

2023-2024



ANNUAL REPORT

MINES AND WORKS COMPENSATION FUND



health

Department:
Health
REPUBLIC OF SOUTH AFRICA







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MINES AND WORKS COMPENSATION FUND

Annual Report

2023 / 2024

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Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

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Part A - General Information

This report is intended to address the requirements of the Public Finance Management Act, 1999, (PFMA) Section 55 and National Treasury's Annual Report guidelines. This Annual Report includes information on the Compensation Commissioner for Occupational Diseases' performance for the 2023/2024 financial, governance, risks, human resources, as well as the Annual Financial Statements for the Mines and Works Compensation Fund.

1.1 Entity's legal form and domicile

The Occupational Diseases in Mines and Works Act, No. 78 of 1973 (ODMWA) prescribes that the Minister of Health shall appoint an officer to be called the Compensation Commissioner for Occupational Diseases (CCOD). The CCOD operates under the provisions of ODMWA.

The ODMWA provides for the establishment of a fund to be called the Mines and Works Compensation Fund (Fund). In terms of the ODMWA, the CCOD is responsible for controlling and administering the Fund.

The Fund was listed as a Schedule 3A National Public Entity (3A Entity) effective 28 March 2023 through inclusion in Schedule 3, Part A to the Public Finance Management Act (PFMA).

The ODMWA provides for the establishment of the Medical Bureau for Occupational Diseases (MBOD). The MBOD oversees the provision of Benefit Medical Examinations (BME's) and certification of claims.

1.2 Address

The CCOD and MBOD have one national office based in Johannesburg that covers South Africa and the region. The physical address is:

144 De Korte Street
Braamfontein
Johannesburg
2001

1.3 Postal address

PO Box 4566
Johannesburg
2000

1.4 Contact information

Contact number: 011 356 5600
Website: <https://www.health.gov.za/ccodhome/>
Email: info@health.gov.za

1.5 External Auditors

Auditor-General of South Africa (AGSA)

Mines and Works Compensation Fund

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Part A - General Information

1.6 List of Abbreviations

Terms	Definitions
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
AMCU	The Association of Mineworkers and Construction Union
ASSA AIDS Model	Actuarial Society of South Africa HIV/AIDS model
B-BBEE	Broad-Based Black Economic Empowerment
BEASSA	Bond Exchange and Actuarial Society of South Africa
BME's	Benefit Medical Examinations
BP	Basis points
CIA	Certified Internal Auditor
CISA	Certified Information Systems Auditor
CCMS	Compensation Claims Management System
CCOD	The Compensation Commissioner for Occupational Diseases in Mines and Works
COVID-19	Coronavirus Disease
CPD	Corporation for Public Deposits
DMRE	Department of Mineral Resources and Energy
DPSA	Department of Public Service and Administration
Fund	The Mines and Works Compensation Fund
GRAP	Generally Recognised Accounting Practice
IAA	Internal Audit Activity
IBNR	Incurred but not yet reported
iMCS	Interim Mineworkers Compensation System
IT	Information Technology
MBA	Master of Business Administration
MBOD	Medical Bureau for Occupational Diseases
MCOM	Master of Commerce
MIEDSA	Mining Industry Employee Database of South Africa
Minister	Minister of the National Department of Health
NDOH	National Department of Health
NUM	National Union of Mineworkers
NUMSA	National Union of Metal Workers of South Africa
OAD	Obstructive Airways Disease
ODMWA	Occupational Diseases in Mines and Works Act, No. 78 of 1973
PFMA	Public Finance Management Act, No. 1 of 1999
PhD	Doctor of Philosophy
SCOPA	Standing Committee on Public Accounts
SEIFSA	Steel and Engineering Industries Federation of Southern Africa
TB	Tuberculosis of the cardio-respiratory organs of a person who has worked in a risk shift in a controlled mine or works

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Part A - General Information

1.7 Minister's statement

The CCOD is a subprogramme of the NDOH, responsible for controlling and administering the Fund. The mandate of the CCOD is to ensure that there are effective and efficient processes of claims management and compensation of workers and ex-workers in controlled mines and works in terms of the ODMWA. The CCOD also collects revenue on behalf of the Fund based on levies per risk shift per commodity. The NDOH provides oversight on the CCOD and provides funds from the fiscus for the administration of the Fund.

The Fund was listed as a Schedule 3A National Public Entity (3A Entity) effective 28 March 2023 through inclusion in Schedule 3, Part A to the PFMA.

The Fund has made significant progress with regards to compliance with the requirements of the PFMA and National Treasury guidelines applicable to public entities, after the listing of the Fund as a 3A entity.

During the 2023/2024 financial year the annual report for the 2022/2023 financial year was submitted to Parliament. The Fund is congratulated on its achievement of an unqualified audit with no material findings in the 2022/2023 financial year.

The Risk Committee of the MBOD has for the first time since 1996 declared a mine as a controlled mine, through the collaborative efforts of the MBOD/CCOD and the (former) Department of Mineral Resources and Energy (DMRE). A number of initiatives were undertaken during the course of the year to improve the functioning of the Risk Committee to ensure compliance with the requirements of the ODMWA.

The Fund finalised 5 527 claims in the 2023/2024 financial year to the value of R215 216 366 compared to 6 693 claims in the previous financial year with a value of R168 605 264.

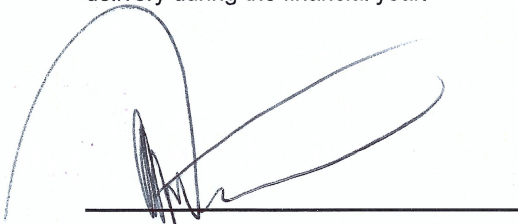
The Certification Committees of the MBOD adjudicated 14 276 certifications in the 2023/2024 financial year compared to 10 212 certifications in the comparative period.

The CCOD is busy with the reform of the ODMWA legislation. The proposed reforms include a new governance structure (the Mines and Works Compensation Authority), levies to cover the administrative and health care costs and the introduction of limited liability for owners of mines and works.

The Minerals Council South Africa continued its support for the activities of the MBOD/CCOD through secondment of personnel and technical support for financial and information management and outreach services. The MBOD/CCOD is working closely with the Tshiamiso Trust in the outreach services, the sharing of claims data given the overlap with claimants in the gold mining sector and submission of claims from the Tshiamiso Trust to the MBOD.

The focus area of the MBOD/CCOD in the 2024/2025 financial year will be ensuring the effective and efficient management of the Fund through collection of levies, certifications and payment of claims. Benefits payable to claimants are set to improve from 1 April 2024 by 20 percent for first-degree and second-degree claimants facilitated by the improved financial position of the Fund.

I wish to extend appreciation to the social partners and the MBOD/CCOD and its staff for their ongoing commitment to service delivery during the financial year.



Dr PA Motsoaledi, MP
Minister of Health

Mines and Works Compensation Fund

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Part A - General Information

1.8 Compensation Commissioner for Occupational Diseases' report

Introduction and structure of the MBOD/CCOD, Fund and Accounting Authority

The Fund compensates workers and ex-workers, in controlled mines and works, for impairment of lung or occupational diseases of the cardio-respiratory system and reimbursement for loss of earnings incurred during tuberculosis (TB) treatment. In the case where the worker or ex-worker is deceased, the Fund compensates the beneficiaries.

The CCOD works within the framework of ODMWA and administers and controls the Fund. The CCOD operates as a subprogramme within the NDOH. The CCOD also administers the transfer payment for pensioners as per the Pneumoconiosis Compensation Act, 1962 (Act 64 of 1962).

The Fund was listed as a Schedule 3A National Public Entity (3A Entity) effective 28 March 2023 through inclusion in Schedule 3, Part A to the Public Finance Management Act (PFMA).

The ODWMA provides for the establishment of the MBOD. The MBOD oversees the provision of BME's and certification of claims.

The Compensation Commissioner administers and controls the Fund in terms of the ODMWA and as such is the Accounting Authority in terms of section S49(2)(b) of the PFMA.

The MBOD/CCOD relies on transversal support from the NDOH for various services including legal, human resources, IT, risk management and Internal Audit as the MBOD/CCOD does not have these functions in-house.

The structure of the MBOD/CCOD, the NDOH and the Fund is illustrated in the diagram below:

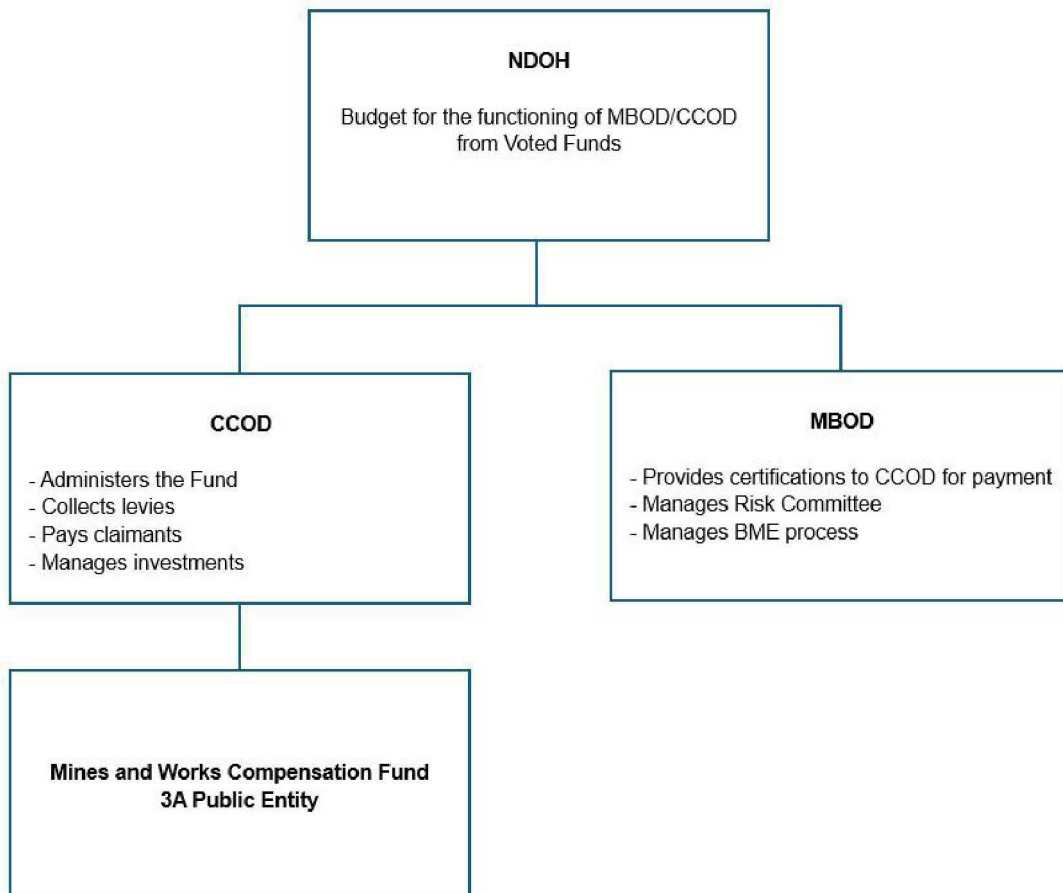


Figure 1: Structure of the MBOD/CCOD the NDOH and the Fund

Mines and Works Compensation Fund

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Part A - General Information

Overview and performance for the 2023/2024 financial year

The Fund has made significant progress with regards to compliance with the requirements of the PFMA and National Treasury guidelines applicable to public entities, after the listing of the Fund as a 3A entity on 28 March 2023.

As part the regulations applicable to 3A entities a new Strategic Plan for the period 2024/2025 to 2028/2029 and an Annual Performance Plan for the year ended 31 March 2025 were prepared for the Fund and tabled to Parliament on 28 March 2024.

The Fund submitted the Annual Report for the 2022/2023 financial year to Parliament in accordance with the National Treasury reporting deadlines. The Fund obtained an unqualified audit with no material findings from the AGSA on the 2022/2023 Annual Financial Statements.

The accumulated surplus of the Fund grew from R2,4 billion at 31 March 2023 to R2,8 billion at 31 March 2024. The Fund believes there is sufficient liquidity to meet short-term financial obligations as they become due, as current assets (R5,8 billion) exceed current liabilities (R0,8 billion) by R5,0 billion as at 31 March 2024.

A full external actuarial valuation of the Fund was performed by the external actuaries as at 31 March 2024. Levies on controlled mines and works and benefits payable to claimants were adjusted from 1 April 2023 based on the actuarial valuation of the Fund as at 31 March 2022. In addition, benefits are to be increased for first-degree and second-degree claimants by 20 percent from 1 April 2024 due to the improved financial position of the Fund.

The majority of targets in the Annual Performance Plan of the CCOD were achieved in the 2023/2024 financial year with 7 out of 9 targets being met. Refer to section 2.3 for the detailed performance information of the CCOD.

Over the 12 month period ending 31 March 2024, 5 527 claims were finalised and paid an amount of R215 216 366 compared to 6 693 claimants who were paid R168 605 264 in the prior financial year. The reduction in the number of claims finalised in the current financial year was offset by a higher number of first-degree and second-degree claims finalised relative to the prior year.

Refer to the payments per month chart with comparatives for the 12 months ending 31 March 2024:

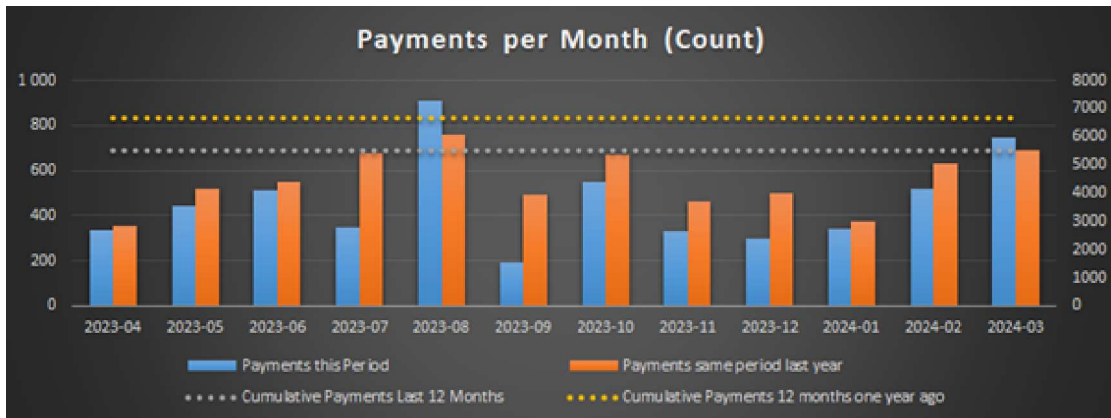


Chart 1: Payments per month to 31 March 2024 (with comparatives)

The Certification Committees of the MBOD conducted on average 1 189 certifications per month in the 2023/2024 financial year compared to 851 per month in the prior year. The increase in certifications is due to claims received from the Tshiamiso Trust, and the positive impact of the digitisation of claimant files which facilitated the work of the Certification Committees of the MBOD.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part A - General Information

Refer to the certifications per month chart with comparatives for the 12 months ending 31 March 2024:

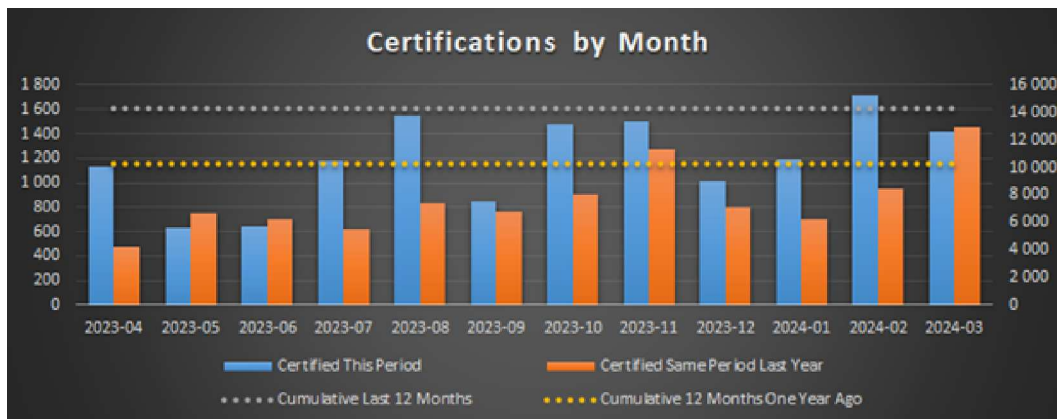


Chart 2: Certifications per month to 31 March 2024 (with comparatives)

There were 14 276 (2022/2023: 10 212) certifications during the 2023/2024 financial year made up as follows:

- 10 222 non-compensable claims (2022/2023: 7 769)
- 4 054 compensable claims (2022/2023: 2 443)

The CCOD continued to pay monthly pensions to 18 (2023: 21) pensioners in terms of the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded the ODMWA. The monthly pensions are paid from voted funds.

As part of revenue enhancements at the Fund, the MIEDSA online submission portal (MIEDSA) for revenue collection, was developed and launched internally to CCOD staff for risk assessment capture in February 2024. The intention is for the MIEDSA portal to be launched to controlled mines and works in the 2024/2025 financial year to facilitate the completeness and accuracy of revenue submissions and assist mines and works with paying the correct amounts.

