MINES AND WORKS COMPENSATION FUND

ANNUAL REPORT 2020/2021

health

Department:
Health
REPUBLIC OF SOUTH AFRICA

2030 NDP

health

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Health
REPUBLIC OF SOUTH AFRICA

Mines and Works Compensation Fund
Annual Report
for the year ended 31 March 2021

RP217/2022
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Contents

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

Part A - General information

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 ODWMA provides for the establishment of the Medical Bureau for Occupational Diseases (MBOD).

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

1.5. External auditors

Auditor-General of South Africa (AGSA)

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
BEASSA	Bond Exchange and Actuarial Society of South Africa
BME	Benefit Medical Examination
CCOD	The Compensation Commissioner for Occupational Diseases in Mines and Works
CCMS	Compensation Claims Management System
COVID-19	Coronavirus Disease
CPD	Corporation for Public Deposits
Fund	The Mines and Works Compensation Fund
DMRE	National Department of Mineral Resources and Energy
GRAP	Generally Recognised Accounting Practice
IBNR	Incurred but not yet reported
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
iMCS	Interim Mineworkers Compensation System
MBOD	Medical Bureau for Occupational Diseases
MCS	Mineworker’s Compensation System
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 airway disease
ODMWA	Occupational Diseases in Mines and Works Act, No. 78 of 1973
PFMA	Public Finance Management Act, No. 1 of 1999
SADC	Southern African Development Community
SCOPA	Standing Committee on Public Accounts
SEIFSA	The 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

1.7. 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 this 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 E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) Standards applicable to the Fund.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that is 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 (AGSA) are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, this Annual Report fairly reflects the review of 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 2021.

Dr MB Kistnasamy
Compensation Commissioner for Occupational Diseases

1.8. Minister's statement

The CCOD is a subprogramme of the National Department of Health (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 for 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 services of the CCOD and MBOD were adversely affected by the COVID-19 pandemic. Despite the service delivery challenges with COVID-19 and resultant lockdowns, the Fund continued to clear the backlog in the submission of the outstanding Annual Reports, with the submission of the Annual Financial Statements of the Fund for the 2017/2018 and 2018/2019 financial years to the Auditor-General of South Africa (AGSA) for audit. Subsequent to the 2020/2021 financial year-end the annual reports for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 financial years were submitted to Parliament.

The Fund finalised on average 446 claimants per month totalling R174 910 605 for the 12 months to 31 March 2021, compared to an average of 607 claimants per month totalling R214 518 394 in the 2019/2020 financial year. The reduction in the number of claims finalised was due to the negative impact the COVID-19 pandemic had on the number of completed packs received.

The Certification Committees of the MBOD conducted on average 1 090 certifications per month for the 12 months to 31 March 2021, compared to 1 156 per month in the 2019/2020 financial year. The COVID-19 pandemic and the lockdown interventions negatively affected the provision of benefit medical examinations (BMEs) through outreach activities.

The Minerals Council South Africa continued its support for the activities of the MBOD/CCOD through secondment of personnel, technical support for financial management and legal reforms. The Compensation Commissioner and the Director of the MBOD are working closely with the Tshiamiso Trust given the overlap with eligible claimants in the class action settlement for silicosis and tuberculosis (TB) in the gold mining sector.

Dr MJ Phaahla, MP
Minister of Health

1.9. Accounting officer's report

Mandate of the CCOD

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

The CCOD operated under the framework of the 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 MBOD provides facilities for medical examinations of workers or ex-workers as well as the assessment and certification process for claimants. Both the CCOD and MBOD are situated in one building in Braamfontein, Johannesburg.

The COVID-19 pandemic negatively impacted on the provision of outreach activities and medical assessments for workers given the restrictions on gatherings, the movement of vulnerable persons and in particular concerns around the administration of lung function tests. The CCOD and MBOD had operations stopped for varying periods of time based on the various lockdown levels and the need for health and safety interventions to prevent transmission of COVID-19 in the workplace.

Despite the challenges with COVID-19 and resultant lockdowns, the CCOD submitted the Annual Financial Statements of the Fund for the 2017/2018 and 2018/2019 financial years to the AGSA. The external actuary completed the actuarial valuation of the Fund as at 31 March 2020 in the 2020/2021 financial year.

Over the 12-month period ending 31 March 2021, 5 354 claimants were paid R174 910 605 compared to 7 291 claimants who were paid R214 518 394 in the prior financial year. The reduction in the number of payments was due the COVID-19 pandemic which negatively impacted on the number of completed packs eligible for payment being received.

The Certification Committees of the MBOD conducted on average 1 090 certifications per month in the 2020/2021 financial year compared to 1 156 per month in the prior year. The Interim Mineworkers Compensation System (iMCS) continued in operation for the full 12 months in the current financial year, which supported the clearing of a backlog in certifications. There were 13 084 certifications during the 2020/2021 financial year made up as follows:

- 9 699 non-compensable
- 2 930 compensable
- 455 deferred claims

Deferrals result from missing medical, biographic and demographic information in claimant files.

The CCOD continued to pay monthly pensions to 33 pensioners in terms of the Pneumoconiosis Compensation Act, 1962 (Act 64 of 1962). which preceded ODMWA. The monthly pensions are paid from voted funds.

The MBOD plays a critical support role to the CCOD through the provision of BMEs and certification of compensable claims. The provision of BMEs is supported by partnerships with the provincial Departments of Health, the Tshiamiso Trust and mining companies. Limited outreach activities in labour sending area within South Africa and in neighbouring countries targeting claimants were undertaken given resource constraints and COVID-19 restrictions.

Approximately 65% of controlled mines and works, liable for levies, paid their levies in the 2020/2021 financial year. 41 inspections were undertaken during the course of the financial year ending 31 March 2021 which is lower than the prior financial year where 81 inspections were undertaken. Inspections of controlled mines and works were negatively impacted as a result of the COVID-19 pandemic. As a result of restrictions implemented due to the COVID -19 pandemic, telephonic enquiries were made to the controlled mines and works to assist with revenue assessments. Revenue audit procedures were undertaken at controlled mines and works contributing approximately 85% of revenue for the year.

A web-based scanning process to track the movement of claimant files is in place at the MBOD/CCOD, which assists with the internal management of files. A query function on the reference database of claimant files facilitates improved communication to claimants and other stakeholders.

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

The call centre (Phone Number: 080 100 0240) supports the outreach and awareness activities of the CCOD and provides feedback to claimants. The call centre fielded 38 139 calls for the year ending 31 March 2021.

Part A - General Information

Controlled mines and works

There were 857 controlled mines and works in the register of controlled mines and works at 31 March 2021. A project to determine the complete list of controlled mines and works commenced in the 2016/2017 financial year and continued in the 2020/2021 financial year. The project will continue into the 2022/2023 financial year through linkages with the National Department of Mineral Resources and Energy (DMRE).

Dr MB Kistnasamy
Compensation Commissioner for Occupational Diseases

1.10. Strategic overview

Vision

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

- 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 prescribed 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 fund is classified as an Unlisted Public Entity by National Treasury. The process to list the Fund as a Schedule 3A Public entity in terms of the PFMA has commenced with National Treasury.

The ODWMA provides for the establishment of the MBOD, which oversees the provision of BMEs and certification of claims.

Other legislation impacting on the work of the CCOD and MBOD include:

- Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)
- National Health Act, 2003 (Act 61 of 2003)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- Promotion of Equality and the Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000)
- State Liability Amendment Act, 2011 (Act 14 of 2011)
- Public Finance Management Act, 1999 (Act 1 of 1999)
- Protected Disclosures Act, 2000 (Act 26 of 2000)
- Public Service Commission Act, 1997 (Act 46 of 1997)
- Control of Access to Public Premises and Vehicles Act, 1985 (Act 53 of 1985)
- Labour Relations Act, 1995 (Act 66 of 1995)
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
- Mine Health and Safety Act, 1996 (Act 29 of 1996)
- Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)

CCOD as a subprogramme of the National Department of Health

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

1.12. Reporting structure

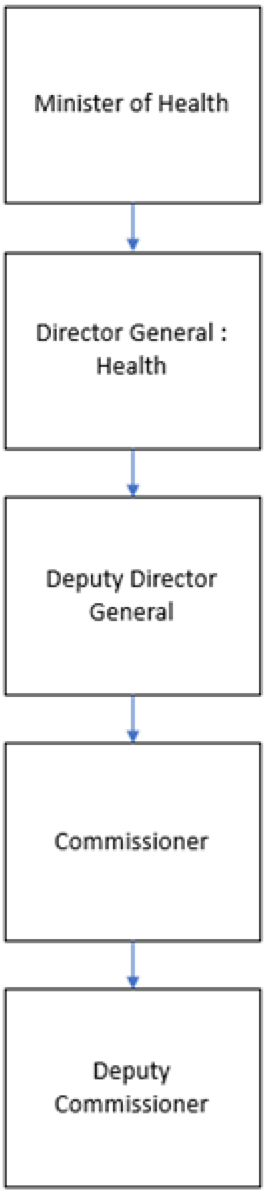

Figure 1: Reporting structure of the CCOD

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. This information has not been audited.

