



MINES AND WORKS COMPENSATION FUND

ANNUAL REPORT 2021/2022



health

Department:
Health
REPUBLIC OF SOUTH AFRICA





health

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Health
REPUBLIC OF SOUTH AFRICA

**Mines and Works Compensation Fund
Annual Report
for the year ended 31 March 2022**

RP218/2022
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Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

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Mines and Works Compensation Fund

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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 ODMWA 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)

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

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
CIA	Certified Internal Auditor
CISA	Certified Information System Auditor
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
IAA	Internal Audit Activity
IBNR	Incurred but not yet reported
ICT	Information and communication technology
IESBA	International Ethics Standards Board for Accountants
iMCS	Interim Mineworkers Compensation System
ISA's	International Standards on Auditing
MBA	Master of Business Administration
MBOD	Medical Bureau for Occupational Diseases
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
PAA	Public Audit Act, No. 25 of 2004
PFMA	Public Finance Management Act, No. 1 of 1999
SA	South Africa
SAIPA	South Africa Institute of Professional Accountants
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

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Part A - General information

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 the annual report is consistent with the Annual Financial Statements of the Fund, audited by the Auditor-General of South Africa.

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

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

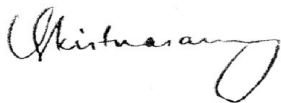
The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) Standards applicable to the Fund.

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 has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors (AGSA) are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the annual report fairly reflects the operations, the performance information and human resources information of the CCOD, and the financial affairs of the Fund for the financial year ended 31 March 2022.



Dr MB Kistnasamy

Compensation Commissioner for Occupational Diseases

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part A - General Information

1.8. Minister's statement

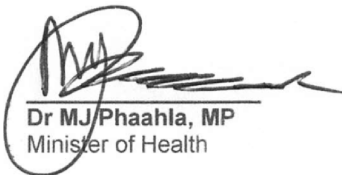
The CCOD is a subprogramme of the National Department of Health (NDOH), responsible for controlling and administering the Fund. The mandate of the CCOD is to ensure that there are effective and efficient processes of claims management and compensation of workers and ex-workers in controlled mines and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

During the 2021/2022 financial year the annual reports for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 financial years were submitted to Parliament and the financial statements for the 2018/19 and 2019/20 financial years have been finalised. The Fund submitted the financial statements for the 2019/20 and 2020/21 financial years to the AGSA. The AGSA issued unqualified audit opinions on the Annual Financial Statements for the 2019/2020 and 2020/2021 financial years which is a significant achievement for the turnaround efforts at the CCOD and the Fund.

The Fund finalised 6 155 claims in the 2021/2022 financial year compared to 5 354 claims in the previous financial year. The services of the CCOD and MBOD continued to be adversely affected by the COVID-19 pandemic, however the impact was not as severe as in the prior financial year due to return to work and measures put in place to manage the remaining restrictions. The COVID-19 pandemic has had consequences for the provision of outreach activities and medical assessments for ex-workers given the restrictions on gatherings, the movement of vulnerable persons and in particular concerns around the administration of lung function tests. The CCOD also had operations stopped for varying periods of time based on the restrictions and the need for health and safety interventions to prevent transmission risk of COVID-19 in the workplace.

The Minerals Council South Africa continued its support for the activities of the MBOD/CCOD through secondment of personnel and technical support for financial management and legal reforms. The Compensation Commissioner and the Director of the MBOD are working closely with the Tshiamiso Trust and the Mineworkers Provident Fund given the overlap with eligible claimants who have class action settlement funds and other unpaid social protection benefits respectively.

As of 31 March 2022, 139 controlled mines and works were inspected compared to 41 in the prior year. The inspections have contributed to more accurate submission of risk shift information and payments of levies by the controlled mines and works and contributed to the removal of the revenue qualifications on the audit opinions for the 2019/2020 and 2020/2021 financial years.



Dr MJ Phaahla, MP
Minister of Health

Mines and Works Compensation Fund

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Part A - General Information

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 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 works within 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).

Despite the challenges with COVID-19 and resultant restrictions, the Fund submitted the Annual Financial Statements for the 2019/2020 and 2020/2021 financial years to the AGSA for audit. During the 2021/2022 financial year the annual reports for the 2014/2015, 2015/2016, 2016/2017 and 2017/2018 financial years were submitted to Parliament. The Annual Financial Statements for the 2018/2019 and 2019/2020 financial years were finalised. Subsequent to the year-end the financial statements for the 2020/2021 year-end were finalised. The AGSA issued unqualified audit opinions on the Annual Financial Statements for the 2019/2020 and 2020/2021 financial years which is a significant achievement for the turnaround efforts at the CCOD and the Fund. In addition, the external actuary completed the actuarial valuation of the Fund as at 31 March 2022. The Annual Financial Statements for 2021/2022 were submitted to the AGSA for audit within two months after year-end.

Over the 12-month period ending 31 March 2022, 6 155 claimants were paid R139 360 628 compared to 5 354 claimants who were paid R174 910 605 in the prior financial year. The reduction in the Rand value of claims payments is as a result of more Tuberculosis loss of earnings claims being paid relative to first- and second-degree claims.

The Certification Committees of the MBOD conducted on average 497 certifications per month in the 2021/2022 financial year compared to 1 090 per month in the prior year. The Interim Mineworkers Compensation System (iMCS) was replaced with the Compensation Claims Management System (CCMS), which went live on 12 July 2021. The COVID-19 pandemic and the resultant restrictions affected the provision of benefit medical examinations (BME's) through outreach activities.

There were 5 969 certifications during the 2021/2022 financial year made up as follows:

- 4 139 non-compensable
- 1 730 compensable
- 100 deferred claims

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

The CCOD continued to pay monthly pensions to 27 pensioners in terms of the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded ODMWA. The monthly pensions are paid from voted funds.

Approximately 83% of controlled mines and works, liable for levies, paid their levies during the 2021/2022 financial year. 139 inspections of mines and works were undertaken during the financial year ending 31 March 2022 which is significantly higher than the prior financial year where 41 inspections were undertaken. On-site inspections of controlled mines and works resumed in the 2021/2022 financial year and were supported by telephonic enquiries and desktop reviews to assist with revenue assessments. The significant improvement in inspections contributed to the removal of the revenue qualifications in the 2019/2020 and 2020/2021 Annual Financial Statements.

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.

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

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/CCOD and the revenue model (levies) being changed to cover the costs of administration and the provision of services including BME's and health care, which is the norm in social protection funds. Prevention interventions in partnership with the Department of Mineral Resources and Energy and Department of Employment and Labour to eliminate or reduce workers' exposures to dust are continuing. The new ODMWA bill was noted by the Director-General and the Minister of Health. A request to process the bill through Cabinet and the legislatures was sent to the Deputy President from the Minister of Health.

Mines and Works Compensation Fund

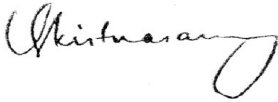
Annual Report for the year ended 31 March 2022

Part A - General Information

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 43 414 calls for the year ending 31 March 2022.

Controlled mines and works

There are 857 controlled mines and works in the register of controlled mines and works at 31 March 2022. A project to determine the complete list of controlled mines and works commenced in the 2016/2017 financial year and continued in the 2021/2022 financial year.



Dr MB Kistnasamy

Compensation Commissioner for Occupational Diseases

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part A - General Information

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

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

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

The ODMWA provides for the establishment of the MBOD, which oversees the provision of 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)
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)
- Control of Access to Public Premises and Vehicles Act, 1985 (Act 53 of 1985)
- Labour Relations Act, 1995 (Act 66 of 1995)
- Mine Health and Safety Act, 1996 (Act 29 of 1996)
- National Health Act, 2003 (Act 61 of 2003)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
- Promotion of Equality and the Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000)
- Protected Disclosures Act, 2000 (Act 26 of 2000)
- Protection of Personal Information Act, 2013 (Act 4 of 2013)
- Public Finance Management Act, 1999 (Act 1 of 1999)
- Public Service Commission Act, 1997 (Act 46 of 1997)
- State Liability Amendment Act, 2011 (Act 14 of 2011)

Mines and Works Compensation Fund

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Part A - General Information

