2022/2023

ANNUAL REPORT

MINES AND WORKS COMPENSATION FUND

health
Department:
Health
REPUBLIC OF SOUTH AFRICA

2030 NDP

health

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Health
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MINES AND WORKS COMPENSATION FUND

Annual Report

2022 / 2023

RP258/2023
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The reports and statements set out below comprise the annual report presented to the parliament:

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Part F - Annual financial information

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

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

1.2. Address

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

144 De Korte Street
Braamfontein
Johannesburg
2001

1.3. Postal address

PO Box 4566
Johannesburg
2000

1.4. Contact information

Contact number:	011 356 5600
Website:	https://www.health.gov.za/ccod-home/

1.5. External Auditors

Auditor-General of South Africa (AGSA)

Part A - General information

1.6. List of Abbreviations

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

1.7. Minister's statement

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

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

During the 2022/2023 financial year the annual report for the 2021/2022 financial year was submitted to Parliament. The CCOD was congratulated on its achievement of an unqualified audit with no material findings for the 2021/2022 financial year. Indeed, given the legacy problems faced by the CCOD, it has:

- ensured innovations in service delivery to the current and ex-workers in mines and works
- maintained a comprehensive database with access to the different class action and social protection funds
- worked closely with provinces and neighbouring country governments through the leadership and involvement of Deputy Minister Dr Sibongiseni Dhlomo.

The Fund finalised 6 693 claims in the 2022/2023 financial year compared to 6 155 claims in the previous financial year. The Fund finalised on average 557 claimants per month totalling R168,6 million in the current financial year, compared to an average of 512 claimants per month totalling R139,4 million in the comparative period. The Certification Committees of the MBOD adjudicated 10 212 certifications in the 2022/2023 financial year compared to 5 969 certifications in the comparative period.

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

The Minerals Council South Africa continued its support for the activities of the CCOD/MBOD through secondment of personnel and technical support for financial management, information technology and legal reforms. Rand Mutual Assurance has assisted with funding for the digitisation of the physical files of the CCOD/MBOD. Meetings were convened by the NDOH and the Southern Africa Miners Association (SAMA), trade unions, the different class action settlement funds and the Minerals Council South Africa to ensure collaborative efforts in dealing with the legacy problems of ex-workers with occupational lung diseases.

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

Dr MJ Phaahla, MP
Minister of Health

1.8. Accounting officer's report

Mandate of the CCOD / MBOD

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

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

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

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

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

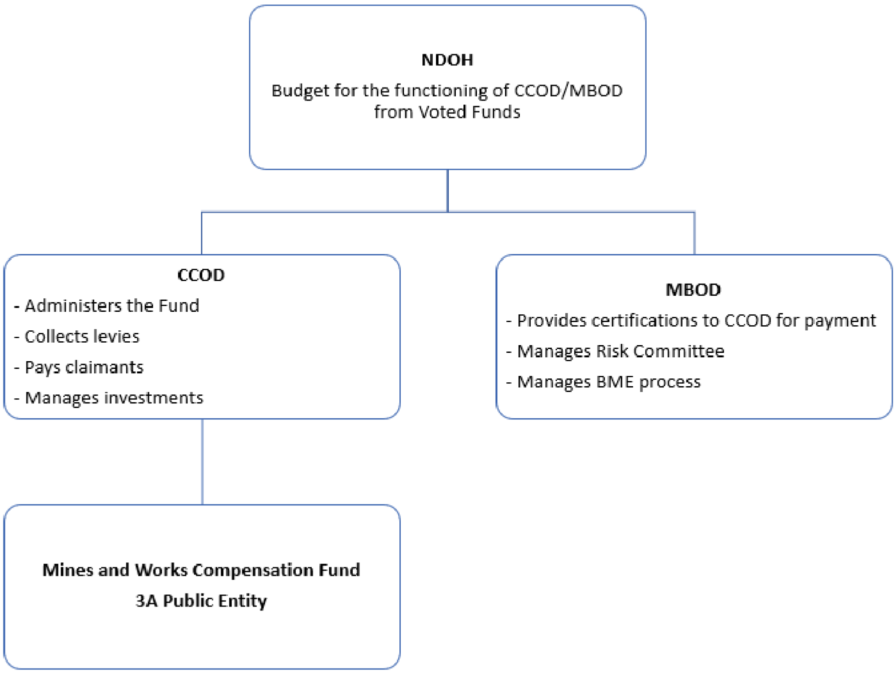


Figure 1: Structure of the CCOD, MBOD, the NDOH and the Fund

Overview of performance for the 2022/2023 financial year

The Fund continues to maintain a surplus position with an accumulated surplus of R2 402 339 534 at 31 March 2023. The Fund believes there is sufficient liquidity to meet short-term financial obligations as they become due, as current assets (R5 443 724 423) exceed current liabilities (R881 965 824) by R4 561 758 599 as at 31 March 2023.

The majority of targets in the Annual Performance Plan were achieved in the 2022/2023 financial year with 6 out of 9 targets being met. Refer section 2.3 for the detailed performance information.

Part A - General information

The Fund submitted the Annual Report for the 2021/2022 financial year to Parliament in accordance with the National Treasury reporting deadlines. The Fund obtained an unqualified audit with no material findings from the AGSA on the 2021/2022 Annual Financial Statements.

Over the 12-month period ending 31 March 2023, 6 693 claims were finalised and paid an amount of R168 605 264 compared to 6 155 claimants who were paid R139 360 628 in the prior financial year. The increase in payments for the year was due to the CCOD and service providers returning to full capacity following the lifting of the restrictions due to the COVID-19 pandemic in the 2021/2022 year. Refer to the payments per month chart with comparatives for the 12 months ending 31 March 2023:

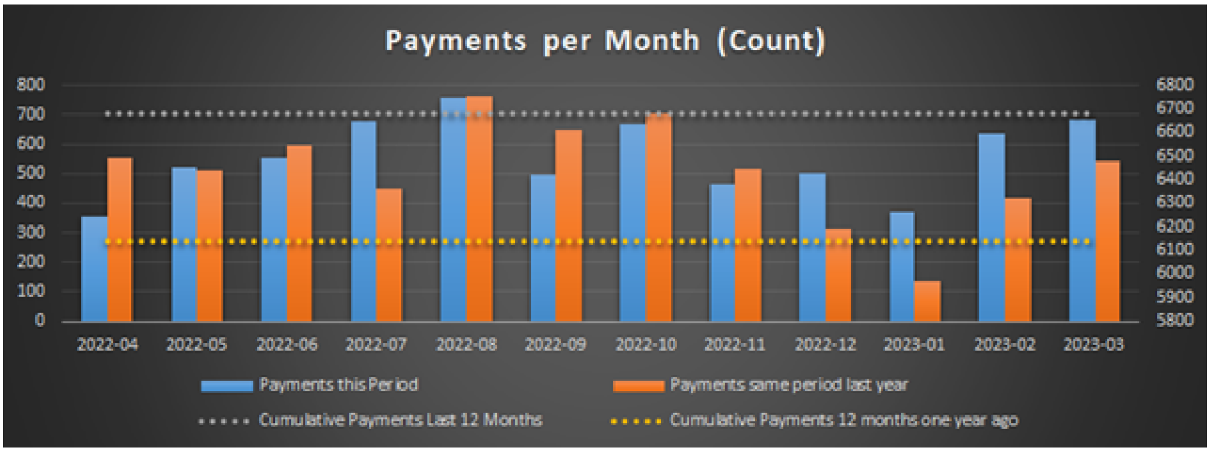


Chart 1: Payments per month to 31 March 2023 (with comparatives)

The Certification Committees of the MBOD conducted on average 851 certifications per month in the 2022/2023 financial year compared to 497 per month in the prior year. The increase in certifications for the year was due to the MBOD returning to full capacity following the lifting of the restrictions due to the COVID-19 pandemic in the 2021/2022 year. In addition, certifications in the 2021/2022 financial year were adversely impacted by the implementation of the Compensation Claims Management System (CCMS) in July 2021. The resumption of the outreach activities in the 2022/2023 financial year also contributed to the increase in certifications as well as enhancements to the certification process which improved efficiency. Refer to the certifications per month chart with comparatives for the 12 months ending 31 March 2023:

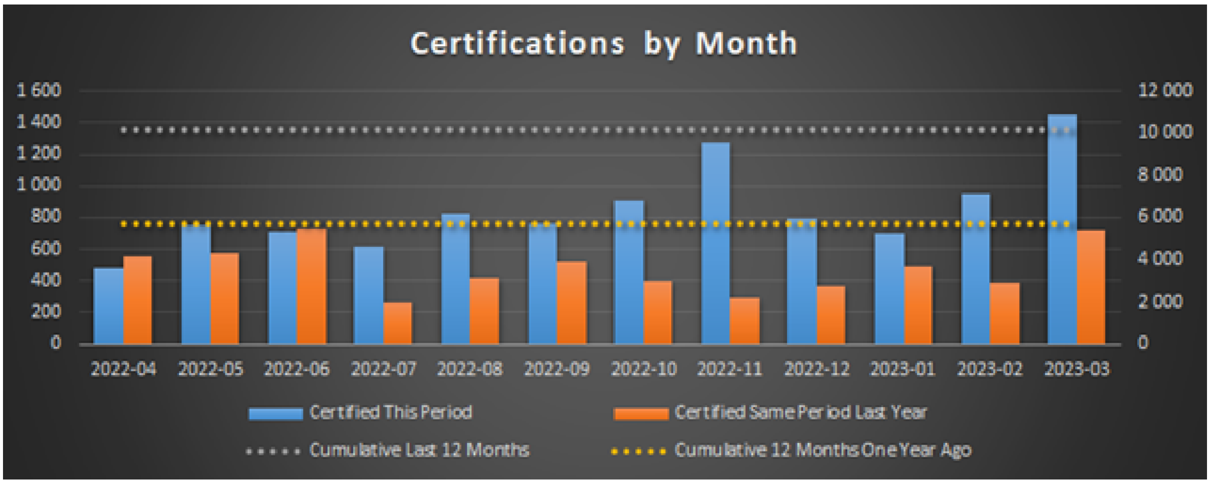


Chart 2: Certifications per month to 31 March 2023 (with comparatives)

There were 10 212 certifications during the 2022/2023 financial year made up as follows:

- 7 769 non-compensable claims
- 2 443 compensable claims

Part A - General information

The CCOD continued to pay monthly pensions to 21 (2022: 27) pensioners in terms of the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded ODMWA. The monthly pensions are paid from voted funds.

The actuary completed the actuarial valuation of the Fund as at 31 March 2023. Levies on controlled mines and works and benefits payable to claimants were adjusted from 1 April 2022 based on the actuarial valuation of the Fund as at 31 March 2021.

Approximately 82% of controlled mines and works, liable for levies, paid their levies when due during the 2022/2023 financial year. During the current financial year 121 inspections of mines and works were undertaken. On-site inspections of controlled mines and works continued in the 2022/2023 financial year and were supported by telephonic enquiries and desktop reviews to assist with revenue assessments. The inspections have contributed to more accurate submission of risk shift information and payments of levies by controlled mines and works.

