment	351,300	(39,033)	312,267	110,964	(98,634)	12,330
Total	**22,347,444**	**(17,160,873)**	**5,186,571**	**20,294,954**	**(15,910,674)**	**4,384,279**

Reconciliation of property, plant and equipment - 2022

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	TOTAL
	R	R	R	R	R
Furniture and fixtures	749,164	-	-	(147,921)	601,243
Motor vehicles	815,608	-	-	(245,800)	569,808
Office equipment	412,791	5,400	-	(213,239)	204,952
IT equipment	2,124,851	49,264	(27,567)	(510,386)	1,636,162
Leasehold improvements	264,922	-	-	(164,046)	100,876
Research equipment	4,614	1,795,202	-	(38,553)	1,761,263
Leased office equipment	12,329	351,300	-	(51,362)	312,267
	4,384,279	**2,201,166**	**(27,567)**	**(1,371,307)**	**5,186,571**

Reconciliation of property, plant and equipment - 2021

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	TOTAL
	R	R	R	R	R
Furniture and fixtures	905,538	-	(415)	(155,959)	749,164
Motor vehicles	1,129,277	-	-	(313,669)	815,608
Office equipment	659,513	4,396	(344)	(250,774)	412,791
IT equipment	1,375,537	1,995,255	(590,515)	(655,426)	2,124,851
Leasehold improvements	752,660	-	-	(487,738)	264,922
Research equipment	138,416	-	-	(133,802)	4,614
Leased office equipment	272,418	-	-	(260,089)	12,329
	5,233,359	**1,999,651**	**(591,274)**	**(2,257,456)**	**4,384,279**

4. Intangible assets

	2022			2021		
	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
	R	R	R	R	R	R
Licenses	692,884	(355,615)	337,269	3,459,681	(2,648,981)	810,700

RECONCILIATION OF INTANGIBLE ASSETS - 2022				
	OPENING BALANCE	ADDITIONS	AMORTISATION	TOTAL
	R	R	R	R
Licenses	810,700	292,957	(766,388)	337,269

RECONCILIATION OF INTANGIBLE ASSETS - 2021			
	OPENING BALANCE	AMORTISATION	TOTAL
	R	R	R
Licenses	2,665,427	(1,854,727)	810,700

5. Operating lease asset (liability)

The current operating lease expires in November 2022. National Treasury has approved an extension to November 2022. The minimum balance due on the lease is R2 081 160 (2021: R2 950 410).

The MHSC has started the supply chain management processes to acquire a building before the end of the lease.

Notes to the Annual Financial Statements

6. Employee benefit obligations

	2022	2021
	R	R
DEFINE BENEFIT PLAN THE AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION ARE AS FOLLOWS		
Carrying value Present value of the defined benefit obligation - in-service member	(296,000)	(228,000)
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	228,000	559,000
Net expense recognised in the Statement of Financial Performance	68,000	(331,000)
	296,000	**228,000**
Net expense recognised in the Statement of Financial Performance		
Current service cost	10,000	10,000
Interest cost	32,000	32,000
Actuarial (gains) losses	26,000	(373,000)
	68,000	(331,000)
Calculation of actuarial gains and losses		
Actuarial (gains) losses – obligation	26,000	(373,000)
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	11.54%	14.18%
Medical inflation rate	8.68%	11.25%
Number of in-service employees	1	1

Employee benefit obligations other assumptions

Assumed healthcare cost trend rates have a significant effect on the amounts recognised in surplus or deficit. A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

	EFFECT ON DEFINED BENEFIT OBLIGATION	EFFECT ON THE AGGREGATE OF THE SERVICE COST AND INTEREST COST
Discount rate +1%	-21.0%	- 16.0%
Discount rate -1%	+27.8%	+19.7%
Medical inflation +1%	+28.1%	+28.4%
Medical inflation -1%	-21.5%	- 21.7%

Amounts for the current and previous four years are as follows:					
	2022	2021	2020	2019	2018
	R	R	R	R	R
	296,000	**228,000**	**559,000**	**742,000**	**720,000**
3One Consulting Actuaries provided the actuarial assessment for the MHSC.					