Levies collected are based on assessments submitted by controlled mines and controlled works and are calculated by the number of risk shifts worked multiplied by the relevant rate per commodity. A research levy of R0.02 per risk shift is also levied on controlled mines and works. Inspections are carried out by the inspections team at the CCOD to ensure that risk shifts are not understated. Approximately 82% of controlled mines and works, liable for levies, paid their levies when due during the 2023/2024 financial year. During the current financial year 108 inspections of mines and works were undertaken. On-site inspections of controlled mines and works continued in the 2023/2024 financial year and were supported by telephonic enquiries and desktop reviews to assist with revenue assessments. The inspections have contributed to more accurate submission of risk shift information and payments of levies by controlled mines and works.

As part of the ongoing debtor management process there was a continued focus on the recovery of long outstanding debtor balances in the financial year. Through the debtor management process and efforts of the inspection team R7,2 million in long outstanding debtor balances were recovered during the year. In addition, 98% of levy revenue raised in the 2023/2024 financial year has been collected.

There are 860 controlled mines and works in the register of controlled mines and works as at 31 March 2024. Significant improvements have been made in the functioning of the Risk Committee during the 2023/2024 financial year. The Risk Committee of the MBOD has declared a mine a controlled mine for the first time since 1996, through the collaborative efforts of the MBOD/CCOD and the DMRE. A number of initiatives were undertaken during the course of the year to improve the functioning of the Risk Committee to ensure compliance with the requirements of the ODMWA. A new risk determination methodology is currently in the process of being approved and gazetted, with a proposed effective date of 1 April 2025. The net effect of the new methodology will ensure that different levels of risk rating will be applied to risk work as measured by occupational exposure levels.

The new ODMWA bill was noted by the Director-General and the Minister of Health in the 2021/2022 financial year. During the 2023/2024 financial year further drafting workshops were held with other government departments, social partners and stakeholders. Management and the legal section of the NDOH met with the state attorney and are currently drafting responses to the queries on the draft bill submitted to the state attorney's office. The proposed reforms to the ODMWA, will cover changes to the levies to cover the costs of administration, health care and medical assessments; provide for a register of all mines and works and introduction of limited liability for owners of mines and works with respect to occupational lung diseases.

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Annual Report for the year ended 31 March 2024

Part A - General Information

Monthly and quarterly updates are given on the outputs of MBOD/CCOD activities, such as number of certifications and number of claimants paid, which assist with performance monitoring.

The call centre (080 100 0240), supported by the Minerals Council South Africa, provides feedback to claimants and facilitates tracking and tracing activities for unpaid claimants. The call centre fielded 22 120 calls for the year ending 31 March 2024 with 28 270 outgoing calls being made.

The budget for the administration of the MBOD/CCOD, is provided from voted funds in the NDOH. There have been no substantial increases in the MBOD/CCOD budget over time and the business reform processes at the CCOD have been supported by human, technical and financial resources from the Minerals Council South Africa.

The Minerals Council South Africa continued its support for the activities of the MBOD/CCOD through secondment of personnel and technical support for financial and information management and outreach services. The MBOD/CCOD is working closely with the Tshiamiso Trust in the provision of outreach services and submission of claims given the overlap with claimants in the gold mining sector. The Tshiamiso Trust covers the class action settlement in the gold mining sector for Silicosis and TB.

Rand Mutual Assurance has assisted with funding for the digitisation of the physical claimant files of the MBOD/CCOD. The MBOD/CCOD embarked on a project to digitise all claimant files stored with Metrofile to facilitate faster processing of claims. The technical processes were concluded at the start of the financial year with approximately 250 000 files digitised by the end of the financial year. Meta data is captured as part of the process to enhance the quality of data available for reference in claims processing.

Overall, there are 70 739 unpaid compensation claims amounting to R1,359 billion (undiscounted) in the Fund. There have been extensive tracking and tracing efforts of the CCOD for unpaid claims noting that the bulk of the unpaid claims have a claim date before 2010.

No material events have taken place between the statement of financial position date and the authorisation of the Annual Financial Statements, which would impact on the Annual Financial Statements of the Fund at 31 March 2024.

Prevention interventions in partnership with the DMRE and the Department of Employment and Labour to eliminate or reduce workers' exposures to dust are continuing. It is noteworthy to see the decline in TB incidence and other occupational lung diseases over the last 10 years owing to interventions by the mining companies through its Masoyise programme.

In an effort to ensure continued service delivery the focus area of the MBOD/CCOD in relation to the Fund over the medium term are as follows:

- Finalising the legislative reforms.
- Ensuring the effective and efficient management of the Fund through collection of levies, certifications and payment of claims.
- Working closely with stakeholders and social partners to resolve many of the legacy challenges facing the MBOD/CCOD

I wish to extend my appreciation to the staff at the MBOD/CCOD and the NDOH for their ongoing commitment to service delivery during the financial year. In addition, I would also like to extend thanks to the various social partners who have assisted the MBOD/CCOD.

Mines and Works Compensation Fund

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Part A - General Information

Financial performance of the Fund

Table 1: Budget to administer the MBOD/CCOD (from voted funds):

Classification	Budget	Expenditure	Available	% Spend	Over/under expenditure
	2023/2024	2023/2024	2023/2024		
	R'000	R'000	R'000		
Compensation of employees	34 844	34 381	463	99%	Under
Goods and services	24 707	18 730	5 977	76%	Under
Machinery and equipment	3 128	15	3 113	0%	Under
Households	-	492	(492)	>100%	Over
Building & other fixed structures	-	41	(41)	>100%	Over
Financial assets	-	16	(16)	>100%	Over
Goods and services in-kind from the NDOH	62 679	53 675	9 004	86%	Under
Transfer payments	1 735	1 735	-	100%	-
Total	64 414	55 410	9 004	86%	Under

The CCOD's principal activities are those of receiving levies from controlled mines and works, conducting inspections of controlled mines and works, paying benefits that relate to compensable diseases and administering the Fund in terms of the requirements of the ODMWA. Refer to section 2.4 for further information on the budget.

Financial overview

Revenue

The Fund derives its revenue from levies from controlled mines and works, interest on investments, movement in provisions (net of unwinding costs), non-exchange revenue for goods and services in-kind costs and a transfer payment from the NDOH to facilitate pension payments.

Table 2: Breakdown of the sources of revenue

Statement of financial performance item	Audited amount			Budget	Actual	% deviation	
	2020/2021	2021/2022	2022/2023	2023/2024	2023/2024	from budget	from prior year
	R'000	R'000	R'000	R'000	R'000		
Levy income	107 020	131 036	120 955	122 476	127 414	4	5
Interest received	212 501	208 952	323 583	459 744	466 546	1	44
Other income	-	85 175	633 155	-	127 270	>100	(80)
Exchange revenue	319 521	425 163	1 077 693	582 220	721 230	24	(33)
Goods and services in-kind	56 835	57 844	51 687	-	53 959	>100	4
Pension payments transfer utilised	821	466	359	287	209	(27)	(42)
Non-exchange revenue	57 656	58 310	52 046	287	54 168	>100	4
Total revenue	377 177	483 473	1 129 739	582 507	775 398	33	(31)

Refer to section 2.6 for commentary and discussion on movements in exchange revenue.

Goods and services in-kind represent the value of the administration costs for employee related cost and goods in-kind that the NDOH incurred for the functioning of the CCOD and MBOD (refer to note 9 in the Annual Financial Statements for further information).

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Part A - General Information

Expenditure

Expenditure for the Fund includes finance costs, actuarial valuation adjustments on provisions, movements in the debt impairment provision, bad debts written off, goods and services in-kind expenditure incurred by the NDOH and pension payments.

Table 3: Breakdown of the types of expenditure

Statement of financial performance item	Audited amounts			Budget	Actual	% deviation	
	2020/2021 R'000	2021/2022 R'000	2022/2023 R'000	2023/2024 R'000	2023/2024 R'000	from budget	from prior year
Finance costs	285 347	262 317	282 701	254 955	289 376	14	2
Debt impairment	2 454	5 549	-	3 885	8 452	>100	>100
Bad debts written off	-	-	-	-	4 146	>100	>100
Pension payments transfer utilised	821	466	359	287	209	(27)	(42)
Movements in provisions and general expenses	172 368	2 851	904	124 955	2 597	(98)	>100
Goods and services in-kind	56 835	57 844	51 687	-	53 959	>100	4
Total expenses	517 825	329 027	335 651	384 082	358 739	(7)	7

Finance costs represent the unwinding charge on the provision (R283,5 million) and interest charges on payables from exchange transactions (R5,9 million).

Debt impairment expenses increased to R8.5 million in the 2023/2024 financial year due to the fact that in the 2023/2024 financial year there was an incremental charge to the provision for debt impairment (R8,5 million) compared to a release in the prior year reflected in other income (R40,4 million). The increase in the debt impairment provision in the current year was driven by the application of lower historical debt collection rates on long outstanding debt.

Bad debts written off amounting to R4.1 million relate to bad debts that were written off in accordance with the debt write-off policy adopted by the Fund. These debts are long outstanding.

Movements in provisions and general expenses increased with the higher actuarial valuation cost which increased by R1,5 million to R1,9 million in the 2023/2024 financial year due to a full actuarial valuation being performed for the current year as opposed to a roll-forward valuation in the prior year.

Goods and services in-kind represent the cost to the NDOH for administration of the CCOD and MBOD. The 4 percent increase (R2,3 million) in the 2023/2024 in comparison to the prior financial year was driven by an increase in goods and services in-kind cost (R1,3 million higher) and an increase in employee related expenses (R1 million higher).

Assets

Investment balances comprise the bulk of the assets within the Fund. The investments are invested with the Corporation for Public Deposits (CPD), First National Bank and ABSA Bank. The balance of assets comprises receivables from exchange and cash and cash equivalents.

The CCOD administers four current accounts:

- Mines account:
The mines account is funded through levies collected from controlled mines, in terms of Section 62 of the ODMWA.
- Works account:
The works account is funded through levies collected from controlled works, in terms of Section 62 of the ODMWA.
- State account:
The state account is funded by monies appropriated by Parliament annually and governed by the provisions of Sections 69 of the ODMWA.

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Part A - General Information

– Research account:

The research account is funded through levies collected from controlled mines and works in terms of Section 63 of the ODMWA.

Table 4: Breakdown of assets

Statement of financial position item	Audited amount			Budget	Actual	% deviation	
	2020/2021 R'000	2021/2022 R'000	2022/2023 R'000	2023/2024 R'000	2023/2024 R'000	from budget	from prior year
Investments	4 844 897	5 048 182	5 363 047	5 618 906	5 727 063	2	7
Receivables from exchange transactions	22 176	17 520	28 809	29 165	15 242	(48)	(47)
Cash and cash equivalents	98 587	89 600	51 868	195 922	69 401	(65)	34
Total assets	4 965 660	5 155 302	5 443 724	5 843 993	5 811 706	(1)	7

The increase in investment balances to 31 March 2024 drove the increase in total assets to R5,8 billion. The increase resulted from interest capitalised on funds invested less the drawdown of investments to fund excess claim payments over levies received. Refer to note 4 in the annual financial statements for the split of investment balances and the related interest rates earned. In addition, receivables from exchange transactions decreased by R13,6 million to 31 March 2024 due to the collection of historic debts (R7.4 million) coupled with an increase in the provision for debt impairment (R8,5 million) mainly driven by a decrease in historical debt collection rates.

Liabilities

Liabilities of the Fund comprise non-current provisions (IBNR provision), current provisions (benefits due provision), payables from exchange transactions and non-exchange transactions.

Table 5: Breakdown of liabilities

Statement of financial position item	Audited amount			Budget	Actual	% deviation	
	2020/2021 R'000	2021/2022 R'000	2022/2023 R'000	2023/2024 R'000	2023/2024 R'000	from budget	from prior year
Accumulated surplus	1 450 783	1 608 252	2 402 340	2 600 765	2 818 999	8	17
Non-current provisions	2 336 134	2 449 109	2 159 419	2 328 938	2 227 296	(4)	3
Current provisions	1 060 344	981 920	788 760	815 277	661 916	(19)	(16)
Payables from exchange	97 557	94 207	70 206	74 566	78 970	6	12
Payables from non-exchange	20 842	21 814	22 999	24 447	24 525	1	7
Total equity and liabilities	4 965 660	5 155 302	5 443 724	5 843 993	5 811 706	(1)	7

Total Provisions at 31 March 2024 decreased marginally to R2,9 billion from R2,95 billion at 31 March 2023 based on the external actuarial valuation performed. Please refer to note 6 in the Annual Financial Statements for a detailed breakdown of the movement in the provision liability during the year.

The increase in total equity and liabilities was driven by the surplus for the year of R416 659 103.

Please refer to note 25 in the Annual Financial Statements for commentary on actual results compared to budget.

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Part A - General Information

1.9 Statement of Responsibility and Confirmation of the accuracy of the Annual Report

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

All information and amounts disclosed in the annual report is consistent with the Annual Financial Statements of the Fund, audited by the Auditor-General of South Africa.

The annual report is complete, accurate and is free from any material omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

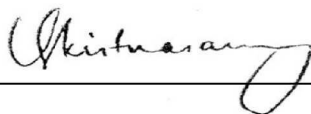
The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) Standards applicable to the Fund.

The accounting authority is responsible for the preparation of the Annual Financial Statements and 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 my opinion, the annual report fairly reflects the operations, the performance information and human resources information of the CCOD, and the financial affairs of the Fund for the financial year ended 31 March 2024.



Dr MB Kistnasamy

Compensation Commissioner for Occupational Diseases

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part A - General Information

1.10 Strategic Overview

Vision

The MBOD/CCOD will strive to deliver an accessible, effective and efficient compensation service for current and ex-workers in controlled mines and works who are certified with compensable cardio-respiratory diseases.

Mission

To improve access to the health and compensation services for current and ex-workers in controlled mines and works.

Values

The success of the MBOD/CCOD rests with the service ethos of the personnel undertaking specific activities. The following values of our personnel underpin the activities of the MBOD/CCOD:

- fairness
- equity
- accessibility
- transparency
- accountability
- professionalism
- integrity
- diligence

1.11 Legislative and other mandates

Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973)

The ODMWA prescribes that the Minister of Health shall appoint, an officer to be called the Compensation Commissioner for Occupational Diseases. The CCOD operates under the provisions of the framework of the ODMWA.

The CCOD derives its mandate from the ODMWA and pays compensation to current and ex-workers in controlled mines and works who are certified to have compensable cardio-respiratory diseases.

The ODMWA provides for the establishment of a fund to be called the Mines and Works Compensation Fund (Fund). In terms of the ODMWA the CCOD is responsible for controlling and administering the Fund.

The ODMWA provides for the establishment of the MBOD, which oversees the provision of BME's and certification of claims.

Schedules to the Public Finance Management Act, 1999 (Act 1 of 1999)

The Fund was listed as a Schedule 3A National Public Entity (3A Entity) effective 28 March 2023 through inclusion in Schedule 3, Part A to the PFMA.

CCOD as a subprogramme of the NDOH

The CCOD works within the framework of the ODMWA and administers the Fund. The CCOD operates as a subprogramme within the NDOH.

Mines and Works Compensation Fund

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Part A - General Information

1.12 Organisational structure

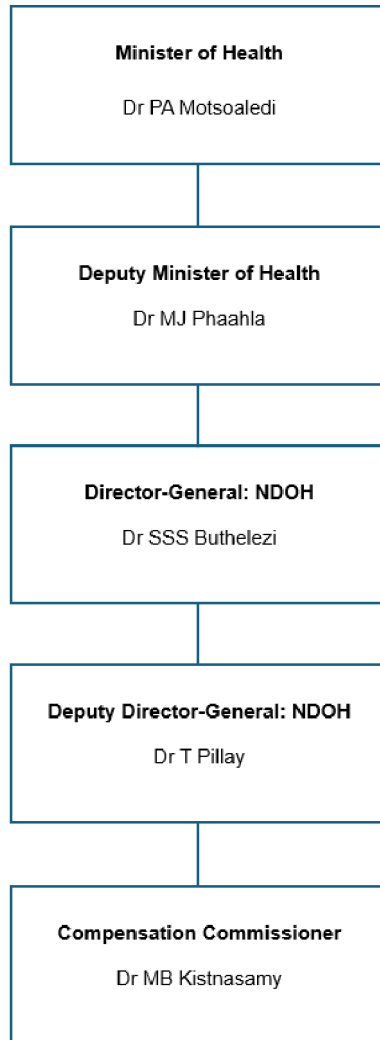


Figure 2: Organisational structure of the CCOD

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part B - Performance information

2.1 Performance information of the CCOD

Performance Information for the CCOD has been included below. The CCOD is responsible for administering the Fund, as per the requirements of the ODMWA. A Strategic Plan was prepared for the CCOD for the five-year period 2020/2021 to 2024/2025. In addition, an Annual Performance Plan was prepared for the 2023/2024 covering the activities of the CCOD in relation to the administration of the Fund. This information has not been audited. The Fund was listed as a 3A Public Entity on 28 March 2023. There was not sufficient time to prepare a Strategic Plan and Annual Performance Plan, for the Fund, between the date of listing and the start of the 2023/2024 financial year.

The Annual Performance Plan for 2023/2024 was approved by the Minister of Health and tabled to Parliament on 30 March 2023.