As part of the ongoing debtor management process there was an increased focus on the recovery of long outstanding debtor balances in the financial year. Through the debtor management process and efforts of the inspection team R13,1 million in additional historic levies and R23,4 million in long outstanding debtor balances were recovered during the course of the year. This contributed significantly to the reduction in the provision for debt impairment at 31 March 2023.

A web-based scanning process to track the movement of claimant files is in place at the MBOD/CCOD, which assists with internal file management. As part of IT improvements undertaken during the current financial year the CCOD migrated all on premise servers to a NDOH Azure cloud-based service. Improvements to IT infrastructure of R1,2 million expenditure on computer hardware and laptops were made in the financial year ending 31 March 2023 as part of the budget to administer the CCOD/MBOD from voted funds.

The proposed amendments to ODMWA include legislative changes relating to new governance and service delivery models to enhance the efficiency and effectiveness of the CCOD/MBOD. Proposals include replacing the revenue model for levies to one where levies also 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 (DMRE) and the 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. During the 2022/2023 financial year drafting workshops were held with other government departments, social partners and stakeholders. Management and the legal section of the NDOH met with the state attorney and are currently drafting a response to the queries on the draft bill submitted to the state attorney's office.

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 call centre (080 100 0240), supported by the Minerals Council South Africa, provides feedback to claimants and facilitates tracking and tracing activities for unpaid claimants. The call centre fielded 29 640 calls for the year ending 31 March 2023.

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

Controlled mines and works

There are 859 controlled mines and works in the register of controlled mines and works at 31 March 2023. A project to determine the complete list of controlled mines and works commenced in the 2016/2017 financial year and continued in the 2022/2023 financial year. These controlled mines and works were cross-referenced with the DMRE to confirm operational status. The project is ongoing and will continue into the 2023/2024 financial year through linkages with the DMRE.

Financial performance of the Fund

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

Classification	Budget 2022/2023 R'000	Expenditure 2022/2023 R'000	Available 2022/2023 R'000	% Spend	Over/under expenditure
Compensation of employees	34 482	33 707	775	98%	Under
Goods and services	23 602	16 715	6 887	71%	Under
Machinery and equipment	3 620	1 256	2 364	35%	Under
Households	-	7	(7)	>100%	Over
Financial assets	-	2	(2)	>100%	Over
Goods and services in-kind from the NDOH	**61 704**	**51 687**	**10 017**	**84%**	**Under**
Transfer payments	1 544	1 544	-	100%	-
Total	**63 248**	**53 231**	**10 017**	**84%**	**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.

Financial overview

Revenue

The Fund derives its revenue from levies from controlled mines and works, interest on investments, movement in provisions (net of unwinding costs), non-exchange revenue for goods and services in-kind costs and a transfer payment from the NDOH to facilitate pension payments. Table 2 provides a breakdown of the sources of revenue:

Table 2: Breakdown of the sources of revenue

Statement of financial performance item	Audited amount			Budget	Actual	% deviation from budget	% deviation from prior year
	2019/2020 R'000	2020/2021 R'000	2021/2022 Restated R'000	2022/2023 R'000	2022/2023 R'000		
Levy income	114 531	107 020	131 036	126 274	120 955	(4)	(8)
Interest received	344 846	212 501	208 952	306 422	323 583	6	55
Other income	315 138	-	85 175	-	633 155	100	>100
Exchange revenue	**774 515**	**319 521**	**425 163**	**432 696**	**1 077 693**	**>100**	**>100**
Goods and services in-kind	61 135	56 835	57 844	-	51 687	100	(12)
Pension payments transfer utilised	992	821	466	372	359	(3)	(30)
Non-exchange revenue	**62 127**	**57 656**	**58 310**	**372**	**52 046**	**>100**	**(12)**
Total revenue	**836 642**	**377 177**	**483 473**	**433 068**	**1 129 739**	**>100**	**>100**

Levy income for the financial year ended 31 March 2023 was 8 percent lower than the prior financial year ending 31 March 2022. This is mainly attributable to the lower levy rates applicable to platinum operations in the 2022/2023 financial year. Refer to section 2.6 for the changes in levy rates effective 1 April 2022.

Interest income increased in the 2022/2023 financial year to R323,6 million in line with the higher interest rates earned on the investment balances. Refer to note 3 in the Annual Financial Statements for the comparative rates earned on investment balances.

Other income comprises movement in provisions (2022/2023: R592,8 million) and the movement in the provision for debt impairment (2022/2023: R40,4 million) The "movement in provisions" represents the net release to provisions prior to unwinding costs and claims payments. The release of the debt impairment provision was driven by collection of historic debts (R23,4 million), which were previously provided as well as a further reduction through the application of historical debt collection rates on long outstanding debt.

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 reduced from R3,43 billion at 31 March 2022 to R2,95 billion at 31 March 2023 with the reduction in the liability resulting in a credit adjustment to the statement of financial performance of R592,8 million, (included in other income - refer note 11). The clearing of certification backlogs resulted in an improved data set for use in the actuarial valuation models. The data showed that the development patterns for both first-degree and second-degree claims have slowed down for workers indicating lower levels of underreporting which resulted in a reduction in the provision.

Expenditure

Expenditure for the Fund includes actuarial valuation adjustments on provisions, finance costs, movements in the debt impairment provision, goods and services expenditure incurred by the NDOH and pension payments. Table 3 provides a breakdown of the types of expenditure:

Table 3: Breakdown of the types of expenditure

Statement of financial performance item	Audited amounts			Budget	Actual	% deviation from budget	% deviation from prior year
	2019/2020 R'000	2020/2021 R'000	2021/2022 *Restated R'000*	2022/2023 R'000	2022/2023 R'000		
Finance costs	282 396	285 347	262 317	312 184	282 701	(9)	8
General expenses and debt impairment	10 307	175 643	8 866	137 634	1 263	(99)	(86)
Goods and services in-kind	61 135	56 835	57 844	-	51 687	100	(11)
Total expenses	**353 838**	**517 825**	**329 027**	**449 818**	**335 651**	**(25)**	**2**

Finance costs represents the unwinding charge on the provision (R278,5 million) and interest charges on payables from exchange transactions (R4,2 million). Refer to note 6 in the Annual Financial Statements for the breakdown of the movement in provisions.

General expenses and debt impairment expenses decreased by R7,6 million in the 2022/2023 financial year mainly to the fact that in the 2021/2022 financial year there was an incremental charge to the provision for debt impairment of R5,5 million compared to a release in the current year reflected in other income. In addition, the actuarial valuation expense decreased by R2,0 million to R0,3 million in the 2022/2023 financial year due to a roll-forward compared to a full valuation being performed for the year ended 31 March 2022.

Goods and services in-kind represent the cost to the NDOH for administration of the CCOD and MBOD. The decrease of R6,2 million in the 2022/2023 in comparison to the prior financial year was driven by a decrease in goods and services cost (R5,7 million) due to lower business and advisory meeting costs (R4,6 million lower), telephone and communication costs (R2,4 million lower) and medical services (R1,8 million lower), partially offset by increases in computer hardware and laptop costs (R1,1 million higher).

Part A - General information

Assets

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

The 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, for compensating individuals who performed risk work in the employ of decontrolled mines/state mines.

– Research account

The research account is funded through levies collected from controlled mines and works in terms of Section 63 of the ODMWA. The money is amongst others meant for costs of maintenance and other expenses of, any institution or organisation having as its objective the doing of research with a view to the protection of the health of persons employed in or at or in connection with mines or works, or the prevention or alleviation of diseases to which such persons are exposed. Table 4 provides a breakdown of assets:

Table 4: Breakdown of assets

Statement of financial position item	Audited amount			Budget	Actual	% deviation from budget	% deviation from prior year
	2019/2020 R'000	2020/2021 R'000	2021/2022 Restated *R'000*	2022/2023 R'000	2022/2023 R'000		
Investments	4 755 810	4 844 897	5 048 182	5 351 073	5 363 047	1	6
Receivables from exchange transactions	13 490	22 176	17 520	9 751	28 809	>100	64
Cash and cash equivalents	53 615	98 587	89 600	69 996	51 868	(26)	(42)
Total assets	**4 822 914**	**4 965 660**	**5 155 302**	**5 430 820**	**5 443 724**	**1**	**6**

Total assets were R288,4 million higher at 31 March 2023 compared to 31 March 2022, driven by the increase in investment balances resulting from interest capitalised on funds invested. In addition, receivables from exchange transactions increased by R11,3 million to 31 March 2023. This increase is due to a reduction in improved collections of long outstanding debts which resulted in a lower provision for debt impairment.

Part A - General information

Liabilities

Liabilities of the Fund comprise non-current provisions (IBNR provision), current provisions (benefits due provision), payables from exchange transactions and non-exchange transactions. Table 5 provides a breakdown of liabilities:

Table 5: Breakdown of liabilities

Statement of financial position item	Audited amount			Budget	Actual	% deviation from budget	% deviation from prior year
	2019/2020 R'000	2020/2021 R'000	2021/2022 Restated *R'000*	2022/2023 R'000	2022/2023 R'000		
Accumulated surplus	1 591 430	1 450 783	1 608 252	1 584 992	2 402 340	52	50
Non-current provisions	2 261 077	2 336 134	2 449 109	2 408 486	2 159 419	(10)	(12)
Current provisions	860 393	1 060 344	981 920	1 311 282	788 760	(40)	(20)
Payables from exchange	92 408	97 557	94 207	103 075	70 206	(32)	(25)
Payables from non-exchange	17 606	20 842	21 814	22 985	22 999	1	5
Total equity and liabilities	**4 822 914**	**4 965 660**	**5 155 302**	**5 430 820**	**5 443 724**	**1**	**6**

Provisions at 31 March 2023 decreased to R2,9 billion from R3,4 billion at 31 March 2022. Please refer to note 6 in the Annual Financial Statements for a detailed breakdown of the movement in the provision liability during the year.

The increase in total equity and liabilities was driven by the surplus for the year of R794 087 751.

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

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

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

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

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

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

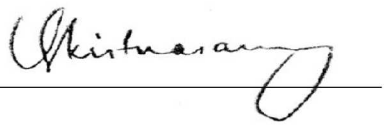
The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) Standards applicable to the Fund.

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

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors (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 2023.



Dr MB Kistnasamy
Compensation Commissioner for Occupational Diseases

1.10. Strategic Overview

Vision

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

Mission

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

Values

The success of the CCOD/MBOD rests with the service ethos of the personnel undertaking specific activities. The following values of our personnel underpin the activities of the CCOD/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 ODWMA provides for the establishment of the MBOD, which oversees the provision of BME's and certification of claims.

