



MHSC

**Revised Strategic Plan
2016/17-2020/21**

January 2016

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Strategic Plan 2015/16 to 2019/20

INTRODUCTION

The Mine Health and Safety Council is a public entity that is mandated, in terms of the Mine Health and Safety Act (MHSA), to advise the Minister of Mineral Resources on research programmes, regulations, standards, Occupational Health and Safety (OHS) policies, procedures focused on minimising the occupational health and safety risk at mines. The Council is also tasked with promoting a culture of health and safety in the mining industry.

The Council office executes the operational deliverables of the Council, including the provision of secretarial support to the Council and all its committees, managing research programmes, finances, communications and promotions, and liaising with other statutory bodies on matters relating to occupational health and safety at mines. Council provides a platform for stakeholder engagements on Occupational Health and Safety matters.

This document details the strategy components for MHSC for the years 2016/17 to 2020/21 as it is prudent to plan for five years. The evidence that was utilised in the strategy's construction is contained in the accompanying Strategic Assessments document and the Strategic Management and Governance documents.

VISION STATEMENT

The Mine Health and Safety Council has a vision to be the knowledge leader and trusted advisor to the Minister of Mineral Resources and stakeholders on Occupational Health and Safety matters, and to promote the transformation of Occupational Health and Safety in the mining industry towards the achievement of zero harm to mine workers and mining communities.

MISSION STATEMENT

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

VALUES

The MHSC prides itself on a set of shared values that inform and guide the interaction between employees, stakeholders and the mining industry at large. The acronym “PRIDE” represent MHSC core values.

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

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

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

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

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

GOALS

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

- **Zero Harm to employees and communities as a result of mining activities**
- **Providing knowledge leadership in mining Occupational Health and Safety**

SLOGAN

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

ABBREVIATIONS

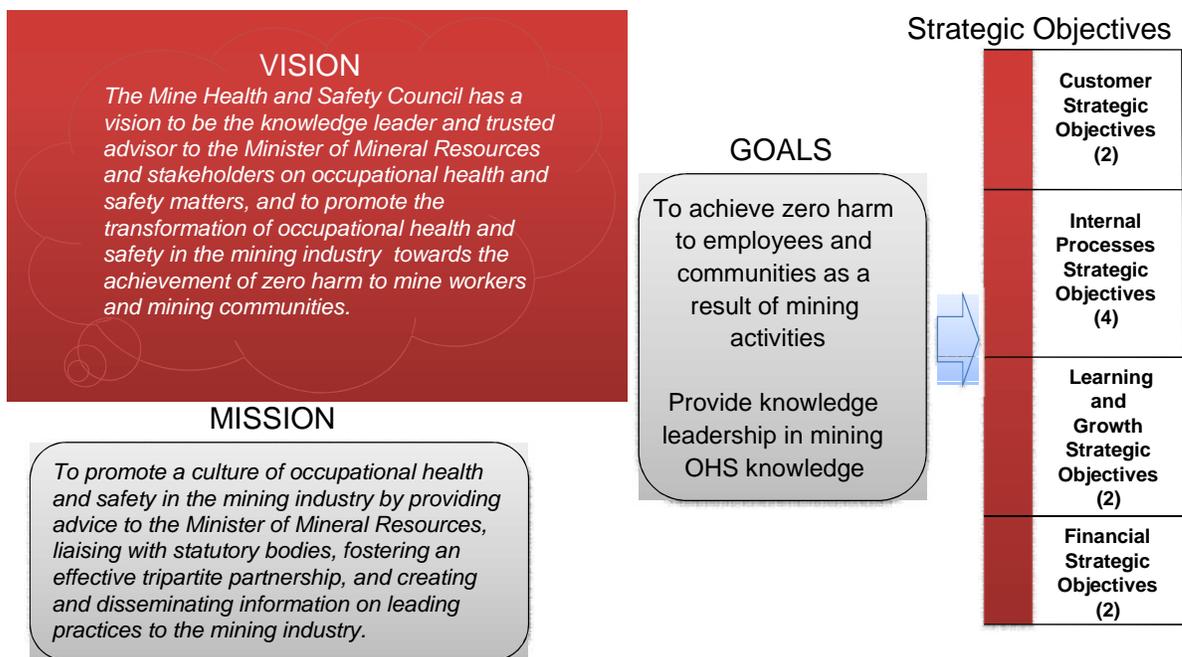
- **AIDS** Acquired Immune Deficiency Syndrome
- **ARC** Audit and Risk Committee
- **CEO** Chief Executive Officer
- **CFO** Chief Financial Officer
- **CGLO** **Corporate Governance Legal Officer**
- **CROO** Chief Research and Operations Officer
- **CSO** **Corporate Services Officer**
- **CTAC** Culture Transformation Advisory Committee
- **DMR** Department of Minerals Resources
- **GRCO** Governance, Risk and Compliance Officer
- **HIV** Human Immunodeficiency Virus
- **HR** Human Resources
- **HRRAC** Human Resources and Remuneration Committee
- **ICT** Information Communication Technology
- **MHSC** Mine Health and Safety Council (Board)
- **MITHAC** Mining Industry TB, HIV and AIDS Advisory Committee
- **MOHAC** Mining Occupational Health Advisory Committee
- **MRAC** Mining Regulations Advisory Committee
- **MQA** Mining Qualifications Authority
- **NDP** National Development Plan
- **OHS** Occupational Health and Safety
- **SCM** Supply Chain Management
- **SIMRAC** Safety in Mines Research Advisory Committee

- **TB** Tuberculosis

STRATEGY ARCHITECTURE

The MHSC strategic framework comprises the essential components of an organisational strategy.