The key focus areas for the CCOD for the 2023/2024 financial year were:

- maintenance of the database of controlled mines and works
- maintenance of the claims management system
- The submission of the annual report of the Fund for the 2022/2023 financial year to the AGSA

2.2 Overview of the CCOD's performance

2.2.1 Service delivery environment

The CCOD has one national office that covers South Africa and neighbouring countries. The administration costs, mainly personnel and operational costs of the CCOD, are funded from voted funds within the budget of the NDOH.

The CCOD compensates current and ex-workers in controlled mines and works for:

- impairment or diseases of the cardio-respiratory system due to exposures at work
- reimbursement for loss of earnings during TB treatment.

In the case where the worker or ex-worker is deceased the CCOD compensates the beneficiaries of the worker or ex-worker.

The CCOD also administers the transfer payment for pensioners as per the Pneumoconiosis Compensation Act, 1962 (Act 64 of 1962). No new pension payments are provided for in terms of the provisions of the ODMWA.

The MBOD provides medical examinations for ex-workers as well as the assessment and certification process for claimants.

The CCOD functions cover:

- determination and recovering levies from controlled mines and works
- payment of social protection benefits to workers and ex-workers in controlled mines and works suffering from lung and heart-related diseases due to risk work
- investment of levies collected and interest earned from investments on behalf of the Fund
- administration and implementation of generally acceptable accounting practices and keeping statistical data

The Minerals Council South Africa continued its support for the activities of the MBOD/CCOD through secondment of personnel and technical support for financial management, information technology and legal reforms. In addition, Rand Mutual Assurance has assisted with funding for the digitisation of the physical files of the MBOD/CCOD.

The support of the Minerals Council South Africa has assisted with overcoming the challenges of the lack of medical, finance and information technology personnel, the maintenance of the database of approximately 1,1 million claimant files and payment of claims.

The CCOD maintains a comprehensive database of claimants (Master database) which links to banks, other social protection funds and the NDOH Patient Registration System, which has assisted with tracking and tracing of claimants. One-third of ex-workers are in the neighbouring countries. The lack of registration systems (for example identity documents, death certificates, marriage certificates etc) in those countries remain a challenge.

Mines and Works Compensation Fund

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Part B - Performance information

Payments to claimants

The main categories of payments include:

One Sum Benefits

In order to qualify for compensation, current or ex-workers must be certified to be compensable by the MBOD and must have worked at a controlled mine or works. The different categories of compensation are as follows:

- First-degree compensation is the impairment of the cardio-respiratory system of between 10% and 40%. The claim amount payable for first degree is up to R76 557.
- Second-degree compensation is the impairment of the cardio-respiratory system of greater than 40% and/or multiple diseases. The claim amount payable for second degree is up to R170 470.
- TB benefits are in the form of reimbursements of loss of earnings incurred during TB treatment for a maximum period of 6 months. Only 75% of lost earnings are payable.

The benefit amount may be increased on an annual basis based on the Consumer Price Index and actuarial valuation, after consultation with the Advisory Committee. The latest increases in benefits were effective from 1 April 2023.

Pensioners

Former workers or spouses, who are now pensioners, receive monthly pension pay-outs from the CCOD in accordance with the Pneumoconiosis Compensation Act, 1962 (Act 64 of 1962). There is no provision for pension payments in the ODMWA and hence the number pensioners receiving payments is reducing. The pension amounts are increased annually in line with general increases as determined by the Minister of Finance. Pensioners are paid from the State Account and funds are made available through voted funds in the NDOH budget.

2.2.2 Organisational environment

The current senior management of the MBOD/CCOD is as follows:

- Dr Barry Kistnasamy as the Compensation Commissioner for Occupational Diseases
- Ms Thembisa Mama as the Deputy Compensation Commissioner
- Mr Mishack Maswanganye as the Director: Finance
- Dr Nhlanhla Mtshali as the Director: MBOD (Seconded)

The CCOD was capacitated at 72 percent with the MBOD at 63 percent of approved positions as at 31 March 2024. Refer to Part D for further information on the employee distribution and vacancies/frozen posts at the MBOD/CCOD as well as the constraints facing the MBOD/CCOD.

2.2.3 Key policy development and legislative changes

No major changes to relevant policies or legislation have affected the CCOD's operations during the period. The CCOD is currently working on the revisions to the ODMWA, which have not been enacted as yet.

The Fund was listed as a Schedule 3A National Public Entity (3A Entity) effective 28 March 2023 through inclusion in Schedule 3, Part A to the PFMA. The CCOD has undertaken several initiatives in the 2023/2024 financial year to ensure compliance with the additional reporting and governance requirements of the PFMA and National Treasury Regulations applicable to Public Entities.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part B - Performance information

2.3 Performance indicators and achievements

To achieve our strategic goal, the following two strategic outcome-oriented goals have been set in the strategic plan of the CCOD for the five-year period 2020/2021 to 2024/2025:

Outcome Oriented Goal 1	Submission to the Director-General of the NDOH of amendments to the ODMWA
Goal Statement 1	Management will engage with relevant stakeholders for inputs to the amendments to the ODMWA through workshops and submit the amendments to the Director-General of the NDOH.
Outcome Oriented Goal 2	Ensure the effective and efficient management of the CCOD
Goal Statement 2	Management will work towards regular updates of the database, improve the turnaround times of payment of new claims, ensure the collection of levies from the controlled mines and works, submission of annual reports and conduct inspections of controlled mines and works.

Refer below for the progress achieved towards achievement of the outcome oriented goals objectives over the first 4 years of the strategic plan period from 2020/2021 to 2023/2024:

Outcome Oriented Goal	Goal Statement	Progress
Submission of amendments to ODMWA to the Director-General of the NDOH	Management will engage with relevant stakeholders for inputs to the amendments to the ODMWA through workshops and submit the amendments to the Director-General of the NDOH.	The strategic objective of the CCOD was achieved in that the proposed new ODMWA bill was noted by the Director-General and the Minister of the NDOH. A request to process the bill was sent to the Deputy President from the Minister of the NDOH. Comments on the proposed new bill were received from the Office of the State Law Advisers and are in the process of being addressed.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part B - Performance information

Outcome Oriented Goal	Goal Statement	Progress
<p>Ensure the effective and efficient management of the Fund</p>	<p>Management will work towards regular updates of the database, improve the turnaround times of payment of new claims, ensure the collection of levies from the controlled mines and works, submission of annual reports and conduct inspections of controlled mines and works.</p>	<p>The measure of this objective is based on the following indicators as per the Strategic Plan and Annual Performance Plan of the CCOD:</p> <ul style="list-style-type: none"> - Updates of database of claims at the CCOD in terms of claims, payments, certifications and data exchange updates and/or additions. - Certifications finalised on the Mineworkers Compensation System per year - Benefit payments made by the CCOD (other than pension payments) - Claims finalised by the CCOD (other than pensioners) - Percentage of claims finalised which were finalised within 90 days of receipt of all completed claim documents. - Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD. - Submission of Annual Financial Statements of the CCOD to the AGSA. - Number of controlled mines and works inspected. <p>Overall, this goal has been partially achieved over the period of the strategic plan. Significant improvement has been made over the plan period with 4 out of 9 objectives being achieved in the 2020/2021 and 2021/2022 financial years compared to 7 out of 9 objectives for the 2023/2024 financial year.</p> <p>Refer to the table below for a detailed assessment of performance.</p>

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part B - Performance information

The following table provides commentary on the progress achieved towards achieving the goal of “ensuring the effective and efficient management of the Fund” reflected in goal statement 2 above:

Indicator	Progress
Updates of database of claims at the CCOD in terms of claims, payments, certifications and data exchange updates and/or additions.	On target to achieve this element of the strategic plan objective as this indicator was achieved for 3 of the 4 years to date of the strategic plan period. Updates are made to the Master database of claims payments for payments made, new claims and new certifications for each period. External data exchanges from the CCMS system were made throughout the period.
Certifications finalised on the Mineworkers Compensation System per year.	Partially achieved over the target period with the target achieved in 2 of the 4 performance cycles. The number of certifications made has benefitted in later years from the progress made with the digitisation process and additional claims received from collaboration efforts with the Tshiamiso Trust.
Benefit payments made by the CCOD (other than pension payments).	The number of claims paid and finalised will be an area of focus for the CCOD going forward as this indicator was achieved during the strategic plan period to-date. Several initiatives to improve the number of claims finalised have been made at the CCOD such as embarking on outreach activities to labour sending areas to improve submission of completed claims by the claimants to achieve successful payments.
Claims finalised by the CCOD (other than pensioners).	The number of claim payments made in earlier periods in the strategic plan cycles was adversely impacted by the COVID-19 pandemic and related lockdowns. Refer below for commentary on action plans for areas of under-performance in relation to claims finalised for additional information.
Percentage of claims finalised which were finalised within 90 days of receipt of all completed claim documents.	On track to achieve for the strategic plan period as this indicator has been achieved for all 4 years of the strategic plan period due to the continuous improvement of the payment process including the digitisation process.
Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD.	Partially achieved for the strategic plan period as achieved in 3 of the 4 years as a result of the continuous efforts of the inspections and debtors' teams at the CCOD. The development and roll-out of the MIEDSA online submission portal to controlled mines and works will further facilitate the achievement of this indicator. The target was not achieved in the 2020/2021 period due to the impact of the national lockdown during the Covid-19 pandemic.
Submission of Annual Financial Statements of the CCOD to the AGSA.	On track to be achieved in the Strategic Plan cycle as this objective has been achieved for all 4 years of the strategic plan period to-date.
Number of controlled mines and works inspected.	This is on track to be achieved in the strategic plan as the objective was achieved in the 2021/2022, 2022/2023 and 2023/2024 financial years and has made a significant contribution to the removal of the qualification on the completeness of revenue.

Mines and Works Compensation Fund

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Part B - Performance information

The assessment of planned and actual targets against the performance targets tabled in the APP of the CCOD for the 2023/2024 performance year, is outlined below:

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
1	Submission of amendments to ODMWA to the Director-General of the NDOH	Report on the submission of amendments to the Director-General of the NDOH	New ODMWA bill was noted by the Director-General, the Minister of Health and the National Health Council.	None	None	Achieved	Target now fully achieved for the remaining period of the strategic plan.

This performance indicator target was achieved in the 2021/2022 financial year when the proposed ODMWA bill was noted by the Director-General of the NDOH. No further planned targets for the remaining period of the strategic plan.

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.1 Report on updates of database of claims at the CCOD in terms of claims, payments, certifications and data exchange updates and/or additions.	Master database updated for payments made, new claims and new certifications. External data exchange updates and/or additions to the master database external parties done for all quarters.	Master database updated for payments made, new claims and new certifications for the month before the 7th of the next month. External data exchange updates and/or additions to the master database once a quarter.	Master database updated for payments made, new claims and new certifications. External data exchange updates and/or additions to the master database external parties performed for all quarters.	Achieved	The target was achieved for the year. Updates were made to the Master database for payments made, new claims and new certifications for each period. External data exchange updates from the CCMS system were made throughout the year.

Continuous improvement of the process and systems enabled the CCOD to update the master database of claims by developing and implementing daily automation of external data exchange updates and staging of information for weekly master database updates. In addition, weekly updates of the master database were automated for new claims, certifications and payments. The master database represents the database of claims from current and ex-workers in controlled mines and works.

Mines and Works Compensation Fund

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Part B - Performance information

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.2 Report on the number of certifications finalised on the Mineworkers Compensation System per year	10 212	14 100	14 276	Achieved	The target was achieved due to the progress made with the digitisation process and additional claims received from collaboration with the Tshiamiso Trust.

There was an increase of 40% in certifications in the 2023/2024 year compared to the 2022/2023 year. The target for the number of certifications was achieved through the streamlining of the certification process through the digitisation process of claimant files. In addition, the partnership and collaboration with the Tshiamiso Trust and Minerals Council South Africa contributed significantly to the number of certifications achieved in the year.

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.3 Report on the number of benefit payments made by the CCOD (other than pension payments)	5 776	8 100	4 590	Not achieved	The target for the year was not achieved due to the following: – Implementation of the digitisation process which utilised resources
2	Ensure the effective and efficient management of the Fund	2.4 Report on the number of claims finalised by the CCOD (other than pensioners)	6 693	9 035	5 527	Not achieved	– Issues with U Bank account verifications Refer below for further commentary.

*Performance indicators 2.3 and 2.4 have been merged for the purposes of the commentary below.

The claims paid and finalised objective faced a number of challenges in the current financial year that contributed towards the non-achievement of the targets for the year. The challenges faced include amongst others:

Mines and Works Compensation Fund

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Part B - Performance information

- Challenges with intermittent electricity and internet supply affecting access to the cloud application in the building during the year.
- The digitisation process created process improvements for the claims payment process - however the implementation of the system utilised awards and payment personnel resources, reducing the number of claims paid and contributing to administrative delays in processing of claims and benefit payments.
- In addition, a significant portion of claims payable to claimants with bank accounts with U Bank were not finalised because of the merger between U Bank and African Bank that caused challenges with bank account verifications.

Action plans to improve the number of claims finalised in the year include selected outreach activities to labour sending areas to improve the quality of claims application packs submitted by claimants. Continuous collaborations with banks and mining companies to streamline claim submission through in-service and electronic bank submission claims processing will enhance the number of eligible claims which will result in higher claims finalised and paid in the future.

To improve the number of claims paid, the CCOD has embarked on interactions with:

- The Tshiamiso Trust
- Provincial Departments of Health and neighbouring country governments
- Trade unions in the mines and works sector
- Minerals Council South Africa
- Ex-mineworker associations
- Banking institutions

In addition, time spent on system enhancements and process improvements will improve the payments process in the future, to facilitate claims payments once eligible claims have been received.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part B - Performance information

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.5 Of all claims finalised in the period, what percentage were finalised within 90 days of receipt of all completed claim documents	93%	80%	87%	Achieved	Target achieved due to ongoing improvement of the payment process including the digitisation process

The target was achieved due to continuous improvement of the payment process to ensure that all bottlenecks are identified and addressed. The Digitisation process implemented in the year contributed to streamlining of the payments process.

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.6 Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD	82% of controlled mines and works paying levies to the CCOD	80% of controlled mines and works paying levies to the CCOD	82% of controlled mines and works paying levies to the CCOD	Achieved	Effective debtor control function and Mine inspections resulted in over achievement of the target of 80%.

The percentage of mines paying levies achieved the target of 80 percent. The debtor control function which actively engages with mine management as well as the mines inspections continues to achieve exceptional results in ensuring this target is achieved. This indicator will be changed to measure the Rand value of controlled mines and works paying levies when due rather than the number of controlled mines and works to more accurately measure the performance going forward. For the 2023/2024 financial year, 98% of revenue levied was collected indicating the progress made in this regard.

Mines and Works Compensation Fund

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Part B - Performance information

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.7 Report on the submission of annual financial statements of the CCOD to the AGSA	Submission of the 2021/22 annual financial statements to the Auditor-General of South Africa	Submission of the 2022/23 annual financial statements to the Auditor-General of South Africa	Submission of the 2022/2023 annual financial statements to the AGSA	Achieved	None

The deadlines for all reporting requirements of the Fund were met in the 2023/2024 financial year. The Annual Financial Statements for the 2022/2023 financial year for the Fund were submitted to the AGSA on 31 May 2023 for Audit. The audit of the Annual Financial Statements for the 2022/2023 financial year was completed by the AGSA on 31 July 2023, with an unqualified opinion obtained with no material findings. The annual report for the Fund was submitted to Parliament before 30 September 2023 for the 2022/2023 financial year and presented on 12 October 2023.

Strategic objective		Performance Indicator	Actual achievement 2022 / 2023	Planned Target 2023 / 2024	Actual Performance 2023 / 2024	Deviation from planned target to actual achievement 2023 / 2024	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.8 Report on the number of controlled mines and works inspected	121	77	108	Achieved	The over achievement was because of a concerted effort by the Inspection team to process inspections in line with the debtors and revenue verification policy and procedure manual.

On-site inspections of controlled mines and works continued in the 2023/2024 financial year and were supported by telephonic enquiries and desktop reviews to assist with revenue assessments. The inspections are performed in accordance with the debtors and revenue verification policy and procedure manual adopted by the CCOD.

Mines and Works Compensation Fund

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Part B - Performance information

2.4 Linking performance with Budgets

The budget for the administration of the CCOD and MBOD, the provision of BME's and the activities of the Certification Committees are provided for within voted funds in the NDOH. The table below represents the allocation from the NDOH for the functioning of the MBOD/CCOD:

Table 6: Budget to administer the MBOD/CCOD – from voted funds

Statement of financial performance	2023/2024			2022/2023	
	Budget R'000	Audited outcome R'000	Variance R'000	Budget R'000	Audited outcome R'000
Expense budget					
Compensation of employees	34 844	34 381	463	34 482	33 707
Goods and services	24 707	18 730	5 977	23 602	16 715
Transfer payments	1 735	1 735	-	1 544	1 544
Machinery and equipment	3 128	15	3 113	3 620	1 256
Households	-	492	(492)	-	7
Building & other fixed structures	-	41	(41)	-	-
Financial assets	-	16	(16)	-	2
Total	64 414	55 410	9 004	63 248	53 231

The budget for the administration of the CCOD and MBOD amounted to R64,4 million for the 2023/2024 financial year, which is in-line with the prior financial year. There have been no substantial increases in the CCOD budget and the business reform processes at the CCOD have been supported by human, technical and financial resources from the Minerals Council South Africa.