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

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

CCOD as a subprogramme of the NDOH

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

1.12. Organisational structure

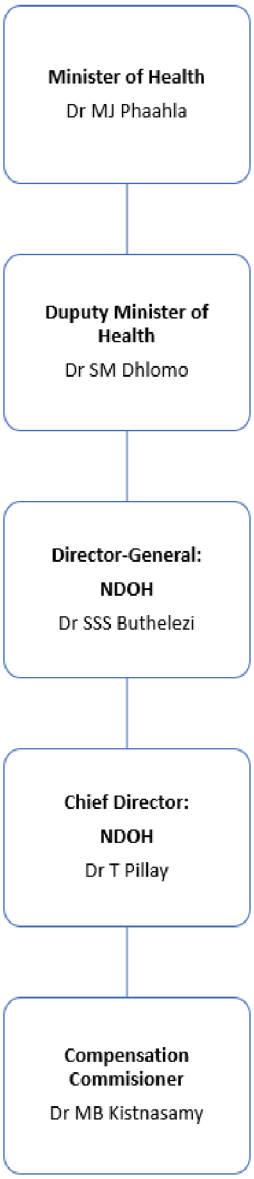


Figure 2: Organisational structure of the CCOD

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.

The Annual Performance Plan for 2022/2023 was approved by the Minister of Health on 12 March 2022 and presented to the Portofolio Committee on Health in Parliament on 29 March 2022.

The key focus areas for the CCOD for the 2022/2023 financial year were:
- The submission of amendments to the ODMWA to the Director-General of the NDOH
- The maintenance of the database of controlled mines and works
- Enhancing the claims management system
- The submission of the annual report of the Fund for the 2021/2022 financial year to the AGSA

2.2. Overview of the CCOD’s performance

2.2.1 Service delivery environment

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

The CCOD compensates current and ex-workers in controlled mines and works for:
- impairment or diseases of the cardio-respiratory system due to exposures at work
- reimbursement for loss of earnings during 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

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

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

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

Payments to claimants

The main categories of payments include:

One Sum Benefits

In order to qualify for compensation, current or ex-workers must be certified to be compensable by the MBOD and must have worked at a controlled mine or works. The different categories of compensation are as follows:
- First-degree compensation is the impairment of the cardio-respiratory system of between 10% and 40%. The claim amount payable for first degree is up to R71 605.

- Second-degree compensation is the impairment of the cardio-respiratory system of greater than 40% and/or multiple diseases. The claim amount payable for second degree is up to R159 444.
- 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 2022.

Pensioners

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

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 859 gazetted operations. The project to verify the operating status of controlled mines and works is ongoing and continued in the 2022/2023 financial year. The Risk committee approved the terms of reference for the committee, as well as new risk determination methodology in order to improve the functioning of the committee. However, the Risk Committee is still not functioning optimally, as no new mines or works were declared as controlled in the financial year.

2.2.2. 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
- Mr Mishack Maswanganye as the Director: Finance
- Dr Nhlanhla Mtshali as the Director: MBOD (Seconded)

Ms T Mama was appointed as the Deputy Compensation Commissioner on a permanent basis on 8 November 2022.

The CCOD was capacitated at 76 percent with the MBOD at 69 percent of approved positions as at 31 March 2023. Refer to Part D for further information on the employee distribution and vacancies at the CCOD/MBOD as well as the constraints facing the CCOD/MBOD.

2.2.3. Key policy developments and legislative changes

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

The Fund was listed as a Schedule 3A National Public Entity (3A Entity) effective 28 March 2023 through inclusion in Schedule 3, Part A to the PFMA. The impact of this listing did not have a significant impact on operations in the 2022/2023 financial year.

2.3. Performance indicators and achievements

To achieve our strategic goal, the following two strategic objectives have been set:

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

Part B - Performance information

Refer below for the progress achieved towards achievement of the strategic objectives:

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
1	Submission of amendments to ODMWA to the Director-General of the NDOH	Report on the submission of amendments to the Director-General of the NDOH.	New ODMWA bill was noted by the Director-General and the Minister of Health.	Submission of amendments to ODMWA to the Director-General of the NDOH.	New ODMWA bill was noted by the Director-General, the Minister of Health and the National Health Council.	Achieved	Target now fully achieved for the remainder of the period of the strategic plan.
2	Ensure the effective and efficient management of the Fund	2.1 Report on updates of database of claims at the CCOD in terms of claims, payments, certifications and data exchange updates and/or additions.	Master database updated for payments made, new claims and new certifications. External data exchange updates and/or additions to the master database external parties done for all quarters except Q2.	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.	Achieved	None
		2.2 Report on the number of certifications finalised on the Mineworkers Compensation System per year.	5 969	13 200	10 212	Not achieved	The target was not achieved because of a significant reduction of BME submissions from service providers during the first two quarters of the year.
		2.3 Report on the number of benefit payments made by the CCOD (other than pension payments).	4 678	7 600	5 776	Not achieved	There was a significant reduction of claimant application packs received from service providers and one stop service centres in the first two quarters of the year.

Part B - Performance information

		2.4 Report on the number of claims finalised by the CCOD (other than pensioners).	6 155	8 470	6 693	Not achieved	There was a significant reduction of claimant application packs received from service providers and one stop service centres in the first two quarters of the year.
		2.5 Of all claims finalised in the period, what percentage were finalised within 90 days of receipt of all completed claim documents.	90%	70%	93%	Achieved	None
		2.6 Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD.	83% of controlled mines and works paying levies to the CCOD.	80% of controlled mines and works paying levies to the CCOD.	82% of controlled mines and works paying levies to the CCOD.	Achieved	None
		2.7 Report on the submission of Annual Financial Statements of the CCOD to the AGSA.	Submission of the 2019/2020 and 2020/2021 Annual Financial Statements to the AGSA.	Submission of the 2021/22 Annual Financial Statements to the AGSA.	Submission of the 2021/2022 Annual Financial Statements to the AGSA.	Achieved	None
		2.8 Report on the number of controlled mines and works inspected.	139	77	121	Achieved	None

Part B - Performance information

The assessment of planned and actual targets against the performance targets tabled in the APP, is outlined below:

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
1	Submission of amendments to ODMWA to the Director-General of the NDOH	Report on the submission of amendments to the Director-General of the NDOH.	New ODMWA bill was noted by the Director-General and the Minister of Health.	Submission of amendments to ODMWA to the Director-General of the NDOH.	New ODMWA bill was noted by the Director-General, the Minister of Health and the National Health Council.	Achieved	Target now fully achieved for the remainder of the period of the strategic plan period.

This performance indicator target was achieved in the previous financial year when the proposed ODMWA bill was approved by the Director-General of the NDOH.

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.1 Report on updates of database of claims at the CCOD in terms of claims, payments, certifications and data exchange updates and/or additions.	Master database updated for payments made, new claims and new certifications. External data exchange updates and/or additions to the master database external parties done for all quarters except Q2.	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.	Achieved	None

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

Part B - Performance information

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.2 Report on the number of certifications finalised on the Mineworkers Compensation System per year.	5 969	13 200	10 212	Not achieved	The target was not achieved because of a significant reduction of BME submissions from service providers during the first two quarters of the year.

The target was not achieved due to a significant reduction in BME’s received from service providers which contributed to a reduction in applications during the first half of the financial year. However, during the second half of the year the number of BME's received increased as the partnership with the Tshiamiso Trust resulted in a higher number of medical assessments submitted to the MBOD for certification and possible compensation. During quarter 3 and 4 selected outreach activities contributed to increased certifications. The provision of BME’s will be supported through partnerships with the provincial and neighbouring country 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 CCOD will work closely with the Tshiamiso Trust to ensure provision of support to eligible current and ex-workers for lodgement of claims.

Part B - Performance information

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.3 Report on the number of benefit payments made by the CCOD (other than pension payments).*	4 678	7 600	5 776	Not achieved	There was a significant reduction of claimant application packs received from service providers and one stop service centres in the first two quarters of the year.
2	Ensure the effective and efficient management of the Fund	2.4 Report on the number of claims finalised by the CCOD (other than pensioners).*	6 155	8 470	6 693	Not achieved	There was a significant reduction of claimant application packs received from service providers and one stop service centres in the first two quarters of the year.

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

The targets of payments made / claims finalised during the year was not achieved due to reduced claimant applications received from service providers in the first half of the year. In addition, the testing, roll-out, finalisation and implementation of the internet iMCS system utilised awards and payment personnel resources, which reduced the number of claims paid. This is an investment which will improve payments in future periods.

The CCOD partnered with commercial banks to implement new projects to increase the number of applications. The projects helped to increase payments gradually from the first quarter of the 2022/2023 financial year. Bottlenecks in the CCOD’s payment processes have been identified and addressed to the extent that 93% of all claims paid during the year are paid within 90 days of receipt of completed application packs.

To improve the number of BME’s and application packs received as a result of claims paid, the CCOD has embarked on interactions with:

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

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

Part B - Performance information

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.5 Of all claims finalised in the period, what percentage were finalised within 90 days of receipt of all completed claim documents.	90%	70%	93%	Achieved	None

The target was achieved due to continuous improvement of the payment process to ensure that all bottlenecks are identified and addressed. A new Internet iMCS system was developed and implemented in the year that contributed to streamlining of the payments process.

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.6 Percentage of controlled mines and works liable for payment of levies per the financial system paying levies to the CCOD.	83% of controlled mines and works paying levies to the CCOD.	80% of controlled mines and works paying levies to the CCOD.	82% of controlled mines and works paying levies to the CCOD.	Achieved	None

The percentage of mines paying levies exceeded the target of 80 percent. This indicator is measured on the number of controlled mines and works paying levies when due and not on the Rand value of the levy payments received. There was an increased focus on the settlement of long outstanding debtor balances in the current financial year. Through the debtor management process incorporating the distribution of statements to debtors and the follow up thereof, meeting with mine management and reconciliation of statement balances R13,1 million in additional historic levies and R23,4 million in long outstanding debtor balances were recovered during the course of the year.

Part B - Performance information

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.7 Report on the submission of Annual Financial Statements of the CCOD to the AGSA.	Submission of the 2019/2020 and 2020/2021 Annual Financial Statements to the AGSA.	Submission of the 2021/22 Annual Financial Statements to the AGSA.	Submission of the 2021/2022 Annual Financial Statements to the AGSA.	Achieved	None

The backlog in Annual Financial Statements for the Fund was cleared in the 2022/2023 financial year as a result of improvements made in the financial reporting controls and processes. The deadlines for all reporting requirements of the Fund were met in the 2022/2023 financial year. The Annual Financial Statements for the 2021/2022 financial year for the Fund were submitted to the AGSA on 31 May 2022 for Audit. The audit of the Annual Financial Statements for the 2021/2022 financial year was completed by the AGSA on 31 July 2022, with an unqualified opinion obtained with no material findings. The annual report for the Fund was submitted to Parliament on 30 September 2022 for the 2021/2022 financial year.

Strategic objective		Performance Indicator	Actual achievement 2021 / 2022	Planned Target 2022 / 2023	Actual Performance 2022 / 2023	Deviation from planned target to actual achievement 2022 / 2023	Comments on deviation
2	Ensure the effective and efficient management of the Fund	2.8 Report on the number of controlled mines and works inspected.	139	77	121	Achieved	None

On-site inspections of controlled mines and works continued in the 2022/2023 financial year and were supported by telephonic enquiries and desktop reviews to assist with revenue assessments. The inspections have contributed to more accurate submission of risk shift information and payments of levies by controlled mines and works as well as the settlement of historic debt.