2.2. Key strategic objectives / achievements

The key focus areas for the 2020/2021 financial year were:
- The submission of amendments to the ODMWA, to the Director-General of the National Department of Health
- Extending the database to cover current workers in controlled mines and works
- Enhancing the claims management system
- The submission of overdue annual reports of the Fund for the 2017/2018 and 2018/2019 financial years to the AGSA

2.3. Situational analysis

2.3.1 Service delivery environment

The CCOD and MBOD has one national office that covers South Africa and neighbouring countries. The administration costs, mainly the personnel and operational costs of the CCOD, are funded from the budget of the National Department of Health.

The CCOD compensates current and ex-workers in controlled mines and works for impairment of lung function or occupational diseases of the cardio-respiratory system due to exposures at work and 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).

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
- awarding 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

Overview of performance environment of the CCOD for the financial year ended 31 March 2021

The Minerals Council South Africa and the Gold Mining companies continued their support for various business process reforms at the CCOD, through assistance with:
- Secondment of senior managers to support the operations of the CCOD
- Technical support for financial management and preparation of annual reports
- Assistance with processing of claims at the CCOD
- Funding for the electronic database of claimants
- Tracking and tracing of claimants and beneficiaries.

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:

- 1st 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 R65 946.
- 2nd 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 R146 842.
- 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 on 1 October 2019.

Pensioners

Former workers or spouses who are now pensioners receive monthly pension payments from the CCOD in accordance with the Pneumoconiosis Compensation Act, 1962 (Act 64 of 1962). There is no provision for pensioners in the ODMWA and hence no additional pensioners are eligible for compensation. The pension payments are increased annually in line with the 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.

The support of the Minerals Council South Africa has assisted with the following:

- the secondment of medical, finance and information technology personnel,
- the maintenance of the database of approximately 1.1 million claimant files. The database links to banks, other social protection funds and the NDOH Patient Registration System and has assisted with tracking and tracing of claimants. One-third of ex-workers are in neighbouring countries and the lack of registration systems (for example - identity documents, death certificates, marriage certificates etc) in those countries remain a challenge.
- the delivery of BMEs in decentralised settings and payment of claims.
- the use of computer aided diagnostic tools in medical assessments and artificial intelligence in exposure assessments in risk work has helped to target eligible claimants.

The number of controlled mines and works is determined by the Risk Committee which is chaired by the Chief Inspector of the DMRE. There are 857 gazetted operations. The project to verify the operating status of controlled mines and works continued in the 2020/2021 financial year. The Risk Committee is not functioning optimally.

The Fund continued to clear the backlog in the submission of the outstanding Annual reports, despite challenges with COVID-19 restrictions. The Annual Financial Statements of the Fund for the 2017/2018 and 2018/2019 financial years were submitted to the AGSA. Subsequent to the 2020/2021 financial year-end the annual reports for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 financial years were submitted to Parliament.

2.3.2 Organisational environment

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

- Dr Barry Kistnasamy as the Compensation Commissioner for Occupational Diseases
- Mr Sam Molautsi as the Deputy Compensation Commissioner
- Mr Mishack Maswanganye as the Director: Finance
- Dr Nhlanhla Mtshali as the Director: MBOD

2.4. Performance indicators and achievements

	Strategic objective	Performance Indicator	Actual achievement 2019 / 2020	Planned Target 2020 / 2021	Actual Performance 2020 / 2021	Deviation from planned target to actual achievement 2020 / 2021	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	Commenced the drafting of the legislative framework	Submission of amendments to ODMWA to the legal section of the National Department of Health	Legal team began drafting of amendments to ODMWA and one virtual consultative workshop was held with mining companies and trade unions	Not achieved	Delays due to COVID-19 restrictions
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	Database of current and ex-workers in controlled mines and works to be incorporated into a new administration system.	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 from external parties	Achieved	None
		2.2 Report on the number of certifications finalised on the Mineworkers Compensation System per year	13 874	12 000	13 084	Achieved	None
		2.3 Report on the number of benefit payments made by the CCOD (other than pension payments)	New Indicator	7 000	4 212	Not achieved	Payments were negatively impacted by the restrictions due to the COVID-19 pandemic
		2.4 Report on the number of claims finalised by the CCOD (other than pensioners)	7 291	7 700	5 354	Not achieved	Payments were negatively impacted by the restrictions due to the COVID-19 pandemic

Part B - Performance information

Strategic objective	Performance Indicator	Actual achievement 2019 / 2020	Planned Target 2020 / 2021	Actual Performance 2020 / 2021	Deviation from planned target to actual achievement 2020 / 2021	Comments on deviation
	2.5 Of all claims finalised in the period, what percentage were finalised within 90 days of receipt of all completed claim documents	New Indicator	50%	82%	Achieved	None
	2.6 Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD	70% of controlled mines and works paying levies to the CCOD	80% of controlled mines and works paying levies to the CCOD	65% of controlled mines and works paying levies to the CCOD	Not Achieved	Mines assessment submissions negatively impacted by the restrictions due to the COVID-19 pandemic
	2.7 Report on the submission of annual reports of the CCOD to the AGSA	Submission of the 2015/16 and 2016/17 annual reports to the AGSA	Submission of the 2017/2018 and 2018/2019 annual reports to the AGSA	Submission of the 2017/18 and 2018/19 annual reports to the AGSA	Achieved	None
	2.8 Report on the number of controlled mines and works inspected	81	77	41	Not Achieved	Inspections were negatively impacted by the COVID-19 pandemic and resultant restrictions

2.5. Linking performance with Budgets

The administration costs, mainly personnel and operational costs, of the CCOD and MBOD are provided from the budget of the NDOH included within “Vote 16 – Health” as part of the budget. The CCOD relies on voted funds for the administration of the Fund and payments for BMEs and certifications. There have been significant budget constraints including the loss of specialised personnel, outdated IT infrastructure and an inability to support decentralised services. The table below represents the allocation from the NDOH for the functioning of the CCOD and MBOD:

Table 1: Budget to administer the CCOD – from voted funds

Statement of financial performance	Budget	Audited outcome	Variance	Budget	Audited outcome
R thousand	2020/2021			2019/2020	
Expense budget					
Compensation of employees	39 298	34 702	4 596	37 192	37 310
Goods and services	15 389	19 391	(4 002)	26 527	23 825
Transfer payments	4 058	4 058	-	4 050	4 050
Machinery and equipment	2 893	2 742	151	925	21
Total	**61 638**	**60 893**	**745**	**68 694**	**65 206**

2.6. Strategy to overcome areas of underperformance

The budget for the administration of the CCOD and MBOD amounted to R61.6 million for the 2020/2021 financial year, which represented a decrease of 10.2 percent over the prior financial year. This budget allocation covers the costs of the operations of the CCOD and MBOD including the provision of BMEs and activities of the Certification Committees. During August 2020, the NDOH reprioritised R6 605 000 from the MBOD/CCOD voted funds budget under goods and services to the COVID-19 Response Fund due to the emergence of the COVID-19 pandemic. This resulted in a further reduction of the MBOD/CCOD voted funds budget for the 2020/2021 financial year. Business reform processes at the CCOD have been supported by human, technical and financial resources of the Minerals Council South Africa. Additional resources are required to expand and scale up the services of the CCOD and MBOD, recruit specialised staff in the legal, IT, occupational hygiene, medical and financial management disciplines and provide for the medical assessments, certifications, payments and infrastructural backlogs in buildings, medical facilities and information technology.

The majority of targets in the Annual Performance Plan were not achieved in the 2020/2021 financial year with 5 out of 9 targets not met.

The proposed amendments to ODMWA include legislative changes relating to new governance and service delivery models to enhance the efficiency and effectiveness of the MBOD and CCOD and the levies being changed to cover the costs of administration and the provision of services including BMEs and health care, which is the norm in social protection funds. Prevention interventions in partnership with the Departments of Mineral Resources and Energy as well as the Department of Employment and Labour to eliminate or reduce workers’ exposures to dust are needed. The CCOD 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.

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

- Departments of Employment and Labour, DMRE and Social Development
- Provincial Departments of Health and neighbouring country governments
- Trade unions in the mines and works sector
- Minerals Council South Africa
- The Tshiamiso Trust
- Ex-mineworker associations

Limited outreach activities in labour sending areas within South Africa and in neighbouring countries will be targeted to claimants given the resource constraints and COVID-19 restrictions. The Compensation Commissioner will work closely with the Tshiamiso Trust to ensure provision of support to eligible current and ex-workers for lodgement of claims and access to medical assessments.

To ensure that the entity remains adequately funded, onsite visits are undertaken to controlled mines and works to follow-up on completeness of revenue and to ensure that non-complying mines and works also pay levies. Inspections and the submissions of assessments were negatively impacted by the restrictions of the COVID-19 pandemic. The CCOD, with the support of the finance inspectors, will continue with inspection efforts to facilitate the collection of levies from non-paying controlled mines and works in the 2021/2022 financial year.

Part B - Performance information

2.7. Revenue collection

Table 2: Revenue from exchange transactions

	2020/2021			2019/2020		
	Budget R'000	**Actual Amount Collected R'000**	**(Over) / Under Collection R'000**	**Budget R'000**	**Actual Amount Collected R'000**	**(Over) / Under Collection R'000**
Revenue						
Levy Revenue	305 000	107 020	197 980	311 000	114 531	196 469
Interest received	235 000	212 501	22 499	246 000	344 846	(98 846)
Total levy revenue and interest received	**540 000**	**319 521**	**220 479**	**557 000**	**459 377**	**97 623**

Levy revenue for the year ended 31 March 2021 was R197 980 571 lower than the budget of R305 000 000 as the budget did not take into account the significant reduction in levy rates gazetted with effect from 1 April 2018.