CCOD as a subprogramme of the NDOH

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

1.12. Reporting structure

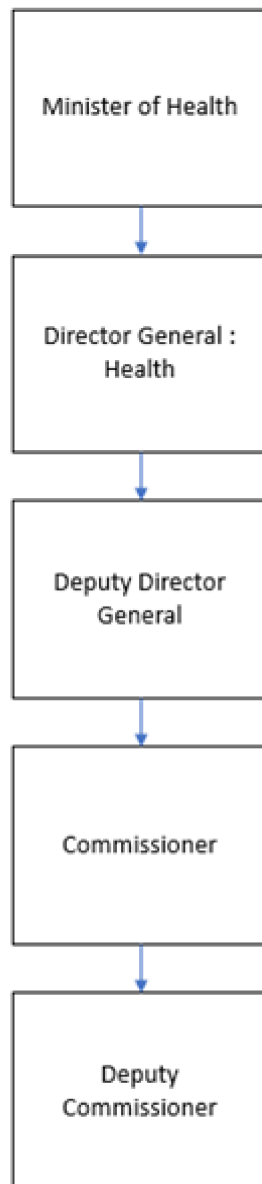


Figure 1: Reporting structure of the CCOD

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

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 2021/2022 financial year were:

- The submission of amendments to the ODMWA, to the Director-General of the NDOH
- Maintenance of the database of controlled mines and works
- Enhancing the claims management system
- The submission of annual reports of the Fund for the 2019/2020 and 2020/2021 financial years to the Auditor-General of South Africa

2.3. Situational analysis

2.3.1 Service delivery environment

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

The CCOD compensates current and ex-workers in controlled mines and works for impairment of lung function due to diseases of the cardio-respiratory system as a result of hazardous exposures at work and reimbursement for loss of earnings during Tuberculosis 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
- payment of social protection benefits to workers and ex-workers in controlled mines and works suffering from lung and heart-related diseases due to risk work
- investment of levies collected and interest earned from investments on behalf of the Fund
- administration and implementation of generally acceptable accounting practices and keeping statistical data

Overview of performance environment of the CCOD for the financial year ended 31 March 2022

The Minerals Council South Africa continued its support for various operational activities at the CCOD, through assistance with:

- General and operational management
- Technical support for financial management and legal reforms
- Funding for the electronic database of claimants and compensation claims management system
- Tracking and tracing of claimants and beneficiaries
- Stakeholder interactions

The support of the Minerals Council South Africa has assisted with overcoming the challenges of the lack of medical, finance and information technology personnel, the maintenance of the database of approximately 1.1 million claimant files, and payment of claims.

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

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part B - Performance information

The main categories of payments include:

One Sum Benefits

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

- 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 R69 247.
- 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 R154 193.
- TB benefits are in the form of reimbursements of loss of earnings incurred during TB treatment for a maximum period of 6 months. Only 75% of lost earnings are payable.

The benefit amount may be increased on an annual basis based on the Consumer Price Index and actuarial valuation, after consultation with the Advisory Committee. The latest increases in benefits were effective from 1 April 2021.

Pensioners

Former workers or spouses who are now pensioners receive monthly pension payments from the CCOD in accordance with the Pneumoconiosis Compensation Act, No. 64 of 1962. There is no provision for pensioners in the current Act and hence there are no additional pensioners. Their grants are increased annually and is done 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.

Controlled mines and works

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 2021/2022 financial year. The Risk Committee is still not functioning optimally.

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
- Ms Thembisa Mama as the Deputy Compensation Commissioner (Acting)
- Mr Mishack Maswanganye as the Director: Finance
- Dr Nhlanhla Mtshali as the Director: MBOD (Seconded)

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part B - Performance information

2.4. Performance indicators and achievements

Strategic objective	Performance Indicator	Actual achievement 2020 / 2021	Planned Target 2021 / 2022	Actual Performance 2021 / 2022	Deviation from planned target to actual achievement 2021 / 2022	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	Legal team began drafting of amendments to ODMWA and one virtual consultative workshop was held with mining companies and trade unions	Submission of amendments to ODMWA to the Director-General of the NDOH	New ODMWA bill was noted by the Director-General and the Minister of Health. A request to process the bill was sent to the Deputy President from the Minister.	Achieved	None
2	Ensure the effective and efficient management of the Fund	2.1 Report on updates of database of claims at the CCOD in terms of claims, payments, certifications and data exchange updates and/or additions	Master database updated for payments made, new claims and new certifications. External data exchange updates and/or additions to the master database external parties	Master database updated for payments made, new claims and new certifications for the month before the 7th of the next month. External data exchange updates and/or additions to the master database once a quarter	Master database updated for payments made, new claims and new certifications. External data exchange updates and/or additions to the master database external parties done for all quarters except Q2.	Not Achieved	Master database updated for payments made, new claims and new certifications. External data exchange updates and/or additions to the master database with external parties done for all quarters except Q2.
	2.2 Report on the number of certifications finalised on the Mineworkers Compensation System per year	13 084	12 000	5 969	Not Achieved	The new IT system phased rollout continued in the year. Reduced BME submissions from service providers and one stop centres resulted in a reduction in packs for certification.	
	2.3 Report on the number of benefit payments made by the CCOD (other than pension payments)	4 212	7 000	4 678	Not achieved	There was a significant reduction of claimant application packs received from service providers and one stop service centres.	

Mines and Works Compensation Fund

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Part B - Performance information

Strategic objective	Performance Indicator	Actual achievement 2020 / 2021	Planned Target 2021 / 2022	Actual Performance 2021 / 2022	Deviation from planned target to actual achievement 2021 / 2022	Comments on deviation
	2.4 Report on the number of claims finalised by the CCOD (other than pensioners)	5 354	7 700	6 155	Not achieved	There was a significant reduction of claimant application packs received from service providers and one stop service centres.
	2.5 Of all claims finalised in the period, what percentage were finalised within 90 days of receipt of all completed claim documents	82%	60%	90%	Achieved	None
	2.6 Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD	65% of controlled mines and works paying levies to the CCOD	80% of controlled mines and works paying levies to the CCOD	83% of controlled mines and works paying levies to the CCOD	Achieved	None
	2.7 Report on the submission of annual financial statements of the CCOD to the AGSA	Submission of the 2017/2018 and 2018/2019 annual financial statements to the AGSA	Submission of the 2019/2020 and 2020/2021 annual financial statements to the AGSA	Submission of the 2019/2020 and 2020/2021 annual financial statements to the AGSA	Achieved	None
	2.8 Report on the number of controlled mines and works inspected	41	77	139	Achieved	None

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part B - Performance information

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 Fund:

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

Statement of financial performance	Budget	Audited outcome	Variance	Budget	Audited outcome
	2021/2022			2020/2021	
	R'000			R'000	
Expense budget					
Compensation of employees	36 371	34 174	2 197	39 298	34 702
Goods and services	19 429	22 925	(3 496)	15 389	19 391
Transfer payments	1 437	1 437	-	4 058	4 058
Machinery and equipment	3 415	-	3 415	2 893	2 742
Households	-	745	(745)	-	-
Total	60 652	59 281	1 371	61 638	60 893

The budget for the administration of the CCOD and MBOD amounted to R60.7 million for the 2021/2022 financial year, which represented a decrease of 2 percent over the prior financial year.

The budget for the administration of the CCOD, the provision of BMEs and the activities of the Certification Committees are provided for within voted funds in the NDOH. There have been no substantial increases in the CCOD budget and the business reform processes at the CCOD have been supported by human, technical and financial resources from the Minerals Council South Africa. Additional resources are required to expand and scale up the services of the CCOD, 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.

2.6. Strategy to overcome areas of underperformance

The majority of targets in the Annual Performance Plan were achieved in the 2021/2022 financial year with 5 out of 9 targets being met.

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

- 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

There will be a decrease in the number of persons being assessed and certified due to use of risk exposure algorithms that target claimants. 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.

The provision of BMEs has been supported through partnerships with the provincial Departments of Health, the Tshiamiso Trust and mining companies. Limited outreach activities in labour sending areas within South Africa and in neighbouring countries will be targeted to claimants given the resource constraints.

The target for Master database updates for payments made, new claims and new certifications was not met in Q2 of the 2021/2022 financial year as a result of the implementation of the CCMS system. All data was updated in Q3 and maintained throughout the remainder of the financial year.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part B - Performance information

2.7. Revenue Collection

Table 2: Revenue from exchange transactions

	2021/2022			2020/2021		
	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	120 000	128 239	8 239	305 000	107 019	(197 981)
Interest received	205 500	208 777	3 277	235 000	212 501	(22 499)
Other income – S74(b) recovery	-	88	88	-	-	-
Other income – movement in provisions	-	85 175	85 175	-	-	-
Total levy revenue and interest received	325 500	422 279	96 779	540 000	319 520	(220 480)

Levy revenue for the year ended 31 March 2022 was R8 239 249 higher than the budget of R120 000 000. This is attributable to a higher number of risk shifts declared by Controlled Mines and Works in the 2021/2022 financial year than anticipated in the budget.