2.4. Linking performance with Budgets

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

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

Statement of financial performance	2022/2023			2021/2022	
	Budget R'000	Audited outcome R'000	Variance R'000	Budget R'000	Audited outcome R'000
Expense budget					
Compensation of employees	34 482	33 707	775	36 371	34 174
Goods and services	23 602	16 715	6 887	19 429	22 925
Transfer payments	1 544	1 544	-	1 437	1 437
Machinery and equipment	3 620	1 256	2 364	3 415	-
Households	-	7	(7)	-	745
Financial assets	-	2	(2)	-	-
Total	**63 248**	**53 231**	**10 017**	**60 652**	**59 281**

The budget for the administration of the CCOD and MBOD amounted to R63,2 million for the 2022/2023 financial year, which represented an increase of 4 percent over the prior financial year. There have been no substantial increases in the CCOD budget and the business reform processes at the CCOD have been supported by human, technical and financial resources from the Minerals Council South Africa. Additional resources are required to expand and scale up the services of the CCOD/MBOD, recruit specialised staff in the legal, IT, occupational hygiene, medical and financial management disciplines and provide for the medical assessments, certifications, payments and infrastructural backlogs in buildings, medical facilities and information technology.

2.5. Strategy to overcome areas of underperformance

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

2.6. Revenue collection

Table 7: Revenue from exchange transactions

Revenue	2022/2023			2021/2022 *Restated*		
	Budget R'000	Audited outcome R'000	Variance R'000	Budget R'000	Audited outcome R'000	Variance R'000
Levy revenue	126 274	120 955	(5 319)	120 000	131 036	11 036
Other income	-	633 155	633 154	-	85 175	85 175
Interest received	306 422	323 583	17 162	205 500	208 953	3 453
Revenue from exchange transactions	**432 696**	**1 077 693**	**644 997**	**325 500**	**425 164**	**99 664**

Levy revenue for the year ended 31 March 2023 was R5,3 million lower than the budget of R126,3 million. This is attributable to a lower number of risk shifts in the gold sector declared by controlled gold mines in the 2022/2023 financial year than anticipated in the budget.

Other income comprises movement in provisions (2022/2023: R592,8 million) and the movement in the debt impairment provision (2022/2023: R40,4 million). The budget for provisions anticipated that there would be a net increase in the provision for benefits due and IBNR in line with additional risk shifts worked and new certifications in the year. The debt impairment is lower than budget due to improved debtor management and efficient and timely inspections of mines and works. Refer to section 1.8 for additional information on “Other income”.

Interest received of R323,6 million was R17,2 million higher than budget of R306,4 million due to higher actual interest rates earned than the interest rates anticipated in the budget. Refer to note 3 in the Annual Financial Statements for the comparative rates earned on investment balances in the current and prior years.

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

Table 8: Levy rates per commodity – pre and post change on 1 April 2022

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

Part C - Governance

3.1. Introduction

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

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

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

3.2. Portfolio Committee on Health

During the course of the financial year ended 31 March 2023, the CCOD met with the National Assembly Portfolio Committee on Health on 12 October 2022. The Portfolio Committee was briefed on the "Presentation of the Annual Reports of 2018/2019, 2019/2020, 2020/2021 and 2021/2022 to Parliament."

3.3. Standing Committee on Public Accounts (SCOPA) Resolutions

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

3.4. Executive authority

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

The CCOD is a subprogramme of the NDOH. Quarterly performance reports for each of the four quarters of the 2022/2023 financial year were submitted to the NDOH. Members of the of the Advisory, Audit & Risk Committee and the Risk Committee, other than those prescribed in the ODMWA, are appointed by the NDOH.

3.5. 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 2023 the membership of the Advisory Committee was as follows:

Name of member	Representing	Date of appointment	Attendance
Dr B Kistnasamy	CCOD	CCOD	1
Mr LS Sibanda	Minerals Council South Africa	23 December 2022 to 31 March 2025 *(Resigned 28 March 2023)*	1
Adv JPJ Van Vuuren	SOLIDARITY	23 December 2022 to 31 March 2025	1
Mr DM Luvuno	NUM	23 December 2022 to 31 March 2025	1
Mr PM Makgatho	Minerals Council South Africa	23 December 2022 to 31 March 2025	1
Mr DG Nkosi	AMCU	23 December 2022 to 31 March 2025	1
Mr VM Radebe	NUMSA	23 December 2022 to 31 March 2025	1
Ms ND Tsipane	NUM	23 December 2022 to 31 March 2025	1
Mr PE Mminele	NUMSA	23 December 2022 to 31 March 2025	1
Dr T Balfour	Minerals Council South Africa	23 December 2022 to 31 March 2025	1
Mr A van Vuuren	Minerals Council South Africa	23 December 2022 to 31 March 2025	-
Dr J Andrews	Minerals Council South Africa	23 December 2022 to 31 March 2025	1

The Advisory Committee of the CCOD comprises representatives of employers and trade unions in the mines and works sector. The NDOH appointed a new Advisory Committee on 23 December 2022 and the new committee met once in the current financial year on 7 March 2023.

3.5.2. Audit and Risk Committee

The Audit and Risk Committee has been set up 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 purpose is to set out the specific responsibilities of the Audit and Risk Committee as prescribed in the PFMA and the National Treasury Regulations and details the manner in which the Audit and Risk Committee will operate. It further assists the Audit and Risk Committee to fulfil its oversight role and responsibilities as follows amongst others:

- 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 programmes, 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. 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 information and communication technology governance, risk management and internal control processes
- Considering reports on the adequacy and effectiveness of the human resources governance, risk management and internal control processes
- Considering the quarterly and annual performance information reports for completeness and accuracy to ensure their usefulness and reliability
- Considering reports on the adequacy and effectiveness of the Combined Assurance and Ethics Management processes
- Ensuring that continuous quality improvement programs are entrenched in the CCOD's control environment
- The performance of the internal and external audit functions

For the financial year ended 31 March 2023 the Audit and Risk Committee consisted of three members who are not employees of the CCOD or the NDOH. During the course of the year one member resigned and was replaced with a new member. 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 (SA) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) Masters in Computer Auditing (MCom-IT Audit)	2 August 2021 to 1 August 2024	6
Mr S Gounden	Member	Chartered Accountant (SA) Chartered Director (SA)	10 May 2021 to 9 May 2024	6
Mr IS Cele	Member	Chartered Accountant (SA) Master of Business Administration (MBA)	10 May 2021 to 9 May 2024 (Resigned 27 October 2022)	1
Dr NZ Qunta	Member	Master of Commerce (MCom) Master of Business Administration (MBA) PHD	21 November 2022 to 20 November 2025	1

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

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

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

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

Name of member	Representing	Date of appointment	Attendance
Mr M Zondi (Chairperson)	DMRE	DMRE	2
Mr D Msiza	DMRE	DMRE	-
Mr V Nundlall	Minerals Council South Africa	1 July 2021 to 30 June 2024	2
Prof C Badenhorst	Minerals Council South Africa	1 July 2021 to 30 June 2024	2
Ms JP van Vuuren	Solidarity	1 July 2021 to 30 June 2024 (Resigned 31 March 2023)	2
Mr G Nkosi	AMCU	1 July 2021 to 30 June 2024	2

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 Risk Committee is not functioning optimally, which poses significant risks to the Fund. The MBOD is making a concerted effort to ensure that the Risk Committee fulfils its mandate and role. In an effort to improve the functioning of the Risk Committee, an updated "Terms of reference of the Committee" and a new "Risk Determination methodology" was developed and approved by the Committee during the course of the financial year. This will facilitate the gazetting of operations as controlled mines and works when risk work is being performed at the operation.

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 2022/2023 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 approved
- The Risk management implementation plan was approved
- 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

The improvements noted in the risk management function continued in the 2022/2023 financial year and remain a focus of the governance initiatives at the CCOD.

3.7. Internal audit

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

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

Internal audit evaluates the CCOD's controls to determine their effectiveness, and to develop recommendations, where appropriate, to improve and enhance existing controls. The CCOD shares its internal audit function with the NDOH. During the financial year under review, the internal audit conducted various reviews and assessments on the CCOD's control environment. The results of these reviews were reported to the Audit & Risk Committee.

The IAA performed audits in line with the approved risk based Internal Audit plan for the 2022/20223 financial year. The IAA's Risk-Based Three-Year Strategic and Annual Plan were approved by the Audit and Risk Committee as prescribed.

3.8. 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. The Risk registers were submitted to and reviewed by the Audit and Risk Committee on a quarterly basis.

3.9. Fraud and Corruption

The CCOD has an approved fraud prevention and implementation plan which incorporates the fraud prevention policy and fraud prevention strategy. The fraud prevention and implementation plan details management's fraud prevention planning, fraud risk assessment, fraud risk response and fraud risk monitoring for the 2021/22 to 2023/24 period. The NDOH subscribes to the National Anti-Corruption Hot-Line housed at the Office of the Public Service Commission.

No instances of fraud and corruption internal to the operations of the CCOD/MBOD were identified for prosecution during the year. In certain instances, fraudulent documentation was submitted to the CCOD which led to fruitless and wasteful expenditure being disclosed, and after investigation by the South African Police Service, the rightful claimant was compensated. Refer to note 28 in the Annual Financial Statements.

3.10. Minimising conflicts of interest

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

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

3.11. 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.

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

3.12. Health Safety and Environmental Issues

The Occupational Health and Safety Committee for the CCOD/MBOD was formed in the 2020/2021 financial year to specifically address the response to COVID-19. The work of the committee has continued in the 2022/2023 year. Building inspections at the CCOD/MBOD at 144 de Korte street were undertaken and a number of challenges with the building and other infrastructure items were identified which have not been resolved. A committee to address the infrastructure and safety, health and environmental issues at the NDOH has been formed. The building and infrastructure issues identified have been reported to this Committee for resolution.

3.13. Audit and Risk Committee report

The Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2023, in terms of its obligations as set out in paragraph 3.1.13 of the Treasury Regulations, issued in terms of section 38(1)(a) and section 77 of the PFMA.

Audit and Risk Committee Responsibility

The CCOD has established an Audit Committee in accordance with the provisions of the 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 PFMA and Treasury Regulations par. 3.1.13. The ARC also reports that it has adopted an appropriate formal terms of reference as its Charter, which is reviewed annually and that it has regulated the affairs of the ARC accordingly.

Composition and Meetings of the Audit and Risk Committee

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

Name of member	Qualification	Designation	Date appointment	End of term	Number of meetings attended
Mr C de Kock	Professional Accountant (SA) Certified Information Systems Auditor (CISA) Certified Internal Auditor (CIA) Masters in Computer Auditing (MCom-IT Audit)	Chairperson - Independent Non-executive Member	2 August 2021	1 August 2024	6
Mr S Gounden	Chartered Accountant (SA) Chartered Director (SA)	Independent Non-executive Member	10 May 2021	9 May 2024	6
Mr IS Cele	Chartered Accountant (SA) Master of Business Administration (MBA)	Independent Non-executive Member	10 May 2021	Resigned - 27 October 2022	1
Dr NZ Qunta	Master of Commerce (MCom) Master of Business Administration (MBA) PHD	Independent Non-executive Member	21 November 2022	20 November 2025	1

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 are reliable and that compliance with applicable laws and regulations are ensured.