The MBOD/CCOD required the additional resources to expand and scale up services such as:

- recruitment of specialised staff in the legal, IT, medical and financial management disciplines
- hiring of service providers to perform medical assessments during outreach activities
- provision of the information technology systems

2.5 Strategy to overcome areas of underperformance

Refer to section 2.3 for further information on the strategy on the areas of underperformance where targets have not been met.

Mines and Works Compensation Fund

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Part B - Performance information

2.6 Revenue collection

Table 7: Revenue from exchange transactions

Revenue	2023/2024			2022/2023		
	Budget	Audited outcome	Variance	Budget	Audited outcome	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Levy revenue	122 476	127 414	4 938	126 274	120 955	(5 319)
Other income	-	127 270	127 270	-	633 155	633 154
Interest received	459 744	466 546	6 802	306 422	323 583	17 162
Revenue from exchange transactions	582 220	721 230	139 010	432 696	1 077 693	644 997

Levy income for the financial year ended 31 March 2024 increased marginally by 5 percent compared to the prior financial year ending 31 March 2023. This is mainly attributable to a higher number of risk shifts worked in the gold and coal sectors and the increase in levy rates applicable to platinum risk work. Refer to the changes in levy rates effective 1 April 2023 below.

The table below represents the levies per commodity pre and post changes in levies effective 1 April 2023 (gazetted in Government Notice No 3341 of Government Gazette 48472 of 26 April 2023), 1 April 2022 (gazetted in Government Notice No 1972 of Government Gazette 46164 of 1 April 2022) and 1 April 2021 (gazetted in Government Notice No 269 of Government Gazette 44400 of 26 March 2021).

Table 8: Levy rates per commodity – pre and post change on 1 April 2023

Commodity	Levy rates – applicable from 1 April 2023	Levy rates – applicable from 1 April 2022	Levy rates – applicable from 1 April 2021
	R	R	R
Andalusite	0.01	0.01	0.01
Chrome	0.46	0.35	0.33
Coal	0.35	0.40	0.50
Copper	0.32	0.25	0.39
Diamond	0.28	0.24	0.22
Fluorspar	0.01	0.01	0.07
Gold	5.48	5.46	5.06
Iron	0.16	0.21	0.20
Lead	0.40	0.48	0.32
Magnesite	0.01	0.01	0.01
Manganese	0.15	0.17	0.15
Mica & Feldspar	0.01	0.01	0.01
Phosphate	0.01	0.01	0.05
Platinum	0.70	0.66	1.10
Quarries	0.55	0.45	0.30
Vanadium	0.01	0.01	0.01
Works	0.22	0.23	0.20
Research	0.02	0.02	0.02

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Part C - Governance

3.1 Introduction

The following committees provide oversight and governance of the activities of the MBOD/CCOD and the Fund:

- The Portfolio Committee on Health
- The Advisory Committee
- The Audit and Risk Committee
- The Risk Committee

The CCOD is a subprogramme of the NDOH. The Compensation Commissioner reports to the Deputy Director-General: Health Regulation and Compliance in the NDOH.

3.2 Portfolio Committee on Health

During the course of the financial year ended 31 March 2024, the CCOD met with the National Assembly Portfolio Committee on Health on:

- 18 April 2023 - The Portfolio Committee was briefed on the "2023/2024 Annual Performance Plan of the CCOD"
- 12 October 2023 - The Portfolio Committee was briefed on the "2022/2023 Annual Report of the Fund"

3.3 Standing Committee on Public Accounts (SCOPA) Resolutions

There were no SCOPA hearings or resolutions for the year under review.

3.4 Executive Authority

The Minister of Health is the Executive Authority for the MBOD/CCOD.

The CCOD is a subprogramme of the NDOH. Quarterly performance reports on the performance of the CCOD for each of the four quarters of the 2023/2024 financial year were submitted to the NDOH. Members of the of the Advisory, Audit & Risk Committee and the Risk Committee, other than those prescribed in the ODMWA, are appointed by the NDOH.

3.5 Accounting Authority

The Compensation Commissioner is the Accounting Authority of the Fund, as he is responsible for the administration and control of the Fund in terms of ODMWA and as such is the Accounting Authority in terms of the PFMA section 49(2)(b).

3.6 Committees

3.6.1 Advisory Committee

The Advisory Committee was established in terms of Section 59 of the ODMWA. The main function of the Advisory Committee is to advise the CCOD on the execution of duties in relation to the Fund and to perform any functions assigned to the committee by the Minister of Health.

The Advisory Committee shall consist of the Compensation Commissioner and not more than 12 other members, of whom half shall be persons whose names have been submitted to the Minister of Health by owners of controlled mines and works and the other half shall be persons whose names have been submitted to the Minister of Health by organisations acting on behalf of persons performing risk work at controlled mines and works.

Mines and Works Compensation Fund

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Part C - Governance

As at 31 March 2024 the membership of the Advisory Committee was as follows:

Name of member	Representing	Date of appointment	Attendance
Dr B Kistnasamy	CCOD	CCOD	3
Mr LS Sibanda	SEIFSA	23 December 2022 to 31 March 2025 (Resigned 28 October 2023)	-
Adv JPJ Van Vuuren	SOLIDARITY	23 December 2022 to 31 March 2025	2
Mr DM Luvuno	NUM	23 December 2022 to 31 March 2025	1
Mr PM Makgatho	Minerals Council South Africa	23 December 2022 to 31 March 2025	3
Mr DG Nkosi	AMCU	23 December 2022 to 31 March 2025	2
Mr VM Radebe	NUMSA	23 December 2022 to 31 March 2025	2
Ms ND Tsipane	NUM	23 December 2022 to 31 March 2025	1
Mr PE Mminele	NUMSA	23 December 2022 to 31 March 2025	2
Dr T Balfour	Minerals Council South Africa	23 December 2022 to 31 March 2025	3
Mr AJ van Vuuren	Minerals Council South Africa	23 December 2022 to 31 March 2025 (Resigned 30 August 2023)	-
Dr JC Andrews	Minerals Council South Africa	23 December 2022 to 31 March 2025 (Resigned 1 September 2023)	-
Dr J Matjila	Minerals Council South Africa	14 November 2023 to 31 March 2025	-
Mr JJ van Staden	Minerals Council South Africa	14 November 2023 to 31 March 2025	-
Ms LF Woodburn	SEIFSA	14 November 2023 to 31 March 2025	-
Dr BE Legobye	Minerals Council South Africa	14 November 2023 to 31 March 2025	-

The Advisory Committee of the CCOD comprises representatives of employers and trade unions in the mines and works sectors. The Advisory Committee met three times in the current financial year on 29 May 2023, 23 August 2023 and 4 March 2024.

3.6.2 Audit and Risk Committee

The Audit and Risk Committee has been set up in terms of the PFMA and National Treasury Regulations. National Treasury Regulations provide that an Audit and Risk Committee should operate in terms of a Charter, which must deal with its membership, authority and responsibilities. The Audit and Risk Committee Charter purpose is to set out the specific responsibilities of the Audit and Risk Committee as prescribed in the PFMA and the National Treasury Regulations and details the manner in which the Audit and Risk Committee will operate.

For the financial year ended 31 March 2024 the Audit and Risk Committee consisted of three members who are not employees of the CCOD or the NDOH.

Mines and Works Compensation Fund

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Part C - Governance

The members are as follows:

Name of member	Representing	Internal or external	Qualification	Date of appointment	Attendance (regular meeting)
Mr C de Kock	Chairperson	External	Professional Accountant (SA) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) Masters in Computer Auditing (MCom-IT Audit)	2 August 2021 to 1 August 2027	6
Mr S Gounden	Member	External	Bachelor of Accounting Sciences (BCompt) Diploma in Accountancy Chartered Accountant (SA) Chartered Director (SA)	10 May 2021 to 9 May 2027	6
Dr NZ Qunta	Member	External	Bachelor of Administration Bachelor of Commerce (Honours) Master of Business Administration (MBA) PhD	21 November 2022 to 9 May 2027	6

The current Audit and Risk Committee's term began in August 2021 and met 6 times in the current financial year.

3.6.3 Risk Committee

The Risk Committee is established in terms of section 18 of the ODMWA and consists of the Chief Inspector of Mines, who is also the chairperson of the Risk Committee, the director of the MBOD and not less than three or more than four members representing the owners of mines and employee representatives, of which one shall be a medical practitioner. The Risk Committee has the mandate of declaring a mine or works controlled under Section 20 of the ODMWA for the CCOD's purposes.

The CCOD will thereafter maintain a register containing the name and description of every controlled mine and works as per Section 10(3) of the ODMWA. The CCOD will also determine in respect of each controlled mines or works an amount payable by the owner of the mine or works to the CCOD, for the benefit of the Fund, in respect of each risk shift worked. This is to enable the CCOD to pay every person, who performs risk work at or in connection with mines and works, and who is found to be suffering from a compensable disease.

The Minister of Health has appointed the committee. The membership is as follows:

Name of member	Representing	Date of appointment	Attendance
Mr M Zondi (Chairperson)	DMRE	DMRE	3
Mr D Msiza	DMRE	DMRE	-
Mr V Nundlall	Minerals Council South Africa	1 July 2021 to 30 June 2024	4
Prof C Badenhorst	Minerals Council South Africa	1 July 2021 to 30 June 2024	2
Ms JP van Vuuren	Solidarity	1 July 2021 to 30 June 2024	3
Mr G Nkosi	AMCU	1 July 2021 to 30 June 2024	3

Alternate Chairperson*	Representing	Date of appointment	Attendance
Dr N Mtshali	MBOD Director	MBOD	1

*In an effort to improve the functioning of the Risk Committee the Minister of Health approved that the Director of the MBOD and the Compensation Commissioner for Occupational Diseases can act as alternative Chairpersons to the Risk Committee.

The Risk Committee of the MBOD, which determines the risk profile of controlled mines and works, met four times during the course of the year.

Mines and Works Compensation Fund

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Part C - Governance

The MBOD is making a concerted effort to ensure that the Risk Committee fulfils its mandate and role. In an effort to improve the functioning of the Risk Committee, an updated “Terms of Reference of the Committee” and a new “Risk Determination methodology” were developed and approved by the Committee during the course of the prior financial year. The first mine operation since the improvement in the function of the committee was declared as controlled with effect from 1 March 2024.

3.7 Risk Management

The CCOD recognises that risk management is a valuable management tool which improves and assists management in minimising any negative impacts and optimising opportunities emanating from its operating environment.

The Risk management policy and Risk management strategy for the period 2022/2023 to 2024/2025 of the CCOD were reviewed and approved in the previous financial year. In addition, in the current year the CCOD placed additional reliance on the Risk management policy and Risk management strategy of the NDOH.

During the course of the 2023/2024 financial year the following activities were undertaken by the Risk Management function and noted by the Audit and Risk Committee:

- The Risk management implementation plan for 2023/2024 was approved
- The Fraud risk register was reviewed and updated quarterly during the year
- The Strategic risk register was reviewed and updated quarterly during the year
- The Operational risk register was reviewed and updated quarterly during the year

The improvements noted in the risk management function continued in the 2023/2024 financial year and remain a focus of the governance initiatives at the CCOD.

3.8 Internal audit

The objective of the Internal Audit Activity (IAA) in the CCOD/Fund is to provide an independent, objective assurance and consulting activity designed to add value and improve the CCOD/Fund operations.

It achieves this by evaluating and improving the effectiveness of risk management, control, and governance processes in the CCOD/Fund.

Internal audit evaluates the CCOD’s controls to determine their effectiveness, and to develop recommendations, where appropriate, to improve and enhance existing controls. The internal audit function of the NDOH is responsible for the internal audit activities of the CCOD. During the financial year under review, the internal audit conducted various reviews and assessments on the CCOD’s control environment. The results of these reviews were reported to the Audit and Risk Committee on a quarterly basis.

The IAA performed audits in line with the approved annual coverage plan for the 2023/2024 financial year. The IAA’s Risk-Based Three-Year Strategic and Annual Plan were approved by the Audit and Risk Committee.

3.9 Compliance with laws and regulations

The CCOD is a subprogramme of the NDOH. The CCOD works with line function heads and unit directors at the NDOH to ensure compliance with laws and regulations applicable to the CCOD. Compliance with regulations applicable to the Fund as a listed Schedule 3A entity is monitored quarterly by the NDOH governance section. Compliance is monitored by the internal and external audit function and included in the annual risk assessment when completing and updating the risk register. The Risk registers were submitted to and reviewed by the Audit and Risk Committee on a quarterly basis.

3.10 Fraud and Corruption

The CCOD has an approved fraud prevention and implementation plan for the period 2021/2022 to 2023/2024. The fraud prevention and implementation plan details management’s fraud prevention planning, fraud risk assessment, fraud risk response and fraud risk monitoring for the 2021/22 to 2023/24 period. The Fraud prevention policy and Fraud prevention policy of the NDOH is applicable to the CCOD as a subprogramme of the NDOH. The NDOH subscribes to the National Anti-Corruption Hot-Line housed at the Office of the Public Service Commission.

No instances of fraud and corruption internal to the operations of the MBOD/CCOD were identified for prosecution during the year.

Mines and Works Compensation Fund

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Part C - Governance

3.11 Minimising conflicts of interest

The CCOD is a subprogramme of the NDOH. The NDOH adopted the Code of Conduct prescribed by the Department of Public Service and Administration for minimising conflicts of interest. Senior and other stakeholders are required in terms of the policy to disclose any conflict of interest inherent in doing business with the NDOH.

During the period under review, no conflicts of interest were noted.

3.12 Code of conduct

The CCOD is a subprogramme of the NDOH, the NDOH applies the disciplinary code and procedure for the public service. This is applicable to all employees. The MBOD/CCOD places reliance on the NDOH Code of Conduct.

No breaches of the Code of Conduct were identified in the year.

3.13 Health Safety and Environmental Issues

The Occupational Health and Safety Committee for the MBOD/CCOD was formed in the 2020/2021 financial year to address the response to the COVID19 pandemic. The work of the committee has continued in the 2023/2024 year. Building inspections at the MBOD/CCOD at 144 de Korte Street were undertaken and several challenges with the building and other infrastructure items were identified which have not been resolved. A committee to address the infrastructure and safety, health and environmental issues at the NDOH has been formed. The building and infrastructure issues identified have been reported to this Committee and the Department of Public Works for resolution. The following initiatives have been undertaken in the current financial year:

- Occupational Health and Safety policy approved by the Director-General
- Training of Fire Marshalls and First Aiders
- Lifts in the building repaired and declared safe after being switched off
- Conducting incident investigation training

The compliance certificate from the Department of Public Works has not been received and the procurement process and search for a new building has commenced.

Mines and Works Compensation Fund

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Part C - Governance

3.14 Audit and Risk Committee report

The Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2024, in terms of its obligations as set out in the Treasury Regulations and the PFMA.

Audit and Risk Committee Responsibility

The Mines and Works Compensation Fund (Fund) has established an Audit Committee in accordance with the provisions of the Treasury Regulations and the PFMA.

The ARC reports that it has adopted an appropriate formal terms of reference as its Charter and that it has conducted its affairs accordingly.

Composition and Meetings of the Audit and Risk Committee

The Committee is made up of the following independent members who attended meetings as required in its charter.

Name of member	Qualification	Designation	Date appointment	End of term	Number of meetings attended
Mr C de Kock	Professional Accountant (SA) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) Masters in Computer Auditing (MCom-IT Audit)	Chairperson & Independent Non-executive Member	2 August 2021	1 August 2027	6
Mr S Gounden	Bachelor of Accounting Sciences (BCompt) Diploma in Accountancy Chartered Accountant (SA) Chartered Director (SA)	Independent Non-executive Member	10 May 2021	9 May 2027	6
Dr NZ Qunta	Bachelor of Administration Bachelor of Commerce (Honours) Master of Business Administration (MBA) PhD	Independent Non-executive Member	21 November 2022	9 May 2027	6

The Effectiveness of Internal Control

The systems of internal control are designed to provide cost effective assurance in achieving the Funds objectives by ensuring that assets are safeguarded, operations are effective and efficient, financial and performance information are reliable and that compliance with applicable laws and regulations are ensured.

The ARC provided oversight on the financial, operational and business activities of the Fund through the quarterly reporting processes by management as well as the internal audit reviews.

The systems of internal control within the Fund were materially effective. AGSA and Internal Audit findings were addressed by management in order to maintain and further enhance the internal control environment.

Internal Audit

The ARC was satisfied with the activities of the Internal Audit function (co-sourced from the Department of Health), including its annual work programme, coordination with the external auditors and follow-up on management's corrective action plans.

Risk Management

The ARC is responsible for oversight of the risk management function. Internal Audit executed the risk management function although it is strongly recommended that a separate dedicated function is created to comply with Schedule 3A entity requirements in future. The ARC has reviewed the risk assessments and risk registers and tracked and monitored the risk mitigation plans.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part C - Governance

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.

Main activities undertaken by the ARC during the financial year under review, include the review and monitoring of:

1. Quarterly financial management reports and the unaudited Annual Financial Statements submitted to the AGSA;
2. Risk-based audit plans, implementation thereof, and progress reports of Internal Audit and the AGSA;
3. Corrective action plans to address AGSA and Internal Audit findings;
4. The appropriateness of the accounting policies, practices and the potential changes thereto;
5. The effectiveness of the system of risk management, including fraud prevention;
6. Compliance with relevant laws and regulations;
7. Quarterly operational reports;
8. Quarterly performance information reports and the Annual Report, prior to submission to the AGSA;
9. Compliance with applicable regulatory provisions; and
10. The finance function in terms of relevant skills and experience

Evaluation of Annual Financial Statements

The ARC has evaluated the Annual Financial Statements and provided oversight on the following:

- i. Reviewed the Annual Financial Statements to be included in the Annual Report;
- ii. Reviewed the AGSA's Management and Audit Reports as presented, and Management responses thereto;
- iii. Reviewed adjustments and corrections resulting from the audit;
- iv. Reviewed changes in accounting policies and practices; and
- v. Reviewed significant financial reporting judgments and estimates contained in the annual financial statements.