THE MHSC STRATEGY ARCHITECTURE

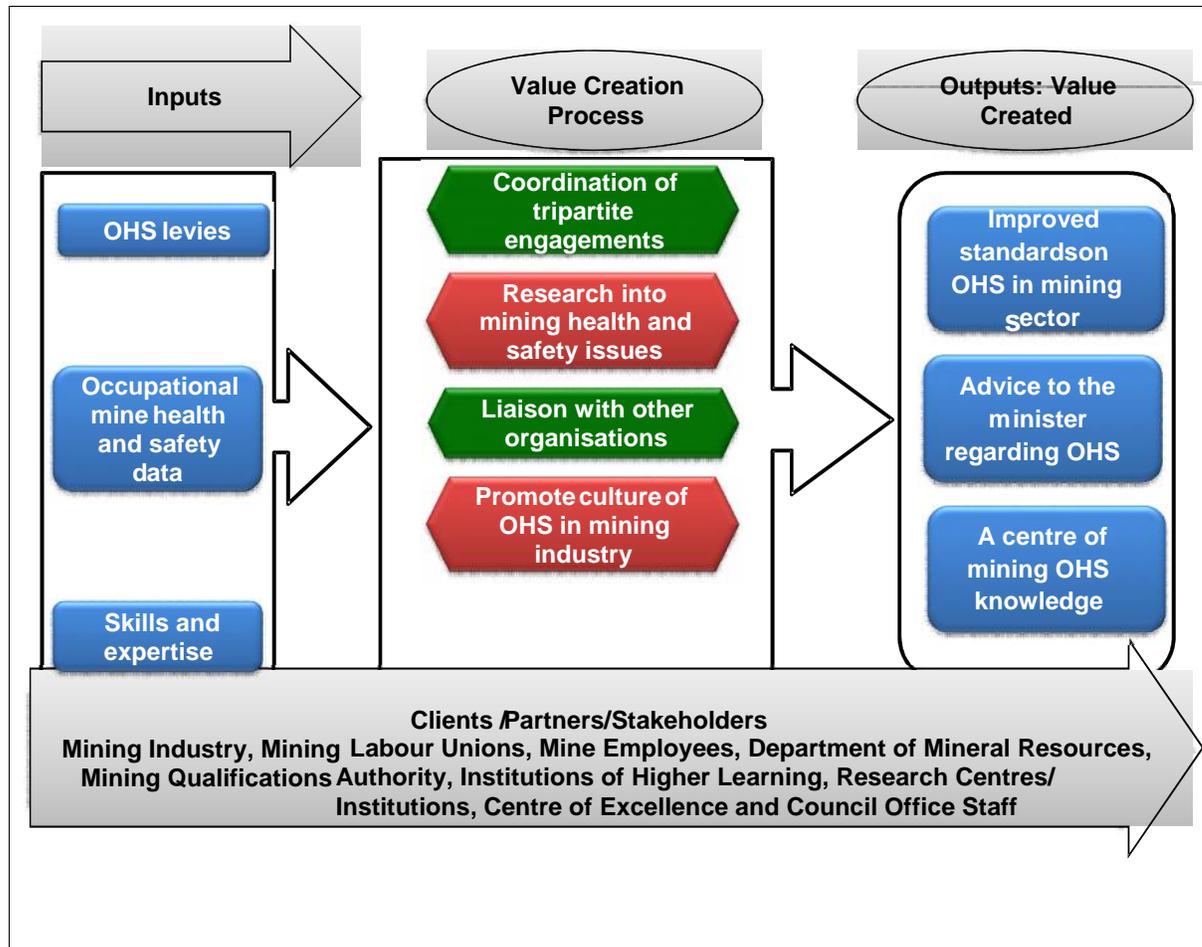


The 10 strategic objectives will enable the MHSC achieve its vision and mission while adhering to the organisational values.

BUSINESS MODEL

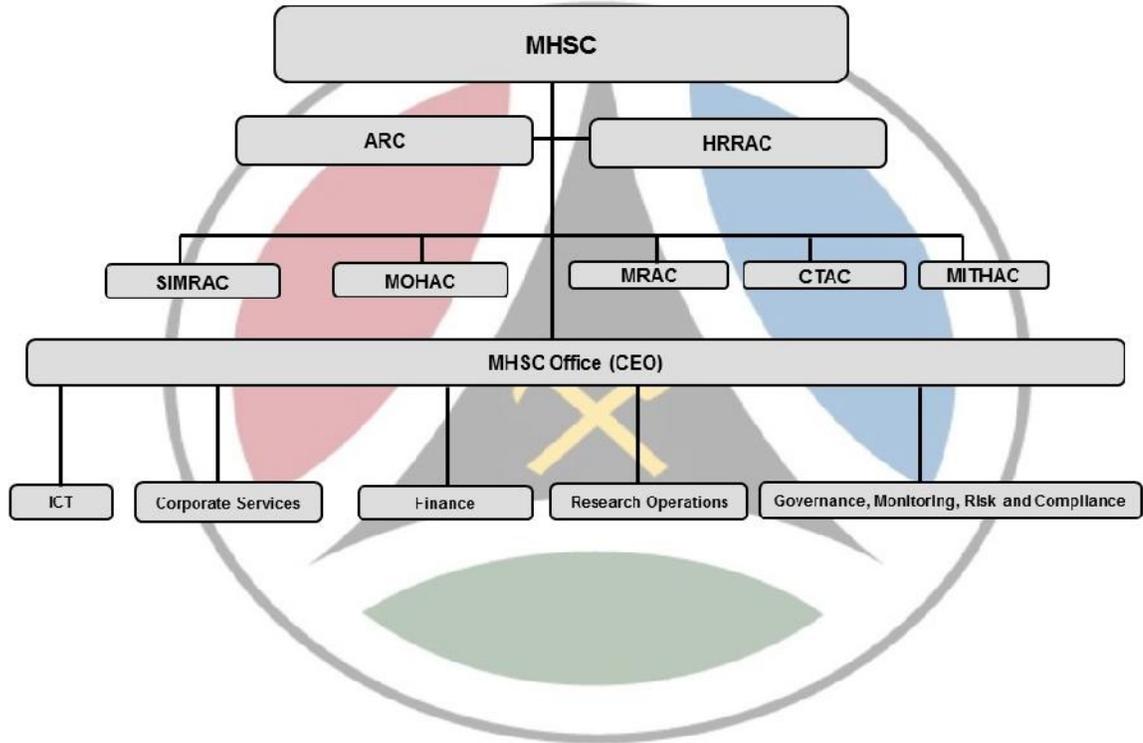
The MHSC Business Model describes how the organisation creates and delivers value to its stakeholders through the services and products it offers. The business model can be used as a marketing tool to illustrate the MHSC mandate.

MHSC BUSINESS MODEL



The operational structure below enables the MHSC stick to the business model.

MHSC OPERATING STRUCTURE



STRATEGY TIME FRAMES

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

- Short term – April 2016 to March 2017 (1 year)
- Medium term – April 2016 to March 2019 (3 years)
- Long term – April 2016 to March 2021 (5 years)

The medium and long-term strategic objectives will be most likely impacted by external factors affecting MHSC. The impact of these factors needs to be addressed on an annual basis as part of the strategy review process.

STRATEGY MAP

The MHSC strategic objectives formulated for the 2016/17 to 2020/21 financial years have been transposed onto a strategy map that gives a high level illustration of the strategy showing where each objective falls in the balanced scorecard perspectives and the causal relationships between each objective.

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

Customer: Recent management philosophy has shown an increasing realisation of the importance of customer focus and customer satisfaction in any business. These are leading indicators: If customers are not satisfied, the MHSC business model will cease to be sustainable, and its existence placed in jeopardy.

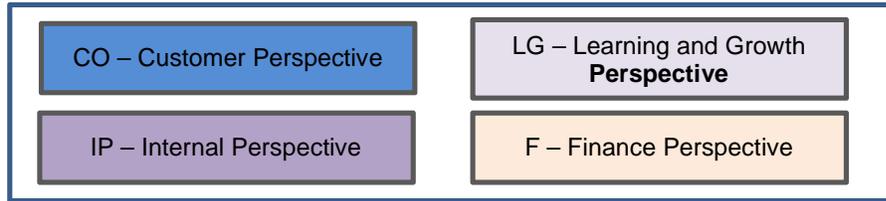
Internal Business Processes: This perspective focuses on the business processes that are core to the organisation and improving these to achieve operational efficiency and excellence.

Learning and Growth: There are three key areas of focus when developing objectives and measures for the Learning and Growth perspective and they are: human capital, Information capital and organisational capital.

This component should ensure that employees possess skills that match the organisational strategy, the ability to provide tools that the MHSC needs to execute the strategy and the ability to grow and learn for sustained results.