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

The systems of internal control within the CCOD were materially effective. AGSA and Internal Audit findings were addressed by management in order to maintain and further enhance the internal control environment. Assurance to the Committee on Information Technology controls provided by the Department of Health, were however limited and requires improvement.

Internal Audit

The ARC was satisfied with the activities of the Internal Audit function, including its annual work programme, coordination with the external auditors and follow-up on management corrective action plans.

Risk Management

The ARC is responsible for oversight of the risk management function. The ARC has reviewed the risk registers, tracked and monitored the risk mitigation plan, and performed an overall assessment of the risk environment. The governance of risk is not at a state desired by the ARC. The ARC has made recommendations to Management on areas requiring improvements.

Part C - Governance

The quality of management and quarterly reports

The ARC was satisfied with the content and quality of management and quarterly reports prepared and issued during the year under review. The actual costs incurred were also monitored against the approved budget throughout the year.

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

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

Evaluation of Annual Financial Statements

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

1. Reviewed the Annual Financial Statements and Performance Information Report, to be included in the Annual Report;
2. Reviewed the AGSA's Management and Audit Reports as presented, and Management responses thereto;
3. Reviewed adjustments and corrections resulting from the audit;
4. Reviewed any changes in accounting policies and practices; and
5. Reviewed significant financial reporting judgments and estimates contained in the annual financial statements;

Auditor General's Report

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

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

Appreciation

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

On behalf of the Audit and Risk Committee:

CG de Kock
Chairperson of the Audit and Risk Committee
CCOD
Date: 31 July 2023

3.14. B-BBEE Compliance Performance Information

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

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

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

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

Part D - HUMAN RESOURCES MANAGEMENT

4.1. Introduction

The number of filled positions at the CCOD remained constant at 35 (2022: 35) whilst at the MBOD the filled position decreased to 40 (2022: 41) as at 31 March 2023 from 31 March 2022. Ms Thembisa Mama was appointed as the Deputy Compensation Commissioner on a permanent basis effective 8 November 2022.

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

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

4.2. Employee distribution

The employee distribution was as follows:

Table 9: Distribution of posts at the CCOD as at 31 March 2023

Designation	Level	Number of posts	Filled	Vacant
Compensation commissioner	**14**	1	1	-
Director	**13**	2	2	-
Deputy directors	**11**	3	2	1
Assistant directors	**10**	3	2	1
Senior state accountants (finance)	**8**	1	-	1
Senior state accountants (inspector)	**8**	2	2	-
Senior administration officer	**8**	1	-	1
Administration officers	**7**	2	2	-
Senior administrative clerk	**7**	1	1	-
Personal assistants	**6**	2	1	1
Senior administration clerks	**6**	4	3	1
Administrative / Finance clerks	**5**	21	17	4
Switchboard operator	**4**	1	1	-
Cleaner	**3**	1	-	1
Messenger	**3**	1	1	-
Total		**46**	**35**	**11**

Table 10: Profile of the workforce at the CCOD as at 31 March 2023

Level	African				Coloured				Indian				White				Total			
	M	D	F	D	M	D	F	D	M	D	F	D	M	D	F	D	M	D	F	D
14									1								1			
13	1	1	1														1	1	1	
11			2																2	
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

Part D - HUMAN RESOURCES MANAGEMENT

Table 11: Distribution of posts at the MBOD as at 31 March 2023

Designation	Level	Number of posts	Filled	Vacant
Deputy Director	**11**	1	1	-
Chief Clinical Technologist	**10**	1	-	1
Assistant Director Clinical Technology	**10**	1	1	-
Assistant Director Radiography	**10**	1	1	-
Assistant Director	**10**	1	-	1
Clinical examination and certification	**9**	1	-	1
Professional Nurse	**9**	1	-	1
Radiologist	**9**	1	1	-
Radiographer	**8**	1	-	1
Chief admin clerk	**7**	4	4	-
Chief Security	**7**	1	1	-
Personal assistant	**7**	1	1	-
Senior Human Resource Officer	**7**	1	-	1
Senior Administration clerk	**6**	8	5	3
Senior Security	**6**	1	1	-
Finance clerk	**5**	1	1	-
Administration clerk	**5**	14	10	4
Supply Chain clerk	**5**	2	1	1
Security	**4**	8	7	1
General assistant	**3**	7	4	3
Driver	**3**	1	1	-
Total		**58**	**40**	**18**

*M=Male F=Female D=Disabled

Table 12: Profile of the workforce at the MBOD as at 31 March 2023

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																				
13																				
11			1																1	
10			2								1								3	
9			1																1	
7	3		2														3		2	
6	5		2														5		2	
5	5		7														5		7	
4	6		1														6		1	
3	2		2														2		2	
Total	**20**		**18**								**1**						**21**		**19**	

*M=Male F=Female D=Disabled

Part E - PFMA Compliance

5.1. Irregular expenditure

Description	2022/2023	2021/2022
Opening balance	-	-
Add: Irregular expenditure confirmed	31 440	-
Closing Balance	**31 440**	**-**

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

5.2. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
Opening balance	630 141	542 631
Add: Fruitless and wasteful expenditure confirmed	-	87 510
Closing Balance	**630 141**	**542 631**

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

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

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure under assessment	1 007 541	806 440
Closing Balance	**1 007 541**	**806 440**

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

5.3. Payment of suppliers

Description	Number of invoices	Value R
Valid invoices received	1	339 041
Invoices paid within 30 days or agreed period	1	339 041

Per section 77A(2) of the ODMWA the cost of the actuarial valuation performed is paid from the Fund. No suppliers were paid late during the course of the 2022/2023 financial year.

5.4. Supply chain management

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

6.1. Responsibility statement

To the Parliament of Mines and Works Compensation Fund

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

The annual financial statements have been prepared on the going concern basis as at 31 March 2023. The accounting authority believes there is sufficient liquidity to meet short-term financial obligations as they become due, as the Funds' accumulated surplus should be sufficient.

The Auditor-General is responsible for examining and reporting on the fair presentation of the annual financial statements. The audit report of the annual financial statements of the Fund is presented on pages 38 to 42.

The annual financial statements of the Fund, set out on pages 43 to 82 , were approved by the accounting authority, in terms of the ODMWA, for the financial year ended 31 March 2023 and were signed on its behalf by:

Kistnasamy

Dr MB Kistnasamy
Compensation Commissioner for Occupational Diseases
31 July 2023

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mines and Works Compensation Fund set out on pages 43 to 82, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mines and Works Compensation Fund as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Context for opinion

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

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

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

Other matter

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

Listing of Mines and Works Compensation Fund as a Schedule 3A public entity

7. The Mines and Works Compensation Fund was listed as a PFMA schedule 3A public entity per Government Gazette 48319 of 28 March 2023. The entity is required to prospectively comply with the ambits of the Act from this date.

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

8. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of irregular expenditure and fruitless and wasteful expenditure (IFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in the note 27 and 28 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the auditee. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of the other information in the annual report of the auditees.

9. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA, 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.

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

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

12. 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.

13. 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

14. The entity was not required to prepare a report on its performance against predetermined objectives, as it was not a listed public entity in terms of PFMA and therefore did not fall within the ambit of the Act up until 28 March 2023. The Occupational Diseases in Mines and Works Act (ODMWA) does not require the entity to prepare an annual performance report.

Report on compliance with legislation

15. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

16. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

17. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial information of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

18. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

19. The accounting authority is responsible for the other information included in the annual report which includes the minister's statement, accounting authority's report, audit committee report and human resource management. The other information referred to does not include the financial statements and the auditor's report.

20. My opinion on the financial statements and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

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

22. 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.

Part F - Annual financial information

Internal control deficiencies

23. 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 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements on the entity's compliance with selected requirements in key legislation.

Financial statements

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

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

Communication with those charged with governance

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

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

Part F - Annual financial information

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

6.3 Statement of Financial Position as at 31 March 2023

	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Investments	3	5 363 046 630	5 048 182 108
Receivables from exchange transactions	4	28 809 476	17 520 122
Cash and cash equivalents	5	51 868 317	89 600 119
		5 443 724 423	**5 155 302 349**
Total Assets		**5 443 724 423**	**5 155 302 349**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	70 206 892	94 207 558
Payables from non-exchange transactions	8	22 999 016	21 813 681
Provisions	6	788 759 916	981 919 658
		881 965 824	**1 097 940 897**
Non-Current Liabilities			
Provisions	6	2 159 419 065	2 449 109 669
Total Liabilities		**3 041 384 889**	**3 547 050 566**
Net Assets		**2 402 339 534**	**1 608 251 783**
Accumulated surplus		**2 402 339 534**	**1 608 251 783**
Total Net Assets		**2 402 339 534**	**1 608 251 783**

The accounting policies on pages 49 to 58 and the notes on pages 59 to 82 form an integral part of the Annual Financial Statements.

* See Note 21

6.4 Statement of Financial Performance

	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Levy income	10	120 955 354	131 035 716
Other income	11	633 154 426	85 175 205
Interest received	12	323 583 243	208 952 671
Total revenue from exchange transactions		**1 077 693 023**	**425 163 592**
Revenue from non-exchange transactions			
Transfer revenue			
Goods and services in-kind from the NDOH	13	51 686 925	57 843 885
Pension payments transfer utilised		358 665	465 584
Total revenue from non-exchange transactions		**52 045 590**	**58 309 469**
Total revenue	9	**1 129 738 613**	**483 473 061**
Expenditure			
Finance costs	14	(282 701 048)	(262 317 026)
Debt impairment	15	-	(5 549 498)
Goods and services in-kind from the NDOH	13	(51 686 925)	(57 843 885)
General expenses	16	(1 262 889)	(3 316 747)
Total expenditure		**(335 650 862)**	**(329 027 156)**
Surplus for the year		**794 087 751**	**154 445 905**

The accounting policies on pages 49 to 58 and the notes on pages 59 to 82 form an integral part of the Annual Financial Statements.

* See Note 21

6.5 Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
Opening balance as previously reported	1 450 783 086	1 450 783 086
Adjustments		
Correction of errors	3 022 792	3 022 792
Balance at 01 April 2021 as restated*	**1 453 805 878**	**1 453 805 878**
Changes in net assets		
Restated surplus for the year	154 445 905	154 445 905
Total changes	154 445 905	154 445 905
Restated* Balance at 01 April 2022	**1 608 251 783**	**1 608 251 783**
Changes in net assets		
Surplus for the year	794 087 751	794 087 751
Total changes	794 087 751	794 087 751
Balance at 31 March 2023	**2 402 339 534**	**2 402 339 534**

The accounting policies on pages 49 to 58 and the notes on pages 59 to 82 form an integral part of the Annual Financial Statements.