Auditor General (AGSA)'s Report

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

However, certain audit findings relate to the organisation's change in legal status to a section 3A entity and the ARC is concerned that the required organisational capacity and the necessary budget requirements to deal with the new regulatory requirements, is not forthcoming.

The Committee confirms that it has been actively involved throughout the AGSA audit process and was thoroughly appraised of the issues giving rise to the audit opinion.

Appreciation

The Committee expresses its appreciation to the Commissioner, Senior Management team, Internal Audit and the AGSA for their continued support and dedication that also contributed to the successful outcome of the activities during the year under review.

On behalf of the Audit and Risk Committee:



CG de Kock
Chairperson of the Audit and Risk Committee
CCOD
Date: 30 July 2024

Mines and Works Compensation Fund

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Part C - Governance

3.15 B-BBEE Compliance Performance Information

The CCOD is a subprogramme of the NDOH. The budget for the administration of the CCOD and MBOD, the provision of BME's and the activities of the Certification Committees are provided for within voted funds in the NDOH. Procurement is managed centrally through the NDOH supply chain function.

The only costs which are paid for by the Fund are the costs of undertaking the actuarial valuation and bank charges which in terms of the requirements of the ODMWA in section 77(A)(2) are permitted to be recovered from the Fund. The procurement process needs to comply with NDOH supply chain requirements.

The following table indicates the Broad-Based Black Economic Empowerment (B-BBEE) requirements as required by the B-BBEE Act as determined by the Department of Trade, Industry and Competition.

Criteria response	Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable to the Fund
Developing and implementing a preferential procurement policy?	Yes	Procurement is managed centrally by NDOH supply chain management and the purchases on behalf the MBOD/CCOD are required to comply with these policies.
Determining qualification criteria for the sale of state-owned enterprises?	No	Not applicable to the Fund
Developing criteria for entering into partnerships with the private sector?	No	Not applicable to the Fund
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	No	Not applicable to the Fund

Mines and Works Compensation Fund

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Part D - Human Resource Management

4.1 Introduction

The number of filled positions at the CCOD decreased from 34 to 33 at 31 March 2024, whilst at the MBOD the filled positions decreased to 36 (2023: 40) as at 31 March 2024 from 31 March 2023.

The filled posts are mainly administrative posts and there are an inadequate number of posts for specialised employees within the MBOD/CCOD with skills and knowledge in law, occupational health, information technology, communication and financial management. Specialised technical and support personnel are provided by the Minerals Council South Africa under the Memorandum of Understanding between the NDOH and the Minerals Council South Africa.

The human resources function is managed centrally by the NDOH for the MBOD/CCOD. The Fund does not have any designated employees. Employee related costs are included in goods and services in kind which are disclosed in the Annual Financial Statements.

The human resource information below represents the statistics for the CCOD and MBOD and are shown for information purposes as an indicator of the human resources required to administer the Fund and its supporting activities.

The Department of Public Services and Administration (DPSA) issued a Directive on 1 October 2023 that all vacant positions are frozen. 2 posts classified as priority posts within the MBOD remain vacant and were not classified as frozen.

4.2 Employee Distribution

The employee distribution was as follows:

Table 9: Distribution of posts at the CCOD as at 31 March 2024

Designation	Level	Number of posts	Filled	Frozen	Vacancy percentage %
Compensation commissioner	14	1	1	-	-
Director	13	2	2	-	-
Deputy directors	12	2	2	-	-
Deputy directors: administration	11	1	-	1	100%
Assistant directors	10	2	2	-	-
Assistant directors: administration	9	1	-	1	100%
Senior state accountants (finance)	8	1	-	1	100%
Senior state accountants (inspector)	8	2	2	-	-
Senior administration officer	8	1	-	1	100%
Administration officers	7	2	2	-	-
Senior administrative clerk	7	1	1	-	-
Personal assistants	6	2	1	1	50%
Administration clerks	6	3	3	-	-
Registry clerk	5	1	-	1	100%
Administrative / Finance clerks	5	21	16	5	24%
Switchboard operator	4	1	1	-	-
Cleaner	3	1	-	1	100%
Messenger	3	1	-	1	100%
Total		46	33	13	28%

Mines and Works Compensation Fund

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Part D - Human Resource Management

2. Employee Distribution (continued)

Table 10: Movement in filled positions at the CCOD during the course of the 2023/2024 financial year

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
14	1	-	-	1
13	2	-	-	2
12	2	-	-	2
10	2	-	-	2
8	2	-	-	2
7	3	-	-	3
6	4	-	-	4
5	16	-	-	16
4	1	-	-	1
3	1	-	1	-
Total	34	-	1	33

Table 11: Reasons for terminations at the CCOD during the course of the 2023/2024 financial year

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	-	-
Dismissal	-	-
Retirement	1	100%
Ill Health	-	-
Expiry of contract	-	-
Other	-	-
Total	1	

Table 12: Profile of the workforce at the CCOD as at 31 March 2024

Level	African				Coloured				Indian				White				Total			
	M	D	F	D	M	D	F	D	M	D	F	D	M	D	F	D	M	D	F	D
14									1								1			
13	1	1	1														1	1	1	
12			2																2	
10	1		1														1		1	
8	2																2			
7	3																3			
6	2													2			2		2	
5	5		11														5		11	
4			1																1	
Total	14	1	16						1						2		15	1	18	

*M=Male F=Female D=Disabled

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part D - Human Resource Management

2. Employee Distribution (continued)

Table 13: Distribution of posts at the MBOD as at 31 March 2024

Designation	Level	Number of posts	Filled	Frozen	Vacant	Vacancy percentage %
Deputy Director	11	1	1	-	-	-
Chief Clinical Technologist	10	1	1	-	-	-
Assistant Director: Clinical Technology	10	1	1	-	-	-
Assistant Director: Radiography	10	1	1	-	-	-
Assistant Director: Administration	9	1	-	1	-	100%
Professional Nurse	9	1	-	-	1	100%
Radiologist	9	1	1	-	-	-
Radiographer	8	1	-	-	1	100%
Personal assistant	7	1	1	-	-	-
Senior human resource officer	7	1	-	1	-	100%
Chief administrative clerk	7	3	2	1	-	33%
Registry clerk supervisor	7	1	1	-	-	-
Chief Security Officer	7	1	1	-	-	-
Senior administration clerk	6	5	4	1	-	20%
Senior Security Officer	6	1	1	-	-	-
Administration clerk	5	16	9	7	-	44%
Registry clerk	5	1	-	1	-	100%
Finance clerk	5	1	1	-	-	-
Supply Chain clerk	5	2	-	2	-	100%
Security	4	7	7	-	-	-
General assistant	3	3	3	-	-	-
Driver	3	1	1	-	-	-
Security	3	1	-	1	-	100%
Cleaner	2	4	-	4	-	100%
Total		57	36	19	2	37%

*M=Male F=Female D=Disabled

Table 14: Movement in filled positions at the MBOD during the course of the 2023/2024 financial year

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
11	1	-	-	1
10	3	-	-	3
9	1	-	-	1
7	6	-	1	5
6	6	-	1	5
5	12	-	2	10
4	7	-	-	7
3	4	-	-	4
Total	40	-	4	36

Mines and Works Compensation Fund

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Part D - Human Resource Management

2. Employee Distribution (continued)

Table 15: Reasons for terminations at the MBOD during the course of the 2023/2024 financial year

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	-	-
Dismissal	-	-
Retirement	3	75%
Ill Health	1	25%
Expiry of contract	-	-
Other	-	-
Total	4	

Table 16: Profile of the workforce at the MBOD as at 31 March 2024

Level	African				Coloured				Indian				White				Total				
	M	D	F	D	M	D	F	D	M	D	F	D	M	D	F	D	M	D	F	D	
11			1																	1	
10			2								1									3	
9			1																	1	
7	2		3														2			3	
6	3		2														3			2	
5	3		7														3			7	
4	6		1														6			1	
3	2		2														2			2	
Total	16		19								1						16			20	

*M=Male F=Female D=Disabled

Mines and Works Compensation Fund

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Part E - PFMA Compliance

5.1 Irregular Expenditure

Description	2023/2024	2022/2023
Opening balance	31 440	-
Add: Irregular expenditure confirmed	-	31 440
Closing Balance	31 440	31 440

Refer to note 27 in the Annual Financial Statements for further information.

5.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
Opening balance	630 141	630 141
Add: Fruitless and wasteful expenditure confirmed	-	-
Closing Balance	630 141	630 141

Refer to note 28 in the Annual Financial Statements for further information.

Fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2023/2024	2022/2023
Fruitless and wasteful expenditure under assessment	575 014	1 007 541
Total	575 014	1 007 541

Fruitless and wasteful expenditure under assessment represents payments made to claimants or beneficiaries in the process of assessment for possible erroneous or double payments.

5.3 Payment of suppliers

Description	Number of invoices	Value R
Valid invoices received	4	1 885 802
Invoices paid within 30 days or agreed period	4	1 885 802

Per section 77A(2) of the ODMWA the cost of the actuarial valuation performed is paid from the Fund. No suppliers were paid late during the course of the 2023/2024 financial year.

5.4 Supply chain management

The CCOD operates as a subprogramme of the NDOH. The purchasing function of the MBOD/CCOD is maintained centrally by NDOH supply chain management. The Fund does not make any purchases other than the payment of actuarial valuation costs which is permissible i.t.o of 77A(2) of the ODMWA.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.1. Responsibility statement

To the Parliament of Mines and Works Compensation Fund

These financial statements are the responsibility of the Accounting Authority. The ODMWA, as amended requires the CCOD to ensure that full and proper financial records of the financial affairs of the Mines and Works Compensation Fund (Fund) are maintained. In addition, the PFMA, in S55(1)(b) requires separate Annual Financial Statements to be prepared.

The Fund's business and operations and the result thereof are clearly reflected in the Annual Financial Statements. The CCOD is responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements and related information.

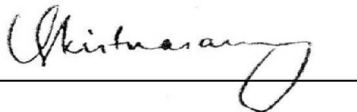
The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations of such statements issued by the Accounting Standards Board and in the manner required by the PFMA.

The Accounting Authority is responsible for the Fund's system of internal control. The internal controls include a risk based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practice policies and procedures. Employees of the CCOD, with the appropriate segregation of duties, implement these controls.

The Annual Financial Statements have been prepared on the going concern basis as at 31 March 2024. The accounting authority believes there is sufficient liquidity to meet short-term financial obligations as they become due, as the Funds' accumulated surplus should be sufficient.

The Auditor-General is responsible for examining and reporting on the fair presentation of the Annual Financial Statements. The audit report of the Annual Financial Statements of the Fund is presented on pages 42 to 46.

The Annual Financial Statements of the Fund, set out on pages 47 to 86, were approved by the Accounting Authority, in terms of the ODMWA, for the financial year ended 31 March 2024 and were signed on its behalf by:



Dr MB Kistnasamy

Compensation Commissioner for Occupational Diseases

30 July 2024

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.2 Report of the auditor-general to Parliament on Mines and Works Compensation Fund

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mines and Works Compensation Fund set out on pages 47 to 86, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget information with actual information 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 the Mines and Works Compensation Fund as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *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.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. 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 public entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.2 Report of the auditor-general to Parliament on Mines and Works Compensation Fund

Report on the annual performance report.

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
11. I am unable to perform an audit on the predetermined objectives because the annual performance report was not prepared and submitted as required by section 55(2)(a) of the PFMA.

Other matter

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

Unaudited supplementary information

13. The supplementary information set out on pages 16 to 27 does not form part of the performance information of the entity and is presented as additional information. I have not audited this information and, accordingly, I do not express an opinion on it.

Report on compliance with legislation

14. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
15. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
16. Through the established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
17. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

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

Strategic planning and performance management

20. The strategic plan for 2023-24 was not prepared and submitted for approval by the executive authority, as required by treasury regulation 30.1.1. This was because the entity was listed on 28 March 2023.
21. The annual performance plan for 2023-24 was not prepared and submitted for approval by the executive authority, as required by treasury regulation 30.1.1. This was because the entity was listed on 28 March 2023.

Consequence Management

22. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.2 Report of the auditor-general to Parliament on Mines and Works Compensation Fund

Revenue management

23. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Other information in the annual report

24. The accounting authority is responsible for the other information included in the annual report which includes the minister's statement, accounting authority's report, audit and risk committee's report and the human resource management. The other information referred to does not include the financial statements and the auditor's report.
25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
28. I have nothing to report in this regard.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
31. Management did not implement adequate reviews to ensure the preparation of accurate financial statements as material misstatements were identified that were subsequently corrected.
32. The accounting authority did not implement effective and sufficient measures to collect overdue revenue, resulting in non-recovery of long outstanding debts.
33. Management did not review and monitor compliance with applicable legislation resulting in material non-compliance in consequence management.

Auditor-General

Pretoria

30 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.2 Report of the auditor-general to Parliament on Mines and Works Compensation Fund

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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

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.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and 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.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.2 Report of the auditor-general to Parliament on Mines and Works Compensation Fund

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	PFMA 51(1)(b)(i) PFMA 55(1)(a) PFMA 55(1)(b) PFMA 55(1)(c)(i) PFMA 51(1)(b)(ii) PFMA 53(4) PFMA 57(b) PFMA 51(1)(e)(iii)
Treasury regulations	TR 30.1.1 TR 30.1.3(a) TR 30.1.3(b) TR 30.1.3(d) TR 30.2.1 TR 31.1.2(c') TR 33.1.1 TR 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	PRECCA 34(1)
<i>Occupational Disease in Mines and Works Act, 1973 (Act No. 78 of 1973)</i>	Section 61(4) Section 61(5) Section 66

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.3 Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Investments	3	5 727 062 890	5 363 046 630
Receivables from exchange transactions	4	15 242 082	28 809 476
Cash and cash equivalents	5	69 401 069	51 868 317
		5 811 706 041	5 443 724 423
Total Assets		5 811 706 041	5 443 724 423
Liabilities			
Current Liabilities			
Provisions	6	661 915 757	788 759 916
Payables from exchange transactions	7	78 970 442	70 206 892
Payables from non-exchange transactions	8	24 524 712	22 999 016
		765 410 911	881 965 824
Non-Current Liabilities			
Provisions	6	2 227 296 493	2 159 419 065
Total Liabilities		2 992 707 404	3 041 384 889
Net Assets		2 818 998 637	2 402 339 534
Accumulated surplus		2 818 998 637	2 402 339 534
Total Net Assets		2 818 998 637	2 402 339 534

The accounting policies on pages 53 to 62 and the notes on pages 63 to 86 form an integral part of the Annual Financial Statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.4 Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Levy income	10	127 413 512	120 955 354
Other income	11	127 269 875	633 154 426
Interest received	12	466 545 805	323 583 243
Total revenue from exchange transactions		721 229 192	1 077 693 023
Revenue from non-exchange transactions			
Transfer revenue			
Goods and services in-kind from the NDOH	13	53 959 214	51 686 925
Pension payments transfer utilised	14	209 304	358 665
Total revenue from non-exchange transactions		54 168 518	52 045 590
Total revenue	9	775 397 710	1 129 738 613
Expenditure			
Goods and services in-kind from the NDOH	13	(53 959 214)	(51 686 925)
Pension payments transfer utilised	14	(209 304)	(358 665)
Finance costs	15	(289 375 747)	(282 701 048)
Debt impairment	16	(8 452 058)	-
Bad debts written off	16	(4 145 985)	-
General expenses	17	(2 596 299)	(904 224)
Total expenditure		(358 738 607)	(335 650 862)
Surplus for the year		416 659 103	794 087 751

The accounting policies on pages 53 to 62 and the notes on pages 63 to 86 form an integral part of the Annual Financial Statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.5 Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2022	1 608 251 783	1 608 251 783
<u>Changes in net assets</u>		
Surplus for the year	794 087 751	794 087 751
Total changes	794 087 751	794 087 751
Balance at 01 April 2023	2 402 339 534	2 402 339 534
<u>Changes in net assets</u>		
Surplus for the year	416 659 103	416 659 103
Total changes	416 659 103	416 659 103
Balance at 31 March 2024	2 818 998 637	2 818 998 637

The accounting policies on pages 53 to 62 and the notes on pages 63 to 86 form an integral part of the Annual Financial Statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.6 Cash Flow Statement

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Levy income		128 382 863	150 026 196
Interest received		450 578 074	293 368 324
Transfer payments (non-exchange)		1 735 000	1 544 000
		580 695 937	444 938 520
Payments			
Claimants and payables from exchange transactions		(213 888 321)	(193 510 155)
Finance costs		(1 017 031)	(4 151 899)
Transfer payments		(209 304)	(358 665)
		(215 114 656)	(198 020 719)
Net cash flows from operating activities	18	365 581 281	246 917 801
Cash flows from investing activities			
Purchase of financial assets		(348 048 529)	(284 649 603)
Net cash flows from investing activities		(348 048 529)	(284 649 603)
Net increase/(decrease) in cash and cash equivalents		17 532 752	(37 731 802)
Cash and cash equivalents at the beginning of the year		51 868 317	89 600 119
Cash and cash equivalents at the end of the year	5	69 401 069	51 868 317