The table below represents the levies per commodity pre and post the changes in levies effective 1 October 2019 (gazetted in Government Notice No 1385 of Government Gazette 42793 of 24 October 2019) and 1 April 2021 (gazetted in Government Notice No 269 of Government Gazette 44400 of 26 March 2021).

Table 3: Levy rates per commodity – pre and post change on 1 April 2021

Commodity	Levy rates – applicable from 1 October 2019	Levy rates – applicable from 1 April 2021
	R	R
Andalusite	0.23	0.01
Chrome	0.28	0.33
Coal	0.49	0.50
Copper	0.09	0.39
Diamond	0.29	0.22
Fluorspar	0.01	0.07
Gold	5.40	5.06
Iron	0.36	0.20
Lead	0.28	0.32
Magnesite	0.01	0.01
Manganese	0.28	0.15
Mica & Felspar	0.01	0.01
Phosphate	0.01	0.05
Platinum	0.93	1.10
Quarries	0.44	0.30
Vanadium	0.01	0.01
Works	0.16	0.20
Research	0.02	0.02

Mines and Works Compensation Fund

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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 twice 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 to hazards and the provision of health risk assessment reports from the mines and works. The CCOD is making a concerted effort to ensure that the Risk Committee fulfils its mandate and role.

The NDOH has established a new Audit and Risk Committee whose term began in August 2021.

3.2. Portfolio Committees

During the course of the financial year ended 31 March 2022, the CCOD met with the National Assembly Portfolio Committee on Health on 4 May 2021, 10 November 2021 and 29 March 2022. The Committee was briefed as follows:

- 4 May 2021 - Annual Performance Plan (2021/2022)
- 10 November 2021 - Update on activities and performance for the 2020/2021 financial year
- 29 March 2022 - Annual Performance Plan (2022/2023)

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

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

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

As at 31 March 2022 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	3
Mr A Letshele	NUM	1 April 2019 to 31 March 2022	-
Mr A Rikhotso	NUM	1 April 2019 to 31 March 2022	2
Mr P Mardon	SOLIDARITY	1 April 2019 to 31 March 2022	2
Mr O Ralake	NUMSA	1 April 2019 to 31 March 2022	3
Mr P Mminele	NUMSA	1 April 2019 to 31 March 2022	3
Ms N Mphofu	SEIFSA	1 April 2019 to 31 March 2022	-
Mr M Grant	AMCU	1 April 2019 to 31 March 2022	-
Dr T Balfour-Kaipa	Minerals Council South Africa	1 April 2019 to 31 March 2022	3
Mr A van Vuuren	Minerals Council South Africa	1 April 2019 to 31 March 2022	3
Dr J Andrews	Minerals Council South Africa	1 April 2019 to 31 March 2022	3
Dr Z Eloff	Minerals Council South Africa	1 April 2019 to 31 March 2022	-

Mines and Works Compensation Fund

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Part C - Governance

3.5.2 Audit and Risk Committee

The Audit and Risk Committee has been constituted in terms of sections 76(4)(d) and 77 of the PFMA. The National Treasury Regulation 3.1.8 provides that an Audit and Risk Committee should operate in terms of a Charter, which must deal with its membership, authority and responsibilities. The Audit and Risk Committee Charter's purpose is to set out the specific responsibilities of the Audit and Risk Committee as prescribed in the PFMA and the National Treasury Regulations and detail the manner in which the Audit and Risk Committee will operate. It further assists the Audit and Risk Committee to fulfil its oversight role and responsibilities as follows:

- Monitoring the implementation of an effective risk management system that will enhance the CCOD's ability to achieve its outcomes and outputs
- Monitoring that the CCOD Programs, outcomes and outputs are achieved
- The review of financial information and ensuring the integrity of the Annual Financial Statements
- Monitoring that the CCOD assets and resources are acquired economically and utilised efficiently and effectively and that assets are adequately maintained and safeguarded
- The entity's compliance with the key applicable laws and regulations
- Considering reports on the adequacy and effectiveness of ICT's governance, risk management and internal control processes
- Considering reports on the adequacy and effectiveness of the HR's governance, risk management and internal control processes
- Considering the quarterly and annual performance information reports for completeness and accuracy, thereby enhancing their usefulness and reliability
- Considering reports on the adequacy and effectiveness of the Combined Assurance and Ethics Management processes
- Enhancing the internal control environment
- The performance of the internal and external audit functions

A new Audit and Risk Committee was appointed in August 2021. For the financial year ended 31 March 2022 the Audit and Risk Committee consisted of three members who are not employees of the CCOD or the NDOH. The Director-General of the NDOH, in consultation with the executive authority, appointed the committee members and the chairperson.

The members are as follows:

Name of member	Representing	Qualification	Date of appointment	Attendance (regular meeting)
Mr C de Kock	Chairperson	Professional Accountant (SAIPA) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) MCom (IT Audit)	2 August 2021 to 1 August 2024	5
Mr S Gounden	Member	Chartered Accountant (SA) Chartered Director (SA)	10 May 2021 to 9 May 2024	4
Mr IS Cele	Member	Chartered Accountant (SA) Master of Business Administration (MBA)	10 May 2021 to 9 May 2024	4

3.5.3 Risk Committee

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 as controlled under Section 20 of the ODMWA for the CCOD's purposes.

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

Mines and Works Compensation Fund

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Part C - Governance

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

Name of member	Representing	Date of appointment	Attendance
Mr M Zondi (Chairperson)	DMRE	DMRE	2
Mr D Msiza	DMRE	DMRE	-
Mr V Nundlall	Minerals Council South Africa	1 July 2018 to 30 June 2021 1 July 2021 to 30 June 2024	2
Prof C Badenhorst	Minerals Council South Africa	1 July 2018 to 30 June 2021 1 July 2021 to 30 June 2024	2
Ms JP van Vuuren	Solidarity	1 July 2018 to 30 June 2021 1 July 2021 to 30 June 2024	-
Mr M Grant	AMCU	1 July 2018 to 30 June 2021	-
Dr B Nene	Minerals Council South Africa (alternate)	1 July 2018 to 30 June 2021	-
G Nkosi	AMCU	1 July 2021 to 30 June 2024	-

The Risk Committee met twice during 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.

During the course of the 2021/2022 financial year the following activities were undertaken by the Risk Management function and noted by the Audit and Risk Committee:

- Risk management policy and risk management strategy were reviewed and revised
- Risk management implementation plan developed for 2021/2022
- Fraud risk register was reviewed and updated for the financial year
- Strategic risk register was reviewed and updated for the financial year
- Operational risk register was reviewed and updated for the financial year

3.7. Minimising Conflicts of interest

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

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 response to COVID-19 pandemic, which continued in the 2021/2022 year. The committee, amongst others, dealt with screening and sign-on procedures, Covid-19 vaccination awareness amongst staff and return to work protocols. In addition, a number of challenges with the building and other infrastructure issues exist, which have not been resolved. A committee to address the infrastructure and safety, health and environmental 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.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part C - Governance

3.11. Fraud and Corruption

The CCOD has an approved fraud prevention and implementation plan which includes management's fraud risk approach. The fraud prevention and implementation 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 the Public Service Commission.

3.12. Internal audit

The objective of the Internal Audit Activity (IAA) at the CCOD and Fund is to provide an effective, independent objective assurance and consulting activity designed to add value and improve the CCOD and Fund operations. It achieves this by evaluating and improving the effectiveness of risk management, control, and governance processes at the CCOD and Fund.

The IAA performed audits in line with the approved risk based Internal Audit plan for the 2021/2022 financial year. The IAA's Risk-Based Three-Year Strategic and Annual Plan were approved by the Audit and Risk Committee.

3.13. Audit and Risk Committee report

The Audit and Risk Committee (ARC) hereby presents its report in respect of the financial year ended 31 March 2022 in terms of its obligations according to Paragraph 3.1.13 of the Treasury Regulations issued in terms of section 38(1) (a) and section 77 of the Public Finance Management Act (PFMA), Act 1 of 1999, as amended by Act 29 of 1999.

Audit and Risk Committee Responsibility

The CCOD has established an Audit Committee in accordance with the provisions of said Treasury Regulations and the PFMA.