* See Note 21

6.6 Cash Flow Statement

	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Levy income		150 026 196	127 729 135
Interest received		293 368 324	169 700 166
Transfer payments (non-exchange)		1 544 000	1 437 000
		444 938 520	**298 866 301**
Payments			
Claimants and payables from exchange transactions		(193 510 155)	(140 125 376)
Finance costs		(4 151 899)	(3 230 062)
Transfer payments		(358 665)	(465 584)
		(198 020 719)	**(143 821 022)**
Net cash flows from operating activities	17	**246 917 801**	**155 045 279**
Cash flows from investing activities			
Purchase of financial assets		(284 649 603)	(164 032 574)
Net cash flows from investing activities		**(284 649 603)**	**(164 032 574)**
Net increase/(decrease) in cash and cash equivalents		**(37 731 802)**	**(8 987 295)**
Cash and cash equivalents at the beginning of the year		89 600 119	98 587 414
Cash and cash equivalents at the end of the year	5	**51 868 317**	**89 600 119**

The accounting policies on pages 49 to 58 and the notes on pages 59 to 82 form an integral part of the Annual Financial Statements.

* See Note 21

6.7 Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of financial performance						
Revenue						
Revenue from exchange transactions						
Levy revenue	125 000 000	1 274 377	**126 274 377**	120 955 354	**(5 319 023)**	Note 10
Other income	-	-	**-**	633 154 426	**633 154 426**	Note 11
Interest received	209 500 000	96 921 155	**306 421 155**	323 583 243	**17 162 088**	Note 12
Total revenue from exchange transactions	**334 500 000**	**98 195 532**	**432 695 532**	**1 077 693 023**	**644 997 491**	
Revenue from non-exchange transactions						
Transfer revenue						
Goods and services in-kind from the NDOH	-	-	**-**	51 686 925	**51 686 925**	Note 13
Pension payments transfer utilised	1 544 000	(1 171 533)	**372 467**	358 665	**(13 802)**	
Total revenue from non-exchange transactions	**1 544 000**	**(1 171 533)**	**372 467**	**52 045 590**	**51 673 123**	
Total revenue	**336 044 000**	**97 023 999**	**433 067 999**	**1 129 738 613**	**696 670 614**	
Expenditure						
Finance costs	(284 000 000)	(28 184 204)	**(312 184 204)**	(282 701 048)	**(29 483 156)**	Note 14
Debt Impairment	-	(10 122 488)	**(10 122 488)**	-	**(10 122 488)**	Note 15
Goods and services in-kind from the NDOH	-	-	**-**	(51 686 925)	**51 686 925**	Note 13
General expenses	(128 897 000)	1 385 613	**(127 511 387)**	(1 262 889)	**(126 248 498)**	Note 16
Total expenditure	**(412 897 000)**	**(36 921 079)**	**(449 818 079)**	**(335 650 862)**	**(114 167 217)**	
Surplus	**(76 853 000)**	**60 102 920**	**(16 750 079)**	**794 087 751**	**810 837 831**	
Actual amount on comparable basis as presented in the budget and actual comparative statement	**(76 853 000)**	**60 102 920**	**(16 750 079)**	**794 087 751**	**810 837 831**	

6.7 Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of financial position						
Assets						
Current Assets						
Investments	5 251 636 000	99 437 035	**5 351 073 035**	5 363 046 630	**11 973 595**	Note 3
Receivables from exchange transactions	27 073 000	(17 322 288)	**9 750 712**	28 809 476	**19 058 764**	Note 4
Cash and cash equivalents	83 898 000	(13 902 125)	**69 995 875**	51 868 317	**(18 127 558)**	Note 5
	5 362 607 000	**68 212 622**	**5 430 819 622**	**5 443 724 423**	**12 904 801**	
Total Assets	**5 362 607 000**	**68 212 622**	**5 430 819 622**	**5 443 724 423**	**12 904 801**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	99 168 000	3 906 546	**103 074 546**	70 206 892	**(32 867 654)**	Note 7
Payables from non-exchange transactions	21 664 000	1 321 214	**22 985 214**	22 999 016	**13 802**	Note 8
Provisions	1 057 921 000	253 361 005	**1 311 282 005**	788 759 916	**(522 522 089)**	Note 6
	1 178 753 000	**258 588 765**	**1 437 341 765**	**881 965 824**	**(555 375 941)**	
Non-Current Liabilities						
Provisions	2 790 134 000	(381 648 321)	**2 408 485 679**	2 159 419 065	**(249 066 614)**	Note 6
Total Liabilities	**3 968 887 000**	**(123 059 556)**	**3 845 827 444**	**3 041 384 889**	**(804 442 555)**	
Net Assets	**1 393 720 000**	**191 272 178**	**1 584 992 178**	**2 402 339 534**	**817 347 356**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	1 393 720 000	191 272 178	**1 584 992 178**	2 402 339 534	**817 347 356**	

6.8 Accounting Policies

	Note(s)	2023	2022

1. Presentation of Annual Financial Statements

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

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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 previous years.

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.

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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

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

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

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

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

1.4 Financial instruments (continued)

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

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

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

Classification

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

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

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

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

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

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

Initial recognition

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

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.

1.4 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following 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, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired.

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Derecognition

Financial assets

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

Presentation

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

1.5 Statutory receivables

Identification

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

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

1.5 Statutory receivables (continued)

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

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

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

Recognition

The entity recognises statutory receivables as follows:

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Impairment losses

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

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

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

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

1.5 Statutory receivables (continued)

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

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

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

Derecognition

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

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

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

1.6 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.

1.6 Provisions and contingencies (continued)

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

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

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).

1.7 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

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

Levy Revenue

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

Revenue is recognised at the fair value when the risk shift has been worked as indicated in the assessment submitted by the mines and works.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments and using the nominal interest rate method for statutory receivables.

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

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

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

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

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

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

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

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

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

Goods in-kind

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.

1.8 Revenue from non-exchange transactions (continued)

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 disclose the nature and type of services in-kind received during the reporting period.

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

1.9 Investment income

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

1.10 Comparative figures

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

1.11 Fruitless and wasteful expenditure

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

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

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

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

1.12 Irregular expenditure

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

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

1.13 Budget information

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

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

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

The approved budget covers the fiscal period from 1 April 2022 to 31 March 2023.

1.14 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.

1.14 Related parties (continued)

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

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

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

1.15 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.

6.9 Notes to the Annual Financial Statements

	2023	2022

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 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on the Application of Materiality to Financial Statements	Not yet determined	Impact is currently being assessed
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Impact is currently being assessed
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Impact is currently being assessed

3. Investments

	2023	2022
At amortised cost		
CPD Investment	2 597 273 605	2 445 502 205
The interest bearing investment is money invested with the Corporation for Public Deposits (CPD). It bears interest at **7.9%** per annum (2022: 4.25% per annum).		
Fixed deposit - Mines	2 555 849 029	2 405 390 137
Short term fixed deposits are funds invested in financial instruments which bear interest between **7.00% and 8.58%** per annum (2022: between 3.75% and 5.42% per annum).		
Fixed deposit - Works	206 211 146	193 803 985
Short term fixed deposits are funds invested in financial instruments which bear interest between **7.75% and 8.58%** per annum (2022: between 4.85% and 5.33% per annum).		
Fixed deposit - Research	3 712 850	3 485 781
Short term fixed deposits are funds invested in financial instruments which bear interest at **7.00%** per annum (2022: 4.55% per annum).		
	5 363 046 630	**5 048 182 108**

	2023	2022
Current assets		
At amortised cost	5 363 046 630	5 048 182 108

4. Receivables from exchange transactions

	2023	2022
Trade receivables - Statutory receivable	28 291 366	16 962 460
Other receivables - Statutory receivable	518 110	557 662
	28 809 476	**17 520 122**

6.9 Notes to the Annual Financial Statements

	2023	2022

4. Receivables from exchange transactions (continued)

Statutory receivables general information

Standard terms and interest charged on overdue accounts

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

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

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 2023, R7 466 559 (2022: R7 913 749) were neither past due nor impaired.
At 31 March 2023, R21 342 917 (2022: R9 606 373) were past due but not impaired.

<u>The ageing of amounts past due but not impaired is as follows:</u>

	2023	2022
One month past due	180 446	717 003
Two months past due	123 155	618 242
Over 3 months past due	21 039 316	8 271 128

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of 61 407 365 (2022: 101 767 560) were impaired and provided for.

<u>The ageing of these receivables are as follows:</u>

	2023	2022
Current	1 561 794	3 607 641
Over three months past due	59 845 571	98 159 919

Reconciliation of provision for impairment of trade and other receivables

	2023	2022
Opening balance	101 767 560	96 349 197
Provision for impairment	(40 360 195)	5 549 498
Amounts written off	-	(131 135)
	61 407 365	**101 767 560**

The creation of provision for impaired receivables has been included in the debt impairment expense. The release of the provision for impaired recivables has been included in Other income.

6.9 Notes to the Annual Financial Statements

	2023	2022

4. Receivables from exchange transactions (continued)

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

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

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

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	51 868 317	89 600 119

In terms of established practices, any costs associated with maintaining separate bank accounts, or any interest received on such accounts, is for the account of the Fund.

Credit quality of cash at bank and short term deposits

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

Credit rating		
Absa (F1+) - Current Account: Mines	9 680 638	23 697 414
Absa (F1+) - Current Account: State	26 003 461	24 089 189
Absa (F1+) - Current Account: Research	10 061 505	9 702 937
Absa (F1+) - Current Account: Works	4 605 695	4 458 060
FNB (F1+) - Current Account: Mines	1 517 018	27 652 519
	51 868 317	**89 600 119**

6.9 Notes to the Annual Financial Statements

	2023	2022

6. Provisions

Non-current liabilities	2 159 419 065	2 449 109 669
Current liabilities	788 759 916	981 919 658
	2 948 178 981	**3 431 029 327**

Provision comprise:

IBNR provision	2 159 419 065	2 449 109 669
Benefits due	788 759 916	981 919 658
	2 948 178 981	**3 431 029 327**

6.9 Notes to the Annual Financial Statements

Figures in Rand

6. Provisions (continued)

Reconciliation of provisions - 2023

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

1. Additions represent the expected new claims during the 12-month inter-valuation period
2. 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 2022 for the 12-month inter-valuation period

6.9 Notes to the Annual Financial Statements

Figures in Rand

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

6. Provisions (continued)

The total claims liability, including provision for claims incurred but not yet reported (IBNR), as at 31 March 2023 was estimated to be R2 948 178 981 (2022: R3 431 029 327). 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 2023.

Benefits Due represent a liability, however what is not certain is when the claim will be paid or how much will be paid based on the environment the Fund operates in. Therefore, the valuation amount relating to Benefits Due is classified as a Provision for Benefits Due and is recognised as such in the Statement of Financial Position. The provision recognised in the Statement of Financial Position as at 31 March 2023 amounted to R788 759 916.

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 2023:
- 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 2023.
- A settlement pattern was applied to the proportion of claims that are assumed will be paid as at 31 March 2023. The settlement patterns were consistent with those used to calculate the IBNR provision.
- Expected future claim payments were discounted to 31 March 2023 using the Bond Exchange and Actuarial Society of South Africa (BEASSA) nominal zero coupon yield curve as at 31 March 2023.
- 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).

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.

6.9 Notes to the Annual Financial Statements

	2023	2022

6. Provisions (continued)

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

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

Claims in relation to the TB Liability were categorised as follows:
- 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 2023:

- The ultimate number of claims were projected for last risk years up to the end of 31 March 2023 by applying a development pattern to the cumulative proportion of claims observed to have been reported to 31 March 2023. 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 7 year development period was used in determine 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 keeping the minimum and maximum benefits and the benefits falling between these amounts by inflation each year (subject to the applicable maximum benefit).