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

THE MHSC STRATEGY MAP AND OBJECTIVES



| | | | | |
|-----------------------------|--|---|---|---|
| Customer Perspective | <p>CO1</p> <p><i>Delivery Against MHSC Mandate and MHSC Summit Action Plans on OHS to Ensure Stakeholder Satisfaction</i></p> | <p>CO2</p> <p><i>Promote and Communicate MHSC Programmes to Improves OHS Awareness</i></p> | | |
| Internal Perspective | <p>IP1</p> <p><i>Adherence of turnaround time for procurement of services to ensure delivery by MHSC</i></p> | <p>IP2</p> <p><i>Enhance Effectiveness of Employee Performance Management</i></p> | <p>IP3</p> <p><i>Deliver MHSC Projects on Brief, Budget and Time (BBT)</i></p> | <p>IP4</p> <p><i>Implement and maintain Information, Knowledge and Record Management system to support</i></p> |
| Learning and Growth | <p>LG1</p> <p><i>Identify skills required by MHSC office staff and Council Members and develop a programme for implementation</i></p> | | <p>LG2</p> <p><i>Improve Organisational Climate and Environment to Make it Conducive for Good Staff Morale within MHSC</i></p> | |
| Finance Perspective | <p>F1</p> <p><i>Manage financial resources for sustainability and viability of MHSC</i></p> | | <p>F2</p> <p><i>Monitor Efficient & Effective Utilisation of Financial Resources</i></p> | |

MHSC STRATEGY AND LINK TO NATIONAL DEVELOPMENT PLAN INITIATIVES

The proposed 2016/17-2020/21 Strategy was assessed for alignment to the current National Development Plan (NDP) goals and objectives. Chapter 9, 10 and 13 of the NDP were found to be the most relevant chapters for the Mine Health and Safety Council in terms of its contribution to the national initiatives, as outlined by the National Development Plan. The table below shows proposed MHSC 2016/17-2020/21 Strategic Objectives against the NDP.

MHSC STRATEGY AND ALIGNMENT TO NDP

| National Development Plan | | MHSC Strategy | |
|---|--|---|--|
| Relevant NDP Chapter | Specific NDP Item | MHSC Objective | Strategic Objective |
| Chapter 9 – Improving Education, Training and Innovation | Research and innovation by institutions have a key role to play in improving SA's global competitiveness. | Deliver MHSC projects on Brief, Budget and Time (BBT). | IPO3 – through the Centre of Excellence |
| | Ensure R&D should be expanded in the country through collaboration across the South African education system with internationally accredited institutions. | Deliver MHSC projects on Brief, Budget and Time (BBT). | IPO3 |
| | South Africa's global competitiveness should be improved, and the system of innovation has a key role to play. | MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction. Deliver MHSC projects on Brief, Budget and Time (BBT). | CO1 IPO3 |
| | Multiple sites of research should be utilised through collaboration of industrial laboratories, government departments, corporate research. | Deliver MHSC projects on Brief, Budget and Time (BBT). | IPO3 |

| | | | |
|--------------------------------------|---|---|----------------------------|
| | Parastatals, statutory research Councils and NGOs. | | |
| National Development Plan | | MHSC Strategy | |
| Relevant NDP Chapter | Specific NDP Item | MHSC Objective | Strategic Objective |
| Chapter 10 – Promoting Health | <p>Health Goal 1 – Average life expectancy (HIV/Aids issues).</p> <p>Health Goal 2 – Progressively improve TB prevention and cure.</p> <p>Health Goal 4 – Reduction of non-communication disease or lifestyle diseases.</p> | MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction. | CO1 |

| National Development Plan | | MHSC Strategy | |
|--|--|---|---------------------|
| Relevant NDP Chapter | Specific NDP Item | MHSC Objective | Strategic Objective |
| Chapter 13 – Building a capable and developmental state | Procurement systems need to deliver value for money. | Improving turnaround time for procurement of services to ensure delivery by MHSC. | IPO1 |
| | | Deliver MHSC projects on Brief, Budget and Time (BBT). | IPO3 |
| | It is recommended that procurement types be differentiated. | Improving turnaround time for procurement of services to ensure delivery by MHSC. | IPO1 |
| | Oversight functions need to ensure value for money through compiling and scrutinising data and where possible, setting benchmarks. | Ensure MHSC Office staff and Council. | LO1 |
| Members have adequate skills and required competencies through continuous development. | | FO1 | |
| Ensure financial sustainability and viability of MHSC. | | FO2 | |
| | Ensure efficient and effective utilisation of financial resources. | IPO4 | |

| National Development Plan | | MHSC Strategy | |
|---------------------------|--|--|--|
| Relevant NDP Chapter | Specific NDP Item | MHSC Objective | Strategic Objective |
| | Procurement systems need to deliver value for money. | Improving turnaround time for procurement of services to ensure delivery by MHSC. Deliver MHSC projects on Brief, Budget and Time (BBT). | IPO1 IPO3 |
| | The State's institutions should have adequate capacity to deliver on their mandates. | Ensure MHSC Office staff and Council Members have adequate skills and required competencies through continuous development. Enhance effectiveness of employee performance management process. Implement knowledge and information management system to support staff and stakeholders. | LO1 IPO2 IPO4 |

NATIONAL NINE POINT PLAN

The following government initiatives as presented as part of SONA Nine Point Plan are the most relevant to MHSC contribution to the National initiatives.

1. Advancing beneficiation or adding value to our mineral wealth.
2. More effective implementation of a higher impact Industrial Policy Action Plan.
3. Encouraging private sector investment.
4. Unlocking the potential of SMMEs, cooperatives, township and rural enterprises.
5. State reform and boosting the role of state owned companies, ICT infrastructure or broadband roll out, water, sanitation and transport infrastructure as well as
6. Operation Phakisa aimed growing the ocean economy and other sectors.

STRATEGIC OBJECTIVES, TARGETS, INDICATORS AND INITIATIVES

The following are the detailed MHSC Corporate Strategy templates which are the result of the assessments through interviews and analysis and the collaborative effort of managing members of MHSC and consultants during the workshop process.

Each template is a working document that reflects the Strategic Objective, the method of measuring the achievement of that objective, related to the target that MHSC is aiming for in each reporting period.

In support of the measurement of the Strategic Objective, tracking Performance Indicators are also provided for, to meet a wide variety of reporting requirements and more importantly so that interim performance can be managed by the business.