The ARC reports that it has complied with its responsibilities arising from section 38(1)(a)(ii) of the Public Finance Management Act, 1999 (Act 1 of 1999) and Treasury Regulations 3.1.13. The ARC also reports that it has adopted appropriate formal terms of reference as its Charter, which is reviewed annually and has regulated the affairs of the ARC in compliance with this charter, with the exception/limitation that the ARC was only fully constituted for eight(8) months of the financial period under review.

Composition and Meetings of the Audit and Risk Committee

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

Name	Qualifications	Designation	Date Appointed	End of Term	Number of meetings attended
Mr C de Kock	Professional Accountant (SAIPA) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) MCom(IT Audit)	Chairperson - Independent Non-executive Member	02/08/2021	02/08/2024	5
Mr S Gounden	Chartered Accountant (SA) Chartered Director (SA)	Independent Non-executive Member	10/05/2021	10/05/2024	4
Mr IS Cele	Chartered Accountant (SA) Master of Business Administration (MBA)	Independent Non-executive Member	10/05/2021	10/05/2024	4

The Effectiveness of Internal Control

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

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

Mines and Works Compensation Fund

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Part C - Governance

The systems of internal control within the CCOD were materially effective, have improved for the year under review and the ARC is of the opinion that both the AGSA and Internal Audit findings should be addressed timely to further enhance the systems of internal control. Internal control areas requiring improvement include information technology (ICT) controls (environmental, resource capacity and 3rd party service level management) and improved governance of the Risk Committee that deals with the mines.

Internal Audit

The Audit and Risk Committee is satisfied with the activities of the Internal Audit function, including its annual work programme, coordination with the external auditors and follow-up's on management corrective action plans although it was recommended that Internal Audit should not take responsibility for the Risk and Ethics Management function to ensure objectivity. The ARC further noted improvements in Risk Management and the processes undertaken to mitigate identified risks.

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

1. Quarterly financial management reports and the unaudited annual financial statements (AFS) before submission to the AGSA;
2. Corrective action plans to address AGSA and Internal Audit findings;
3. The appropriateness of the accounting policies, practices and the potential changes there;
4. The effectiveness of the system of risk management including fraud prevention;
5. Compliance with relevant laws and regulations.
6. Quarterly operational reports including ICT and Human Resources Management governance;
7. Quarterly performance Information reports and the Annual Report, prior to submission to the AGSA and final publication; and
8. Plans, work and progress reports of Internal Audit and the AGSA.

Quarterly In-year Management Reports

ARC reviewed the quarterly reports and was satisfied with the content and quality of the quarterly reports, as issued by the Accounting Officer and management.

Evaluation of Financial Statements

The ARC has:

1. Reviewed the draft AFS and Performance Information Report to be included in the Annual Report;
2. Noted the AGSA's Management and Audit Reports as presented and Management responses thereto;
3. Noted significant adjustments resulting from the audit;
4. Reviewed any changes in accounting policies and practices; and
5. Reviewed compliance with applicable regulatory provisions
6. Evaluated the Finance function and was satisfied with the skills and experience

Auditor General's Report

The ARC concurs and accepts the conclusions of the Auditor General South Africa on the Annual Financial Statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General South Africa.

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

Appreciation

The Committee expresses its appreciation to the Commissioner, Senior Management team, Internal Audit and the Auditor-General South Africa for their continued support and dedication during the year under review.



CG de Kock
Chairperson of the Audit and Risk Committee
CCOD
Date: 29 July 2022

Mines and Works Compensation Fund

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Part D - Human resource management

4.1. Introduction

The number of filled positions at the CCOD and MBOD decreased to 35 (2021: 37) and 41 (2021: 47) as at 31 March 2022 from 31 March 2021. The Deputy Compensation Commissioner, Mr. S Molautsi, retired on 31 March 2021 and his position has not been filled on a permanent basis. Ms T Mama was appointed as the acting Deputy Compensation Commissioner. The filled posts 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.

4.2. Employee distribution

The employee distribution was as follows:

Table 4: Distribution of posts at the CCOD as at 31 March 2022

Designation	Level	Number of posts	Filled	Vacant
Compensation Commissioner	14	1	1	-
Director	13	2	1	1
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 / Finance Clerk	5	21	17	4
Senior telecoms operator	4	1	1	-
General assistant	3	1	-	1
Messenger	3	1	1	-
Total		46	35	11

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	1	1															1	1		
12			3																	3
10	1		1														1			1
8	2																2			
7	3																3			
6	2													2			2			2
5	5		12														5			12
4			1																	1
3	1																1			
Total	15	1	17						1					2			16	1		19

*M=Male

F=Female

D=Disabled

Mines and Works Compensation Fund

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Part D - Human resource management

Table 6: Distribution of posts at the MBOD as at 31 March 2022

Designation	Level	Number of posts	Filled	Vacant
Deputy Director	12	1	0	1
Assistant Director	10	1	1	0
Chief Clinical Technologist	10	1	1	0
Assistant Director Clinical Technology	10	1	1	0
Assistant Director Radiography	10	1	1	0
Clinical examination and certification	9	1	0	1
Radiographer	8	1	0	1
Professional Nurse	9	1	0	1
Radiologist	9	1	1	0
Personal assistant	7	1	1	0
Senior Human Resource Officer	7	1	0	1
Security	4	8	7	1
Finance Clerk	5	1	1	0
Senior Administration Clerk	6	8	5	3
Senior Security	6	1	1	0
Administration clerk	5	14	10	4
Chief admin Clerk	7	4	4	0
Chief Security	7	1	1	0
Supply Chain clerk	5	2	1	1
General assistant	3	7	4	3
Driver	3	1	1	0
Total		58	41	17

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																					
10			3								1										4
9			1																		1
7	3		3																	3	3
6	5		2																	5	2
5	5		7																	5	7
4	6		1																	6	1
3	2		2																	2	2
Total	21		19								1									21	20

*M=Male

F=Female

D=Disabled

Mines and Works Compensation Fund

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Part E - Annual financial information

5.1. Overall performance

The Annual Performance Plan for 2021/2022 was approved by the Minister of Health on 24 March 2021.

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

Classification	Budget 2021/2022 R '000	Expenditure 2021/2022 R '000	Available R '000	% Spend	Over/under expenditure
Compensation of employees	36 371	34 174	2 197	94%	Under
Goods and services	19 429	22 925	(3 496)	>100%	Over
Transfer payments	1 437	1 437	-	100%	-
Machinery and equipment	3 415	-	3 415	(100%)	Under
Households	-	745	(745)	>100%	Over
Total	60 652	59 281	1 371	94%	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 in-kind 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
	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000	2021/2022 R'000		
Levy income	107 116	114 531	107 020	120 000	128 239	7	20
Interest received	337 599	344 846	212 501	205 500	208 777	2	(2)
Other income – S74(a) recovery	59	(36)	-	-	-	-	-
Other income – S74(b) recovery	-	-	-	-	88	100	100
Other income – movement in provisions	671 385	315 174	-	-	85 175	100	100
Exchange revenue	1 116 159	774 515	319 521	325 500	422 279	30	32
Transfers received	1 067	992	821	1 437	466	(68)	(43)
Goods and services in- kind	55 213	61 135	56 835	-	57 844	100	2
Total revenue	1 172 438	836 642	377 177	326 937	480 589	47	27

Levy revenue for the financial year ended 31 March 2022 was 20 percent higher than the prior financial year ending 31 March 2021. This is mainly attributable to the increase in risk shifts applicable to gold and platinum mines as a result of the reduced impact of Covid-19 restrictions in the mining industry in the 2021/2022 financial year as mining operations normalised. Refer to section 2.7 above for the changes in levy rates effective 1 April 2021.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

“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 R3,39 billion at 31 March 2021 to R3,43 billion at 31 March 2022 with the increase being driven by the unwinding charge during the 2021/2022 financial year of R259 086 964. The remainder of the movements in provisions was a net release of R85 175 205 which is reflected in “Other income – movement in provisions”.

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
	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000	2021/2022 R'000		
Finance costs	303 568	282 396	285 347	284 000	262 317	(8)	(8)
General expenses	4 561	9 315	7 428	2 336	9 003	>100	21
Movement in provisions / Pension payments	1 067	992	168 215	121 437	465	(99)	(99)
Goods and services in-kind	55 213	61 135	56 835	-	57 844	100	2
Total expenses	364 409	353 838	517 825	407 773	329 629	(19)	(36)

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 R3,39 billion at 31 March 2021 to R3,43 billion at 31 March 2022 with the increase being driven by the unwinding charge during the 2021/2022 financial year of R259 086 964 included in finance costs above. Refer to note 6 in the Annual Financial Statements for the breakdown of the movement in provisions. The remainder of the movements in provisions was a net release of R85 175 205 which is reflected in “Other income – movement in provisions”.