- 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.

6.9 Notes to the Annual Financial Statements

	2023	2022

6. Provisions (continued)

- A settlement pattern was applied to the proportion of claims assumed to be paid in each development year for each last risk year. This gives an estimate of total claims that will be settled per claim year and settlement year. The settlement pattern was derived for the following groupings:
  - TB Loss of Earnings (consists of TB Initial and TB Reactivated)
  - TB Permanent Diseases (consists of First Degree and Second Degree)

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

- Expected future claim amounts to be paid per settlement year for each claims year were discounted to 31 March 2023 using the BEASSA nominal zero coupon yield curve as at 31 March 2023.

- 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 2023:

- The ultimate number of claims were projected for last risk years up to the end of 31 March 2023 by applying a development pattern to the cumulative proportion of claims observed to have been reported to 31 March 2023. 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 2023 was determined applying this method. The ultimate number of claims for risk years prior to 2004 was done in conjunction with the estimation of underreported claims.

6.9 Notes to the Annual Financial Statements

	2023	2022

6. Provisions (continued)

- The average cost per claim was derived by analysing the underlying distribution of claim amounts awarded and subsequently paid per claim year. The following disease categories were analysed separately, based on the separate rules stipulated in the ODMWA with regard to the way in which award amounts are calculated:
  - Permanent Disease First Degree
  - Permanent Disease Second Degree

- With respect to Permanent Disease First Degree, the mode of the underlying distributions were used which corresponds to the maximum benefit as per the ODMWA.

- With respect to Permanent Disease Second Degree, the mean of the underlying distributions were used.

- The average cost per claims for Permanent Disease First Degree was projected forward by applying inflation to the maximum benefit each year.

- The average cost per claim for Permanent Disease Second Degree was projected forward by adjusting the underlying distribution to each subsequent claims year by keeping the minimum and maximum benefits and the benefits falling between these amounts by inflation each year (subject to the applicable maximum benefit).

- 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 9-year settlement period was used.

- Expected future claim amounts to be paid per settlement year for each claims year were discounted to 31 March 2023 using the BEASSA nominal zero coupon yield curve as at 31 March 2023.

- The number of under-reported claims were estimated as follows:

  - The development pattern for white workers is assumed be representative of the true development of permanent diseases such as Silicosis.

  - Within the black and white workers' development patterns, active workers claim within development year zero and ex-workers claim after development year zero. Under-reporting is minimal with respect to active workers.

  - Under-reporting is therefore assumed to occur predominantly for black ex-workers.

  - The proportion of black ex-workers claiming after development year zero was adjusted such that the proportion of black workers claiming in development year zero to the proportion of black ex-workers claiming after development year zero equals the proportion of white workers claiming in development year zero to the proportion of white ex-workers claiming after development year zero. This was applied to last risk years from 2004 to 2023.

  - Frequency rates (excluding and including under-reporting) were estimated for this period and projected prior to 2004. This projection was done using historical claim numbers to calibrate frequency rates excluding underreporting prior to 2004. The relationship between post 2003 frequency rates including and excluding under-reporting was used to determine pre 2004 frequency rates including under-reporting.

  - Pre-2004 frequency rates including and excluding under-reporting were applied to estimated total risk shifts prior to 2004 to determine total ultimate claims including and excluding under-reporting for last risk years prior to 2004.

  - An adjustment was made for under-reported black silicosis second degree claims to ensure reasonable progressions in the frequency rates after allowing for corrections to under-reporting - this was as a result of Silica-TB claims in black workers, resulting in an immediate second degree certification, thereby distorting the relative frequency rates of black silicosis first degree claims versus black silicosis second degree claims.

  - The proportion of the total ultimate number of claims excluding under-reporting relating to last risk years prior to 2004 expected to be reported and certified after 31 March 2023 was determined by using the applicable development patterns.

6. Provisions (continued)

- 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 2023.
- After the payment rate was applied, a settlement pattern was applied to past under-reported claims with effect 1 April 2023. 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 2023 for last risk years to 31 March 2023. 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 2023 using the BEASSA nominal zero coupon yield curve as at 31 March 2023.
- The Permanent Liability equals to the sum of these discounted future claim payments across all settlement years for all risk years.

<u>Assumptions</u>

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 2023 at that point in time.
- Inflation is calculated to be the difference between the yields on the BEASSA nominal zero coupon bond curve and real zero bond curve as at 31 March 2023. 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

	2023 %	**2022** %
Future 'inflation rate' for TB Loss of Earnings	10	10
Proportion of TB Loss of Earnings claims that result in no loss	8	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:

6.9 Notes to the Annual Financial Statements

	2023	2022

6. Provisions (continued)

2023	Benefits due	IBNR provision	Impact on surplus / accumulated surplus
	R	*R*	*R*
Base scenario	788 759 916	2 159 419 065	-
Scenario 1: IBNR 90% TB payment, 75% Other Permanent payment; Benefits Due: 75% payment	713 353 395	2 060 604 171	174 221 415
Scenario 2: IBNR 90% TB payment, 60% Other Permanent payment; Benefits Due: 60% payment	614 715 132	1 654 394 930	679 068 919
Scenario 3: IBNR 90% TB payment, 90% Other Permanent payment; Benefits Due: 90% payment	788 759 917	2 466 813 411	(307 394 347)

2022	Benefits due	IBNR provision	Impact on surplus / accumulated surplus
	R	*R*	*R*
Base scenario	981 919 658	2 449 109 669	-
Scenario 1: IBNR 90% TB payment, 75% Other permanent payment, Benefits due 75% payment	856 186 308	2 393 746 289	181 096 730
Scenario 2: IBNR 90% TB payment, 60% Other permanent payment, Benefits due 60% payment	730 453 320	1 922 718 301	777 857 706
Scenario 3: IBNR 90% TB payment, 90% Other permanent payment, Benefits due 90% payment	981 919 657	2 864 774 276	(415 664 606)

7. Payables from exchange transactions

	2023	2022
Trade payables	66 922 363	90 178 668
Other payables	3 284 529	4 028 890
	70 206 892	**94 207 558**

8. Payables from non-exchange transactions

	2023	2022
NDOH - Pensions	22 619 016	21 433 681
Other payables from non-exchange transactions	380 000	380 000
	22 999 016	**21 813 681**

9. Revenue

	2023	2022
Levy income	120 955 354	131 035 716
Other income	633 154 426	85 175 205
Interest received	323 583 243	208 952 671
Goods and services in-kind from the NDOH	51 686 925	57 843 885
Pension payments transfer utilised	358 665	465 584
	1 129 738 613	**483 473 061**

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

	2023	2022
Levy income	120 955 354	131 035 716
Other income	633 154 426	85 175 205
Interest received	323 583 243	208 952 671
	1 077 693 023	**425 163 592**

	2023	2022

9. Revenue (continued)

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

	2023	2022
Transfer revenue		
Goods and services in-kind from the NDOH	51 686 925	57 843 885
Pension payments transfer utilised	358 665	465 584
	52 045 590	**58 309 469**

Basis on which fair value of inflowing resources was measured

Transfers

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

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

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

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

Services in-kind from the NDOH	Services in-kind represents expenditure incurred on behalf of the CCOD by the NDOH which includes employee-related and operational expenses necessary for the functioning of the CCOD.
Services in-kind from social partners and the mining industry	The Minerals Council South Africa, 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.

6.9 Notes to the Annual Financial Statements

	2023	2022

10. Levy income

Section 62 levies	119 602 810	129 743 575
Section 63 research levies	1 352 544	1 292 141
	120 955 354	**131 035 716**

The amount included in levy income arising from Section 62 and 63 levies transactions amounted to R120 955 354 (2022: R131 035 716).

11. Other income

Movement in provisions	592 794 231	85 175 205
Movement in debt impairment provision	40 360 195	-
	633 154 426	**85 175 205**

The amount included in other income arising from exchange transactions amounted to R633 154 426 (2022: R85 175 205).

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 11). If the net movement in provisions (excluding unwinding costs) is an increase to provisions then the amount is shown with general expenses (refer note 16). The split below is shown for comparative purposes

Movement in provisions		
Disease in the First Degree - Section 80(1)	108 900 196	44 082 448
Disease in the Second Degree - Section 80(3)	423 353 980	82 439 507
Tuberculosis at 75% - Section 80(1)	14 666 963	(2 449 678)
Tuberculosis in the First Degree - Section 80(4)	19 175 232	137 319
Tuberculosis in the Second Degree - Section 80(2)(b)	26 697 860	(39 034 391)
	592 794 231	**85 175 205**

12. Interest received

Interest revenue		
Interest on investments	316 864 522	203 285 079
Interest on cash and cash equivalents	2 833 594	1 961 907
Interest charged on trade and other receivables	3 885 127	3 705 685
	323 583 243	**208 952 671**

The amount included in interest income arising from exchange transactions amounted to R323 583 243 (2022: R208 952 671).

6.9 Notes to the Annual Financial Statements

	2023	2022

13. Goods and services in-kind from the NDOH

Goods and services in-kind from the NDOH	51 686 925	57 843 885
Goods and services in-kind from the NDOH comprise:		
Non-exchange - services in-kind - employee related expenses	33 714 500	34 173 892
Non-exchange - goods and services in-kind	17 972 425	23 669 993
	51 686 925	**57 843 885**

14. Finance costs

Trade and other payables	4 151 899	3 230 062
Provisions - Unwinding adjustment	278 549 149	259 086 964
	282 701 048	**262 317 026**

15. Debt impairment

Contributions to debt impairment provision - refer to Note 4	-	5 418 363
Bad debts written off	-	131 135
	-	**5 549 498**

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

16. General expenses

Actuarial valuation expenses	339 041	2 323 727
Bank charges	565 183	527 436
Pensions	358 665	465 584
	1 262 889	**3 316 747**

Pension payments for pneumoconiosis which has permanently impaired cardiorespiratory functions by:		
Not less than 20 percent but not more than 50 percent	82 379	35 895
Pneumoconiosis together with tuberculosis	-	7 001
Dependants	276 286	422 688
	358 665	**465 584**

17. Cash generated from operations

Surplus	794 087 751	154 445 905
Adjustments for:		
Finance costs (provisions unwinding adjustment)	278 549 149	259 086 964
Debt impairment	(40 360 195)	5 549 498
Net movement in provisions (excluding unwinding adjustment)	(761 399 495)	(224 535 833)
Accrued interest on investments	(30 214 919)	(39 252 505)
Changes in working capital:		
Receivables from exchange transactions	29 070 841	(3 306 581)
Payables from exchange transactions	(24 000 666)	2 086 415
Payables from non-exchange transactions	1 185 335	971 416
	246 917 801	**155 045 279**

6.9 Notes to the Annual Financial Statements

	2023	2022

18. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

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

Financial liabilities

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

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	94 207 558	94 207 558
Payables from non-exchange transactions	21 813 681	21 813 681
	116 021 239	**116 021 239**

6.9 Notes to the Annual Financial Statements

	2023	2022

19. Contingencies

Contingent liabilities incurred relating to interests in other entities

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 (2022: 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 R23 593 453 (2022: R34 976 579).