Notes to the Annual Financial Statements

7. Inventories

	2022 R	2021 R
Consumable stores	**99,171**	**185,413**

8. Receivables from exchange transactions

	2022 R	2021 R
Deposits	805,886	805,886
Staff bursaries and loans	549,738	453,073
Sundry debtors	336,893	360,279
Prepaid expenses	7,615,640	9,154,545
	9,308,157	**10,773,783**
Prepayments include an amount of R6.3 million, which is for statues not delivered from previous years and under dispute with the service provider. Currently, this matter is at the High Court for a resolution		

9. Statutory receivables

	2022 R	2021 R
Levies	33,612,739	28,209,203
Allowance for impairment	(18,353,872)	(17,329,260)
	15,258,867	**10,879,943**
None of the financial assets that are fully performing have been renegotiated in the last year.		

Statutory receivables past due but not impaired

Other receivables from non-exchange transactions, which are less than three months past due, are not considered to be impaired. At 31 March 2022, R6 156 222 (2021: R8 427 634) was past due but not impaired.

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

One month past due	6,156,222	8,427,634

As of 31 March 2022, other receivables from non-exchange transactions of (R18 353 872) (2021: (R17 329 260)) were impaired and provided for.

The amount of the provision was (R18 353 872) as of 31 March 2022 (2021: (R17 329 260)). All debts over two years old, under business rescue, mines with financial difficulties and with queries have been provided for.

	2022 R	2021 R
RECONCILIATION OF PROVISION FOR IMPAIRMENT OF STATUTORY RECEIVABLES		
Opening balance	(17,329,260)	(11,901,614)
Provision for impairment	(1,024,612)	(5,427,646)
R		-
	(18,353,872)	**(17,329,260)**

Notes to the Annual Financial Statements

10. Cash and cash equivalents

	2022	2021
	R	R
Cash and cash equivalents consist of:		
Cash on hand	2,000	2,000
Bank balances (FNB)	1,712,160	355,432
Short-term deposits (FNB and SARB)	28,057,145	37,981,181
Call deposits (SARB)	70,000,000	70,000,000
	99,771,305	**108,338,613**
Current assets	99,771,305	108,338,613
Current liabilities	(7,873)	-
	99,763,432	**108,338,613**

The building funds are not available for economic use. National Treasury has approved the retention of historic surplus funds for the purchase of a building.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired, can be assessed by reference to external credit ratings.

	2022	2021
	R	R
Credit rating		
Ba2	**99,771,305**	**108,338,613**

11. Finance lease obligation

	2022	2021
	R	R
Minimum lease payments due		
- within one year	87,954	16,034
- in second to fifth year inclusive	235,967	-
Present value of minimum lease payments	**323,921**	**16,034**
Present value of minimum lease payments due		
- within one year	87,954	16,034
- in second to fifth year inclusive	235,967	-
	323,921	**16,034**
Non-current liabilities	235,967	-
Current liabilities	87,954	16,034
	323,921	**16,034**

Notes to the Annual Financial Statements

It is entity policy to lease certain office equipment under finance leases.

The average lease term was three years, and the average effective borrowing rate was 9% (2021: 9%).

12. Provisions

RECONCILIATION OF PROVISIONS - 2022	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	TOTAL
	R	R	R	R
Provision for performance bonus	**3,737,527**	**1,529,149**	**(1,280,524)**	**3,986,152**

RECONCILIATION OF PROVISIONS - 2021	OPENING BALANCE	ADDITIONS	UTILISED DURING THE YEAR	TOTAL
	R	R	R	R
Provision for performance bonus	**3,934,859**	**2,838,071**	**(3,035,403)**	**3,737,527**

The MHSC pays performance bonuses to its employees on or before the end of September of each calendar year. The bonuses are based on the audited results of the preceding financial year, depending on how each employee performed in terms of their performance contract. At 31 March 2022, the MHSC provided an average of 7.5% of the total cost to company of the employees.