The table below represents the levies per commodity pre and post the changes in levies effective 1 April 2018 (gazetted in Government Notice No 209 of Government Gazette 41491 of 9 March 2018) and 1 October 2019 (gazetted in Government Notice No 1385 of Government Gazette 42793 of 24 October 2019).

Table 3: Levy rates per commodity – pre and post change on 1 October 2019

Commodity	Levy rates – applicable from 1 July 2015	Levy rates – applicable from 1 April 2018 R	Levy rates – applicable from 1 October 2019 R
Andalusite	5.3	0.23	0.23
Chrome	12.26	0.15	0.28
Coal	1.7	0.50	0.49
Copper	10.35	0.43	0.09
Diamond	5.71	0.24	0.29
Fluorspar	5.14	0.01	0.01
Gold	8.41	4.58	5.40
Iron	5.3	0.28	0.36
Lead	6.07	0.27	0.28
Magnesite	5.14	0.17	0.01
Manganese	7.83	0.30	0.28
Mica & Felspar	4.48	0.01	0.01
Phosphate	5.14	0.01	0.01
Platinum	2.11	0.81	0.93
Quarries	8.6	0.39	0.44
Vanadium	4.48	0.01	0.01
Works	9.78	0.14	0.16
Research	0.0075	0.02	0.02

Part C - Governance

3.1. Introduction

The Advisory Committee of the CCOD comprises representatives of employers and trade unions in the mines and works sector. The Advisory Committee was involved in many of the activities of the CCOD and provided advice and technical inputs and mobilised resources.

The Risk Committee of the MBOD, which determines the risk profile of controlled mines and works, met once during the course of the year. The non-functioning of the Risk Committee poses significant risks to the Fund with respect to exposure of workers and the provision of health risk assessments. The CCOD is making a concerted effort to ensure that the Risk Committee fulfils its mandate and role.

The term of the Audit and Risk Committee expired at the end of January 2020 and no Audit and Risk Committee was operational in the 2020/2021 financial year.

3.2. Portfolio Committees

For the year ended 31 March 2021, the CCOD did not meet with the National Assembly Portfolio Committee on Health.

3.3. Standing Committee on Public Accounts (SCOPA) resolutions

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

3.4. Prior year modifications to audit reports

There were no modifications to audit reports issued in previous years.

3.5. Committees

3.5.1 Advisory Committee Members

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 his/her 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 not more than 12 members, of whom half shall be persons whose names have been submitted to the Minister of Health by owners of controlled mines/works and another 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/works.

As at 31 March 2021 the membership of the Advisory Committee was as follows:

Advisory Committee Members

Name of member	Representing	Date of appointment	Attendance
Dr B Kistnasamy	CCOD	CCOD	2
Mr A Letshele	NUM	1 April 2019 to 31 March 2022	2
Mr A Rikhotso	NUM	1 April 2019 to 31 March 2022	-
Mr P Mardon	SOLIDARITY	1 April 2019 to 31 March 2022	2
Mr O Ralake	NUMSA	1 April 2019 to 31 March 2022	-
Mr P Mminele	NUMSA	1 April 2019 to 31 March 2022	1
Ms N Mphofu	SEIFSA	1 April 2019 to 31 March 2022	-
Mr M Grant	AMCU	1 April 2019 to 31 March 2022	1
Dr T Balfour-Kaipa	Minerals Council South Africa	1 April 2019 to 31 March 2022	1
Mr A van Vuuren	Minerals Council South Africa	1 April 2019 to 31 March 2022	2
Dr J Andrews	Minerals Council South Africa	1 April 2019 to 31 March 2022	1
Dr Z Eloff	Minerals Council South Africa	1 April 2019 to 31 March 2022	1

Advisory committee members have been appointed with terms ending on 31 March 2022 to ensure continuity of the governance functions of the CCOD.

3.5.2 Audit and Risk Committee Members

The Audit and Risk Committee was not set up in terms of sections 76(4)(d) and 77 of the PFMA. The previous committee's term ended on 31 January 2020. The NDOH has established a new Audit and Risk Committee whose term began in August 2021.

3.5.3 Risk Committee members

This 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 Section10(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 and approved the terms of reference for the committee. The membership is as follows:

Name of member	Representing	Date of appointment	Attendance
Mr M Zondi (Chairperson)	DMRE	DMRE	1
Mr D Msiza	DMRE	DMRE	-
Mr V Nundlall	Minerals Council South Africa	1 July 2018 to 30 June 2021	1
Prof C Badenhorst	Minerals Council South Africa	1 July 2018 to 30 June 2021	1
Ms JP van Vuuren	Solidarity	1 July 2018 to 30 June 2021	1
Mr M Grant	AMCU	1 July 2018 to 30 June 2021	1
Dr B Nene	Minerals Council South Africa (alternate)	1 July 2018 to 30 June 2021	-

The Risk Committee met once during the course of the year.

3.6. 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, the risk management framework and risk management strategy of the CCOD were developed in previous financial years.

The CCOD developed risk registers with appropriate action plans in alignment with the Annual Performance Plan.

3.7. Minimising conflicts of interest

The CCOD is a subprogramme of the NDOH and 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 the terms of the policy to disclose any conflict of interest inherent in doing business with the Department.

3.8. 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.

3.9. Health Safety and Environmental Issues

The Occupational Health and Safety Committee for the MBOD and CCOD was formed in the 2020/2021 financial year to specifically address the COVID-19 pandemic. In addition, a number of challenges with the building and other infrastructure issues exist which are not resolved. A committee to address all the infrastructure and occupational health and safety issues has been formed.

3.10. 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 is monitored by the internal and external audit function and included in the annual risk assessment when completing and updating the risk register.

3.11. Fraud and corruption

The CCOD has an approved fraud prevention plan which includes management's fraud risk approach. The fraud prevention plan details management's investigation procedures and anti-fraud programs. The NDOH subscribes to the National Anti-Corruption Hot-Line housed at the Office of Public Service Commission.

3.12. Audit and Risk Committee Report

The Audit and Risk Committee did not meet in the course of the 2020/2021 financial year due to the term of the committee ending on 31 January 2020. A new Audit and Risk Committee was appointed in August 2021.

Part D - Human resource management

4.1. Introduction

Whilst the CCOD is capacitated at 80 percent and the MBOD at 79 percent, these are mainly administrative posts and there are an inadequate number of posts for specialised employees within the CCOD and MBOD with skills and knowledge in law, occupational health, information communication technology and financial management. Specialised support personnel are provided by the Minerals Council South Africa under a memorandum between the NDOH and the Minerals Council South Africa.

4.2. Employee distribution

The employee distribution was as follows:

Table 4: Distribution of posts at the CCOD as at 31 March 2021

Designation	Level	Number of posts	Filled	Vacant
Compensation Commissioner	14	1	1	-
Director	13	2	2	-
Deputy directors	12	3	3	-
Assistant directors	10	3	2	1
Senior state accountants	8	3	2	1
Senior administration officer	8	1	0	1
Administration officers	7	2	2	-
Administrative Clerk (Supervisor)	7	1	1	-
Personal assistant	6	2	1	1
Administration Clerks	6	4	3	1
Administrative Clerk (Supervisor)	5	15	14	1
Finance clerks	5	5	4	1
Registry clerk (production)	5	1	-	1
Senior telecoms operator	4	1	1	-
General assistant	3	1	-	1
Messenger	3	1	1	-
Total		**46**	**37**	**9**

Table 5: Profile of the workforce at the CCOD

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	2																2	1		
12			3																3	
10	1		1														1		1	
8	2																2			
7	3																3			
6	1		1												2		1		3	
5	5		13														5		13	
4			1																1	
3	1																1			
Total	**15**		**19**						**1**						**2**		**16**	**1**	**21**	

*M=Male F=Female D=Disabled

Part D - Human resource management

Table 6: Distribution of posts at the MBOD as at 31 March 2021

Designation	Level	Number of posts	Filled	Vacant
Deputy director: administration	12	1	1	-
Chief clinical technologist	10	1	1	-
Assistant director: administration	10	1	1	-
Assistant director: clinical technology	10	1	1	-
Assistant director: radiography	10	1	1	-
Professional nurse	9	1	-	1
Specialist	9	1	1	-
Radiographer	8	1	-	1
Senior human resource officer	7	1	-	1
Personal assistant	7	1	1	-
Chief security officer	7	1	1	-
Registry clerk (supervisor)	7	1	1	-
Administrative clerks (supervisor)	7	3	3	-
Registry clerk (production)	6	1	1	-
Senior security officer	6	1	1	-
Administration clerks (production)	6	7	7	-
Finance clerks	5	1	1	-
Supply chain clerk (production)	5	2	1	1
Administration clerks (production)	5	14	10	4
Security officers	4	8	7	1
General assistants	3	7	4	3
Driver	3	1	1	-
Total		**57**	**45**	**12**

Table 7: Profile of the workforce at the MBOD

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
12	1																1			
10			3								1								4	
9			1																1	
7	3		3														3		3	
6	5		3	1											1		5		4	1
5	5	1	7														5	1	7	
4	6		1														6		1	
3	2		3														2		3	
Total	**22**	**1**	**20**	**1**							**1**				**1**		**22**	**1**	**23**	**1**

*M=Male F=Female D=Disabled

Part E - Annual financial information

5.1. Overall performance

The Annual Performance Plan for 2020/2021 was approved by the Minister of Health on 24 March 2020.