Goods and services in-kind represent the cost to the NDOH for administration of the CCOD and MBOD. The increase of R1 million in the 2020/2021 financial year is driven by increased spend on goods and services costs (R1,6 million higher), partially offset by lower compensation of employees (R0,6 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.

Mines and Works Compensation Fund

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Part E - Annual financial information

Table 11 provides a breakdown of assets:

Table 11: Breakdown of assets

Statement of financial position item	Audited amount			Budget	Actual	% deviation from budget	% deviation from prior year
	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000	2021/2022 R'000		
Investments	4 511 134	4 755 810	4 844 897	5 142 136	5 048 182	(2)	4
Receivables from exchange transactions	17 524	13 490	22 176	27 073	16 486	(39)	(26)
Cash and cash equivalents	49 138	53 615	98 587	41 251	89 600	>100	(9)
Total assets	4 577 796	4 822 914	4 965 660	5 210 460	5 154 268	(1)	4

Total assets were 4 percent higher at 31 March 2022 compared to 31 March 2021, 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 payables from exchange and non-exchange transactions.

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
	2018/2019 R'000	2019/2020 R'000	2020/2021 R'000	2021/2022 R'000	2021/2022 R'000		
Accumulated surplus	1 108 626	1 591 430	1 450 783	1 470 573	1 601 742	9	10
Provisions – Non-Current	2 558 061	2 261 077	2 336 134	2 563 134	2 449 109	(4)	5
Provisions - Current	813 642	860 393	1 060 344	1 057 921	981 920	(7)	(7)
Payables from exchange	82 919	92 408	97 557	97 168	99 683	3	2
Payables from non-exchange	14 548	17 606	20 842	21 664	21 814	1	5
Total equity and liabilities	4 577 796	4 822 914	4 965 660	5 210 460	5 154 268	(1)	4

Provisions at 31 March 2022 were in-line with the balance at 31 March 2021. Please refer to note 6 in the Annual Financial Statements for a detailed breakdown of the movement in the provision liability during the year.

The increase in total equity and liabilities driven by the surplus for the year of R150 959 170.

Please refer to note 22 in the Annual Financial Statements for commentary on actual results compared to budget.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

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.

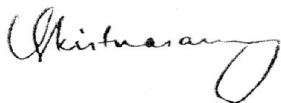
The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations of such statements issued by the Accounting Standards Board and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 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 2022. 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 27 to 29.

The annual financial statements of the Fund, set out on pages 30 to 66, were approved by the accounting officer, in terms of the ODMWA, for the financial year ended 31 March 2022 and were signed on its behalf by:



Dr MB Kistnasamy

Compensation Commissioner for Occupational Diseases

30 July 2022

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mines and Works Compensation Fund set out on pages 30 to 66, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, and 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 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 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, the requirements of the PFMA, the Occupational Diseases in Mines and Works Act 78 of 1973 (ODMWA), 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 public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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 public entity 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.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

13. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the minister's statement, accounting officers report, audit committee report and human resource management. The other information does not include the financial statements and the auditor's report.
14. 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.
15. 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.
16. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

17. 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. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

31 July 2022



Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

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 public 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 fund’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Mines and Works Compensation Fund to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a fund to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

5.5 Statement of Financial Position as at 31 March 2022

	Note(s)	2022 R	2021 R
Assets			
Current Assets			
Investments	3	5 048 182 108	4 844 897 029
Receivables from exchange transactions	4	16 486 019	22 175 604
Cash and cash equivalents	5	89 600 119	98 587 414
		5 154 268 246	4 965 660 047
Total Assets		5 154 268 246	4 965 660 047
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	99 682 982	97 556 500
Payables from non-exchange transactions	8	21 813 681	20 842 265
Provisions	6	981 919 658	1 060 344 460
		1 103 416 321	1 178 743 225
Non-Current Liabilities			
Provisions	6	2 449 109 669	2 336 133 736
Total Liabilities		3 552 525 990	3 514 876 961
Net Assets		1 601 742 256	1 450 783 086
Accumulated surplus		1 601 742 256	1 450 783 086

The accounting policies on pages 36 to 45 and the notes on pages 46 to 66 form an integral part of the annual financial statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

5.6 Statement of Financial Performance

	Note(s)	2022 R	2021 R
Revenue			
Revenue from exchange transactions			
Section 62 levies		126 947 108	105 885 837
Section 63 research levies		1 292 141	1 133 592
Other income - S74 (b) recovery		87 510	-
Other income - movement in provisions		85 175 205	-
Interest received	10	208 777 215	212 501 423
Total revenue from exchange transactions		422 279 179	319 520 852
Revenue from non-exchange transactions			
Transfer revenue			
Goods and services in-kind from the national Department of Health	11	57 843 885	56 835 087
Pension payments transfer utilised		465 584	821 460
Total revenue from non-exchange transactions		58 309 469	57 656 547
Total revenue	9	480 588 648	377 177 399
Expenditure			
Finance costs	12	(262 317 026)	(285 347 101)
Debt impairment	13	(5 721 147)	(2 453 653)
Goods and services in-kind from the national Department of Health	11	(57 843 885)	(56 835 087)
Movement in provisions and general expenses	14	(3 747 420)	(173 188 714)
Total expenditure		(329 629 478)	(517 824 555)
Surplus / (deficit) for the year		150 959 170	(140 647 156)

The accounting policies on pages 36 to 45 and the notes on pages 46 to 66 form an integral part of the annual financial statements.

Mines and Works Compensation Fund

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5.7 Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
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)
Opening balance as previously reported	1 450 783 086	1 450 783 086
Balance at 01 April 2021	1 450 783 086	1 450 783 086
Changes in net assets		
Surplus for the year	150 959 170	150 959 170
Total changes	150 959 170	150 959 170
Balance at 31 March 2022	1 601 742 256	1 601 742 256

The accounting policies on pages 36 to 45 and the notes on pages 46 to 66 form an integral part of the annual financial statements.

Mines and Works Compensation Fund

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5.8 Cash Flow Statement

	Note(s)	2022 R	2021 R
Cash flows from operating activities			
Receipts			
Levy income		127 864 523	95 879 806
Interest income		169 524 711	317 145 191
Transfer payments (non-exchange)		1 437 000	4 058 000
		298 826 234	417 082 997
Payments			
Claimants		(140 085 309)	(174 736 564)
Finance costs		(3 230 062)	(2 821 239)
Transfer payments		(465 584)	(821 460)
		(143 780 955)	(178 379 263)
Net cash flows from operating activities	15	155 045 279	238 703 734
Cash flows from investing activities			
Purchase of financial assets		(164 032 574)	(193 731 253)
Net cash flows from investing activities		(164 032 574)	(193 731 253)
Net (decrease)/ increase in cash and cash equivalents		(8 987 295)	44 972 481
Cash and cash equivalents at the beginning of the year		98 587 414	53 614 933
Cash and cash equivalents at the end of the year	5	89 600 119	98 587 414

The accounting policies on pages 36 to 45 and the notes on pages 46 to 66 form an integral part of the annual financial statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

5.9 Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of financial performance						
Revenue						
Revenue from exchange transactions						
Levy revenue	321 470 000	(201 470 000)	120 000 000	128 239 249	8 239 249	Note 22
Other income - S74(b) recovery	-	-	-	87 510	87 510	
Other income - movement in provisions	-	-	-	85 175 205	85 175 205	Note 22
Interest received	247 690 000	(42 190 000)	205 500 000	208 777 215	3 277 215	Note 22
Total revenue from exchange transactions	569 160 000	(243 660 000)	325 500 000	422 279 179	96 779 179	
Revenue from non-exchange transactions						
Transfer revenue						
Goods and services in-kind from the national Department of Health	-	-	-	57 843 885	57 843 885	Note 22
Pension payments transfer utilised	1 437 000	-	1 437 000	465 584	(971 416)	Note 22
Total revenue from non-exchange transactions	1 437 000	-	1 437 000	58 309 469	56 872 469	
Total revenue	570 597 000	(243 660 000)	326 937 000	480 588 648	153 651 648	
Expenditure						
Finance costs	(300 000)	(283 700 000)	(284 000 000)	(262 317 026)	21 682 974	Note 22
Debt Impairment	-	-	-	(5 721 147)	(5 721 147)	Note 22
Goods and services in-kind from the national Department of Health	-	-	-	(57 843 885)	(57 843 885)	Note 22
Movement in provisions and general expenses	(243 708 000)	119 935 000	(123 773 000)	(3 747 420)	120 025 580	Note 22
Total expenditure	(244 008 000)	(163 765 000)	(407 773 000)	(329 629 478)	78 143 522	
Surplus	326 589 000	(407 425 000)	(80 836 000)	150 959 170	231 795 170	
Actual amount on comparable basis as presented in the budget and actual comparative statement	326 589 000	(407 425 000)	(80 836 000)	150 959 170	231 795 170	