Note is to be taken that the bonuses for the Management Committee and the Executive Committee for the year ended March 2021 to the value of R1,367 million has been included in the provision as at March 2022. The payment of such will be a deviation from policy, which requires bonuses to be paid within nine months after the year end of March 2021. This deviation is a result of a quorum for the Moderation Committee not being met for both the Management Committee and the Executive Committee.

13. Payables from exchange transactions

	2022	2021
	R	R
Trade payables	2,922,007	3,078,149
Payments received in advance - levies	3,424,861	989,073
Payroll creditors	(6,093)	10,681
Accrued leave pay	1,467,218	2,655,627
Accruals	682,791	2,337,186
	8,490,784	**9,070,716**

14. Revenue

	2022	2021
	R	R
Profit or loss on disposal of assets	5,441	-
Mine levy income (net of rebates)	92,230,241	85,989,626
Interest received	3,001,506	3,777,285
State funding	4,581,000	344,000
Other income	908,150	474,139
Recoveries	34,027	-
	100,760,365	**90,585,050**
The amount included in revenue arising from exchanges of goods or services is as follows:		
Profit or loss on disposal of assets	5,441	-

	2022	2021
	R	R
THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:		
Mine levy Income (net of rebates)	92,230,241	85,989,626
Interest received	3,001,506	3,777,285
Transfer revenue State funding	4,581,000	344,000
Other Income	908,150	474,139
Recoveries	34,027	-
	100,754,924	**90,585,050**

15. Employee-related costs

	2022	2021
	R	R
Basic	43,958,340	43,671,184
Bonus	1,529,149	2,713,201
Unemployment Insurance Fund	125,226	109,906
Workers Compensation Assistance	41,055	16,500
Service Development Levy	444,763	283,442
Leave pay provision charge	(548,392)	904,632
Retirement benefit costs	36,000	10,000
Defined contribution plans	3,387,777	3,290,131
Cell-phone allowance	512,877	831,192
Group life cover	865,286	778,586
	50,352,081	**52,608,774**

16. Finance costs

	2022	2021
	R	R
Finance leases	12,041	11,932
Post-retirement medical obligation	32,000	32,000
	44,041	**43,932**

17. Cash used in operations

	2022	2021
	R	R
Surplus (deficit)	(5,081,614)	(11,528,091)
Adjustments for: Depreciation and amortisation	2,137,693	4,112,185
(Loss)/profit on sale of assets	(5,441)	591,275
Finance costs - Finance leases	12,041	11,932
Debt impairment and write offs	1,363,872	5,427,646
Movements in operating lease assets and accruals		(229,239)
Movements in retirement benefit assets and liabilities	68,000	(331,000)
Movements in provisions	248,625	(197,332)
Changes in working capital: Inventories	86,242	(5,764)
Receivables from exchange transactions	1,465,626	66,823
Statutory receivables	(5,403,536)	(13,383,394)
Payables from exchange transactions	(579,931)	(2,675,556)
Administrative fines liability	(382,230)	217,641
	(6,070,653)	**(17,922,874)**

18. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due - within one year	2,081,160	2,950,410

Operating lease payments represent rentals payable by the entity for certain of its office properties. The current lease expires in November 2022. The process to purchase a building was at an advanced stage at 31 March 2022.

19. Contingencies

Litigation at labour courts and CCMA liabilities against the entity relating to disputes with former and current employees and service providers are expected to be R6,271 million. Uncertainty on the timing on possible payouts remains, as the cases at the Labour Court are ongoing.

Retention of surplus funds

In terms of section 53(3) of the PFMA, a public entity may not accumulate surplus funds without approval from National Treasury. Approval has been requested from National Treasury to retain surpluses amounting to R111 359 304 at 31 March 2022. In the last five years, National Treasury has allowed the retention of surplus funds.