The accounting policies on pages 53 to 62 and the notes on pages 63 to 86 form an integral part of the Annual Financial Statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.7 Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Levy income	122 476 197	-	122 476 197	127 413 512	4 937 315	Note 25
Other income	-	-	-	127 269 875	127 269 875	Note 25
Interest received	459 744 091	-	459 744 091	466 545 805	6 801 714	
Total revenue from exchange transactions	582 220 288	-	582 220 288	721 229 192	139 008 904	
Revenue from non-exchange transactions						
Transfer revenue						
Goods and services in-kind from the NDOH	-	-	-	53 959 214	53 959 214	Note 25
Pension payments transfer utilised	286 932	-	286 932	209 304	(77 628)	Note 25
Total revenue from non-exchange transactions	286 932	-	286 932	54 168 518	53 881 586	
Total revenue	582 507 220	-	582 507 220	775 397 710	192 890 490	
Expenditure						
Goods and services in-kind from the NDOH	-	-	-	(53 959 214)	(53 959 214)	Note 25
Pension payments transfer utilised	(286 932)	-	(286 932)	(209 304)	77 628	Note 25
Finance costs	(254 954 707)	-	(254 954 707)	(289 375 747)	(34 421 040)	Note 25
Debt impairment	(3 885 127)	-	(3 885 127)	(8 452 058)	(4 566 931)	Note 25
Bad debts written off	-	-	-	(4 145 985)	(4 145 985)	Note 25
General expenses	(124 955 442)	-	(124 955 442)	(2 596 299)	122 359 143	Note 25
Total expenditure	(384 082 208)	-	(384 082 208)	(358 738 607)	25 343 601	
Surplus	198 425 012	-	198 425 012	416 659 103	218 234 091	
Actual amount on comparable basis as presented in the budget and actual comparative statement	198 425 012	-	198 425 012	416 659 103	218 234 091	

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.7 Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Investments	5 618 905 594	-	5 618 905 594	5 727 062 890	108 157 296	Note 25
Receivables from exchange transactions	29 165 200	-	29 165 200	15 242 082	(13 923 118)	Note 25
Cash and cash equivalents	195 922 087	-	195 922 087	69 401 069	(126 521 018)	Note 25
	5 843 992 881	-	5 843 992 881	5 811 706 041	(32 286 840)	
Total Assets	5 843 992 881	-	5 843 992 881	5 811 706 041	(32 286 840)	
Liabilities						
Current Liabilities						
Provisions	815 277 103	-	815 277 103	661 915 757	(153 361 346)	Note 25
Payables from exchange transactions	74 566 386	-	74 566 386	78 970 442	4 404 056	Note 25
Payables from non-exchange	24 447 084	-	24 447 084	24 524 712	77 628	
	914 290 573	-	914 290 573	765 410 911	(148 879 662)	
Non-Current Liabilities						
Provisions	2 328 937 762	-	2 328 937 762	2 227 296 493	(101 641 269)	Note 25
Total Liabilities	3 243 228 335	-	3 243 228 335	2 992 707 404	(250 520 931)	
Net Assets	2 600 764 546	-	2 600 764 546	2 818 998 637	218 234 091	
Net Assets						
Reserves						
Accumulated surplus	2 600 764 546	-	2 600 764 546	2 818 998 637	218 234 091	

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.8 Accounting Policies

1. Significant account policies

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below.

1.1 Basis of preparations

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the PFMA.

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 Rand.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These Annual Financial Statements are presented in South African Rand, which is the functional currency of the entity. All amounts are rounded to the nearest South African Rand.

1.3 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.

1.4 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 entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows.

On trade receivables 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 trade receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

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 6.

Provisions, where the Fund does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period, are classified as current liabilities; and the balance of the liabilities are classified as non-current. Provisions are classified into one of the following categories:

- Provision for Benefit claims (Benefits due); or
- Provision for Incurred but not yet reported claims (IBNR).

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.8 Accounting Policies

1.5 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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.

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.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.8 Accounting Policies

1.5 Financial instruments (continued)

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The entity classifies investments as surplus funds placed with financial institutions in higher yielding instruments for the benefit of the entity in order to meet future long-term service delivery commitments. The Investment accounts are managed separately from transactional banking accounts in order to maximise investment income.

Cash and cash equivalents are held for the purpose of operating activities. Cash and cash equivalents are used by the entity for transactional banking.

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.8 Accounting Policies

1.5 Financial instruments (continued)

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 amortised cost.

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

Gains and losses

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

Presentation

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

1.6 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 statement of financial position.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.8 Accounting Policies

1.6 Statutory receivables (continued)

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.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on revenue from exchange transactions.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

Mines and Works Compensation Fund

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6.8 Accounting Policies

1.6 Statutory receivables (continued)

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.7 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 used only for expenditures for which the provision was originally recognised.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.8 Accounting Policies

1.7 Provisions and contingencies (continued)

Provisions are not recognised for future operating surplus.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 20.

Provisions, where the Fund does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period, are classified as current liabilities; and the balance of the liabilities are classified as non-current.

Provisions are classified into one of the following categories:

- Provision for Benefit claims (Benefits due); or
- Provision for Incurred but not yet reported claims (IBNR).

1.8 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 length transaction.

Revenue from exchange transactions comprise levy revenue and interest.

Other income comprises recoveries raised i.t.o S74(a) and S74(b) of the ODMWA, as well as the release of provisions.

Measurement

The amount of revenue arising on a transaction which 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 Receivables).

Levy Revenue

Levy revenue is recognised when:

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

Revenue is recognised at the fair value when the risk shift has been worked as indicated in the assessment submitted by the mines and works or when a reliable estimate can be made.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Mines and Works Compensation Fund

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6.8 Accounting Policies

1.9 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.

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

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.

Transfers

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.8 Accounting Policies

1.9 Revenue from non-exchange transactions (continued)

Services in-kind

Except for financial guarantee contracts, the entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

The entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.10 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.11 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.12 Fruitless and wasteful expenditure

Fruitless expenditure as defined in Section 1 of the PFMA is expenditure which was made in vain and could have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

1.13 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure incurred in contravention of, or not in accordance with legislation and expenditure recorded in the statement of financial performance or liability recognised in the statement of financial position.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred.

1.14 Budget information

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2023 to 31 March 2024.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.8 Accounting Policies

1.15 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 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.

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 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 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 party transactions on its Annual Financial Statements.

1.16 Events after reporting date

Events after 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.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

Part F - Annual financial information

6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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:
- iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Not expected to impact results but may result in additional disclosure
- GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Not expected to impact results but may result in additional disclosure
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 01 April 2024 or later periods:		
Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
- Guideline: Guideline on the Application of Materiality to Financial Statements	<i>Not yet determined</i>	Impact is currently being assessed
- GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed
3. Investments		
At amortised cost		
CPD Investment		2 818 258 191 2 597 273 605
The interest bearing investment is money invested with the Corporation for Public Deposits (CPD). It bears interest at 8.25% per annum (2023: 7.90% per annum).		
Short-term call deposit		75 255 171 160 933 680
Short-term call deposits are funds invested in financial instruments which bear interest at 7.75% per annum (2023: 7.25%).		
Fixed deposit - Mines		2 605 301 564 2 394 915 349
Short-term fixed deposits are funds invested in financial instruments which bear interest between 8.90% and 9.70% per annum (2023: between 7.00% and 8.58% per annum).		
Fixed deposit - Works		224 193 481 206 211 146
Short-term fixed deposits are funds invested in financial instruments which bear interest between 8.99% and 9.00% per annum (2023: between 7.75% and 8.58% per annum).		
Fixed deposit - Research		4 054 483 3 712 850
Short-term fixed deposits are funds invested in financial instruments which bear interest at 9.70% per annum (2023: 7.00% per annum).		
		5 727 062 890 5 363 046 630
Current assets		
At amortised cost		5 727 062 890 5 363 046 630

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
4. Receivables from exchange transactions		
Trade receivables - Statutory receivable	14 706 770	28 291 366
Other receivables - Statutory receivable	535 312	518 110
	15 242 082	28 809 476

Statutory receivables general information

Standard terms and interest charged on overdue accounts

Standard terms on trade debtors are 20 days following the month in which the risk shifts were worked. Interest is levied on overdue accounts, calculated on a simple interest rates basis in accordance with the rates as prescribed in guidelines issued by National Treasury.

The applicable rates per annum are as follows:

2024

1 April 2023 to 30 April 2023	10.75%
1 May 2023 to 30 June 2023	11.25%
1 July 2023 to 31 March 2024	11.75%

2023

1 April 2022 to 30 April 2022	7.50%
1 May 2022 to 30 June 2022	7.75%
1 July 2022 to 31 August 2022	8.25%
1 September 2022 to 31 October 2022	9.00%
1 November 2022 to 31 December 2022	9.75%
1 January 2023 to 28 February 2023	10.50%
1 March 2023 to 31 March 2023	10.75%

Determination of transaction amount

Statutory receivables arise from levies in accordance with S62 and S63 of the ODMWA and related interest thereon.

Fair value of trade and other receivables

The fair value of trade and other receivables is deemed to be the carrying value due to the short-term nature of the receivables and the market related interest rates attached to them.

Trade and other receivables past due but not impaired

At 31 March 2024, R7 316 682 (2023: R7 466 559) were neither past due nor impaired.

At 31 March 2024, R7 925 400 (2023: R21 342 917) were past due but not impaired.

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

One month past due	172 370	180 446
Two months past due	276 798	123 155
Over three months past due	7 476 232	21 039 316
	7 925 400	21 342 917

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand 2024 2023

4. Receivables from exchange transactions (continued)

Trade and other receivables impaired

As of 31 March 2024, trade and other receivables of R69 859 423 (2023: R61 407 365) were impaired and provided for.

The ageing of these receivables are as follows:

Current	1 874 809	1 561 794
Over three months past due	67 984 614	59 845 571
	69 859 423	61 407 365

Reconciliation of provision for impairment of trade and other receivables

Opening balance	61 407 365	101 767 560
Provision for impairment	11 494 521	(40 360 195)
Amounts written off	(3 042 463)	-
	69 859 423	61 407 365

The creation of provision for impaired receivables has been included in the debt impairment expense (Refer to note 16). The release of the provision for impaired receivables has been included in Other income (Refer to note 11).

The maximum exposure to credit risk at the reporting date is the fair value of the receivables balance. The Fund does not hold any collateral as security. Trade accounts receivable comprises a large, widespread customer base.

The provision for debt impairment for the current year has been determined using the following methodology:

- Operations with no evidence of activity in the current year - full outstanding balance provided
- Operations with evidence of activity in the current year or which belong to a current operating group - outstanding balances of greater than 180 days plus the interest accrued in the current year have been provided
- The provision for debt impairment was reduced by historical debt collection rates on long outstanding debt

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	69 401 069	51 868 317
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In terms of established practices, any costs associated with maintaining separate bank accounts, or any interest received on such accounts, is for the account of the Fund.

Credit quality of cash at bank and short term deposits

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

Credit rating

Absa (F1+) - Current Account: Mines	25 985 928	9 680 638
Absa (F1+) - Current Account: Research	10 568 986	10 061 505
Absa (F1+) - Current Account: State	26 931 538	26 003 461
Absa (F1+) - Current Account: Works	4 836 648	4 605 695
FNB (F1+) - Current Account: Mines	1 077 969	1 517 018
	69 401 069	51 868 317

The amount of cash included the State bank account was appropriated for the purposes of the payment of pension payments under the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded the ODMWA. Per the ODMWA S69(4) the amount will be transferred to the State Revenue Fund once all pension obligations have been extinguished.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
6. Provisions		
Non-current liabilities	2 227 296 493	2 159 419 065
Current liabilities	661 915 757	788 759 916
	2 889 212 250	2 948 178 981
IBNR provision	2 227 296 493	2 159 419 065
Benefits due	661 915 757	788 759 916
	2 889 212 250	2 948 178 981

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand

6. Provisions (continued)

Reconciliation of provisions - 2024

	Opening Balance	Additions (1)	Paid during the year (2)	Changes in methodology and assumptions / unexpected increase/(decrease) (3)	Unwinding (4)	Transfer to benefits due	Total
IBNR - TB Loss of Earnings	8 469 083	21 888 480	-	(9 261 200)	1 860 285	(21 724 905)	1 231 743
IBNR - TB First Degree	7 097 489	5 922 524	-	(7 139 190)	970 532	(5 820 646)	1 030 709
IBNR - TB Second Degree	13 991 396	8 549 528	-	(13 673 923)	1 779 996	(8 935 728)	1 711 269
IBNR - Permanent First Degree	1 020 942 234	55 865 444	-	15 170 425	101 836 613	(150 126 868)	1 043 687 848
IBNR - Permanent Second Degree	1 108 918 863	71 218 339	-	78 307 551	111 514 308	(190 324 137)	1 179 634 924
Benefits Due - TB Loss of Earnings	68 486 145	-	(19 570 040)	(39 158 438)	5 601 426	21 724 905	37 083 998
Benefits Due - TB First Degree	28 607 772	-	(4 759 524)	(15 083 111)	2 270 207	5 820 646	16 855 990
Benefits Due - TB Second Degree	137 131 616	-	(82 023 901)	23 019 875	11 295 612	8 935 728	98 358 930
Benefits Due - Permanent First Degree	224 720 024	-	(57 367 765)	(181 398 226)	19 148 133	150 126 868	155 229 034
Benefits Due - Permanent Second Degree	327 391 373	-	(51 495 136)	(139 074 966)	27 242 397	190 324 137	354 387 805
Provision for PH files	2 422 986	-	-	(2 422 986)	-	-	-
	2 948 178 981	163 444 315	(215 216 366)	(290 714 189)	283 519 509	-	2 889 212 250

1. Additions represent the expected new claims during the 12 month inter-valuation period.
2. Payments for the year.
3. Changes in financial assumptions represents the impact of the liability as a result of changes in financial assumptions. Changes in methodology and assumptions represents the impact of the liability as a result of changes in approach and payment rate and settlement pattern assumptions. Unexpected increase/(decrease) is the amount required in addition to the items above, to add up to the newly calculated liability. It results from actual experience not following assumptions.
4. Unwinding represents interest credited to the liability as per the BEASSA nominal zero yield curve as at 31 March 2023 for the 12-month inter-valuation period.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand

6. Provisions (continued)

Reconciliation of provisions - 2023

	Opening Balance	Additions (1)	Paid during the year (2)	Changes in methodology and assumptions / unexpected increase/(decrease) (3)	Unwinding (4)	Transfer to benefits due	Total
IBNR - TB Loss of Earnings	10 048 756	18 697 955	-	(2 522 218)	1 417 489	(19 172 899)	8 469 083
IBNR - TB First Degree	10 715 385	6 606 289	-	(3 862 115)	1 028 445	(7 390 515)	7 097 489
IBNR - TB Second Degree	18 253 803	16 976 124	-	(5 361 826)	1 905 350	(17 782 055)	13 991 396
IBNR - Permanent First Degree	1 031 581 340	36 596 641	-	8 199 251	85 729 293	(141 164 291)	1 020 942 234
IBNR - Permanent Second Degree	1 378 510 385	59 024 478	-	(236 842 991)	114 826 884	(206 599 893)	1 108 918 863
Benefits Due - TB Loss of Earnings	101 018 558	-	(28 586 487)	(30 842 700)	7 723 875	19 172 899	68 486 145
Benefits Due - TB First Degree	42 866 800	-	(2 778 039)	(21 919 406)	3 047 902	7 390 515	28 607 772
Benefits Due - TB Second Degree	177 592 727	-	(32 773 328)	(38 312 158)	12 842 320	17 782 055	137 131 616
Benefits Due - Permanent First Degree	262 226 861	-	(45 128 729)	(153 696 088)	20 153 689	141 164 291	224 720 024
Benefits Due - Permanent Second Degree	395 791 726	-	(59 338 681)	(245 535 467)	29 873 902	206 599 893	327 391 373
Provision for PH files	2 422 986	-	-	-	-	-	2 422 986
	3 431 029 327	137 901 487	(168 605 264)	(730 695 718)	278 549 149	-	2 948 178 981

1. Additions represent the expected new claims during the 12-month inter-valuation period.

2. Payments for the year.

3. Changes in assumptions represent the impact on the liability as a result of changes in methodology and assumptions. Unexpected increase/(decrease) is the amount required to add up to the newly calculated liability resulting from actual experience not following assumptions.

4. Unwinding represents interest credited to the liability as per the BEASSA nominal zero yield curve as at 31 March 2022 for the 12-month inter-valuation period.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand

2024

2023

6. Provisions (continued)

The total claims liability, including provision for claims incurred but not yet reported (IBNR), as at 31 March 2024 was estimated to be R2 889 212 250 (2023: R2 948 178 981). This represents the expected monetary amount, that together with investment income, would be sufficient to cover future payments in respect of last risk shifts worked to 31 March 2024.

Benefits Due represent a liability, however what is not certain is when the claim will be paid or how much will be paid based on the environment the Fund operates in. Therefore, the valuation amount relating to Benefits Due is classified as a Provision for Benefits Due and is recognised as such in the Statement of Financial Position. The provision recognised in the Statement of Financial Position as at 31 March 2024 amounted to R661 915 757.