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

5.9 Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of financial position						
Assets						
Current Assets						
Investments	4 828 814 000	313 322 000	5 142 136 000	5 048 182 108	(93 953 892)	Note 22
Receivables from exchange transactions	17 936 000	9 137 000	27 073 000	16 486 019	(10 586 981)	Note 22
Cash and cash equivalents	44 532 000	(3 281 000)	41 251 000	89 600 119	48 349 119	Note 22
	4 891 282 000	319 178 000	5 210 460 000	5 154 268 246	(56 191 754)	
Total Assets	4 891 282 000	319 178 000	5 210 460 000	5 154 268 246	(56 191 754)	
Liabilities						
Current Liabilities						
Payables from exchange transactions	15 243 000	81 925 000	97 168 000	99 682 982	2 514 982	Note 22
Payables from non-exchange transactions	-	21 664 000	21 664 000	21 813 681	149 681	Note 22
Provisions	-	1 057 921 000	1 057 921 000	981 919 658	(76 001 342)	Note 22
	15 243 000	1 161 510 000	1 176 753 000	1 103 416 321	(73 336 679)	
Non-Current Liabilities						
Provisions	2 911 252 000	(348 118 000)	2 563 134 000	2 449 109 669	(114 024 331)	Note 22
Total Liabilities	2 926 495 000	813 392 000	3 739 887 000	3 552 525 990	(187 361 010)	
Net Assets	1 964 787 000	(494 214 000)	1 470 573 000	1 601 742 256	131 169 256	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 964 787 000	(494 214 000)	1 470 573 000	1 601 742 256	131 169 256	

The accounting policies on pages 36 to 45 and the notes on pages 46 to 66 form an integral part of the annual financial statements.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

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.

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

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

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

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.

Mines and Works Compensation Fund

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Part E - Annual financial information

5.10 Accounting Policies

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.

Mines and Works Compensation Fund

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Part E - Annual financial information

5.10 Accounting Policies

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.

Mines and Works Compensation Fund

Annual Report for the year ended 31 March 2022

Part E - Annual financial information

5.10 Accounting Policies

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.

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.

Mines and Works Compensation Fund

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Part E - Annual financial information

5.10 Accounting Policies

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.

Mines and Works Compensation Fund

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5.10 Accounting Policies

1.5 Statutory receivables (continued)

Derecognition

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

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

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

1.6 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.

Mines and Works Compensation Fund

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5.10 Accounting Policies

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.

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.

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5.10 Accounting Policies

1.8 Revenue from non-exchange transactions (continued)

Recognition

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

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

Measurement

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

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

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.

Mines and Works Compensation Fund

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Part E - Annual financial information

5.10 Accounting Policies

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 subsequently 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.

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 accrual 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 2021 to 31 March 2022.

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 financial statements.

Mines and Works Compensation Fund

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5.10 Accounting Policies

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.

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

	2022 R	2021 R
2. New standards and interpretations		
2.1 Standards and interpretations issued, but not yet effective		
The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:		
Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 104 (amended): Financial Instruments	Not yet determined	Not yet determined
3. Investments		
At amortised cost		
CPD Investment The interest bearing investment is money invested with the Corporation for Public Deposits (CPD). It bears interest at 4.25% per annum (2021: 3.75% per annum).	2 445 502 205	2 355 031 930
Fixed deposit - Mines Short term fixed deposits are funds invested in financial instruments which bear interest between 3.75% and 5.42% per annum (2021: between 3.85% and 3.96% per annum).	2 405 390 137	2 301 291 706
Fixed deposit - Works Short term fixed deposits are funds invested in financial instruments which bear interest between 4.85% and 5.33% per annum (2021: between 3.96% and 4.05% per annum).	193 803 985	185 235 581
Fixed deposit - Research Short term fixed deposits are funds invested in financial instruments which bear interest at 4.55% per annum (2021: 3.85% per annum).	3 485 781	3 337 812
Investments will mature within the next year.		
	5 048 182 108	4 844 897 029
Current assets		
At amortised cost	5 048 182 108	4 844 897 029

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

	2022 R	2021 R
4. Receivables from exchange transactions		
Trade debtors - Statutory receivable	9 336 098	14 537 177
Other receivables - Statutory receivable	557 662	703 005
S74(a) receivable - Statutory receivable	5 962 118	6 392 791
S74(b) receivable - Statutory receivable	630 141	542 631
	16 486 019	22 175 604

Standard terms and interest charged on overdue accounts

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

2022

1 April 2021 to 31 December 2021	7.00%
1 January 2022 to 28 February 2022	7.25%
1 March 2022 to 31 March 2022	7.5%

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%

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 2022, R7 913 749 (2021: R7 557 674) were neither past due nor impaired.

At 31 March 2022, R8 572 270 (2021: R14 617 930) were past due but not impaired.

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

One month past due	717 003	333 520
Two to three months past due	618 242	577 025
Over three months past due	7 237 025	13 707 385

Trade and other receivables impaired

As of 31 March 2022, trade and other receivables of R111 179 794 (2021: R105 458 647) were impaired and provided for.

The ageing of these receivables is as follows:

Current	3 607 641	3 589 667
One month past due	-	916 234
Two to three months past due	-	1 068 513
Over three months past due	107 572 153	99 884 233

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

	2022 R	2021 R
4. Receivables from exchange transactions (continued)		
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	105 458 647	103 004 994
Provision for impairment	5 721 147	2 453 653
	111 179 794	105 458 647

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

- Operations with no evidence of activity in the current year - full outstanding balance provided
- Operations with evidence of activity in the current year or which belong to a current operating group - outstanding balances of greater than 180 days plus the interest accrued in the current year have been provided

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	89 600 119	98 587 414
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In terms of established practices, any costs associated with maintaining separate bank accounts, or any interest received on such accounts, is for the account of the Fund.

Credit quality of cash at bank and short term deposits

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

Credit rating

Absa (F1+) - Current Account: Mines	23 697 414	61 414 857
Absa (F1+) - Current Account: State	24 089 189	22 989 966
Absa (F1+) - Current Account: Research	9 702 937	9 453 565
Absa (F1+) - Current Account: Works	4 458 060	4 457 861
FNB (F1+) - Current Account: Mines	27 652 519	271 165
	89 600 119	98 587 414

6. Provisions

Provisions comprise:

Benefits due	981 919 658	1 060 344 460
IBNR provision	2 449 109 669	2 336 133 736
	3 431 029 327	3 396 478 196

Provisions comprise:

Non-current liabilities	2 449 109 669	2 336 133 736
Current liabilities	981 919 658	1 060 344 460
	3 431 029 327	3 396 478 196

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

6. Provisions (continued)

Reconciliation of provisions - 2022

	Opening Balance	Additions (1)	Paid during the year (2)	Changes in methodology and assumptions / unexpected increase/(decrease) (3)	Unwinding (4)	Transfer to benefits due	Total
IBNR - TB Loss of Earnings	9 434 989	19 381 900	-	(363 175)	1 468 965	(19 873 923)	10 048 756
IBNR - TB First Degree	10 390 582	6 555 449	-	82 463	1 020 530	(7 333 639)	10 715 385
IBNR - TB Second Degree	16 999 894	16 823 239	-	164 392	1 888 190	(17 621 912)	18 253 803
IBNR - Permanent First Degree	983 385 796	34 599 505	-	65 550 453	80 066 511	(132 020 925)	1 031 581 340
IBNR - Permanent Second Degree	1 315 922 475	55 292 424	-	92 460 386	106 859 213	(192 024 113)	1 378 510 385
Benefits Due - TB Loss of Earnings	108 252 533	-	(17 617 618)	(16 569 047)	7 078 767	19 873 923	101 018 558
Benefits Due - TB First Degree	44 722 003	-	(5 085 363)	(6 775 231)	2 671 752	7 333 639	42 866 800
Benefits Due - TB Second Degree	187 064 292	-	(60 513 561)	22 046 760	11 373 324	17 621 912	177 592 727
Benefits Due - Permanent First Degree	287 929 776	-	(32 408 781)	(144 232 406)	18 917 347	132 020 925	262 226 861
Benefits Due - Permanent Second Degree	429 952 870	-	(23 735 305)	(230 192 317)	27 742 365	192 024 113	395 791 726
Provision for PH files	2 422 986	-	-	-	-	-	2 422 986
	3 396 478 196	132 652 517	(139 360 628)	(217 827 722)	259 086 964	-	3 431 029 327

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 2021 for the 12-month inter-valuation period

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

6. Provisions (continued)

Reconciliation of provisions - 2021

	Opening Balance	Additions (1)	Paid during the year (2)	Changes in methodology and assumptions / unexpected increase/(decrease) (3)	Unwinding (4)	Transfer to benefits due	Total
IBNR - TB Loss of Earnings	10 256 483	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

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

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 2022 was estimated to be R3 431 029 327 (31 March 2021: R3 396 478 196). 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 2022.