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

CUSTOMER PERSPECTIVE OBJECTIVE 1

| | | | | | | | |
|--|-----------------------|---|---|-----------------------|---|--|--|
| Name of the objective | | | | | Accountable for the objective: CEO | | |
| Delivery against MHSC mandate inclusive of the MHSC Summit Action Plans on OHS to ensure stakeholder satisfaction. | | | | | | | |
| Definition of the objective: | | | | | Responsible for Execution & Reporting: | | |
| To deliver OHS services in terms of Council mandate inclusive of the Summit Action Plans to stakeholders that meet and exceed expectation. | | | | | CROO | | |
| Measures to enable tracking of progress: | | | Formula for calculation: | | Measure unit: | Freq of Reporting date | |
| Primary measure | | Percentage of achievement of initiatives | Actual initiatives /Planned initiatives | | Percentage | Quarterly | |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Target 2020/21 | | |
| 100% | 100% | 100% | 100% | 100% | 100% | | |
| Monitor Type | No | Monitors | | | | Freq of Reporting Commencement Date | |
| Lead Monitor | 1 | Number of Advisory reports developed and approved by Council. | | | | Quarterly | |
| Lead Monitor | 2 | Number of Advisory reports on the MHSC Summit as an outcome previously developed and approved initiatives by Council. | | | | Quarterly | |
| Lead Monitor | 3 | Number of engagements with identified partners and stakeholders. | | | | Quarterly | |

| Initiatives to enable achievement of the objective: | | Responsible | Due Date |
|---|--|-------------|-----------|
| 1 | Develop one advisory note for submission to the Minister. | CROO | Quarterly |
| 2 | Develop one legislative advice for submission to the Minister. | CROO | Quarterly |
| 3 | Develop one advisory notes on OHS Summit inclusive of HIV/AIDS and TB. | CROO | Quarterly |
| 4 | Liaise with other bodies – established with MoUs with organisations involved with OHS (minimum of 5 per year). | CROO | Quarterly |

CUSTOMER PERSPECTIVE OBJECTIVE 2

| | | | | | | |
|---|---|--|---|-----------------------|---|-------------------------------|
| Name of the objective: Promote and communicate MHSC programmes to improve OHS awareness. | | | | | Accountable for the objective: CEO | |
| Definition of the objective: To implement the approved Communication and Promotion strategy on MHSC programmes and OHS initiatives. | | | | | Responsible for Execution & Reporting: CSO | |
| Measures to enable tracking of progress: | | | Formula for calculation: | | Measure unit: | Freq of Reporting date |
| Primary measure | Promotion and communication of MHSC initiatives to mining sector | | (Number of executed promotion and communication programmes/initiatives /number of planned promotion and communication programmes/initiatives) X 100 | | Percentage | Quarterly |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | | Target 2018/19 | Target 2019/20 | Target 2020/21 |
| 80% | 80% | 80% | | 80% | 80% | 80% |
| Monitor Type | | Monitors | | | | Freq of Reporting |
| Lead Monitor | 1 | Number of identified stakeholder groups targeted in executing communication initiatives from communication plan. | | | | Quarterly |
| Lag Monitor | 2 | Review of feedback on promotion and communication initiatives. | | | | Quarterly |
| Initiatives to enable achievement of the objective: | | | | | Responsible | Due Date |
| 1 | Develop a programme of initiatives to promote and communicate MHSC products and services. | | | | CSO | 01-Apr-16 |
| 2 | Implement an approved promotion and communication strategy plan for MHSC. | | | | CSO | Quarterly |
| 3 | Undertake an assessment of four major events (World Aids Day, Women in Mining, OHS Summit and OH Dialogue) conducted. | | | | CSO | Per event |
| 4 | Undertake an annual Principal stakeholder satisfaction survey. | | | | CSO | Annually |

| | | | |
|---|---|-----|----------|
| 5 | Undertake an annual assessment on awareness/satisfaction from levy paying mines. | CSO | Annually |
| 6 | Undertake an annual assessment on awareness/satisfaction from Regional Tripartite Forums. | CSO | Annually |

INTERNAL PROCESS PERSPECTIVE OBJECTIVE 1:

| | | | | | | | |
|--|---|--|---------------------------------|-----------------------|---|-------------------------------|--|
| Name of the objective: Adherence of turnaround time for procurement of services to ensure delivery by MHSC. | | | | | Accountable for the objective: CEO | | |
| Definition of the objective: Ensure adherence to prescribed time frames for procurement of goods and services. | | | | | Responsible for Execution & Reporting: CFO | | |
| Measures to enable tracking of progress: | | | Formula for calculation: | | Measure unit: | Freq of Reporting date | |
| Primary measure | Services procurement turnaround time | Average percentage of requests completed within the required timeframe/total requests within required timeframes | | Percentage | Quarterly | | |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Target 2020/21 | | |
| 45 days for open tenders and 10 days when appointing provider from database | 80% | 80% | 80% | 80% | 80% | | |
| Monitor Type | No | Monitors | | | | Freq of Reporting | |
| Lead Monitor | 1 | Contracts initiated in accordance with relevant MHSC demand plan. | | | | Monthly | |
| Initiatives to enable achievement of the objective: | | | | | Responsible | Due Date | |
| 1 | Develop & budget for an annual forward demand procurement plan (AFPP). | | | | CFO | 31 January 2016 | |
| 2 | Develop Terms of Reference and sourcing strategies for approved APP. | | | | CFO | 30 April 2016 | |
| 3 | 60 days for open tenders procurement turnaround time. | | | | CFO | Quarterly | |
| 4 | 20 days for RFQs greater than R30 000 when appointing provider from database procurement turnaround time. | | | | CFO | Quarterly | |
| 5 | 10 days for RFQs less than R30 000 when appointing provider from database procurement turnaround time. | | | | CFO | Quarterly | |

INTERNAL PROCESS PERSPECTIVE OBJECTIVE 2:

| | | | | | |
|---|---|--|---|--|-------------------------------|
| Name of the objective: Enhance effectiveness of employee performance management process. | | | | Accountable for the objective: CEO | |
| Definition of the objective: Ensure employee performance is managed efficiently and transparently at MHSC to enhance staff knowledge and skills and to promote accountability and improved performance. | | | | Responsible for Execution & Reporting: CSO | |
| Measures to enable tracking of progress: | | | Formula for calculation: | Measure unit: | Freq of Reporting date |
| Primary measure | Percentage achievement of a minimum of 80% on each initiative | | Actual initiatives action plans /Planned initiatives action plans | Percentage | Quarterly |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Target 2020/21 |
| 100% | 80% | 80% | 80% | 80% | 80% |
| Monitor Type | No | Monitors | | | Freq of Reporting |
| Lead Monitor | 1 | Performance agreements signed. | | | Annually |
| Lag Monitor | 2 | Performance assessment reports issued within a month of end of the quarter under review. | | | Bi- Annually |
| Initiatives to enable achievement of the objective: | | | | Responsible | Due Date |
| 1 | Cascade APP objectives and actions into performance contracts of all staff. | | | EXCO | 30 April 2016 |
| 2 | Conduct staff performance appraisals. | | | CSO | Bi- Annually |

INTERNAL PROCESS PERSPECTIVE OBJECTIVE 3

| | | | | | |
|--|--|--------------------------------|---|---|-------------------------------|
| Name of the objective: Deliver MHSC projects on Brief, Budget and Time (BBT). | | | | Accountable for the objective: CEO | |
| Definition of the objective: An effective project management process that ensures effective, efficient, project scoping, scheduling and cost tracking. | | | | Responsible for Execution & Reporting: CGLO | |
| Measures to enable tracking of progress: | | | | | Freq of Reporting date |
| Primary measure | Project milestones delivered within budget and time allocation and to required quality standard | | (Number of project milestones delivered on Brief, Budget and Time /total number of project milestones due in the quarter) X 100 | Percentage | Quarterly |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Target 2020/21 |
| 83% | 85% | 86% | 87% | 90% | 90% |
| Monitor Type | No | Monitors | | | Freq of Reporting |
| Lag Monitor | 1 | Percentage spent within budget | | | Quarterly |
| Initiatives to enable achievement of the objective: | | | | Responsible | Due Date |
| 1 | Development of milestone schedule and tracking of implementation. | | | EXCO | Monthly |
| 2 | Monitor projects utilising projects milestones and contract register as part of Enterprise Project Management (EPM). | | | GRCO | Monthly |
| 3 | Implement Centre of Excellence (CoE) Model. | | | CROO | 31 March 2017 |