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

6.9 Notes to the Annual Financial Statements

	2023	2022

20. Related parties

Relationships

- Controlling entity	NDOH
- Committee with significant influence	Advisory Committee

Related party balances

	2023	2022
Amounts included in Trade Payable regarding related parties		
NDOH - Pensions	22 619 016	21 433 681

Related party transactions

	2023	2022
Transfer payments for pension payments		
NDOH	1 544 000	1 437 000
Goods and services in-kind from the NDOH		
NDOH	51 686 925	57 843 885

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

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
Deputy Compensation Commissioner for Occupational Diseases	Ms T Mama	Per the ODMWA the Deputy Compensation Commissioner for Occupational Diseases is required to act in the place of the Compensation Commissioner whenever there is no commissioner or the commissioner is absent or is for any other reason unable to perform his functions

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

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

21. Prior period errors

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2021

	Note	As previously reported Dr/(Cr)	Correction of error	Restated
Receivables from exchange transactions	4	22 175 604	(2 412 565)	19 763 039
Payables from exchange transactions	7	(97 556 500)	5 435 357	(92 121 143)
		(75 380 896)	**3 022 792**	**(72 358 104)**

6.9 Notes to the Annual Financial Statements

	2023	2022

21. Prior period errors (continued)

2022

	Note	As previously reported Dr/(Cr)	Correction of error	Restated
Receivables from exchange transactions	4	16 486 019	1 034 103	17 520 122
Payables from exchange transactions	7	(99 682 982)	5 475 424	(94 207 558)
		(83 196 963)	**6 509 527**	**(76 687 436)**

Statement of financial performance

2022

	Note	As previously reported Dr/(Cr)	Correction of error	Restated
Levy income		(128 239 249)	(2 796 467)	(131 035 716)
Other income		(85 262 715)	87 510	(85 175 205)
Interest received		(208 777 215)	(175 456)	(208 952 671)
Debt impairment		5 721 147	(171 649)	5 549 498
General expenses		3 747 420	(430 673)	3 316 747
		(412 810 612)	**(3 486 735)**	**(416 297 347)**

Errors

The following prior period error adjustments occurred:

Debt write-off

As a result of the reconciliation process undertaken with the controlled mines/works who have outstanding balances with the Fund statutory receivables were identified which are deemed to be irrecoverable and have been written off in accordance with the write off policy adopted by the Fund.

Revised assessments received

As a result of the reconciliation process undertaken with the controlled mines/works who have outstanding balances with the Fund adjustments to revenue from exchange transactions, interest income and the provision for debt impairment were identified. Revised assessments were received for periods prior to 31 March 2022 and as such impacted on the comparative period and the related opening balances. There was a consequential impact on interest income charged on outstanding balances in the financial years to 31 March 2021 and 31 March 2022.

22. Risk management

Financial risk management

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

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

The Fund monitors the management of these risks.

22. Risk management (continued)

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.

2023 - Financial liabilities	**Not later than one year**
Payables from exchange transactions	70 206 892
Payables from non-exchange transactions	22 999 016
	93 205 908

2022 - Financial liabilities	**Not later than one year**
Payables from exchange transactions	94 207 558
Payables from non-exchange transactions	21 813 681
	116 021 239

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	**2023**	**2022**
Investments - CPD	2 597 273 605	2 445 502 205
Short-term fixed deposits - Absa	311 634 664	292 576 142
Short-term fixed deposits - FNB	2 454 138 361	2 310 103 762
Cash and cash equivalents - Absa	50 351 299	61 947 601
Cash and cash equivalents - FNB	1 517 018	27 652 519

23. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R2 402 339 534 and that the entity's total assets exceed its liabilities by R2 402 339 534.

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 443 724 423) exceed current liabilities (R881 965 824) by R4 561 758 599 as at 31 March 2023.

24. Events after the reporting date

No material events have taken place between the statement of financial position date and the authorisation of the annual financial statements.

25. 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 2023 of R120 955 354 was lower than the budget of R126 274 377. This is attributable to a lower number of risk shifts from Controlled Mines and Works in the 2022/2023 year than anticipated in the budget.

Other Income

Other income for the year of R633 154 426 is R633 154 426 higher than the budget. Other income comprises movement in provisions of R592 794 231 and the movement in the debt impairment provision of R40 360 195. The budget for provisions anticipated that there would be a net increase in the provision for benefits due and IBNR in line with additional risk shifts worked and new certifications in the year. The actuarial valuation of the provision as at 31 March 2023 indicated that the movement in provision decreased resulting in a movement in the provision of R592 794 231 included in other income. The debt impairment is lower than budget due to improved debtor management and efficient and timely mine inspections.

Interest received

Interest received of R323 583 243 was R17 162 088 higher than budget of R306 421 155 due to higher actual interest rates than the interest rates applied on the investments in the budget.

Goods and services in kind from the NDOH

Goods and services in kind revenue from non-exchange transactions amounting to R51 686 925 was not included in the budget process as accounting entries relating to GRAP 23 has a net RNil impact on the surplus of the Fund.

Pension payments transfer utilised

Pension payments transfer utilised for the year amounting to R358 665 was R13 802 lower than the budget of R372 467. The difference is due to a decline in the number of pensioners eligible for pension payments in terms of the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded ODMWA. The decline in pensioners is due to natural attrition.

Finance costs

Finance costs of R282 701 048 were R29 483 156 lower than budget due to a lower unwinding cost from the actuarial valuation as at 31 March 2023. The discount rate used in the actuarial valuation to compute the unwinding costs was lower than the discount rate used for the budget.

Debt impairment

The Debt impairment for the year of R Nil is R10 122 488 lower than the budget of R10 122 488. The debt impairment is lower than budget due to improved debtor management and efficient and timely mine inspections.

General expenses

The budget for movement in provisions and general expenses amounting to R127 511 387 anticipated that there would be a net increase in the provision for benefits due and IBNR in line with additional risk shifts worked and new certifications in the year. The actuarial valuation of the provision done as at 31 March 2023 indicated that the movement in provision decreased resulting in a movement in the provision of R592 794 231 included in revenue from exchange transactions.

25. Budget differences (continued)
Statement of financial position

Investments

Investment balances were R11 973 595 higher than budget due to investments earning higher than budgeted interest rates during the course of the year. The Fund's investments benefited from the increase in rates earned on investments.

Receivables from exchange transactions

Receivables from exchange transactions were R19 058 764 higher than budget of R9 750 712 due to a lower provision for debt impairments than budget in line with the improved debtor management and efficient and timely mine inspections.

Cash and cash equivalents

Actual cash and cash equivalents of R51 868 317 are lower than budget of R69 995 875 due to fluctuations of cash balances in the normal course of business of the Fund.

Payables from exchange transactions

Payables from exchange transactions was R32 867 654 lower than the budgeted amount of R103 074 546. The payables from exchange decreased more than anticipated in the budget mainly due to refunds paid to uncontrolled mines that were included in payables from exchange.

Provisions

Current provisions of R788 759 916 were R522 522 089 lower than budget of R1 311 282 005 and non-current provisions of R2 159 419 065 were R249 066 614 lower than budget of R2 408 485 679. The budget for provisions anticipated that there would be a net increase in the provision for benefits due (current provisions) and IBNR (non-current provisions) in line with additional risk shifts worked and new certifications in the year. The actuarial valuation of the provision done as at 31 March 2023 computed reduced benefits due and IBNR provisions 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:

Statement of financial performance

Levy revenue

The initial budget of R125 000 000 was updated to R126 274 377, the increase in budget was due to take into account the new gazetted levy rates applicable in the 2022/2023 year.

Interest received

The approved budget of R209 500 000 was updated to a final budget of R306 421 155. The adjustment was due to adjusting the interest rates to be earned on Investments in line with latest information from financial institutions.

Finance costs

The approved budget of R284 000 000 was updated to a final budget of R312 184 104. The update was in line with using updated unwinding interest rates in line with the latest actuarial valuation.

General expenses

The approved budget of R128 897 000 was updated to a final budget of R127 511 387 to align the movement in the provision more closely with new risk shifts worked in the year.

6.9 Notes to the Annual Financial Statements

	2023	2022

25. Budget differences (continued)

Debt impairment

The Debt impairment approved budget was adjusted to R10 122 488. The adjustment was made to include debt impairments of debtors raised in line with section 74 of the ODMWA as well as other possible impairments.

Pension payments transfer utilised

The approved budget of R1 544 000 was reduced to R372 467 in the final budget. The reduced final budget incorporates the lower number of pensioners eligible for the pension payments.

Statement of financial position

Investments

The approved budget of R5 251 636 000 was updated to a final budget of R5 351 073 035 to align with the higher interest rates included in the final budget.

Receivables from exchange transactions

The approved budget of R27 073 000 was updated to a final budget of R9 750 712 to reflect the improved debtor management in the final budget.

Cash and Cash equivalents

The approved budget of R83 898 000 was updated to a final budget of R69 995 875 due to fluctuations in the cash balances as part of the final budget process.

Payables from exchange transactions

The approved budget of R99 168 000 was updated to a final budget of R103 074 546 due fluctuations in the payables from exchange balance as part of the final budget process.

Payables from non-exchange transactions

The approved budget of R21 664 000 was updated to a final budget of R22 985 214 due to incorporating the lower number of pensioners eligible for the pension payments in the final budget.

Provisions (Current liability)

The approved budget of R1 057 921 000 was updated to a final budget of R1 311 282 005 based on the latest valuation report and projected certifications incorporated in the final budget process.

Provisions (Non-current liability)

The approved budget of R2 790 134 000 was updated to a final budget of R2 408 485 679 based on the latest valuation report which was incorporated in the final budget process.

26. Assistance from Social Partners

Minerals Council South Africa

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

The maximum benefit from the Minerals council amounts to R241 913 000 over a five year period from 1 April 2019 to 31 December 2023.

6.9 Notes to the Annual Financial Statements

	2023	2022

27. Irregular expenditure

	2023	2022
Opening balance	-	-
Add: Irregular Expenditure - current	31 440	-
Closing balance	**31 440**	**-**

Irregular expenditure relates to the impairment of other receivables for a duplicate payment made to a claimant during May 2022. Attempts were made to recover the duplicate payment, however the CCOD deems the amount to be not recoverable.

Analysis of irregular expenditure reported in the current year

Nature of expenditure	Disciplinary steps taken	R
Claims related expenditure	No disciplinary action can be taken as the initial payment was done based on a fraudulent letter of authority obtained from the magistrates court.	31 440

28. Fruitless and wasteful expenditure

	2023	2022
Opening balance as restated	630 141	542 631
Fruitless and wasteful expenditure incurred and identified in the financial year	-	87 510
Closing balance	**630 141**	**630 141**

Analysis of fruitless and wasteful expenditure reported in the prior year

Nature of expenditure	Disciplinary steps taken	R
Claims related expenditure	No disciplinary steps taken. The controls and payment process for foreign payments were updated and improved to address weaknesses that resulted in double payments.	87 510

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