Table 8: Budget to administer the CCOD/MBOD (from voted funds)

Classification	Budget 2020/2021 R'000	Expenditure 2020/2021 R'000	Available R '000	% Spend	Over/under expenditure
Compensation of employees	39 298	34 702	4 596	88%	Under
Goods and services	15 389	19 391	(4 002)	>100%	Over
Transfer payments	4 058	4 058	-	100%	-
Machinery and equipment	2 893	2 742	151	95%	Under
Total	**61 638**	**60 893**	**745**	**99%**	**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.

5.2. Financial overview

5.2.1 Revenue

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

Table 9 provides a breakdown of the sources of revenue:

Table 9: Breakdown of the sources of revenue

Statement of financial performance item	Audited amount			Budget	Actual	% deviation from budget	% deviation from prior year
	2017/2018 R'000	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2020/2021 R'000		
Levy income	314 596	107 116	114 531	305 000	107 020	(65)	(7)
Interest received	318 578	337 599	344 846	235 000	212 501	(10)	(38)
Other income – S74(a) recovery	156	59	(36)	-	-	-	>100
Other income – movement in provisions	-	671 385	315 174	-	-	-	(100)
Exchange revenue	**633 330**	**1 116 159**	**774 515**	**540 000**	**319 521**	**(41)**	**(59)**
Transfers received	1 213	1 067	992	4 272	821	(81)	(17)
Goods and services in-kind	52 368	55 213	61 135	-	56 835	100	(7)
Total revenue	**686 911**	**1 172 438**	**836 642**	**544 272**	**377 177**	**(31)**	**(55)**

Levy revenue for the financial year ended 31 March 2021 was 7 percent lower than the prior financial year ending 31 March 2020. This is attributable to the decrease in risk shifts applicable to gold and platinum mines gazetted as a result lockdowns in the mining industry from the COVID-19 pandemic. No changes to levy rates were gazetted in the 2020/2021 financial year.

Other income – movement in provisions represents the net release to provisions prior to unwinding costs and claims payments. Refer to note 6 in the Annual financial statements for the breakdown of the movement in provisions. Based on the actuarial valuation exercise undertaken total provisions increased from R3,12 billion at 31 March 2020 to R3,39 billion at 31 March 2021 and as such is reflected as an expense in the current financial year.

Please refer to Note 22 in the annual financial statements for commentary on actual results compared to budget.

5.2.2 Expenditure

Expenditure for the Fund includes actuarial valuation adjustments on provisions, finance costs, movements in the impairment provision of trade receivables, goods and receivables expenditure incurred by the NDOH and pension payments. Table 10 provides a breakdown of the types of expenditure:

Table 10: Breakdown of the types of expenditure

Statement of financial performance item	Audited amounts			Budget	Actual	% deviation from budget	% deviation from prior year
	2017/2018 R’000	2018/2019 R’000	2019/2020 R’000	2020/2021 R’000	2020/2021 R’000		
Finance costs	309 822	303 568	282 396	285	285 347	>100	1
Operating expenses	20 062	4 561	9 315	8 625	7 428	(14)	(20)
Claims (including pensioners) / Movement in provisions	223 659	1 067	992	222 602	168 215	(24)	>100
Goods and services in-kind	52 368	55 213	61 135	-	56 835	100	(7)
Total expenses	**605 911**	**364 409**	**353 838**	**231 512**	**517 825**	**>100**	**46**

Movement in provisions represents the net increase to provisions prior to unwinding costs and claims payments. Based on the actuarial valuation exercise undertaken total provisions increased from R3,12 billion 31 March 2020 to R3,39 billion at 31 March 2021 and as such is shown as an expense. Refer to note 6 in the Annual financial statements for the breakdown of the movement in provisions.

Goods and services in-kind represent the cost to the NDOH for administration of the CCOD and MBOD. The decrease of R4.3 million in the 2020/2021 financial year is driven by decreased spend on compensation of employees (R2,6 million lower) and goods and services costs (R1,7 million lower).

Please refer to Note 22 in the annual financial statements for commentary on actual results compared to budget.

5.2.3 Assets

Investment balances comprise the bulk of the assets within the Fund. The funds are invested with the Corporation for Public Deposits (CPD), First National Bank and ABSA Bank.

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 in terms of Section 69 of the ODMWA.
- Research account
  The research account is funded through levies collected from controlled mines and works in terms of Section 63 of the ODMWA. The money is amongst others meant for costs of maintenance and other expenses of, any institution or organisation having as its objective the doing of research with a view to the protection of the health of persons employed in or at or in connection with mines or works, or the prevention or alleviation of diseases to which such persons are exposed.

Table 11 provides a breakdown of assets:

Statement of financial position item	Audited amount			Budget	Actual	% deviation from budget	% deviation from prior year
	2017/2018 R'000	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2020/2021 R'000		
Investments	4 105 618	4 511 134	4 755 810	4 581 418	4 844 897	6	2
Trade and other receivables	53 537	17 524	13 490	17 017	22 176	30	64
Cash and cash equivalents	169 756	49 138	53 615	42,250	98 587	.100	84
Total assets	**4 328 911**	**4 577 796**	**4 822 914**	**4 640 685**	**4 965 660**	**7**	**3**

Total assets were 3 percent higher at 31 March 2021 compared to 31 March 2020, largely due to an increase in investment balances resulting from interest capitalised on funds invested.

Please refer to Note 22 in the annual financial statements for commentary on actual results compared to budget.

5.2.4 Liabilities

Liabilities of the Fund comprise the provision for incurred but not yet reported (IBNR) claims, provisions for benefits due and trade and other payables.

Table 12 provides a breakdown of liabilities.

Table 12: Breakdown of liabilities

Statement of financial position item	Audited amount			Budget	Actual	% deviation from budget	% deviation from prior year
	2017/2018 R'000	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2020/2021 R'000		
Accumulated surplus	300 597	1 108 626	1 591 430	1 635 129	1 450 783	(11)	(9)
Provisions	3 949 374	3 371 703	3 121 470	2 991 094	3 396 478	14	9
Payables	78 940	97 467	110 014	14 462	118 399	>100	8
Total equity and liabilities	**4 328 911**	**4 577 796**	**4 822 914**	**4 640 685**	**4 965 660**	**7**	**3**

Provisions at 31 March 2021 were R275 million higher than at 31 March 2020, due to unwinding adjustments of R282.5 million and additions to provisions of R124 million during the year, and the impact of the changes in methodology and assumptions/unexpected increase of R43.4 million in the year partially offset by payments of R174.9 million. Please refer to note 6 in the annual financial statements for a detailed breakdown of the movement in the provision liability during the year.

Please refer to note 22 in the annual financial statements for commentary on actual results compared to budget.

5.3. Responsibility statement

These financial statements are the responsibility of the accounting officer. The Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973) (ODMWA), as amended requires the Compensation Commissioner for Occupational Diseases in Mines and Works (CCOD) to ensure that full and proper financial records of the financial affairs of the Mines and Works Compensation Fund (Fund) are maintained.

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 Public Finance Management Act, 1999 (Act 1 of 1999), as amended (PFMA).

The accounting officer 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 2021. The Accounting officer 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 25 to 28.

The annual financial statements of the Fund, set out on pages 29 to 63, were approved by the accounting officer, in terms of the ODMWA, for the financial year ended 31 March 2021 and were signed on its behalf by:

Dr MB Kistnasamy
Compensation Commissioner for Occupational Diseases
22 June 2022

5.4. Report of the auditor-general to Parliament on the 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 29 to 63, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mines and Works Compensation Fund as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of 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 auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the 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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities 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.

Report on the audit of the annual performance report

10. The fund is not required to prepare a report on its performance against predetermined objectives as it is not a listed public entity in terms of PFMA and therefore does not fall within the ambit of the Act. Furthermore, the Occupational Diseases in Mines and Works Act does not require for the preparation and audit of the annual performance report.

Report on the audit of compliance with legislation

Introduction and scope

11. In accordance with the Public Audit Act 25 of 2004 and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

Annual financial statements and annual reports

13. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

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

Other information

15. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements and the auditor's report.

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

17. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

18. I have nothing to report in this regard.

Internal control deficiencies

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

20. Leadership did not ensure that the entity has a functioning audit committee.

21. Leadership did not exercise oversight responsibility for financial reporting and compliance, as well as related internal controls

22. Management did not prepare accurate financial reports supported and evidenced by reliable information.

Other reports

23. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's financial statements, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

24. An independent consultant appointed by the entity was investigating various allegations of financial misconduct and possible fraud. The outcome was finalised in December 2020 and the service provider has handed over the cases for prosecution. These proceedings were in progress at the date of this report.