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 2022:

- 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 2022
- a settlement pattern was applied to the proportion of claims that are assumed will be paid as at 31 March 2022. The settlement patterns were consistent with those used to calculate the IBNR provision
- expected future claim payments were discounted to 31 March 2022 using the Bond Exchange and Actuarial Society of South Africa (BEASSA) nominal zero coupon yield curve as at 31 March 2022
- 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).

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

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 2022:

- Roll forward of the liability as at 31 March 2021, including an allowance for updated financial assumptions was undertaken to estimate the liability as at 31 March 2022. Methodology for the 2021 valuation is discussed in the points below.
- 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 maximum 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:

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6. Provisions (continued)

- 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

- 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 2022:

- Roll forward of the liability as at 31 March 2021, including an allowance for updated financial assumptions was undertaken to estimate the liability as at 31 March 2022. Methodology for the 2021 valuation is discussed in points below.
- 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

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6. Provisions (continued)

- 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 maximum 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
- 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 year 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 to 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 was 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

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6. Provisions (continued)

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 2022 at that point in time
- inflation is calculated to be difference between the yields on the BEAASA nominal zero coupon bond curve and real zero bond curve as at 31 March 2022. An inflation risk premium of 0.5% has been applied

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

	2022	2021
	%	%
Future 'inflation rate' for TB Loss of Earnings	10	10
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:

2022	Benefits due	IBNR provision	Impact on deficit / accumulated surplus
Base scenario	981 919 658	2 449 109 669	-
IBNR 90% TB payment, 75% Other permanent payment, Benefits due 75% payment	856 186 308	2 393 746 289	181 096 730
IBNR 90% TB payment, 60% Other permanent payment, Benefits due 60% payment	730 453 320	1 922 718 301	777 857 706
IBNR 90% TB payment, 90% Other permanent payment, Benefits due 90% payment	981 919 657	2 864 774 276	(415 664 606)
2021	Benefits due	IBNR provision	Impact on surplus / 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)

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	2022 R	2021 R
7. Payables from exchange transactions		
Trade payables	90 178 669	85 097 860
Other payables	9 504 313	12 458 640
	99 682 982	97 556 500

8. Payables from non-exchange transactions

National Department of Health - Pensions	21 433 681	20 462 265
Other payables from non-exchange transactions	380 000	380 000
	21 813 681	20 842 265

9. Total revenue

Section 62 levies	126 947 108	105 885 837
Section 63 research levies	1 292 141	1 133 592
Other income - S74 (b) recovery from the National Department of Health	87 510	-
Other income - movement in provisions	85 175 205	-
Interest received	208 777 215	212 501 423
Goods and services in-kind from the national Department of Health	57 843 885	56 835 087
Pension payments transfer utilised	465 584	821 460
	480 588 648	377 177 399

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

Section 62 levies	126 947 108	105 885 837
Section 63 research levies	1 292 141	1 133 592
Other income - S74 (b) recovery from the National Department of Health	87 510	-
Other income - movement in provisions	85 175 205	-
Interest received	208 777 215	212 501 423
	422 279 179	319 520 852

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.

Movement in provisions

Disease in the First Degree - Section 80(1)	(44 082 448)	7 068 188
Disease in the Second Degree - Section 80(3)	(82 439 507)	59 374 889
Tuberculosis at 75% - Section 80(1)	2 449 678	25 675 672
Tuberculosis in the First Degree - Section 80(4)	(137 319)	(689 467)
Tuberculosis in the Second Degree - Section 80(2)(b)	39 034 391	75 963 174
	(85 175 205)	167 392 456

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	57 843 885	56 835 087
Pension payments transfer utilised	465 584	821 460
	58 309 469	57 656 547

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

	2022 R	2021 R
9. Total revenue (continued)		
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 relate to the CCOD.
Pension payments made		Pension payments made by the CCOD on behalf of the national Department of Health.
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		
Interest revenue		
Interest on investments	203 285 079	207 773 203
Interest on cash and cash equivalents	1 961 907	1 438 527
Interest charged on trade and other receivables	3 530 229	3 289 693
	208 777 215	212 501 423

The amount included in interest income arising from exchange transactions amounted to R208 777 215 (2021: R212 501 423).

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5.11 Notes to the annual financial statements

	2022 R	2021 R
11. Goods and services in-kind from the national Department of Health		
Goods and services in-kind from the national Department of Health	57 843 885	56 835 087
Goods and services in-kind from the national Department of Health comprise:		
Non-exchange - services in-kind - employee related expenses	34 173 892	34 701 970
Non-exchange - goods and services in-kind	23 669 993	22 133 117
	57 843 885	56 835 087
12. Finance costs		
Trade and other payables	3 230 062	2 821 239
Provisions - Unwinding adjustment	259 086 964	282 525 862
	262 317 026	285 347 101
13. Debt impairment		
Contributions to debt impairment provision - refer to Note 4	5 721 147	2 453 653
14. Movement in provisions and general expenses		
Actuarial valuation expenses	2 323 727	4 647 453
Bank charges	527 436	327 345
Pensions	465 584	821 460
Movement in provisions	-	167 392 456
Movement in S74(a) receivable from the national Department of Health	430 673	-
	3 747 420	173 188 714
Pension payments for pneumoconiosis which has permanently impaired cardio-respiratory functions by:		
Not less than 20 percent but not more than 50 percent	35 895	85 472
Pneumoconiosis together with tuberculosis	7 001	26 964
Dependants	422 688	709 024
	465 584	821 460
15. Cash generated from operations		
Surplus / (deficit)	150 959 170	(140 647 156)
Adjustments for:		
Finance costs (provisions unwinding adjustment)	259 086 964	282 525 862
Debt impairment	5 721 147	2 453 653
Net movement in provisions (excluding unwinding adjustment)	(224 535 833)	(7 518 149)
Accrued interest on investments	(39 252 504)	104 643 769
Changes in working capital:		
Receivables from exchange transactions	(31 562)	(11 139 623)
Payables from exchange transactions	2 126 481	5 148 838
Payables from non-exchange transactions	971 416	3 236 540
	155 045 279	238 703 734

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

	2022 R	2021 R
16. Financial instruments disclosure		
Categories of financial instruments		
2022		
Financial assets		
	At amortised cost	Total
Investments	5 048 182 108	5 048 182 108
Cash and cash equivalents	89 600 119	89 600 119
	5 137 782 227	5 137 782 227
Financial liabilities		
	At amortised cost	Total
Payables from exchange transactions	99 682 982	99 682 982
Payables from non-exchange transactions	21 813 681	21 813 681
	121 496 663	121 496 663
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

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	2022 R	2021 R
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	(21 433 681)	(20 462 265)
National Department of Health - S74(a) receivable	5 962 118	6 392 791
National Department of Health - S74(b) receivable	630 141	542 631
Related party transactions		
Transfer payments for pension payments		
National Department of Health	1 437 000	4 058 000
Goods and services in-kind from the National Department of Health		
National Department of Health	57 843 885	56 835 087
Movement in S74(a) and S74(b) receivables		
Other income - S74(b) recovery from the National Department of Health	87 510	-
Movement in S74(a) receivable from the National Department of Health	(430 673)	-

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 amounts by the CCOD which they were not entitled to receive.