20. Related parties

Relationships	
Members	Mr V Nundlall (Sibanye) Mr S Sepetla (Vedanta Resources) Mr R Chinamatia (Seriti)
Ultimate controlling entity	Department of Mineral Resources and Energy
Members of key management	Mr T Dube Mr D Dlamini Mr M Fenyane Ms P Mvana Ms L Ndziba Mr B Ncube (Acting CROO) Mr D Dlamini (Acting CEO) Mr V Tleana (Acting CHCO) Mr T Nkuzana (Acting CGO) Ms V Pentasaib (Acting CFO)

All government departments are related by virtue of the definition of control, but the MHSC has only disclosed the outstanding balance of arm's-length transactions.

	2022	2021
	R	R
RELATED-PARTY BALANCES		
Amounts included in trade receivable (trade Payable) regarding related parties		
Sibanye Stillwater Ltd	498,494	154,589
Vedanta Resources Ltd	149,891	218,460
Seriti Resources Ltd	(43,384)	150,017
South African National Roads Agency Ltd	-	8,388
The debt is not secured.		
Related-party transactions		
Revenue (received from) related parties		
Sibanye Stillwater Ltd	(8,033,372)	(7,664,591)
Vedanta Resources Ltd	(443,344)	(328,694)
Seriti Resources Ltd	(611,951)	(708,705)

Notes to the Annual Financial Statements

20. Related parties (Continued)

REMUNERATION OF MANAGEMENT

MANAGEMENT CLASS: EXECUTIVE MANAGEMENT

2022			
NAME	EMOLUMENTS	GROUP LIFE AND BONUSES	TOTAL
	R	R	R
Mr. T. Dube (CEO)	334,960	4,920	339,880
Mr. D. Dlamini (ACEO)	576,725	-	576,725
Mr. D. Dlamini (CFO)	2,325,418	29,332	2,354,750
Mr. M. Fenyane (IT)	1,658,131	40,490	1,698,621
Ms. P. Mvana (CGO)	1,419,585	34,503	1,454,088
Ms. L. Ndziba (CHCO)	707,038	6,501	713,539
Mr. T. Nkuzana (ACGO)	42,867	-	42,867
Mr. B. Ncube (ACROO)	471,393	-	471,393
Ms. V. Pentasaib (ACFO)	900,906	-	900,906
Mr . V . Tleane (ACHCO)	211,431	-	211,431
	8,648,454	**115,746**	**8,764,200**

2021			
NAME	EMOLUMENTS	GROUP LIFE AND BONUSES	TOTAL
	R	R	R
Mr. T. Dube (CEO)	2,641,823	56,230	2,698,053
Mr. D. Dlamini (CFO)	2,254,391	-	2,254,391
Mr. D. Dlamini (Acting CEO)	231,233	-	231,233
Mr. M. Fenyane (IT)	1,604,604	180,928	1,785,532
Mr. M. Fenyane (Acting CHCO)	32,222	-	32,222
Ms. P. Mvana (CGO)	1,374,364	29,606	1,403,970
Ms. N. Masekoa (CROO)	1,206,830	-	1,206,830
Ms. N. Masekoa (Acting CEO)	21,866	-	21,866
Ms. L. Petlele (CHCO)	665,448	-	665,448
Mr. B. Ncube (Acting CROO)	240,087	-	240,087
Ms. V. Pentasaib (Acting CFO)	442,682	-	442,682
Mr. V. Tleane (Acting CHCO)	172,730	-	172,730
	10,888,280	**266,764**	**11,155,044**