Auditor - General

Pretoria

29 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

   - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control

   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority

   - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability 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 the 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 continuing as a going concern

   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Part E - Annual financial information

5.5 Statement of Financial Position as at 31 March 2021

	Note(s)	2021 R	2020 R
Assets			
Current Assets			
Investments	3	4 844 897 029	4 755 809 545
Receivables from exchange transactions	4	22 175 604	13 489 634
Cash and cash equivalents	5	98 587 414	53 614 933
		4 965 660 047	**4 822 914 112**
Total Assets		**4 965 660 047**	**4 822 914 112**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	97 556 500	92 407 662
Payables from non-exchange transactions	8	20 842 265	17 605 725
Provisions	6	1 060 344 460	860 393 173
		1 178 743 225	**970 406 560**
Non-Current Liabilities			
Provisions	6	2 336 133 736	2 261 077 310
Total Liabilities		**3 514 876 961**	**3 231 483 870**
Net Assets		**1 450 783 086**	**1 591 430 242**
Accumulated surplus		1 450 783 086	1 591 430 242

The accounting policies on pages 35 to 43 and the notes on pages 44 to 63 form an integral part of the annual financial statements.

Part E - Annual financial information

5.6 Statement of Financial Performance

	Note(s)	2021 R	2020 R
Revenue			
Revenue from exchange transactions			
Section 62 levies		105 885 837	113 391 077
Section 63 research levies		1 133 592	1 139 655
Other income - S74(a) recovery		-	(36 119)
Other income - movement in provisions		-	315 174 445
Interest received	10	212 501 423	344 845 654
Total revenue from exchange transactions		**319 520 852**	**774 514 712**
Revenue from non-exchange transactions			
Transfer revenue			
Goods and services in-kind from the national Department of Health	11	56 835 087	61 134 958
Pension payments transfer utilised		821 460	991 920
Total revenue from non-exchange transactions		**57 656 547**	**62 126 878**
Total revenue	9	**377 177 399**	**836 641 590**
Expenditure			
Finance costs	12	(285 347 101)	(282 396 151)
Debt impairment	13	(2 453 653)	(8 020 829)
Goods and services in-kind from the national Department of Health		(56 835 087)	(61 134 958)
Movement in provisions and general expenses	14	(173 188 714)	(2 285 687)
Total expenditure		**(517 824 555)**	**(353 837 625)**
(Deficit) / surplus for the year		**(140 647 156)**	**482 803 965**

The accounting policies on pages 35 to 43 and the notes on pages 44 to 63 form an integral part of the annual financial statements.

Part E - Annual financial information

5.7 Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 April 2019	**1 108 626 277**	**1 108 626 277**
Changes in net assets		
Surplus for the year	482 803 965	482 803 965
Total changes	482 803 965	482 803 965
Opening balance as previously reported	1 591 430 242	1 591 430 242
Balance at 01 April 2020	**1 591 430 242**	**1 591 430 242**
Changes in net assets		
Deficit for the year	(140 647 156)	(140 647 156)
Total changes	(140 647 156)	(140 647 156)
Balance at 31 March 2021	**1 450 783 086**	**1 450 783 086**

The accounting policies on pages 35 to 43 and the notes on pages 44 to 63 form an integral part of the annual financial statements.

Part E - Annual financial information

5.8 Cash Flow Statement

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Receipts			
Levy income		95 879 806	110 508 119
Interest income		317 145 191	304 390 434
Transfer payments (non-exchange)		4 058 000	4 050 000
		417 082 997	418 948 553
Payments			
Claimants		(174 736 564)	(206 322 947)
Finance costs		(2 821 239)	(2 936 066)
Transfer payments		(821 460)	(991 920)
		(178 379 263)	(210 250 933)
Net cash flows from operating activities	15	**238 703 734**	**208 697 620**
Cash flows from investing activities			
Purchase of financial assets		(193 731 253)	(204 220 800)
Net cash flows from investing activities		**(193 731 253)**	**(204 220 800)**
Net increase in cash and cash equivalents		**44 972 481**	**4 476 820**
Cash and cash equivalents at the beginning of the year		53 614 933	49 138 113
Cash and cash equivalents at the end of the year	5	**98 587 414**	**53 614 933**

The accounting policies on pages 35 to 43 and the notes on pages 44 to 63 form an integral part of the annual financial statements.

Part E - Annual financial information

5.9 Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Statement of financial performance						
Revenue						
Revenue from exchange transactions						
Levy revenue	305 000 000	-	**305 000 000**	107 019 429	**(197 980 571)**	Note 22
Interest received	235 000 000	-	**235 000 000**	212 501 423	**(22 498 577)**	Note 22
Total revenue from exchange transactions	**540 000 000**	**-**	**540 000 000**	**319 520 852**	**(220 479 148)**	
Revenue from non-exchange transactions						
Transfer revenue						
Pension payments transfer utilised	4 272 000	-	**4 272 000**	821 460	**(3 450 540)**	Note 22
Total revenue	**544 272 000**	**-**	**544 272 000**	**320 342 312**	**(223 929 688)**	
Expenditure						
Finance costs	(285 000)	-	**(285 000)**	(2 821 239)	**(2 536 239)**	Note 22
Movement in provisions and general expenses	(231 227 000)	-	**(231 227 000)**	(173 188 714)	**58 038 286**	Note 22
Total expenditure	**(231 512 000)**	**-**	**(231 512 000)**	**(176 009 953)**	**55 502 047**	
Surplus	**312 760 000**	**-**	**312 760 000**	**144 332 359**	**(168 427 641)**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**312 760 000**	**-**	**312 760 000**	**144 332 359**	**(168 427 641)**	
Reconciliation						
Basis difference						
Non-exchange revenue - goods and services in-kind from the national Department of Health				56 835 087		Note 22
Non-exchange - services in-kind - employee related expenses				(34 701 970)		Note 22
Non-exchange - goods and services in-kind				(22 133 117)		Note 22
Debt impairment				(2 453 653)		Note 22
Provisions - unwinding adjustment				(282 525 862)		Note 22
Actual amount in the statement of financial performance				**(140 647 156)**		

Part E - Annual financial information

5.9 Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of financial position						
Assets						
Current Assets						
Investments	4 581 418 000	-	**4 581 418 000**	4 844 897 029	**263 479 029**	Note 22
Receivables from exchange transactions	17 017 000	-	**17 017 000**	22 175 604	**5 158 604**	Note 22
Cash and cash equivalents	42 250 000	-	**42 250 000**	98 587 414	**56 337 414**	Note 22
	4 640 685 000	**-**	**4 640 685 000**	**4 965 660 047**	**324 975 047**	
Total Assets	**4 640 685 000**	**-**	**4 640 685 000**	**4 965 660 047**	**324 975 047**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	14 462 000	-	**14 462 000**	97 556 500	**83 094 500**	Note 22
Payables from non-exchange transactions	-	-	**-**	20 842 265	**20 842 265**	Note 22
Provisions	-	-	**-**	1 060 344 460	**1 060 344 460**	Note 22
	14 462 000	**-**	**14 462 000**	**1 178 743 225**	**1 164 281 225**	
Non-Current Liabilities						
Provisions	2 991 094 000	-	**2 991 094 000**	2 336 133 736	**(654 960 264)**	Note 22
Total Liabilities	**3 005 556 000**	**-**	**3 005 556 000**	**3 514 876 961**	**509 320 961**	
Net Assets	**1 635 129 000**	**-**	**1 635 129 000**	**1 450 783 086**	**(184 345 914)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 635 129 000	-	**1 635 129 000**	1 450 783 086	**(184 345 914)**	

The accounting policies on pages 35 to 43 and the notes on pages 44 to 63 form an integral part of the annual financial statements.

5.10 Accounting Policies

1. Presentation of Annual financial statements

The annual financial statements has 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.

All financial information presented in Rands has been rounded to the nearest Rand.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables or loans and 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 from a financial asset.

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

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.

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).

1.4 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.

1.4 Financial instruments (continued)

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.

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.

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.

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.

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.

1.4 Financial instruments (continued)

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 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.

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.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following category:
- 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 through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

1.4 Financial instruments (continued)

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

Derecognition

Financial assets

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:
  - derecognises 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.

1.5 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 performance pre 2016.

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

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.

1.5 Statutory receivables (continued)

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 or the policy on Revenue from non-exchange transactions (Taxes and transfers), whichever is applicable.

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 are recognised in surplus or deficit.

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

1.5 Statutory receivables (continued)

- 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.

1.6 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.

Provisions are not recognised for future operating surplus / (deficit).

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

1.7 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.

1.7 Revenue from exchange transactions (continued)

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

Measurement

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.

Interest

Revenue arising from the use by others of entity assets yielding interest 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, in surplus or deficit, using the effective interest rate method.

1.8 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 arises 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.

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.

1.8 Revenue from non-exchange transactions (continued)

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

Goods in kind, that are significant to the entities operations, 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.

Services in-kind

Except for financial guarantee contracts, the entity recognise 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.

1.9 Investment income

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

1.10 Comparative figures

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

1.11 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 de-recognised when settled or susequently written-off as irrecoverable.

1.12 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.

1.12 Budget information (continued)

General purpose financial reporting by an 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 modified cash basis, except where stated otherwise, basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 1 April 2020 to 31 March 2021.

The budget for the economic entity includes all the entities approved budgets under its control.

1.13 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).

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

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

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

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

1.14 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.

	2021 R	2020 R

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 20: Accounting for Adjustments to Revenue	01 April 2020	The impact is not considered to be material.
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	The impact is not considered to be material.