INTERNAL PROCESS OBJECTIVE 4:

| | | | | | |
|---|--|---|-----------------------|---|-------------------------------|
| Name of the objective: | | | | Accountable for the objective: | |
| Implement and maintain information, knowledge and record management system to support staff and stakeholders. | | | | CEO | |
| Definition of the objective: | | | | Responsible for Execution & Reporting: | |
| Manage a system for knowledge and information management (KM) at the MHSC which generates critical knowledge, stores and maintains information and records. | | | | IT Manager | |
| Measures to enable tracking of progress: | | | | | Freq of Reporting date |
| Primary measure | Implementation of approved documented filing process | Percentage implementation of approved documented filing process | Percentage | Bi-Annual | |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Target 2020/21 |
| 80% | 100% | 100% | 100% | 100% | 100% |
| Monitor Type | Monitors | | | | Freq of Reporting |
| Lag Monitor | 1 | Downloads from the information repository | | | Quarterly |
| Initiatives to enable achievement of the objective: | | | Responsible | Due Date | |
| 1 | Monitor Records Management system. | | CSO | Bi-Monthly | |
| 2 | KM system availability. | | IT Manager | Daily | |
| 3 | Monitor the KM system effectiveness. | | IT Manager | Quarterly | |

LEARNING AND GROWTH PERSPECTIVE OBJECTIVE 1

| | | | | | |
|--|--|---|-----------------------|---|-------------------------------|
| Name of the objective Identify skills required by MHSC office staff and Council Members and develop a training or capacitation programme for implementation. | | | | Accountable for the objective: CEO | |
| Definition of the objective: Ensure that staff members and Council and Committee members are adequately skilled and competent through the implementation of PDP's to enable MHSC to achieve its goals and mandate. | | | | Responsible for Execution & Reporting: CSO | |
| Measures to enable tracking of progress: | | Formula for calculation: | | Measure unit: | Freq of Reporting date |
| Primary measure | Implementation of Training and Development Plan | Identified skill development needs implemented against identified skill development needs | | Percentage | Bi-Annual |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Target 2020/21 |
| 80% | 80% | 80% | 80% | 80% | 80% |
| Monitor Type | Monitors | | | | Freq of Reporting |
| Lead Monitor | 1 | Council effectiveness report | | | Annually |
| Initiatives to enable achievement of the objective: | | | | Responsible | Due Date |
| 1 | Development of personal development plans (PDPs) to provide inputs to Workplace Skills Plan. | | | CSO | 31 March 2016 |
| 2 | Submit Workplace Skills Plans (WSPs) and Annual Training Report (ATR) to MQA. | | | CSO | 30 April 2016 |
| 3 | Monitor Implementation of PDPs. | | | CSO | Quarterly |
| 4 | Develop and Implement training plan for Council and Committees' members. | | | CGLO | Annually |
| 5 | Conduct Induction for new Council and Committees' members. | | | CGLO | Annually |
| 6 | Conduct Induction for new MHSC Office staff. | | | CSO | Quarterly |

LEARNING AND GROWTH PERSPECTIVE OBJECTIVE 2

| | | | | | | |
|--|---|--|---|--|--|-------------------------------|
| Name of the objective: Improve organisational climate and environment to make it conducive for good staff morale within MHSC. | | | | | Accountable for the objective: CEO | |
| Definition of the objective: Fostering a positive organisational climate is conducive for building a productive and stable work force that is motivated to work towards a common MHSC goal to positively influence OHS in the mining industry. | | | | | Responsible for Execution & Reporting: CSO | |
| Measures to enable tracking of progress: | | | Formula for calculation: | | Measure unit: | Freq of Reporting date |
| Primary measure | Level of implementation of initiatives for climate and staff morale within MHSC | | Number of planned initiatives against implemented initiatives | | Percentage | Annually |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | | Target 2019/20 | Target 2020/21 |
| 80% | 80% | >80% | >80% | | >80% | >80% |
| Monitor Type | | Monitor | | | | Freq of Reporting |
| Lead Monitor | 1 | Initiatives instituted to promote an organisational culture that improves the working environment. | | | | Quarterly |
| Lead Monitor | 2 | Staff turnover rates. | | | | Quarterly |
| Initiatives to enable achievement of the objective: | | | | | Responsible | Due Date |
| 1 | Implement Initiatives from exit trend analysis identified from the previous financial year. | | | | CSO | Quarterly |

FINANCIAL PERSPECTIVE OBJECTIVE 1

| | | | | | |
|---|--|--|--|---|-------------------------------|
| Name of the objective: Manage financial resources for sustainability and viability of MHSC. | | | | Accountable for the objective: CEO | |
| Definition of the objective: MHSC needs to ensure that it collects sufficient income and utilises funds to effectively and efficiently deliver on the MHSC mandate of promoting OHS in the mining industry. | | | | Responsible for Execution & Reporting: CFO | |
| Measures to enable tracking of progress: | | | Formula for calculation: | Measure unit: | Freq of Reporting date |
| Primary measure | Proportion of income collected | | (Rand value of income collected/total levied for the year) X 100 | Percentage | Annually |
| Prior Year Target 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Target 2020/21 |
| 90% | 90% | 90% | 90% | 90% | 90% |
| Monitor Type | | Monitors | | | Freq of Reporting |
| Lead Monitor | 1 | Attending to levy queries. | | | Quarterly |
| Lag Monitor | 2 | Defaulting (payments) mines as a proportion of all mines levied mines. | | | Annually |
| Initiatives to enable achievement of the objective: | | | | Responsible | Due Date |
| 1 | Validate database of active mines. | | | CFO | 30 June 2016 |
| 2 | Implement Levy Task Team Phase 1 outcome of a reviewed funding model to ensure the MHSC is adequately funded for delivery of OHS needs in the mining industry as per mandate and Summit action plans and programmes. | | | CFO | 31 March 2017 |
| 3 | Finalise Levy Task Team Phase 2 of a reviewed funding to ensure the MHSC is adequately funded for delivery of OHS needs in the mining industry as per mandate and Summit action plans and programmes. | | | CFO | 31 March 2017 |

FINANCIAL PERSPECTIVE OBJECTIVE 2

| | | | | | |
|---|--|--|--|--|--|
| Name of the objective: Monitor efficient and effective utilisation of financial resources. | | | | Accountable for the objective: CEO | |
| Definition of the objective: MHSC needs to ensure that expenditure is aligned to budget stipulations to ensure that projects are adequately funded. | | | | Responsible for Execution & Reporting: CFO | |
| Measures to enable tracking of progress: | | | Formula for calculation: | | Measure unit: |
| Primary measure | | | Maintain spending in line with approved budget | | (Budget expenditure-Actual expenditure)/Budget X 100 |
| Prior Year Target 2015/16 | | | Target 2016/17 | | Target 2017/18 |
| 5% | | | 5% | | 5% |
| Monitor Type | | | Monitor | | Freq of Reporting |
| Lead Monitor | | | 1 | | Demand Plan |
| Lead Monitor | | | 2 | | MHSC Budget |
| Initiatives to enable achievement of the objective: | | | | Responsible | |
| 1 | | | | Develop and implement zero based budgeting process to determine cash flow. | |
| 2 | | | | Develop and approve a budget for predetermined objectives. | |
| 3 | | | | Monitor Implementation of Spending Plans. | |
| | | | | CFO | |
| | | | | CFO | |
| | | | | EXCO | |
| | | | | 31 August 2016 | |
| | | | | 31 August 2016 | |
| | | | | Monthly | |

MINE HEALTH AND SAFETY COUNCIL BUDGET

BUDGET TREND ANALYSIS (Figures rounded to the nearest Million)

Revenue from non-exchange transactions

Due to the current economic climate condition of low commodities price in the Mining industry, the levies budget of R75.1million (m) has been kept at the same level as per 2015-16 financial year. The levies for 2017-18 has been increased by 5% and thereafter kept the same for 2019 and 2020.