Notes to the Annual Financial Statements

20. Related parties (continued)

HUMAN RESOURCES ADVISORY COMMITTEE				
2022				
	FEES FOR SERVICES AS A MEMBER	TRAVEL ALLOWANCE	DATA ALLOWANCE	TOTAL
	R	R	R	R
Dr. S. Zulu	117,600	955	3,300	121,855
Ms. L. Mathabathe	13,794	-	1,100	14,894
Mr. J. Mabaso	28,503	-	2,200	30,703
Mr. N. Ali	21,606	-	2,200	23,806
	181,503	**955**	**8,800**	**191,258**

2021				
	FEES FOR SERVICES AS A MEMBER	TRAVEL CLAIMS	DATA ALLOWANCE	TOTAL
	R	R	R	R
Ms. L. Mathabathe (Chairperson)	380,968	967	4,400	386,335
Mr. J. Mabaso	79,326	1,524	3,600	84,450
Mr. P. Nku	78,271	770	3,600	82,641
	538,565	**3,261**	**11,600**	**553,426**

AUDIT AND RISK COMMITTEE			
2022			
	FEES FOR SERVICES AS A MEMBER	DATA ALLOWANCE	TOTAL
	R	R	R
Ms. N. Madiba (Chairperson)	43,448	-	43,448
Mr. L. Mangquku	71,896	4,400	76,296
Ms. S. Masite	68,438	3,300	71,738
Mr. F. Docrat	40,263	-	40,263
	224,045	**7,700**	**231,745**

Notes to the Annual Financial Statements

20. Related parties (continued)

2021				
		FEES FOR SERVICES AS A MEMBER	DATA ALLOWANCE	TOTAL
		R	R	R
Ms. N. Madiba (Chairperson)		282,228	3,300	285,528
Mr. L .Mangquku		113,774	3,300	117,074
Ms. S. Masite		62,856	3,300	66,156
Mr. F. Docrat		116,546	1,100	117,646
		575,404	**11,000**	**586,404**

21. Risk management

Financial risk management

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

The entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The entity uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting authority. Entity treasury identifies, evaluates and hedges financial risks in close cooperation with the entity's operating units. The accounting authority provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Notes to the Annual Financial Statements

21. Risk management (continued)

AT 31 MARCH 2022					
	LESS THAN ONE YEAR	BETWEEN ONE AND TWO YEARS	BETWEEN TWO AND FIVE YEARS	OVER FIVE YEARS	TOTAL
	R	R	R	R	R
Trade and other payables	5,065,924	-	-	-	5,065,924
Finance lease obligations	87,954	235,967	-	-	323,921
Administrative fines liability	-	-	-	5,497,306	5,497,306
	5,153,878	**235,967**	**-**	**5,497,306**	**10,887,151**

AT 31 MARCH 2021					
	LESS THAN ONE YEAR	BETWEEN ONE AND TWO YEARS	BETWEEN TWO AND FIVE YEARS	OVER FIVE YEARS	TOTAL
	R	R	R	R	R
Trade and other payables	8,081,643	-	-	-	8,081,643
Finance lease obligations	16,034	-	-	-	16,034
Administrative fines liability	-	-	-	5,879,536	5,879,536
	8,097,677	**-**	**-**	**5,879,536**	**13,977,213**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high-quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year-end were as follows:

	2022	2021
	R	R
Financial instrument		
Trade receivables from exchange transactions	1,692,516	1,619,237
Cash and cash equivalents	99,771,305	108,338,613

22. Going concern

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

23. Events after the reporting date

The process to purchase a building is at an advanced stage before the expiry of the lease in November 2022. The estimate of the financial effect could not be made at the reporting date.

24. Irregular expenditure

	2022	2021
	R	R
Opening balance as previously reported	63,139,488	57,259,551
Opening balance as restated	63,139,488	57,259,551
Add: Irregular expenditure - current	2,693,055	4,397,937
Add: Irregular expenditure - prior period		1,482,000
Closing balance	**65,832,543**	**63,139,488**

Current year

Irregular expenditure relates to non-compliance with the Treasury Regulations, Preferential Policy Procurement Framework Act (PPPFA) and non-compliance with any other regulations governing procurement.