With regards to the IBNR claims, the claims have not been reported to the MBOD nor has an assessment been made to determine whether the claims are compensable or not and therefore whether the Fund has an obligation or not. The validity of the claim depends on the assessment done in terms of the ODMWA. The provision recognised in the Statement of Financial Position as at 31 March 2024 amounted to R2 227 296 493.

Valuation methodology and actuarial assumptions

Provision for Benefits Due

The provision for Benefits Due was raised for all workers or ex-workers that were certified by the certification committee to be suffering from a compensable disease and where it is anticipated that the outflow of resources embodying economic benefits required to settle that obligation is probable but the amount is not certain.

Claims in relation to Benefits Due were categorised as follows:

- o TB Loss of Earnings
- o TB First Degree
- o TB Second Degree
- o Other Permanent First Degree
- o Unknown First Degree
- o Other Permanent Second Degree
- o Unknown Second Degree
- o Other Permanent Unknown Degree
- o Unknown Claim Type

The following methodology was applied to determine the Provision for Benefits Due as at 31 March 2024:

- o The number of claims reported, certified and not yet paid per claims year was multiplied by the average cost of per claim for that claim year.
- o The average cost per claim was calculated as the average of claims reported, certified and paid in each particular category.
- o Payment rates (probability of payment) dependent on the time period between claim year and valuation date were applied.
- o These payment rates represent a sliding scale which are subject to a maximum of the payment rate for IBNR Provision for claims years at 31 March 2024.
- o A settlement pattern was applied to the proportion of claims that are assumed will be paid as at 31 March 2024. The settlement patterns were consistent with those used to calculate the IBNR provision.
- o Expected future claim payments were discounted to 31 March 2024 using the BEASSA nominal zero coupon yield curve as at 31 March 2024.
- o The Provision for Benefits Due equals to the sum of these discounted future claim payments.

With respect to the Unknown First Degree and Unknown Second Degree category above, a weighted average of the applicable (first degree / second degree) average cost per claim and settlement periods for TB and Permanent Diseases was used for calculation purposes. Similarly, for Unknown Claim Type, a weighted average of the average cost per claim and settlement period was used.

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

Figures in Rand

2024

2023

6. Provisions (continued)

IBNR provision

The IBNR provision makes allowance for future payments to be made on claim events which will arise in future as a result of exposure to conditions up to the valuation date that may lead to these claim events. In order to calculate the IBNR Provision, run-off triangles have been constructed to model development pattern (reporting delay) and settlement pattern (payment delay).

In order to use these models, an occurrence date is needed. Last risk date has been used as a proxy for occurrence date. An "average cost per claim" method was used in respect of these run-off triangles.

It is noted for calculation purposes that last risk date was grouped into last risk year and claims date into claims year. Last risk year and claims year are defined as the twelve-month period for 31 March of the particular year.

The IBNR provision comprises the TB Liability and the Permanent Disease Liability.

Claims in relation to the TB Liability were categorised as follows:

- o TB Initial (combination of TB Current and TB Can Antedate)
- o TB Reactivated (combination of TB Reactivation and TB Relapse)
- o TB First Degree
- o TB Second Degree

Within each category of claim, the following sub-categories were used based on the mine the individual worked for at claim date or last risk date:

- o Gold
- o Platinum
- o Other commodities

The reason for subdividing TB claims into these groups was to obtain homogeneous groups to improve estimates of future claim payments.

The following methodology was applied to determine the TB Liability as at 31 March 2024:

- o The ultimate number of claims were projected for last risk years up to the end of 31 March 2024 by applying a development pattern to the cumulative proportion of claims observed to have been reported to 31 March 2024. This process was repeated to determine incremental claims per development year for each applicable last risk year.
- o To allow for complete claims experience, current certification guidelines and based on an analysis of the data, a 7 year development period was used in determine the development pattern.
- o The average cost per claim was derived by analysing the underlying distribution of claim amounts awarded and subsequently paid per claim year. The following disease categories were analysed separately, based on the separate rules stipulated in the ODMWA with regard to the way in which award amounts are calculated:
 - o TB Loss of Earnings (consists of TB Initial and TB Reactivated)
 - o TB First Degree
 - o TB Second Degree
- o With respect to TB Loss of Earnings and TB Second Degree, the mean of the underlying distributions were used.
- o With respect to TB First Degree, the mode of the underlying distributions were used which corresponds to the maximum benefit as per the ODMWA.
- o The average cost per claim for TB Loss of Earnings was projected forward by the observed 'inflation rate'.
- o The average cost per claim for TB First Degree was projected forward by applying inflation to the maximum benefit each year.

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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6. Provisions (continued)

- o The average cost per claim for TB Second Degree was projected forward by adjusting the underlying distribution to each subsequent claims year by keeping the minimum and maximum benefits and the benefits falling between these amounts by inflation each year (subject to the applicable maximum benefit).
 - o The total claim amounts per development year for each last risk year was calculated by multiplying the expected number of claims in each development year (for each risk year) by the average cost per claim for that year. With respect to TB Loss of Earnings, a proportion of claims result in no loss once assessed. These claims have therefore been reduced by the proportion of claims expected to result in no loss.
 - o A payment rate (probability of payment) was applied to total outstanding claims to allow for a proportion of the ultimate claims that will result in no payment.
 - o A settlement pattern was applied to the proportion of claims assumed to be paid in each development year for each last risk year. This gives an estimate of total claims that will be settled per claim year and settlement year. The settlement pattern was derived for the following groupings:
 - o TB Loss of Earnings (consists of TB Initial and TB Reactivated)
 - o TB Permanent Diseases (consists of First Degree and Second Degree)
- A 9-year settlement period was used in respect of both these groupings.
- o Expected future claim amounts to be paid per settlement year for each claims year were discounted to 31 March 2024 using the BEASSA nominal zero coupon yield curve as at 31 March 2024.
 - o The TB Liability equals to the sum of these discounted future claim payments across all settlement years for all risk years.

With regards to the Permanent Diseases Liability, allowance has been made for under-reporting. Under-reporting exists where workers are eligible to claim from the Fund but do not do so for various reasons. This is particularly relevant to permanent diseases such as silicosis and asbestosis where there is a long latency period. Under-reporting therefore means liabilities based on actual claims experience will not reflect the true number of ultimate claims that may arise in future.

The methodology for the Permanent diseases liability involved the following 7 step process:

Claims in relation to the Permanent Disease Liability were categorised as follows:

- o Silicosis First Degree
- o Silicosis Second Degree
- o Asbestos-related Diseases First Degree
- o Asbestos-related Diseases Second Degree
- o Obstructive airway disease (OAD) First Degree
- o OAD Second Degree
- o Other First Degree
- o Other Second Degree

The reason for subdividing Permanent Disease claims into these groups was to obtain homogeneous groups to improve estimates of future payments.

Within each category of claim, the following sub-categories have been used based on racial categorisation:

- o Black
- o White

The reason for subdividing the categories into sub-categories based on racial classification is to determine the extent of under-reporting with regards to Permanent Disease Claims.

The following methodology was applied to determine the Permanent Disease Liability as at 31 March 2024:

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6.9 Notes to the Annual Financial Statements

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6. Provisions (continued)

- o The ultimate number of claims were projected for last risk years up to the end of 31 March 2024 by applying a development pattern to the cumulative proportion of claims observed to have been reported to 31 March 2024. This process was repeated to determine incremental claims per development year for each applicable last risk year.
- o To allow for complete claims experience, current certification guidelines and based on an analysis of the data, the development patterns have been allowed for over the following number of years:
 - o Asbestos-related diseases: 55 years
 - o Silicosis: 45 years
 - o OAD: 10 years
 - o Other: 55 years
- o The ultimate number of claims expected to arise for last risk years 2004 to 2024 was determined applying this method. The ultimate number of claims for risk years prior to 2004 was done in conjunction with the estimation of underreported claims.
- o The average cost per claim was derived by analysing the underlying distribution of claim amounts awarded and subsequently paid per claim year. The following disease categories were analysed separately, based on the separate rules stipulated in the ODMWA with regard to the way in which award amounts are calculated:
 - o Permanent Disease First Degree
 - o Permanent Disease Second Degree
- o With respect to Permanent Disease First Degree, the mode of the underlying distributions were used which corresponds to the maximum benefit as per the ODMWA.
- o With respect to Permanent Disease Second Degree, the mean of the underlying distributions were used.
- o The average cost per claims for Permanent Disease First Degree was projected forward by applying inflation to the maximum benefit each year.
- o The average cost per claim for Permanent Disease Second Degree was projected forward by adjusting the underlying distribution to each subsequent claims year by keeping the minimum and maximum benefits and the benefits falling between these amounts by inflation each year (subject to the applicable maximum benefit).
- o A payment rate (probability of payment) was applied to total outstanding claims to allow for a proportion of the ultimate claims that will result in no payment.
- o A settlement pattern was applied to the proportion of claims assumed to be paid in each development year for each last risk year. A 9 year settlement period was used based on payment data from 2021, assuming settlement patterns do not vary by development year.
- o Expected future claim amounts to be paid per settlement year for each claims year were discounted to 31 March 2024 using the BEASSA nominal zero coupon yield curve as at 31 March 2024.
- o The number of under-reported claims were estimated as follows:
 - o The development pattern for white workers is assumed be representative of the true development of permanent diseases such as Silicosis.
 - o Within the black and white workers' development patterns, active workers claim within development year zero and ex-workers claim after development year zero. Under-reporting is minimal with respect to active workers. Under-reporting is therefore assumed to occur predominantly for black ex-workers.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

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6. Provisions (continued)

- The proportion of black ex-workers claiming after development year zero was adjusted such that the proportion of black workers claiming in development year zero to the proportion of black ex-workers claiming after development year zero equals the proportion of white workers claiming in development year zero to the proportion of white ex-workers claiming after development year zero. This was applied to last risk years from 2004 to 2024.
- Frequency rates (excluding and including under-reporting) were estimated for this period and projected prior to 2004. This projection was done using historical claim numbers to calibrate frequency rates excluding underreporting prior to 2004. The relationship between post 2003 frequency rates including and excluding under-reporting was used to determine pre 2004 frequency rates including under-reporting.
- Pre-2004 frequency rates including and excluding under-reporting were applied to estimated total risk shifts prior to 2004 to determine total ultimate claims including and excluding under-reporting for last risk years prior to 2004.
- An adjustment was made for under-reported black silicosis second degree claims to ensure reasonable progressions in the frequency rates after allowing for corrections to under-reporting - this was as a result of Silica-TB claims in black workers, resulting in an immediate second degree certification, thereby distorting the relative frequency rates of black silicosis first degree claims versus black silicosis second degree claims.
- The proportion of the total ultimate number of claims excluding under-reporting relating to last risk years prior to 2004 expected to be reported and certified after 31 March 2024 was determined by using the applicable development patterns.
- Past under-reported claims was calculated as the difference between ultimate claims including and excluding under-reporting that are assumed to have developed by 31 March 2024.
- After the payment rate was applied, a settlement pattern was applied to past under-reported claims with effect 1 April 2024. Mortality was allowed for to allow for the probability of survival from the point the worker should have claimed to the valuation date.
- Future under-reported claims were calculated as the difference between ultimate claims including and excluding under-reporting that are assumed to arise after 31 March 2024 for last risk years to 31 March 2024. After the payment rate was applied, these were assumed to be settled in line with claims arising through the normal course of events.
- Expected future claim amounts to be paid per settlement year for each claim years were discounted to 31 March 2024 using the BEASSA nominal zero coupon yield curve as at 31 March 2024.
- The Permanent Liability equals to the sum of these discounted future claim payments across all settlement years for all risk years.

Assumptions

The following were the principal assumptions at the reporting date:

Economic assumptions

The economics assumptions used for the purposes of the valuation are:

- Annual cash flows have been discounted at the rate implied by the BEAASA nominal zero coupon bond curve as at 31 March 2024 at that point in time.
- Inflation is calculated to be the difference between the yields on the BEASSA nominal zero coupon bond curve and real zero bond curve as at 31 March 2024. An inflation risk premium of 0.5% has been applied.

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

Figures in Rand 2024 2023

6. Provisions (continued)

Demographic assumptions

The demographic assumptions used for the purposes of the valuation are:

- o Mortality: It was assumed that the mortality for under-reported claims arising to the valuation date would be in line with the 1985 base mortality table for black males in the ASSA AIDS model.

Other assumptions

	2024 %	2023 %
Future 'inflation rate' for TB Loss of Earnings	12	10
Proportion of TB Loss of Earnings claims that result in no loss	8	8
TB Liability - percentage future claims that will be paid	80	90
Permanent Disease Liability - percentage future claims that will be paid	85	90
Permanent Disease Liability - percentage of under-reported claims that will be paid	75	75

Sensitivity analysis

Where variables are considered to be immaterial, no impact has been assessed for insignificant changes to these variables. Particular variables may not be considered material at present. Should the materiality level of an individual variable change however, an assessment of reasonable possible changes to that variable in the future may be required.

The Fund believes that the stated discounted provision is reasonable. It was calculated on a best estimate basis. The actual payments will differ from the estimated liability, as the estimate was based on certain variables and assumptions.

The sensitivity of some of the assumptions is shown in this table:

2024	Benefits due <i>R</i>	IBNR provision <i>R</i>	Impact on surplus / accumulated surplus <i>R</i>
Base scenario	661 915 757	2 227 296 493	-
<u>Scenario 1</u> : IBNR and Benefits Due: 80% TB payment, 70% Other Permanent payment	592 316 126	2 113 021 321	183 874 803
<u>Scenario 2</u> : IBNR and Benefits Due: 80% TB payment, 55% Other Permanent payment	522 716 494	1 998 746 148	367 749 608
2023	Benefits due <i>R</i>	IBNR provision <i>R</i>	Impact on surplus / accumulated surplus <i>R</i>
Base scenario	788 759 916	2 159 419 065	-
<u>Scenario 1</u> : IBNR 90% TB payment, 75% Other Permanent payment; Benefits Due: 75% payment	713 353 395	2 060 604 171	174 221 415
<u>Scenario 2</u> : IBNR 90% TB payment, 60% Other Permanent payment; Benefits Due: 60% payment	614 715 132	1 654 394 930	679 068 919
<u>Scenario 3</u> : IBNR 90% TB payment, 90% Other Permanent payment; Benefits Due: 90% payment	788 759 917	2 466 813 411	(307 394 347)

The effective date of the actuarial valuation was 31 March 2024. The actuarial valuation was performed independently by Deloitte & Touche, Actuarial & Analytical Solutions.

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
7. Payables from exchange transactions		
Trade payables	76 040 610	66 922 363
Other payables	2 929 832	3 284 529
	78 970 442	70 206 892

8. Payables from non-exchange transactions

National Treasury	24 144 712	22 619 016
Other payables from non-exchange transactions	380 000	380 000
	24 524 712	22 999 016

9. Revenue

Levy income	127 413 512	120 955 354
Other income	127 269 875	633 154 426
Interest received	466 545 805	323 583 243
Goods and services in-kind from the NDOH	53 959 214	51 686 925
Pension payments transfer utilised	209 304	358 665
	775 397 710	1 129 738 613

The amount included in revenue arising from exchanges of goods or services are as follows:

Levy income	127 413 512	120 955 354
Other income	127 269 875	633 154 426
Interest received	466 545 805	323 583 243
	721 229 192	1 077 693 023

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

Transfer revenue

Goods and services in-kind from the NDOH	53 959 214	51 686 925
Pension payments transfer utilised	209 304	358 665
	54 168 518	52 045 590

Basis on which fair value of inflowing resources was measured

Transfers

Services in kind from the NDOH - Employee related costs	Measured at the value of the employee related expenses incurred by the NDOH which relate to the CCOD.
Goods and services in-kind from the NDOH	Measured at the value of goods and service related expenses incurred by the NDOH which relate to the CCOD.
Pension payments made	Pension payments made by the CCOD on behalf of the NDOH.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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9. Revenue (continued)

Nature and type of goods in-kind are as follows:

Goods in-kind from the NDOH	Goods in-kind represents expenditure incurred on behalf of the CCOD by the NDOH which includes operational expenses on goods and services necessary for the functioning of the CCOD.
Rental paid for CCOD buildings	The NDOH pays rent to the Department of Public Works for the CCOD premises at 144 De Korte Street. The rental for 144 De Korte Street is included in a rental covering a number of buildings. The Department of Public Works has not allocated the rental payable by the NDOH to the various locations and so it is not possible to determine the rental paid.

Nature and type of services in-kind are as follows:

Services in-kind from the NDOH	Services in-kind represents expenditure incurred on behalf of the CCOD by the NDOH which includes employee-related and operational expenses necessary for the functioning of the CCOD.
Services in-kind from social partners and the mining industry	The Minerals Council South Africa and other social partners supported various business process reforms at the CCOD. These included IT systems development, secondment of medical doctors to the Certification Committees of the MBOD, technical support for the preparation of the annual reports and financial statements, funding for the electronic database, and tracking and tracing of claimants and beneficiaries. Funding support was made available by the social partners through the provision of technical and human resources to the CCOD and not through direct cash transfers and as such is not possible to quantify.

10. Levy income

Section 62 levies	125 923 307	119 602 810
Section 63 research levies	1 490 205	1 352 544
	127 413 512	120 955 354

The amount included in levy income arising from Section 62 and 63 levies transactions amounted to R127 413 512 (2023: R120 955 354).