3. Investments

	2021 R	2020 R
At amortised cost		
CPD Investment	2 355 031 930	2 266 757 023
The interest bearing investment is money invested with the Corporation for Public Deposits (CPD). It bears interest at 3.75% per annum (2020: 5.58% per annum).		
Fixed deposit - Mines	2 301 291 706	2 311 011 333
Short term fixed deposits are funds invested in financial instruments which bear interest between 3.85% and 3.96% per annum (2020: between 4.75% and 8.05% per annum).		
Fixed deposit - Works	185 235 581	174 879 889
Short term fixed deposits are funds invested in financial instruments which bear interest between 3.96% and 4.05% per annum (2020: between 7% and 7.9% per annum).		
Fixed deposit - Research	3 337 812	3 161 300
Short term fixed deposits are funds invested in financial instruments which bear interest at 3.85% per annum (2020: 7.55% per annum).		
Investments will mature within the next year.		
	4 844 897 029	**4 755 809 545**
Current assets		
At amortised cost	4 844 897 029	4 755 809 545

	2021 R	2020 R
4. Receivables from exchange transactions		
Trade debtors - Statutory receivable	14 537 177	5 918 723
Other receivables - Statutory receivable	703 005	635 489
S74(a) receivable - Statutory receivable	6 392 791	6 392 791
S74(b) receivable - Statutory receivable	542 631	542 631
	22 175 604	**13 489 634**

Standard terms and interest charged on overdue accounts

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

2021	
1 April 2020 to 30 April 2020	9.75%
1 May 2020 to 30 June 2020	7.75%
1 July 2020 to 31 August 2020	7.25%
1 September 2020 to 31 March 2021	7.00%
2020	
1 April 2019 to 31 August 2019	10.25%
1 September 2019 to 29 February 2020	10%
1 March 2020 to 31 March 2020	9.75%

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 2021, R7 557 674 (2020: R5 515 518) were neither past due nor impaired.

At 31 March 2021, R14 617 930 (2020: R7 974 116) were past due but not impaired.

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

One month past due	333 520	248 248
Two to three months past due	577 025	191 731
Over three months past due	13 707 385	7 534 137

Trade and other receivables impaired

As of 31 March 2021, trade and other receivables of R105 458 647 (2020: R103 004 994) were impaired and provided for.

The ageing of these receivables is as follows:

Current	3 589 667	4 993 379
One month past due	916 234	384 513
Two to three months past due	1 068 513	667 112
Over three months past	99 884 233	96 959 990

	2021 R	2020 R

4. Receivables from exchange transactions (continued)

Reconciliation of provision for impairment of trade and other receivables

	2021 R	2020 R
Opening balance	103 004 994	94 984 165
Provision for impairment	2 453 653	8 020 829
	105 458 647	**103 004 994**

The creation of provision for impaired receivables has been included in expenses.

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 the impairment of trade and other receivables is calculated on the assumption that all trade debtor balances outstanding at the year-end not settled in cash subsequent to year-end are included in the provision for impairment.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021 R	2020 R
Bank balances	98 587 414	53 614 933

In term 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, excluding cash on hand

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

Credit rating	2021 R	2020 R
Absa (F1+) - Current Account: Mines	61 414 857	14 076 401
Absa (F1+) - Current Account: State	22 989 966	19 630 044
Absa (F1+) - Current Account: Research	9 453 565	9 175 795
Absa (F1+) - Current Account: Works	4 457 861	4 558 624
FNB (F1+) - Current Account: Mines	271 165	6 174 069
	98 587 414	**53 614 933**

6. Provisions

Provisions comprise:	2021 R	2020 R
Benefits due	1 060 344 460	860 393 173
IBNR provision	2 336 133 736	2 261 077 310
	3 396 478 196	**3 121 470 483**

Provisions comprise:	2021 R	2020 R
Non-current liabilites	2 336 133 736	2 261 077 310
Current liabilities	1 060 344 460	860 393 173
	3 396 478 196	**3 121 470 483**

Part E - Annual financial information

5.11 Notes to the annual financial information

6. Provisions (continued)

Reconciliation of provisions - 2021

	Opening Balance	Additions (1)	Paid during the year (2)	Changes in methodoogy and assumptions / unexpected increase/(decre ase) (3)	Unwinding (4)	Transfer to benefits due	Total
IBNR - TB Loss of Earnings	10 256 483	17 685 881	-	(2 289 750)	1 823 199	(18 040 824)	9 434 989
IBNR - TB First Degree	15 716 817	7 777 638	-	(5 757 126)	1 805 743	(9 152 490)	10 390 582
IBNR - TB Second Degree	21 770 281	18 778 231	-	(6 211 826)	2 811 216	(20 148 008)	16 999 894
IBNR - Permanent First Degree	971 578 867	32 039 327	-	17 150 688	91 579 603	(128 962 689)	983 385 796
IBNR - Permanent Second Degree	1 241 754 862	47 678 713	-	87 159 510	117 260 493	(177 931 103)	1 315 922 475
Benefits Due - TB Loss of Earnings	83 712 963	-	(10 468 688)	10 279 541	6 687 893	18 040 824	108 252 533
Benefits Due - TB First Degree	40 660 910	-	(5 386 367)	(2 709 979)	3 004 949	9 152 490	44 722 003
Benefits Due - TB Second Degree	182 337 968	-	(92 585 548)	63 396 769	13 767 095	20 148 008	187 064 292
Benefits Due - Permanent First Degree	222 090 080	-	(38 867 995)	(42 121 827)	17 866 829	128 962 689	287 929 776
Benefits Due - Permanent Second Degree	329 168 266	-	(27 602 007)	(75 463 334)	25 918 842	177 931 103	429 952 870
Provision for PH files	2 422 986	-	-	-	-	-	2 422 986
	3 121 470 483	**123 959 790**	**(174 910 605)**	**43 432 666**	**282 525 862**	**-**	**3 396 478 196**

1. Additions represent the expected new claims during the 12-month inter-valuation period
2. Actual payments per 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 2020 for the 12-month inter-valuation period

Part E - Annual financial information

5.11 Notes to the annual financial information

6. Provisions (continued)

Reconciliation of provisions - 2020

	Opening Balance	Additions (1)	Paid during the year (2)	Changes in methodoogy and assumptions / unexpected increase/(decrease) (3)	Unwinding (4)	Transfer to benefits due	Total
IBNR - TB Loss of Earnings	5 000 810	13 911 345	-	4 304 304	998 492	(13 958 468)	10 256 483
IBNR - TB First Degree	11 229 607	7 020 561	-	3 941 250	1 215 180	(7 689 781)	15 716 817
IBNR - TB Second Degree	17 078 540	18 970 312	-	3 236 839	2 181 668	(19 697 078)	21 770 281
IBNR - Permanent First Degree	1 118 807 613	34 082 654	-	(145 075 691)	95 118 080	(131 353 789)	971 578 867
IBNR - Permanent Second Degree	1 405 944 874	51 028 948	-	(153 912 962)	119 394 815	(180 700 813)	1 241 754 862
Benefits Due - TB Loss of Earnings	86 620 847	-	(16 334 039)	(6 989 366)	6 457 053	13 958 468	83 712 963
Benefits Due - TB First Degree	38 843 266	-	(8 569 118)	(163 979)	2 860 960	7 689 781	40 660 910
Benefits Due - TB Second Degree	187 907 512	-	(123 758 937)	84 254 566	14 237 749	19 697 078	182 337 968
Benefits Due - Permanent First Degree	213 468 728	-	(49 688 577)	(89 230 564)	16 186 704	131 353 789	222 090 080
Benefits due - Permanent Second Degree	284 378 454	-	(16 167 723)	(140 552 662)	20 809 384	180 700 813	329 168 266
Provision for PH files	2 422 986	-	-	-	-	-	2 422 986
	3 371 703 237	**125 013 820**	**(214 518 394)**	**(440 188 265)**	**279 460 085**	**-**	**3 121 470 483**

1. Additions represent the expected new claims during the 12-month inter-valuation period
2. Actual payments per 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 2019 for the 12-month inter-valuation period

6. Provisions (continued)

Provision for Benefits Due and IBNR provision

The total claims liability, including provision for claims incurred but not yet reported (IBNR), as at 31 March 2021 was estimated to be R3 396 478 196 (31 March 2020: R3 121 470 483). This represents the expected monetary amount, that together with investment income, would be sufficient to cover future payments in respect of last risk work to 31 March 2021.

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.

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.

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:
- TB Loss of Earnings
- TB First Degree
- TB Second Degree
- Other Permanent First Degree
- Unknown First Degree
- Other Permanent Second Degree
- Unknown Second Degree
- Other Permanent Unknown Degree
- Unknown claim type

The following methodology was applied to determine the Provision for Benefits Due as at 31 March 2021:
- the number of claims reported, certified and not yet paid per claims year was multiplied by the average cost per claim for that claim year
- the average cost per claim was calculated as the average of claims reported, certified and paid in each particular category
- payment rates (probability of payment) dependent on the time period between claim year and valuation date were applied
- these payment rates represent a sliding scale which are subject to a maximum of the payment rate for the IBNR provision at 31 March 2021
- a settlement pattern was applied to the proportion of claims that are assumed will be paid as at 31 March 2021. The settlement patterns were consistent with those used to calculate the IBNR provision
- expected future claim payments were discounted to 31 March 2021 using the Bond Exchange and Actuarial Society of South Africa (BEASSA) nominal zero coupon yield curve as at 31 March 2021
- 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.

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).