	2022	2021
	R	R
Non-compliance with Supply Chain Management Regulations	942,133	1,649,304
Non-compliance with Treasury Instructions	-	3,117,607
Non-compliance with supply chain management processes	1,750,922	1,113,026
	2,693,055	**5,879,937**

Investigations into irregular expenditure for the previous year to 2020 have been completed. Disciplinary actions have commenced and consequence action will be initiated based on the outcome of the hearings. Only one of the eight cases was concluded as at 31 March 2022. The others are still ongoing; thus no consequence action has been taken.

Notes to the Annual Financial Statements

25. Budget differences

25.1 **Material differences between budget and actual amounts** Levy rebate: The 2019 levy rebate was implemented as per the new levy model. It was not considered at the time of budgeting as it could not be quantified.

25.2 Interest from investments: Surplus utilisation of R26.8 million has resulted in the decrease on interest earned.

25.3 Klopperbos: The transfer of Klopperbos has not materialised during the year. Hence, no income was derived from the facility; neither were there any costs.

25.4 Research costs: Only 39 out of 104 milestones were achieved for the year. Delays were due to COVID-19, as well as non-responsive bids.

25.5 Administrative costs: Misalignment of computer costs of R3.1 million is the main contributor to the overspend on the R3.7 million budget on administrative costs.

25.6 Dissemination costs: Connectivity charges of R1.5 million during COVID-19 contributed largely to the overspend.

25.7 Legal fees: New awards were made for legal services during the year. Consequence action on historical irregular expenditure had been implemented by year-end. Furthermore, legal services on hotline reports were also carried out.

25.8 RTF costs: Since COVID-19 lockdown, the MHSC has held meetings virtually and most staff worked from home. Travel was not permitted during the various stages of lockdown.

25.9 COVID-19 costs: Due to most staff working from home, the projected spend on sanitisation and masks was not needed.

25.10 Employee costs: The critical key positions of the Chief Research Operations Officer, Chief Human Capital Officer and Chief Executive Officer did not materialise during the year. Loss of staff in other structural positions was also filled late in the year.

25.11 Depreciation: The purchase of the building did not take place during the year, hence the underspend.

25.12 Debt impairment: The MHSC has reduced the provision of bad debts due to improved collections on historical debt.

26. Operating expenses

	2022	2021
	R	R
Other rentals	978,210	891,483
External audit fees (Note 27)	2,369,462	1,825,847
Legal fees	25,662,625	6,460,919
Administrative costs (excluding other rentals)	5,648,642	7,114,716
Corporate governance	709,154	1,441,462
Dissemination (promotional items, advertising, events, RTF)	3,239,711	4,540,938
Internal audit fees	834,724	891,335
	39,442,528	23,166,700

Notes to the Annual Financial Statements

27. External audit fees

	2022	2021
	R	R
External audit fees (Note 26)	2,369,462	1,825,847

28. Prior-period error note

In previous years, R6.3 million paid to a supplier was expensed in the Statement of Financial Performance. These were actually pre-payments made for the delivery of statues and should thus have been classified as pre-payments. The correction was made to the prior financial years to correctly account for the transactions as pre-payments and not as expenses.

Pre-payments are accounted for as part of receivables from exchange in Note 8 of the annual financial statements.

The overall effect on the financial statement line items are as follows:

Statement of Financial Position	31 March 2021
Increase in receivables from exchange	6,313,333.06
Decrease in accumulated surplus	-6,313,333.06

The effect on the individual line items was as follows:

	PREVIOUSLY STATED 31 MARCH 2021	ERROR	RESTATED BALANCE 31 MARCH 2021
	R	R	R
Receivables from exchange transactions (pre-payments)	2,841,212	6,313,333	9,154,545
Accumulated surplus	-110,127,585	-6,313,333	-116,440,918
	(107,286,373)	**-**	**(107,286,373)**

ANNUAL REPORT 2021/22

MHSC

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