Finance Income

Due to excellent collection of levies, more money has been invested translating into a 32% budget increase. Budget forecasts for increased expenditure in future years will be using more of the invested funds in the next three years. This explains the declining Interest budgeted in 2018-2020.

Research Expenditure

Research expenditure that relates to new research projects and topics has been increased from R 5.7m (2015-16 figures) to R 18.7m (2016-17). 5% increment has been made for the (2017-18), and then a reduction of 5% for both periods of 2018-19 and 2019-20. This is a result of anticipating a reduction in accidents and better working conditions in the industry, therefore concentrating on complex research topics.

Research expenditure-rollover has been reduced significantly from R 30.4m to R 8.1m due to an expectation of the commencement of the Centre of Excellence (CoE) which will finance its activities from the surplus funds.

Summit Projects

The Centre of Excellence (R 1.65m) was budgeted for under Summit projects in the August 2015 submission and it has now been moved to Strategic Objectives expenditure. The CoE expenditure budget has been planned to start off at R45.3m of which R18.4m worth of contracts have been signed and the R25.3m Seed-funding is at an advanced stage of contractual process. With the expected good results from the research being undertaken and the reserves beginning to decline, the CoE and Rollover budget have been reduced by 9% from 2016-17 to 2020.

Technical Experts

Technical expert's expenditure has increased from R 0.8m (2015-16 figures) to R 2.2m (2016-17). This is as a consequence of research expenditure being increased to a total of R72.1m which will require highly skilled personnel. From 2017-18 to 2019-20, the trend is as per the increased research expenditure. More experts will also be sourced for other committees which did not have.

Strategic Objectives

The Centre of Excellence (R 1.65m) was budgeted for under Summit projects in the August 2015 submission and it has now been moved to Strategic Objectives expenditure. The Strategic objective expenditure has been increased from R 8.4m (2015-16 figures) to R 9.7m (2016-17). 5% increment has been made for the (2017-18), and then a reduction of 5% for both periods of 2018-19 and 2019-20. The increment in 2016-17 for communicating and promoting OHS by MHSC is in line with council's decision taken in 2014 to vigorously increase knowledge of MHSC work in the industry for improvement. Work has already commenced in the regions and thus a reduction 2018-19 to 2019-20 anticipating better working environment. 77% of this budget is for the strategic objective of communicating and promoting MHSC programmes and OHS initiative hence a 15% increment in 2016-17.

Administrative Expenses

During the budget review, Finance realized that there was an under-budgeting of Administrative expenses based on trends and actual expenditure incurred to date. Hence the movement of R9.69m from the August submission.

This budget encompasses expenses as depicted in page 29. This budget has been reduced from R15.5 to R14.5 (2016-17) overall. The entity is embarking on tight cost cutting measures. From 2017-18 to 2020, 7% increment has been effected as rent is part of these costs and its increment is between 9% and 12%.

Depreciation and Armotisation

There has been a 5% increment for all the financial years 2016-17 to 2020 as there has to be research undertaken whether the organization will still lease or buy the building for the purposes of housing staff.

Promotion of Health and Safety.

This budget has been reduced from R1m to R 0.2m which translate to 80% reduction (from 2015-16 to 2016-17) due to the fact that in the previous years the trend has shown that it does not cost much to do the promulgations and advert for the notices. It has been increased by 5% for the 2017-18 and 2018-19 and reduced by 5% for 2019-2020.

Realisation of Reserves

Due to the fact that The MHSC cannot budget for deficit, there is a portion of funds that should be taken from the reserves to finance the shortfall. The budget is per the amount that will be required from the reserves each year (2016/17-R55m, 2017/18-R50.8m, 2018/19- R47.8m and 2019/20-R42.5m).

Current Assets

Their budgets have been prepared in accordance with the previous year's trends. Anticipated Funds utilization have been taken into consideration in preparing Cash and Cash equivalents budget.

Non- current assets

The budget has been increased by R3, 550m for IT assets and R5m HR all-encompassing system for 2016/17. The following years have been increased by 5% to cater for additional assets that may be required.

Current Liabilities and Non-Current Liabilities

Their budgets have prepared in accordance with the previous year's trends.

| MINE HEALTH AND SAFETY COUNCIL | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| STATEMENT OF FINANCIAL PERFORMANCE | | | | |
| FOR THE PERIOD ENDED | | | | |
| | Budget | Budget | Budget | Budget |
| | 2017 | 2018 | 2019 | 2020 |
| | R | | R | |
| Income | 83,843,241.75 | 86,760,403.84 | 85,995,403.84 | 84,618,403.84 |
| Revenue from non-exchange transactions | 75,108,241.75 | 78,863,653.84 | 78,863,653.84 | 78,863,653.84 |
| | - | - | - | - |
| Revenue from exchange transactions: | | | | |
| Finance income | 8,500,000.00 | 7,650,000.00 | 6,885,000.00 | 5,508,000.00 |
| Other income | 235,000.00 | 246,750.00 | 246,750.00 | 246,750.00 |
| | | | - | |
| Expenditure | 137,871,424.29 | 137,000,338.69 | 133,258,995.75 | 126,596,045.96 |
| Research expenditure -Current period | 18,656,000.00 | 19,588,800.00 | 18,609,360.00 | 17,678,892.00 |
| Research expenditure - Rollover | 8,115,378.77 | 7,303,840.89 | 6,573,456.80 | 6,244,783.96 |
| Technical experts | 2,160,000.00 | 2,268,000.00 | 2,154,600.00 | 2,046,870.00 |
| Strategic objectives expenditure | 11,389,000.00 | 11,958,450.00 | 11,360,527.50 | 10,792,501.13 |
| Administrative expenses* | 14,495,578.00 | 15,220,356.90 | 15,981,374.75 | 15,182,306.01 |
| Staff costs | 34,984,681.94 | 36,733,916.04 | 38,570,611.84 | 36,642,081.25 |
| Depreciation and amortisation | 4,221,785.58 | 4,432,874.86 | 4,432,874.86 | 4,211,231.12 |
| Summit projects** | 43,649,000.00 | 39,284,100.00 | 35,355,690.00 | 33,587,905.50 |
| Promotion of Health And Safety | 200,000.00 | 210,000.00 | 220,500.00 | 209,475.00 |
| | | | | |
| Income less Revenue | -54,028,182.54 | -50,239,934.85 | -47,263,591.91 | -41,977,642.12 |
| Realisation of reserves | 55,000,000.00 | 50,800,000.00 | 47,800,000.00 | 42,500,000.00 |
| | | | | |
| Surplus for the year | 971,817.46 | 560,065.15 | 536,408.09 | 522,357.88 |
| | | | | |
| | | | | |
| The anticipated administrative costs are as per below | | | | |
| Administrative expenses* | | | | |
| Offices Rental | 3,252,233.00 | | | |
| SIMRAC, MOHAC, CTAC etc Meetings | 2,111,973.00 | | | |
| Internal Audit Fees | 802,959.00 | | | |
| External Audit Fees | 2,088,694.00 | | | |
| Corporate Governance | 1,439,465.00 | | | |
| Other Office related expenses | 4,800,254.00 | | | |
| | 14,495,578.00 | | | |
| | | | | |
| The summit total budget is made up of the below aggregated costs | | | | |
| Summit Projects** | | | | |
| Seed Funding Projects (At acontractual stage) | 25,277,058.00 | | | |
| Centre of Excellence (Signed Contracts) | 18,371,942.00 | | | |
| | 43,649,000.00 | | | |
| | | | | |