6. Provisions (continued)

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 to 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:
- TB Initial (combination of TB Current and TB Can Antedate)
- TB Reactivated (combination of TB Reactivation and TB Relapse)
- TB First Degree
- 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:
- gold
- platinum
- 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 2021:
- the ultimate number of claims were projected for last risk years up to the end of 31 March 2021 by applying a development pattern to the cumulative proportion of claims observed to have been reported to 31 March 2021. This process was repeated to determine incremental claims per development year for each applicable last risk year
- to allow for complete claims experience, current certification guidelines and based on an analysis of the data, a seven-year development period was used in determining the development pattern
- 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:
    - TB Loss of Earnings (consists of TB Initial and TB Reactivated)
    - TB First Degree
    - TB Second Degree
- with respect to TB Loss of Earnings and TB Second Degree, the mean of the underlying distributions were used
- with respect to TB First Degree, the mode of the underlying distributions were used which corresponds to the maximum benefit as per the ODMWA
- the average cost per claim for TB Loss of Earnings was projected forward by the observed 'inflation rate'
- the average cost per claim for TB First Degree was projected forward by applying inflation to the maximum benefit each year
- the average cost per claim for TB Second Degree was projected forward by adjusting the underlying distribution to each subsequent claims year by aligning the maxiumum benefits to legislated amounts for that year; adjusting benefits falling between these amounts by inflation each year where no increases to the maximum benefit occurred in a year and adjusting benefits falling between and above these amounts by the proportionate increase in the maximum benefits, where increases do occur in a year
- 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
- 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
- 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:
    - TB Loss of Earnings (consists of TB Initial and TB Reactivated)
    - TB Permanent Diseases (consists of First Degree and Second Degree)

  A 9-year settlement period was used in respect of both these groupings

6. Provisions (continued)

- expected future claim amounts to be paid per settlement year for each claims year were discounted to 31 March 2021 using the BEASSA nominal zero coupon yield curve as at 31 March 2021
- 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:

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

- black
- 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 2021:

- the ultimate number of claims were projected for last risk years up to the end of 31 March 2021 by applying a development pattern to the cumulative proportion of claims observed to have been reported to 31 March 2021. This process was repeated to determine incremental claims per development year for each applicable last risk year
- 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:
  - Asbestos-related diseases: 55 years
  - Silicosis: 45 years
  - OAD: 10 years
  - Other: 55 years
- the ultimate number of claims expected to arise for last risk years 2004 to 2021 was determined applying this method. The ultimate number of claims for risk years prior to 2004 was done in conjunction with the estimation of under-reported claims
- 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:
  - Permanent Disease First Degree
  - Permanent Disease Second Degree
- 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
- with respect to Permanent Disease Second Degree, the mean of the underlying distributions were used
- the average cost per claims for Permanent Disease First Degree was projected forward by applying inflation to the maximum benefit each year
- the average cost per claim for TB Second Degree was projected forward by adjusting the underlying distribution to each subsequent claims year by aligning the maxiumum benefits to legislated amounts for that year; adjusting benefits falling between these amounts by inflation each year where no increases to the maximum benefit occurred in a year and adjusting benefits falling between and above these amounts by the proportionate increase in the maximum benefits, where increases do occur in a year

6. Provisions (continued)

- 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
- a settlement pattern was applied to the proportion of claims assumed to be paid in each development year for each last risk year. A nine-year settlement period was used
- expected future claim amounts to be paid per settlement year for each claims years were discounted to 31 March 2021 using the BEASSA nominal zero coupon yield curve as at 31 March 2021
- the number of under-reported claims were estimated as follows:
    - the development pattern for white workers is assumed be representative of the true development of permanent diseases such as Silicosis
    - 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
    - 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 2021
    - 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 under-reporting 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 2021 was determined by using the applicable development patterns
    - past under-reported claims were calculated as the difference between ultimate claims including and excluding under-reporting that are assumed to have developed by 31 March 2021
    - after the payment rate was applied, a settlement pattern was applied to past under-reported claims with effect 1 April 2021. 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 2021 for last risk years to 31 March 2021. 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 2021 using the BEASSA nominal zero coupon yield curve as at 31 March 2021
- 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 2021 at that point in time
- inflation is calculated to be difference between the yields on the BEASSA nominal zero coupon bond curve and real zero bond curve as at 31 March 2021. An inflation risk premium of 0.5% has been applied

	2021 R	2020 R

6. Provisions (continued)

Demographic assumptions

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

- 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

	%	%
Future 'inflation rate' for TB Loss of Earnings	10	11
Proportion of TB Loss of Earnings claims that result in no loss	15	15
TB Liability - percentage future claims that will be paid	90	90
Permanent Disease Liability - percentage future claims that will be paid	90	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:

2021	Benefits due	IBNR provision	Impact on deficit / accumulated surplus
Base scenario	1 060 344 460	2 336 133 736	-
IBNR 90% TB payment, 75% Other permanent payment, Benefits due 75% payment	922 456 206	2 283 324 234	190 697 756
IBNR 90% TB payment, 60% Other permanent payment, Benefits due 60% payment	786 991 326	1 834 024 480	775 462 390
IBNR 90% TB payment, 90% Other permanent payment, Benefits due 90% payment	1 060 344 460	2 732 623 988	(396 490 252)
	-	-	-

2020	Benefits due	IBNR provision	Impact on surplus / accumulated surplus
Base scenario	860 393 173	2 261 077 310	-
IBNR 90% TB payment, 75% Other permanent payment, Benefits due 75% payment	761 005 903	2 295 464 974	64 999 606
IBNR 90% TB payment, 60% Other permanent payment, Benefits due 60% payment	661 618 968	1 838 423 276	621 428 239
IBNR 90% TB payment, 90% Other permanent payment, Benefits due 90% payment	860 393 173	2 752 506 673	(491 429 363)
	-	-	-

7. Payables from exchange transactions

	2021 R	2020 R
Trade payables	85 097 860	77 785 093
Other payables	12 458 640	14 622 569
	97 556 500	**92 407 662**

Part E - Annual financial information

5.11 Notes to the annual financial information

	2021 R	2020 R

8. Payables from non-exchange transactions

National Department of Health - Pensions	20 462 265	17 225 725
Other payables from non-exchange transactions	380 000	380 000
	20 842 265	**17 605 725**

9. Total revenue

Section 62 levies	105 885 837	113 391 077
Section 63 research levies	1 133 592	1 139 655
Other income - S74(a) recovery from the national Department of Health	-	(36 119)
Other income - movement in provisions	-	315 174 445
Interest received	212 501 423	344 845 654
Goods and services in-kind from the national Department of Health	56 835 087	61 134 958
Pension payments transfer utilised	821 460	991 920
	377 177 399	**836 641 590**

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

Section 62 levies	105 885 837	113 391 077
Section 63 research levies	1 133 592	1 139 655
Other income - S74(a) recovery from the national Department of Health	-	(36 119)
Other income - movement in provisions	-	315 174 445
Interest received	212 501 423	344 845 654
	319 520 852	**774 514 712**

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

Transfer revenue

Goods and services in-kind from the national Department of Health	56 835 087	61 134 958
Pension payments transfer utilised	821 460	991 920
	57 656 547	**62 126 878**

Basis on which fair value of inflowing resources was measured

Transfers

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

	2021 R	2020 R

9. Total revenue (continued)

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

Goods in-kind from the national Department of Health	Goods in-kind represents expenditure incurred on behalf of the CCOD by the national Department of Health which includes operational expenses on goods and services necessary for the functioning of the CCOD.
Rental paid for CCOD Buildings	The national Department of Health 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 national Department of Health 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 national Department of Health	Services in-kind represents expenditure incurred on behalf of the CCOD by the national Department of Health 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, the Gold Mining companies 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. Interest received

	2021	2020
Interest on investments	207 773 203	338 316 395
Interest on cash and cash equivalents	1 438 527	2 513 049
Interest charged on trade and other receivables	3 289 693	4 016 210
	212 501 423	**344 845 654**

The amount included in interest income arising from exchange transactions amounted to R212 501 423 (2020: R344 845 654).

11. Goods and services in-kind from the national Department of Health

	2021	2020
Goods and services in-kind from the national Department of Health	56 835 087	61 134 958
Goods and services in-kind from the national Department of Health comprise:		
Non-exchange - services in-kind - employee related expenses	34 701 970	37 310 086
Non-exchange - goods and services in-kind	22 133 117	23 824 872
	56 835 087	**61 134 958**

5.11 Notes to the annual financial information

	2021 R	2020 R
12. Finance costs		
Trade and other payables	2 821 239	2 936 066
Provisions - Unwinding adjustment	282 525 862	279 460 085
	285 347 101	**282 396 151**
13. Debt impairment		
Contributions to debt impairment provision - refer to Note 4	2 453 653	8 020 829
14. Movement in provisions and general expenses		
Actuarial valuation expenses	4 647 453	1 015 085
Bank charges	327 345	278 682
Pensions	821 460	991 920
Movement in provisions	167 392 456	-
	173 188 714	**2 285 687**

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 amounts is shown with other income (refer note 9). If the net movement in provisions (excluding unwinding costs) is an increase to provisions then the amount is shown with general expenses (refer note 14). The split below is shown for comparative purposes.