Key management information

Role	Name	Description
Compensation Commissioner for Occupational Diseases	Dr MB Kistnasamy	Per the ODMWA the Compensation Commissioner for Occupational Diseases is responsible for administering and controlling the Fund
Acting Deputy Compensation Commissioner for Occupational Diseases	Ms T Mama	Per the ODMWA the Deputy Compensation Commissioner for Occupational Diseases is required to act in the place of the Compensation Commissioner whenever there is no commissioner or the commissioner is absent or is for any other reason unable to perform his functions

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

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

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

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 transactions, which are due in less than one year. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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

2022 - Financial liabilities	Not later than one year
Payables from exchange transactions	99 682 982
Payables from non-exchange transactions	21 813 681
	121 496 663

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

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	2022	2021
Investments - CPD	2 445 502 205	2 355 031 930
Short-term fixed deposits - Absa	292 576 142	280 138 518
Short-term fixed deposits - FNB	2 310 103 762	2 209 726 581
Cash and cash equivalents - Absa	61 947 601	98 316 249
Cash and cash equivalents - FNB	27 652 519	271 165

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5.11 Notes to the annual financial statements

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 2022 has been determined using the market value and appropriate valuation methodologies, but are not necessarily indicative of the amounts the Fund could realise in the normal course of business. The fair value of financial instruments equals their carrying value, either because of the short-term nature and normal trade terms thereof, or the market-related interest rates attached to them.

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

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

A reasonably possible change of 100 basis points 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.

	100 bp increase	100bp decrease
31 March 2022		
Interest bearing investments - CPD	24 567 419	(24 343 247)
Short term fixed deposits	26 146 421	(25 907 840)
Cash and cash equivalents	900 119	(891 906)
Trade and other payables	(905 931)	897 665
	50 708 028	(50 245 328)
31 March 2021		
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)

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5.11 Notes to the annual financial statements

18. Risk management (continued)

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Interest bearing investment - CPD	4.25 %	2 445 502 205
Short term fixed deposit - Mines	5.42 %	132 937 334
Short term fixed deposit - Mines	5.33 %	650 232 523
Short term fixed deposit - Mines	5.33 %	640 394 915
Short term fixed deposit - Mines	5.33 %	556 391 570
Short term call deposit - Mines	3.75 %	154 132 905
Short term fixed deposit - Mines	4.55 %	271 300 889
Short term fixed deposit - Works	5.33 %	176 014 514
Short term fixed deposit - Works	4.85 %	17 789 471
Short term fixed deposit - Research	4.55 %	3 485 781
Cash and cash equivalents - Mines	2.94 %	23 697 414
Cash and cash equivalents - Mines	3.00 %	27 652 519
Cash and cash equivalents - State	1.25 %	24 089 189
Cash and cash equivalents - Works	2.94 %	4 458 060
Cash and cash equivalents - Research	2.94 %	9 702 937
Trade and other payables	7.50 %	90 178 668

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 2022, the entity had an accumulated surplus of R 1 601 742 256 and that the entity's total assets exceed its liabilities by R 1 601 742 256.

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

The Fund believes there is sufficient liquidity to meet short-term financial obligations as they become due, as current assets (R5 154 268 246) exceed current liabilities (R1 103 416 321) by R4 050 851 925 as at 31 March 2022.

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 (2021: 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 976 579 (2021: 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.

Mines and Works Compensation Fund

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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 2022 of R128 239 249 was higher than the budget of R120 000 000. This is attributable to a higher number of risk shifts from Controlled Mines and Works in the 2021/2022 year than anticipated in the budget.

Goods and services in kind from the national Department of health

Goods and services in kind revenue from non-exchange transactions amounting to R57 843 885 and goods and services in kind from non-exchange expenses amounting to R57 843 885 was not included in the budget process as accounting entries relating to GRAP 23 has no impact on the Annual financial statements of the Mines and Works Compensation Fund.

Pension payments transfer utilised

The budget amount of R1 437 000 represents the transfer from the NDOH for the payment of pensioners. The actual payments to pensioners in the year amounted to R465 584. The difference of R971 416 is because of a decline in the number of pensioners eligible for pension payments in terms of the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded the ODMWA.

Finance costs

Finance costs of R262 317 026 were R21 682 974 lower than budget due to a lower unwinding cost from the actuarial valuation as at 31 March 2022. The discount rate used in the actuarial valuation to compute the unwinding charge was lower than the budgeted discount rate.

Debt impairment

Debt impairment of R5 721 147 represents an increase in the provision for debt impairment. This was not included in the budget as no additional provision for debt impairment was anticipated.

Movement in provision and general expense

The actual movement in the provision for the year ended 31 March 2022 was a net release of R85 175 205 (prior to unwinding costs) against a budgeted increase of R123 773 000. Refer to note 6 in the Annual Financial Statements for the detailed movement in the provision. The provisions for IBNR and Benefits due were calculated by the external actuarial valuers and included changes in methodology and assumptions / unexpected increases of R217 827 722 which were not budgeted for.

Statement of financial position

Investments

Actual Investment balances of R5 048 182 108 were lower than budget by R93 953 892. The reason for the difference is because excess cash in operational bank accounts were not invested in line with budget expectations.

Receivables from exchange

Receivables from exchange were R10 586 981 lower than budget of R27 073 000 due to debtors settling balances from 31 March 2021 and before as well as the higher than budgeted provision for debt impairment.

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5.11 Notes to the annual financial statements

22. Budget differences (continued)

Cash and cash equivalents

Actual cash and cash equivalents of R89 600 119 were higher than budget of R41 251 000 due to fluctuations in cash balances in the normal course of business of the fund and lower than budgeted transfers of excess funds to Investments.

Provisions

Current provisions of R981 919 658 were R76 001 342 lower than budget of R1 057 921 and non-current provisions of R2 449 109 669 were R114 024 331 lower than budget of R2 563 134 000. The budget for provisions anticipated that there would be a net increase in the provision for benefits due and IBNR in line with a higher number of risk shifts and new certifications compared to prior years. The actuarial valuation of the provision as at 31 March 2022 resulted in lower provision balances compared to the budget. The actuarial valuation methodology and assumptions are disclosed in note 6.

Changes from the approved budget to the final budget

Changes from the approved budget to the final budget can be summarised as:

- The initial approved budget was prepared on a cash basis and was subsequently updated to the accruals basis.
- The approved budget base was updated with the prior year financial statements.

Statement of financial performance

Levy Revenue

The approved budget of R321 470 000 did not take into account the significant reduction in levy rates gazetted in prior years. The final budget of R120 000 000 was updated to include latest levy rates as gazetted.

Interest received

The approved budget of R247 690 000 was updated to a final budget of R205 500 000 due to the updated financial base.

Finance costs

The approved budget of R300 000 was updated to a final budget of R284 000 000 due to the change in basis, whereby unwinding costs from the provision, are included in the budget.

Movement in provision and general expenses

The approved budget of R243 708 000 was updated to a final budget of R123 773 000 due to the updated financial base.

Statement of financial position

Investments

The approved budget of R4 828 814 000 was updated to a final budget of R5 142 136 000 due to the updated financial base.

Receivables from exchange transaction

The approved budget of R17 936 000 was updated to a final budget of R27 073 000 due to the updated financial base.

Cash and Cash equivalents

The approved budget of R44 532 000 was updated to a final budget of R41 251 000 due to the updated financial base.

Payables from exchange transactions

The approved budget of R15 243 000 was updated to a final budget of R97 168 000 due to the updated financial base.

Mines and Works Compensation Fund

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5.11 Notes to the annual financial statements

22. Budget differences (continued)

Payables from non-exchange transactions

The approved budget did not include payables from non-exchange transactions and was updated to a final budget of R21 664 000 due to the updated financial base.

Provisions (Current liability)

The approved budget did not include the current liability provision and was updated to a final budget of R1 057 921 000 due to the updated financial base.

Provisions (Non-current liability)

The approved budget of R2 911 252 000 was updated to a final budget of R2 563 134 000 due to the updated financial base.

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.

24. Change in estimate

Provision for debt impairment

The basis for the calculation of the provision for debt impairment was changed in the current year due to the fact that the reliable information used to calculate the provision in prior years was not available at the time of submission of the annual financial statements. This new methodology is expected to be used as the basis for the calculation going forward. The effect in future periods is not disclosed as disclosing the impact is impracticable. Refer to note 4 for further information.

25. Fruitless and wasteful expenditure

Opening balance as restated	-	-
Fruitless and wasteful expenditure incurred and identified in the current year	87 510	-
Less: Amounts transferred for recovery i.t.o S74 - refer note 4	(87 510)	-
Closing balance	-	-

Fruitless and wasteful expenditure relates to the impairment of other receivables for a duplicate payment made to a foreign claimant in error during May 2021. Attempts were made to recover the duplicate payment which is deemed to be not recoverable by the CCOD.

Under section 74(b) of the ODMWA any amount paid to any person who was not entitled to receive such amount, and which the CCOD is unable to recover from such person can be recovered from the Minister of Health.