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

Spending on reserves

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|--|-----------------------|-----------------------|----------------------|----------------------|
| Surplus for year the year | | | | |
| Balance at beginning of period* | 216,994,199.00 | 162,966,016.46 | 112,973,731.61 | 66,019,702.20 |
| Funding of rollovers from reserves | -55,000,000.00 | -50,800,000.00 | -47,800,000.00 | -42,500,000.00 |
| Surplus for period | 971,817.46 | 807,715.15 | 845,970.59 | 816,442.25 |
| Balance at end of period | 162,966,016.46 | 112,973,731.61 | 66,019,702.20 | 24,336,144.45 |

Balance at beginning of period*

R 216 994 199.39 this is the anticipated reserves at the end of 2015-16 Financial year
Reserves as at 2014-15 was R 207 315 252

| MINE HEALTH AND SAFETY COUNCIL | | | | |
|---|------------------------|------------------------|------------------------|------------------------|
| STATEMENT OF FINANCIAL POSITION | | | | |
| AS AT MARCH 31 | | | | |
| | Budget 2017 | Budget 2018 | Budget 2019 | Budget 2020 |
| | R | | | |
| ASSETS | | | | |
| Current assets | 191,775,694.56 | 152,419,217.34 | 115,675,778.76 | 78,033,843.78 |
| Cash and cash equivalents | 183,011,630.93 | 143,216,950.53 | 106,933,625.29 | 69,291,690.31 |
| Receivables (non-exchange) | 8,018,793.96 | 8,419,733.66 | 7,998,746.98 | 7,998,746.98 |
| Other receivables (exchange) | 595,278.02 | 625,041.92 | 593,789.82 | 593,789.82 |
| Consumables | 149,991.65 | 157,491.23 | 149,616.67 | 149,616.67 |
| Non-current assets | 15,815,178.56 | 16,605,937.49 | 15,775,640.61 | 15,775,640.61 |
| Property, plant and equipment* | 9,657,069.68 | 10,139,923.16 | 9,632,927.01 | 9,632,927.01 |
| Intangible assets** | 6,158,108.88 | 6,466,014.32 | 6,142,713.61 | 6,142,713.61 |
| TOTAL ASSETS | 207,590,873.12 | 169,025,154.83 | 131,451,419.37 | 93,809,484.39 |
| LIABILITIES | | | | |
| Current liabilities | 6,869,734.75 | 7,213,221.49 | 6,852,560.41 | 6,852,560.41 |
| Trade and other payables (exchange) | 6,109,857.05 | 6,415,349.90 | 6,094,582.41 | 6,094,582.41 |
| Provisions | 759,877.70 | 797,871.59 | 757,978.01 | 757,978.01 |
| Non-current liabilities | 9,509,797.78 | 9,985,287.67 | 9,486,023.29 | 9,486,023.29 |
| Post - retirement medical aid | 2,276,000.00 | 2,389,800.00 | 2,270,310.00 | 2,270,310.00 |
| Finance lease non current liability | 551,858.07 | 579,450.97 | 550,478.42 | 550,478.42 |
| Admin fines | 6,681,939.71 | 7,016,036.70 | 6,665,234.86 | 6,665,234.86 |
| NET ASSETS | 191,211,340.59 | 151,826,645.67 | 115,112,835.68 | 77,470,900.70 |
| Accumulated Surplus | 162,966,016.46 | 112,973,731.61 | 66,019,702.20 | 24,336,144.45 |
| TOTAL NET ASSETS AND LIABILITIES | 207,590,873.12 | 169,025,154.83 | 131,451,419.37 | 93,809,484.39 |
| | | | | |
| Property, plant and equipment* | | | | |
| The Following ICT projects are needed in the Financial year 2016-17 which translate to an increase of R3 550 000 | | | | |
| Video Conferencing | 1,500,000.00 | | | |
| Lync and Collaboration | 800,000.00 | | | |
| Incoming and outgoing direct line | 350,000 | | | |
| Data Storage Vault | 900,000 | | | |
| | 3,550,000 | | | |
| Intangible assets** | | | | |
| HR requires an all encompassing HR system for the Financial year 2016-17 which translate to an increase of R5 000 000 | | | | |

MATERIALITY AND SIGNIFANCE FRAMEWORK

Table of Contents

- 1 APPROVAL**
- 2 BACKGROUND**
- 3 AREAS COVERED**
- 4 DEFINITIONS**
 - 4.1 Material**
 - 4.2 Significant**
- 5 METHODOLOGY**
 - 5.1 Factors to be considered**
 - 5.2 Frequency of determining the framework**
 - 5.3 Materiality calculation**
 - 5.3.1 Assessment of risks**
 - 5.3.2 Types of materiality needed**
 - 5.3.3 Ratios to be used**
- 6 SIGNIFICANT TRANSACTIONS**

1. APPROVAL

- 1.1. This framework was approved by the Mine Health and Safety Council (the Council) on 28 January 2016.
- 1.2. It comes into effect immediately on its approval.

2. BACKGROUND

- 2.1. Section 54(2) of the Public Finance Management Act (Act no. 1 of 1999) (PFMA) states that Council as the accounting authority must inform the Department of Mineral Resources and submit particulars to the Minister as its executive authority for approval in respect of any of the following qualifying transactions:
 - establishment or participation in the establishment of a company [section 54(2)(a)];
 - participation in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(b)];
 - acquisition or disposal of a significant shareholding in a company [section 54(2)(c)];
 - acquisition or disposal of a significant asset [section 54(2)(d)];
 - commencement or cessation of a significant business activity [section 54(2)(e)]; and
 - a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2)(f)].
- 2.2. Section 55(2)(b)(i) of the PFMA requires the annual report and financial statements of Council to “include particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.”
- 2.3. In terms of section 55(1)(d) of the PFMA the annual report and financial statements of the Council must be submitted to the Department of Mineral Resources. Based on the submitted information the executive authority may decide to conduct further investigations into the activities of the Council. As a result it is important for the Council to set the materiality and significance figures

at an appropriate level in order to ensure that material transactions are dealt with in the annual report and financial statements, as well as communicated to the Department of Mineral Resources for approval.