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
11. Other income		
Movement in provisions	127 269 875	592 794 231
Movement in debt impairment provision	-	40 360 195
	127 269 875	633 154 426

The amount included in other income arising from exchange transactions amounted to R127 269 875 (2023: R633 154 426).

The table below shows the split in the movement in provisions. If the net movement in provisions (excluding unwinding costs) is a release to provisions then the amount is shown with other income (refer note 11). If the net movement in provisions (excluding unwinding costs) is an increase to provisions then the amount is shown with general expenses (refer note 17). The split below is shown for comparative purposes.

Movement in provisions

Disease in the First Degree - Section 80(1)	110 362 358	108 900 196
Disease in the Second Degree - Section 80(3)	(10 450 922)	423 353 980
Tuberculosis at 75% - Section 80(1)	26 531 157	14 666 963
Tuberculosis in the First Degree - Section 80(4)	16 299 777	19 175 232
Tuberculosis in the Second Degree - Section 80(2)(b)	(17 895 481)	26 697 860
PH Provision	2 422 986	-
	127 269 875	592 794 231

12. Interest received

Interest revenue

Interest on investments	459 016 260	316 864 522
Interest on cash and cash equivalents	3 494 390	2 833 594
Interest charged on trade and other receivables	4 035 155	3 885 127
	466 545 805	323 583 243

The amount included in interest income arising from exchange transactions amounted to R466 545 805 (2023: R323 583 243).

13. Goods and services in-kind from the NDOH

Goods and services in-kind from the NDOH	53 959 214	51 686 925
Goods and services in-kind from the NDOH comprise:		
Non-exchange - services in-kind - employee related expenses	34 693 164	33 714 500
Non-exchange - goods and services in-kind	19 266 050	17 972 425
	53 959 214	51 686 925

14. Pension payments transfer utilised

Pensions	209 304	358 665
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15. Finance costs

Trade and other payables	5 856 238	4 151 899
Provisions - Unwinding adjustment	283 519 509	278 549 149
	289 375 747	282 701 048

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

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16. Debt impairment and bad debts written off		
Debt impairment		
Contributions to debt impairment provision	11 494 521	-
Bad debts written off	(3 042 463)	-
	8 452 058	-

Refer to note 4 for the reconciliation of the movement in the provision for debt impairment.

Bad debts written off

Bad debts written off	4 145 985	-
	4 145 985	-

Bad debts are written-off in accordance with the debt write-off policy adopted by the Fund and relate to long outstanding balances.

17. General expenses

Actuarial valuation expenses	1 885 802	339 041
Bank charges	710 497	565 183
	2 596 299	904 224

18. Cash generated from operations

Surplus	416 659 103	794 087 751
Adjustments for:		
Finance costs	288 358 716	278 549 149
Debt impairment	8 452 058	(40 360 195)
Bad debts written off	4 145 985	-
Net movement in provisions (excluding unwinding adjustment)	(342 486 240)	(761 399 495)
Accrued interest on investments	(15 967 731)	(30 214 919)
Changes in working capital:		
Receivables from exchange transactions	969 351	29 070 841
Payables from exchange transactions	3 924 343	(24 000 666)
Payables from non-exchange transactions	1 525 696	1 185 335
	365 581 281	246 917 801

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

Figures in Rand 2024 2023

19. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Investments	5 727 062 890	5 727 062 890
Cash and cash equivalents	69 401 069	69 401 069
	5 796 463 959	5 796 463 959

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	78 970 442	78 970 442
Payables from non-exchange transactions	24 524 712	24 524 712
	103 495 154	103 495 154

2023

Financial assets

	At amortised cost	Total
Investments	5 363 046 630	5 363 046 630
Cash and cash equivalents	51 868 317	51 868 317
	5 414 914 947	5 414 914 947

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	70 206 892	70 206 892
Payables from non-exchange transactions	22 999 016	22 999 016
	93 205 908	93 205 908

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

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20. Contingencies

Contingent assets

Section 74(a) of the ODMWA states "The Minister shall pay, from moneys appropriated by Parliament for that purpose, to the commissioner for the credit of the relevant account of the compensation fund any amount which is due to the commissioner by an owner of a controlled mine or a controlled works under any provision of this Act and which the commissioner is unable to recover from that owner, but excluding any interest due under section 64 or 66 or any penalty imposed under section 65." The amount included in the provision for impairment which is potentially recoverable from the Minister, in the event that the Fund is unable to recover from the owner, is R22 834 255 (2023: R23 593 453).

Section 74(b) of the ODMWA states "The minister shall pay, from moneys appropriated by parliament for that purpose, to the commissioner for the credit of the relevant account of the compensation fund any amount paid from the compensation fund to any person who was not entitled to receive such amount, and which the commissioner is unable to recover from such person". The amount included in the provision for impairment which is potentially recoverable from the minister, in the event that the Fund is unable to recover from the person is R445 678 (2023: R468 165).

Contingent liabilities

The Fund has potential liabilities resulting from historical beneficiary payments that are under investigation. The maximum possible liability to the Fund from known investigations is R269 166 (2023: R269 116).

21. Related parties

Relationships

Controlling entity	NDOH
Committee with significant influence	Advisory Committee
Members of key management	Dr MB Kistnasamy (Compensation Commissioner for Occupational Diseases and Accounting Authority) Ms T Mama (Deputy Compensation Commissioner for Occupational Diseases)

Related party transactions

Transfer payments for pension payments		
NDOH	1 735 000	1 544 000
Goods and services in-kind from the NDOH		
NDOH	53 959 214	51 686 925

The transactions above represent transfer payments from the NDOH for the payment of pensions as well as the assistance necessary for the functioning of the CCOD.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand 2024 2023

21. Related parties (continued)

Key management information

Role	Name	Description
Compensation Commissioner for Occupational Diseases	Dr MB Kistnasamy	Per the ODMWA the Compensation Commissioner for Occupational Diseases is responsible for administering and controlling the Fund.
Accounting Authority	Dr MB Kistnasamy	The Compensation Commissioner is the Accounting Authority, as he is in charge of the Fund in terms of ODMWA and as such is the Accounting Authority in terms of the PFMA section 49(2)(b).
Deputy Compensation Commissioner for Occupational Diseases	Ms T Mama	Per the ODMWA the Deputy Compensation Commissioner for Occupational Diseases is required to act in the place of the Compensation Commissioner whenever there is no commissioner or the commissioner is absent or is for any other reason unable to perform his functions

The salaries for key management are paid by the NDOH and are included in the Goods and services-in kind from the NDOH. Refer to note 13.

The costs for the Advisory Committee are paid by the NDOH and are included in the Goods and services-in kind from the NDOH. Refer to note 13.

22. Risk management

Financial risk management

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

The Fund's principal financial liabilities are benefits payable to workers and ex-workers. The Fund's principal financial assets include interest bearing investments with the CPD, short-term fixed deposits and cash and cash equivalents from its operations.

The Fund monitors the management of these risks.

Liquidity risk

The Fund manages liquidity risk through ensuring adequate reserves and liquid resources are maintained.

Financial liabilities include payables from exchange transactions and payables from non-exchange transactions, which are due in less than one year. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The table below analyses the entity's financial liabilities into relevant maturity groupings as the Fund does not have an unconditional right to defer settlement post 12 months after balance sheet date.

2024 - Financial liabilities	Not later than one year
Payables from exchange transactions	78 970 442
Payables from non-exchange transactions	<u>24 524 712</u>
	<u>103 495 154</u>
2023 - Financial liabilities	Not later than one year
Payables from exchange transactions	70 206 892
Payables from non-exchange transactions	<u>22 999 016</u>
	<u>93 205 908</u>

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

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22. Risk management (continued)

Credit risk

Maximum exposure to credit risk is represented by the carrying amounts of investments and cash and cash equivalents in the statement of financial position. The risk is managed by investing surplus funds per Treasury requirements and guidelines for an entity of government with funds under management.

Funds are deposited with the CPD, which is a subsidiary of the South African Reserve Bank. In addition, the Minister of Finance approved that funds can be deposited in a short-term fixed deposit in a rated registered bank or financial institution.

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

Financial instrument	2024	2023
Investments - CPD	2 818 258 191	2 597 273 605
Short-term call deposits - FNB	75 255 171	160 933 680
Short-term fixed deposits - Absa	340 176 506	311 634 664
Short-term fixed deposits - FNB	2 493 373 022	2 293 204 681
Cash and cash equivalents - Absa	68 323 100	50 351 299
Cash and cash equivalents - FNB	1 077 969	1 517 018

Market risk

Interest rate risk

As the Fund has significant interest-bearing assets, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The estimated fair value at 31 March 2024 has been determined using the market value and appropriate valuation methodologies, but are not necessarily indicative of the amounts the Fund could realise in the normal course of business. The fair value of financial instruments equals their carrying value, either because of the short-term nature and normal trade terms thereof, or the market-related interest rates attached to them.

The Fund is exposed to cash flow interest rate risk on various financial assets including trade payables, cash and cash equivalents and investments.

The exposure to interest rate fluctuations in line with movements in the prime lending rate are managed to minimise the impact on the statement of financial performance by amongst others entering into fixed-rate instruments for investment balances held.

A reasonably possible change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) the surplus for the year by the amounts shown below.

This analysis assumes that all other variables remain constant.

31 March 2024	100 bp increase	100 bp decrease
Interest bearing investments - CPD	28 312 112	(28 053 770)
Short term fixed deposits	29 221 738	(28 955 096)
Cash and cash equivalents	697 200	(690 839)
Trade and other payables	(763 901)	756 930
	57 467 149	(56 942 775)
31 March 2023	100 bp increase	100 bp decrease
Interest bearing investments - CPD	26 092 109	(25 854 024)
Short term fixed deposits	27 784 847	(27 531 317)
Cash and cash equivalents	521 067	(516 313)
Trade and other payables	(672 299)	666 165
	53 725 724	(53 235 489)

Mines and Works Compensation Fund

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6.9 Notes to the Annual Financial Statements

Figures in Rand 2024 2023

22. Risk management (continued)

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Interest bearing investment - CPD	8,25 %	2 818 258 191
Short term call deposit - Mines	7,75 %	75 255 171
Short term fixed deposit - Mines	8,90 %	153 614 181
Short term fixed deposit - Mines	8,99 %	752 033 589
Short term fixed deposit - Mines	8,99 %	643 700 889
Short term fixed deposit - Mines	9,05 %	740 389 539
Short term fixed deposit - Mines	9,70 %	315 563 366
Short term fixed deposit - Works	8,99 %	203 634 824
Short term fixed deposit - Works	9,00 %	20 558 657
Short term fixed deposit - Research	9,70 %	4 054 483
Cash and cash equivalents - Mines	4,96 %	25 985 928
Cash and cash equivalents - Mines	6,00 %	1 077 969
Cash and cash equivalents - Research	4,96 %	10 568 986
Cash and cash equivalents - State	5,25 %	26 931 538
Cash and cash equivalents - Works	4,96 %	4 836 648
Trade and other payables	11,75 %	76 040 610

Price risk

The Fund is exposed to fluctuations in the employment market because its revenue is derived from risk shifts worked by employees in mines and works multiplied by the applicable levy rate per commodity.

23. Going concern

We draw attention to the fact that at 31 March 2024, the entity had an accumulated surplus of R2 818 998 637 and that the entity's total assets exceed its liabilities by R2 818 998 637.

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.

The Fund believes there is sufficient liquidity to meet short-term financial obligations as they become due, as current assets (R5 811 706 041) exceed current liabilities (R765 410 911) by R5 046 295 130 as at 31 March 2024.

24. Events after the reporting date

No material events have taken place between the statement of financial position date and the authorisation of the Annual Financial Statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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25. Budget differences

Material differences between budget and actual amounts

Material differences can be explained as follows:

Statement of Financial Performance

Levy income

Actual levy revenue for the year ended 31 March 2024 of R127 413 512 is higher than the budget of R122 476 197. This is attributable to higher than budgeted amount of risk shifts in the industry as a whole and the gold and coal sectors in particular.

Other income

Other income consists of the movement in provision of R127 269 875.

The budget for movement in provisions and general expenses amounting to R124 955 442 anticipated that there would be a net increase in the provision for benefits due and IBNR in line with a higher number of risk shifts and new certifications compared to prior years. The actuarial valuation of the provision done as at 31 March 2024 indicated that the movement in provision decreased resulting in a movement in provision of R127 269 875 included in revenue from exchange.

Goods and services in kind from the NDOH

Goods and services in kind revenue from non-exchange transactions amounting to R53 959 214 was not included in the budget process as accounting entries relating to GRAP 23 have no impact on the Annual Financial Statements of the Fund.

Pension payments transfer utilised

Pension payments transfer utilised for the year amounting to R209 304 was R77 628 lower than the budget of R286 932. Pension payments are done in terms of the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded ODMWA and consequently there is a decline in pensioners due to natural attrition. The Fund paid pensions to 18 pensioners down from 21 pensioners in the prior year.

Finance cost

Finance costs of R289 375 747 were higher than the budget of R254 954 707 as a result of a higher unwinding charge in the actuarial valuation compared to the budget.

Debt impairment and bad debts written off

The Debt impairment for the year of R8 452 058 is R4 566 931 higher than the budget of R3 885 127. The debt impairment increased due to a reduction of the collection rate of historical debts used in the debt impairment computation. Bad debts written off was R 4 145 985 higher than budget due to debts written off in accordance with the debt write-off policy adopted by the Fund (refer note 16).

Movements in provisions and general expenses

The budget for movement in provisions and general expenses amounting to R124 955 442 anticipated that there would be a net increase in the provision for benefits due and IBNR in line with a higher number of risk shifts and new certifications compared to prior years. The actuarial valuation of the provision done as at 31 March 2024 indicated that the movement in provision decreased resulting in a movement in provision of R127 269 875 included in revenue from exchange.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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25. Budget differences (continued)

Statement of Financial Position

Investments

Investment balances of R5 727 062 890 is R108 157 296 higher than the budget of R5 618 905 594. The reason for the difference is because of operational requirements being funded from cash and cash equivalents as opposed to a draw down from investments.

Receivables from exchange transactions

Receivables from exchange of R15 242 082 is R13 923 118 lower than budget of R29 165 200. This is due to higher provisions for impairment than budgeted, due to a reduction of the collection rate of historical debts used in the debt impairment computation.

Cash and cash equivalents

Actual cash and cash equivalents of R69 401 069 are lower than budget of R195 922 087 due to fluctuations in cash balances in the normal course of business of the Fund. The lower operational cash balance also contributed to higher than budgeted Investment balances as at 31 March 2024.

Provisions

Current provisions of R661 915 757 were R153 361 346 lower than budget of R815 277 103 and non-current provisions of R2 227 296 493 were R101 641 269 lower than budget of R2 328 937 762. The budget for provisions anticipated that there would be a net increase in the provision for benefits due (current provisions) and IBNR (non-current provisions) in line with a higher number of risk shifts and new certifications compared to prior years. The actuarial valuation of the provision done as at 31 March 2024 computed a reduced benefits due and IBNR compared to the budget. The actuarial valuation methodology and assumptions are disclosed in note 6.

Payables from exchange transactions

Payables from exchange transactions of R78 970 442 was R4 404 056 higher than budget of R74 566 386 primarily due to higher than expected rejected payments to claimants.

Changes from the approved budget to the final budget

There were no changes from the approved budget to the final budget.

26. Assistance from Social Partners

Minerals Council South Africa

The Minerals Council South Africa, supported various business process reforms at the CCOD. These included IT systems development, secondment of medical doctors to the Certification Committees of the MBOD, technical support for the preparation of the annual reports and financial statements, funding for the electronic database, and tracking and tracing of claimants and beneficiaries. Funding support was made available by the Minerals Council South Africa through the provision of technical and human resources to the CCOD and not through direct cash transfers and as such is not possible to quantify.

The maximum benefit from the Minerals council amounts to R310 572 085 over a six year period from 2019 to 2024.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2024

6.9 Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Irregular expenditure		
Opening balance as previously reported	31 440	-
Add: Irregular Expenditure - current	-	31 440
Closing balance	31 440	31 440

Current year:

No irregular expenditure in the current financial year.

Prior period:

Irregular expenditure relates to the impairment of other receivables for a duplicate payment made to a claimant during May 2022 following a SAPS investigation into fraudulent letters of authority obtained from the magistrates court. Attempts were made to recover the duplicate payment, however the CCOD deems the amount to be not recoverable.

Disciplinary steps taken/criminal proceedings

Analysis of irregular expenditure reported in the current year

Nature of expenditure	Disciplinary steps taken	R
Claims related expenditure	No irregular expenditure in the current year	<u>-</u>

Analysis of irregular expenditure reported in the prior year

Nature of expenditure	Disciplinary steps taken	R
Claims related expenditure	Irregular expenditure relating to the prior year was submitted to a loss control function at the National Department of Health for assessment. To date no disciplinary steps have been taken.	<u>31 440</u>

28. Fruitless and wasteful expenditure

Opening balance as previously reported	630 141	630 141
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Current year:

No fruitless and wasteful expenditure in the current financial year.

Prior period:

No fruitless and wasteful expenditure in the prior financial year.

Disciplinary steps taken/criminal proceedings

Fruitless and Wasteful expenditure relating to previous years was submitted to a loss control function at the National Department of Health for assessment. To date no disciplinary steps have been taken.





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