	2021 R	2020 R
Movement in provisions		
Disease in the First Degree - Section 80(1)	7 068 188	(200 223 601)
Disease in the Second Degree - Section 80(3)	59 374 889	(243 436 676)
Tuberculosis at 75% - Section 80(1)	25 675 672	11 226 283
Tuberculosis in the First Degree - Section 80(4)	(689 467)	10 797 832
Tuberculosis in the Second Degree - Section 80(2)(b)	75 963 174	106 461 717
	167 392 456	**(315 174 445)**
Pension payments for pneumoconiosis which has permanently impaired cardio-respiratory functions by:		
Not less than 20 percent but not more than 50 percent	85 472	68 388
More than 75 percent	-	42 130
Pneumoconiosis together with tuberculosis	26 964	4 000
Tuberculosis	-	53 548
Dependants	709 024	823 854
	821 460	**991 920**
15. Cash generated from operations		
(Deficit) / surplus	(140 647 156)	482 803 965
Adjustments for:		
Finance costs (provisions unwinding adjustment)	282 525 862	279 460 085
Debt impairment	2 453 653	8 020 829
Net movement in provisions (excluding unwinding adjustment)	(7 518 149)	(529 692 839)
Accrued interest on investments	104 643 769	(40 455 220)
Changes in working capital:		
Receivables from exchange transactions	(11 139 623)	(3 986 494)
Payables from exchange transactions	5 148 838	9 489 214
Payables from non-exchange transactions	3 236 540	3 058 080
	238 703 734	**208 697 620**

Part E - Annual financial information

5.11 Notes to the annual financial information

16. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At amortised cost	Total
Investments	4 844 897 029	4 844 897 029
Cash and cash equivalents	98 587 414	98 587 414
	4 943 484 443	**4 943 484 443**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	97 556 500	97 556 500
Payables from non-exchange transactions	20 842 265	20 842 265
	118 398 765	**118 398 765**

2020

Financial assets

	At amortised cost	Total
Investments	4 755 809 545	4 755 809 545
Cash and cash equivalents	53 614 933	53 614 933
	4 809 424 478	**4 809 424 478**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	92 407 662	92 407 662
Payables from non-exchange transactions	17 605 725	17 605 725
	110 013 387	**110 013 387**

Part E - Annual financial information

5.11 Notes to the annual financial information

17. Related parties

Relationships	
Controlling entity	National Department of Health
Committee with significant influence	Advisory Committee

Related party balances

Amounts included in Trade receivable / (Trade Payable) regarding related parties		
National Department of Health - Pensions	(20 462 265)	(17 225 725)
National Department of Health - S74(a) receivable	6 392 791	6 392 791
National Department of Health - S74(b) receivable	542 631	542 631

Related party transactions

Transfer payments for pension payments		
National Department of Health	4 058 000	4 050 000
Goods and services in-kind from the national Department of Health		
National Department of Health	56 835 087	61 134 958
Movement in S74(a) and S74(b) receivables		
National Department of Health	-	(36 119)

The transactions above represent transfer payments from the national Department of Health for the payment of pensions as well as the assistance necessary for the functioning of the CCOD. The S74(a) and S74(b) statutory receivables represent amounts recoverable in terms of S74(a) and S74(b) of the ODMWA from the national Department of Health for amounts which the Fund is not able to recover from controlled mines or works or persons who were paid amount the CCOD which they were not entitiled to receive.

Key management information

Role	**Name**	**Description**
Compensation Commssioner for Occupational Diseases	Dr MB Kistnasamy	Per the ODMWA the Compensation Commissioner for Occupational Diseases is responsible for administering and controlling the Fund
Deputy Compensation Commssioner for Occupational Diseases	Mr S Molautsi	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 for by the NDOH and are included in the Goods and services-in kind from the national Department of Health. Refer to note 11

The costs for the Advisory Committee are paid for by the NDOH and are included in the Goods and services-in kind from the national Department of Health. Refer to note 11

18. 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, 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 Fund'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.

2021 - Financial liabilities	**Not later than one year**
Payables from exchange transactions	97 556 500
Payables from non-exchange transactions	20 842 265
	118 398 765

2020 - Financial liabilities	**Not later than one year**
Payables from exchange transactions	92 407 662
Payables from non-exchange transactions	17 605 725
	110 013 387

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	**2021**	**2020**
Investments - CPD	2 355 031 930	2 266 757 023
Short-term fixed deposits - Absa	280 138 518	288 468 872
Short-term fixed deposits - FNB	2 209 726 581	2 200 583 650
Cash and cash equivalents - Absa	98 316 249	47 440 864
Cash and cash equivalents - FNB	271 165	6 174 069

18. Risk management (continued)

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 2021 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 and liabilities 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 in interest rates at the reporting date would have increased/(decreased) the deficit for the year by the amounts shown below.

This analysis assumes that all other variables remain constant.

31 March 2021	100 bp increase	100bp decrease
Interest bearing investments - CPD	23 658 559	(23 442 680)
Short term fixed deposits	25 013 087	(24 784 849)
Cash and cash equivalents	990 405	(981 368)
Trade and other payables	(854 890)	847 089
	48 807 161	**(48 361 808)**

31 March 2020	100 bp increase	100bp decrease
Interest bearing investments - CPD	22 771 752	(22 563 965)
Short term fixed deposits	25 004 924	(24 776 760)
Cash and cash equivalents	538 614	(533 699)
Trade and other payables	(781 426)	774 296
	47 533 864	**(47 100 128)**

18. Risk management (continued)

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Interest bearing investment - CPD	3.75 %	2 355 031 930
Short term fixed deposit - Mines	3.96 %	126 951 562
Short term fixed deposit - Mines	3.96 %	621 501 060
Short term fixed deposit - Mines	3.96 %	612 206 590
Short term fixed deposit - Mines	3.96 %	680 649 603
Short term fixed deposit - Mines	3.00 %	198 563
Short term fixed deposit - Mines	3.85 %	259 784 328
Short term fixed deposit - Works	3.96 %	168 219 204
Short term fixed deposit - Works	4.05 %	17 016 377
Short term fixed deposit - Research	3.85 %	3 337 812
Cash and cash equivalents - Mines	2.56 %	61 414 857
Cash and cash equivalents - Mines	2.25 %	271 165
Cash and cash equivalents - State	0.50 %	22 989 966
Cash and cash equivalents - Works	2.56 %	4 457 861
Cash and cash equivalents - Research	2.56 %	9 453 565
Trade and other payables	7.00 %	85 097 860

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.

19. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 1 450 783 086 and that the entity's total assets exceed its liabilities by R 1 450 783 086.

The annual report 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 (R R4 965 660 047) exceed current liabilities (R1 178 743 225) by R3 786 916 822 as at 31 March 2021.

20. Contingencies

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 116.

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 CCOD is unable to recover from the owner, is R34 304 533.

21. 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.

22. Budget differences

Material differences between budget and actual amounts

Material differences can be explained as follows:

Statement of financial performance

Levy revenue

Actual levy revenue for the year ended 31 March 2021 of R107 019 429 was lower than the budget of R305 000 000. This is attributable to the significant reduction in levy rates gazetted in the prior years which were not budgeted for. In addition lower risk shifts were worked in the 2020/2021 financial year as a result of national lockdowns implemented in response to the Covid-19 pandemic.

Interest received

Interest received was R22 498 577 lower than the budget due to the reduction in interest rates earned on short-term investments during the 2020/2021 financial year due to the reduction in interest rates as a result of the COVID-19 pandemic.

Pension payments transfer utilised

The budgeted amount of R4 272 000 represents the transfer from the NDOH for the payment of pensioners, compared to actual payments in the year ended March 2021 of R821 460 due to a reduction in pensioners eligible for pension payments.

Finance costs

Finance costs were R2 536 239 higher than budget due to higher than budgeted payables from exchange transactions in the year.

Movement in provision and general expenses

The budget for general expenses includes forecast payments of R222 602 000 for claims and pension payments compared to actual claim payments of R174 910 605. General expenses, in the statement of financial performance, includes net increases to provisions of R167 392 456. Claim payments were adversely impacted by the Covid-19 pandemic and the resultant lockdowns. The updated Actuarial valuation at 31 March 2021 was performed after the budget process was concluded.

Statement of financial position

Investments

Actual investment balances (R4 844 897 029 at 31 March 2021) were higher than budget (R4 581 418 000 at 31 March 2021) largely due to the continued growth in investment balances from interest receipts during the year.

Cash and cash equivalents

Actual cash and cash equivalents of R98 587 414 were higher than budget of R42 250 000, due a drawdown of investments balances in the financial year to fund the excess of of claim payments over levy receipts.

Payables from exchange transactions

Payables from exchange transactions were higher than budget largely due to an increase in trade payables (R38 909 491 as at 31 March 2021) and payments received from unregistered mines (R44 115 976 at 31 March 2021). Trade payables represent benefits payable for claims approved.

Payables from non-exchange transactions

Payables from non-exchange transactions of R20 462 265 largely represent excess funds from pension transfer payments which have not been utilised by the Fund to date.

22. Budget differences (continued)

Provisions

The budget process did not split provisions into current and non-current. Total provisions per the statement of financial position was R3 396 478 196 compared to the budget of R2 991 094 000. The updated actuarial valuation at 31 March 2021 was performed after the budget process for the year was completed.

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual report for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual report are for the fiscal period from 1 April 2020 to 31 March 2021. The annual report differ from the budget, which is approved on the cash basis.

The amounts in the annual report were recast from the accrual basis to the modified cash basis and reclassified by functional classification to be on the same basis as the final approved budget.

23. 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 R180 million over a four year period from 1 April 2019 to 31 December 2022.