- 2.4. In terms of Treasury Regulation 28.1.5: For purposes of material [sections 50(1), 55(2) and 66(1) {Per Treasury: Should be 61(1)(c)} of the PFMA] and significant [section 54(2) of the PFMA], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance in consultation with the external auditors.
- 2.5. In terms of Treasury Regulation 28.2.1: The annual report of public entities shall detail the materiality/significance framework applied during the financial year.
- 2.6. In terms of Treasury Regulation 30.1.3(e) : [*The Strategic plan must -*] include the materiality/significance framework, referred to in Treasury Regulation 28.1.5;
- 2.7. This document sets out the method the Council uses to calculate its framework.
- 2.8. The results of these calculations as they apply to the 4 years ending 31 March 2017 to 31 March 2020 are contained in Appendix 1 to this policy.

3. AREAS COVERED

- 3.1. The nature of materiality is such that in a small organisation such as the Council it is not necessary to differentiate between the constituent entities. Thus all materiality will be set at Council level and applied to all committees and the offices.
- 3.2. Materiality will be set for:
 - Errors
 - Wasteful and fruitless expenditure
 - Losses due to criminal activity
 - Losses due to negligence
- 3.3. No distinction will be drawn between materiality involving members of the Council and staff.

4. DEFINITIONS

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

4.1 MATERIAL

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

SAAS 320.03 and AC000.29 both define materiality as follows: “Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.”

From a public sector perspective SAAS 320.17 states that: “In an audit of financial statements in the public sector, the auditor’s assessment of materiality may be influenced by the public accountability of the audited entity, and the sensitivity of the entity’s accounts, activities and functions regarding matters of public interest. The reference to “economic” decisions in the definition above may, therefore, not always be appropriate in the public sector.”

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

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

In evaluating the fair presentation of financial statements the auditor evaluates any misstatements against materiality, both individually and in aggregate. This same principle should be applied when evaluating the materiality of losses through criminal conduct, irregular expenditure and fruitless and wasteful

expenditure. Where individual amounts are deemed not to be material, entities should calculate aggregate amounts for losses, irregular expenditure and fruitless and wasteful expenditure, respectively. The aggregate amounts should be evaluated against materiality and if material particulars must be included in the annual report and financial statements.

4.2 SIGNIFICANT

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

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

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

5. METHODOLOGY

5.1. **Factors to be considered**

5.1.1. Nature of the Council's business.

5.1.2. Risk and how it is managed.

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

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

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

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

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

5.2. Frequency of determining the framework

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

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

5.3. Materiality calculation

5.3.1. Assessment of risks

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

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

5.3.2. Types of materiality needed

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

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

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

5.3.3. Ratios to be used

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

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

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

6. SIGNIFICANT TRANSACTIONS

6.1. The following transactions would be considered significant i.t.o. the Councils operations and would require approval from the Executive Authority:

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

| Balance sheet | Year | | | | | | | |
|------------------------------------|-------------------|-----------------|-----------------|----------------|----------------------|----------------|--------------------|--------------------|
| 31 March 2017 | ending 31 | | | | | | | |
| | March 2017 | Bottom | Top | Control | Selection | Percent | Materiality | Materiality |
| | | standard | standard | | | | ratio | Year |
| | R | % | % | | | % | % | ending 31 |
| | | | | | | | | March 2017 |
| | R | | | | | | | R |
| Fixed and intangible assets | 7 265 179 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 145 3034 |
| Debtors | 8 018 794 | 1.00% | 2.00% | AVERAGE | BOTTOM | 0.00% | 1.00% | 80 188 |
| Bank & Petty cash | 183 049 396 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 3 660 988 |
| Current liabilities | 6 869 735 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 137 395 |
| Income statement | | | | | | | | |
| Gross revenue | 137 258 621 | 0.50% | 1.00% | AVERAGE | 0.5% below BOTTOM | 0.05% | 0.45% | 617 664 |
| Expenditure | 128 138 335 | 1.00% | 2.00% | AVERAGE | BOTTOM | 0.0 | 1.00% | 1 281 383 |

| Balance sheet 31 March 2018 | Year ending 31 March 2016 | Bottom standard | Top standard | Control | Selection | Percent | Materiality ratio | Materiality Year ending 31 March 2018 |
|--|--|----------------------------|-------------------------|----------------|-----------------------|----------------|------------------------------|--|
| | R | % | % | | | % | % | R |
| Fixed and intangible assets | 7 628 437 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 152 569 |
| Debtors | 8 419 733 | 1.00% | 2.00% | AVERAGE | BOTTOM | 0.00% | 1.00% | 84 197 |
| Bank & Petty cash | 143 216 951 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 2 864 339 |
| Current liabilities | 7 213 221 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 144 264 |
| Income statement | | | | | | | | |
| Gross revenue | 134 834 245 | 0.50% | 1.00% | AVERAGE | 0.5% below BOTTOM | 0.5% | 0.45% | 606 754 |
| Expenditure | 126 572 598 | 1.00% | 2.00% | AVERAGE | 0.25% above BOTTOM | 0.25% | 1.250% | 1 582 157 |

| Balance sheet 31 March 2019 | Year ending 31 March 2017 | Bottom standard | Top standard | Control | Selection | Percent | Materiality ratio | Materiality Year ending 31 March 2019 |
|--|--|----------------------------|-------------------------|----------------|------------------|----------------|------------------------------|--|
| | R | % | % | | | % | % | R |
| Fixed and intangible assets | 7 247 016 | 1.00% | 2.00% | GOOD | TOP | 0% | 2.00% | 144 940 |
| Debtors | 7 998 747 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 1.00% | 79 987 |
| Bank & Petty cash | 106 933 625 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 2 138 673 |
| Current liabilities | 6 852 560 | 1.00% | 2.00% | GOOD | TOP | 0.00% | 2.00% | 137 051 |
| Income statement | | | | | | | | |
| Gross revenue | 129 261 861 | 0.50% | 1.00% | GOOD | BOTTOM | 0.00% | 0.5% | 646 309 |
| Expenditure | 122 260 339 | 1.00% | 2.00% | AVERAGE | BOTTOM | 0.25% | 1.25% | 1 528 254 |

| Balance sheet 31 March 2020 | Year ending 31 March 2018 | Bottom standard | Top standard | Control | Selection | Percent | Materiality ratio | Materiality Year ending 31 March 2020 |
|--|--|----------------------------|-------------------------|----------------|------------------|----------------|------------------------------|--|
| | R | % | % | | | % | % | R |
| Fixed and intangible assets | 7 247 016 | 1.00% | 2.00% | GOOD | TOP | 0% | 2.00% | 144 940 |
| Debtors (age analysis) | 7 998 747 | 1.00% | 2.00% | AVERAGE | TOP | 0% | 1.00% | 79 987 |
| Bank & Petty cash | 69 291 690 | 1.00% | 2.00% | GOOD | TOP | 0% | 2.00% | 1 385 834 |
| Current liabilities | 6 852 560 | 1.00% | 2.00% | Good | TOP PLUS 25% | 0% | 2.25% | 154 183 |
| Income statement | | | | | | | | |
| Gross revenue | 127 884 861 | 0.50% | 1.00% | GOOD | TOP | 0% | 0.5% | 639 424 |
| Expenditure | 122 260 339 | 1.00% | 2.00% | GOOD | TOP | 0% | 2.00% | 2 445 207 |

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