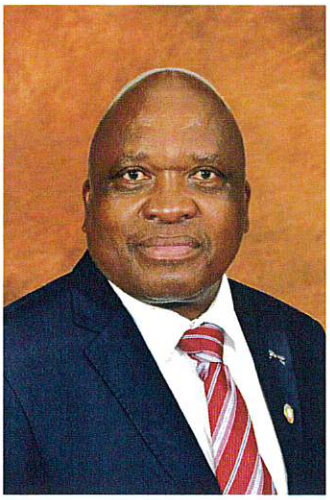


The Mines and Works Compensation Fund

Annual Performance Plan
for the 2024/25 Financial Year

March 2024

Executive Authority Statement by the Minister of Health



The Mines and Works Compensation Fund (Fund) is congratulated on its achievement of an unqualified audit with no material findings by the Auditor-General of South Africa in the 2022/23 financial year.

The Mines and Works Compensation Fund paid on average 373 claimants per month totalling R147,1 million for the 9 months to 31 December 2023, compared to an average of 466 claimants per month totalling R104,5 million in the comparative period in the previous year. The Certification Committees of the Medical Bureau for Occupational Diseases (MBOD) adjudicated on average 1 107 certifications per month for the 9 months to 31 December 2023, compared to 790 certifications per month in the comparative period in the previous year.

The Minerals Council South Africa continued its support for the activities of the MBOD/CCOD through secondment of personnel and technical support for financial and information management and legal reforms. The MBOD/CCOD is working closely with the Tshiamiso Trust in the provision of medical assessment services and submission of claims given the overlap with claimants in the gold mining sector.

As at 31 December 2023, 72 controlled mines and works were inspected.

This Annual Performance Plan reflects the performance targets for the 2024/25 financial year. I endorse the Annual Performance Plan of the Mines and Works Compensation Fund and will work with the management team to ensure its implementation. The focus area will be:

- Ensuring the effective and efficient management of the Fund through collection of levies, certifications and payment of claims.

Dr MJ Phaahla (MP)
Executive Authority, Minister of Health, RSA
Date: 20/03/2024

Accounting Authority Statement

The CCOD was established in terms of the Occupational Diseases in Mines and Works Act, No. 78 of 1973 (ODMWA). The CCOD relies on voted funds for the administration of the Mines and Works Compensation Fund and payments for Benefit Medical Examinations and certifications.

This Annual Performance Plan reflects the performance targets for the Fund for the 2024/25 financial year. The focus area will be the:

- effective and efficient management of the Fund through certifications and payment of claims, collection of levies and inspections of controlled mines and works.

The actuary has completed the actuarial roll forward of the Mines and Works Compensation Fund as at 31 March 2023. Levies on controlled mines and works and benefits payable to claimants will be adjusted from 1 April 2024 based on the current actuarial valuation of the Mines and Works Compensation Fund. There are 71 866 unpaid compensation claims amounting to R1.19 billion in the Fund. The bulk of the unpaid claims within the CCOD are before 2010.

Over the 9-month period ending 31 December 2023, the Fund paid 3,353 claimants R147,1 million with 28% going to claimants in neighbouring countries and 9,962 certifications were done by the Medical Bureau for Occupational Diseases. The CCOD continued to pay monthly pensions to 21 pensioners in terms of the Pneumoconiosis Compensation Act, No. 64 of 1962 which preceded ODMWA. The monthly pensions are paid from voted funds.

Monthly updates are given on the outputs of the MBOD/CCOD such as the number of certifications and number of paid claimants which assists with performance monitoring. The call centre (080 100 0240) supported by the Minerals Council South Africa provided feedback to claimants and handled 2,491 outgoing and 1,936 incoming calls per month for the period ending 31 December 2023.

This annual performance plan must be read in conjunction with the NDOH's annual performance plan. The NDOH carries the administration costs of the CCOD and the costs of provision of Benefit Medical Examinations for ex-workers from controlled mines and works.

Dr MB Kistnasamy
Compensation Commissioner

Official Sign - Off

It is hereby certified that this Annual Performance Plan of the Mines and Works Compensation Fund:

- Was developed by the management of the CCOD, which administers the Mines and Works Compensation Fund, under the guidance of the Minister of Health;
- Considers all relevant policies, legislation and other mandates for which the Fund is responsible; and
- Accurately reflects the outcomes and outputs which the Fund will endeavour to achieve over the 2024/25 financial year.

Dr MB Kistnasamy
Compensation Commissioner

Signature: _____

Ms T Mama
Deputy Commissioner

Signature: _____

Mr M Maswanganye
Director: Finance

Signature: _____

Dr N Mtshali
Director: MBOD

Signature: _____

Mr PP Mamogale
Chief Financial Officer: NDOH

Signature: _____

Approved by:

Dr MJ Phaahla (MP)
Executive Authority, Minister of Health, RSA

Signature: _____

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Part A Our Mandate

The Fund compensates workers and ex-workers, in controlled mines and works, for occupational diseases of the cardio-respiratory organs 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 directorate within the National Department of Health (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, information technology, risk management and internal audit as the CCOD/MBOD does not have these functions in-house.

A1. Constitutional mandate

Constitution of the Republic of South Africa Act, No. 108 of 1996
Section 27 provide for the rights of access by citizens to social security, including, if they are unable to support themselves and their dependents, appropriate social assistance. The State will take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of these rights.

A2. Legislative and policy mandates

Other legislation impacting on the work of the Fund / CCOD are as follows:

Basic Conditions of Employment Act, No. 75 of 1997
Prescribes right to fair labour practices and minimum conditions of employment which must be applied.

Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993
Provides for compensation caused by occupational injuries or diseases, sustained or contracted by employees in the course of their employment, and for death resulting from such injuries or disease.

Control of Access to Public Premises and Vehicles Act, No. 53 of 1985
Provides for the regulation of individuals entering government premises, and incidental matters.

Labour Relations Act, No. 66 of 1995
The purpose of the Labour Relations Act is not only to protect everyone in the workplace but to also promote economic development, fair labour practices, peace, democracy and social development.

Mine Health and Safety Act, No. 29 of 1996
To entrench the right to refuse to work in dangerous conditions; and to give effect to the public international law obligations of the Republic relating to mining health and safety.

National Health Act, No. 61 of 2003
Provides a framework for a structured uniform health system within the Republic, taking into account the obligations imposed by the Constitution and other laws on the national, provincial and local spheres of government with regard to health services.

Occupational Health and Safety Act, No. 85 of 1993
Provides for the requirements that employers must comply with, in order to create a safe working environment for employees in the workplace.

Promotion of Access to Information Act, No. 2 of 2000
Amplifies the constitutional provision pertaining to accessing information under the control of various bodies.

Promotion of Administrative Justice Act, No. 3 of 2000
Amplifies the constitutional provisions pertaining to administrative law by codifying it.

Promotion of Equality and the Prevention of Unfair Discrimination Act, No. 4 of 2000
Provides for the further amplification of the constitutional principles of equality and elimination of unfair discrimination.

Protected Disclosures Act, No. 26 of 2000
Provides for the protection of whistle-blowers in the fight against corruption.

Public Finance Management Act, No. 1 of 1999 (PFMA)
Provides for the administration of state funds by functionaries, their responsibilities and incidental matters.

Public Service Commission Act, No. 46 of 1997
Provides for the amplification of the constitutional principles of accountability, governance, and incidental matters.

State Liability Amendment Act, No. 14 of 2011
Provides for the circumstances under which the State attracts legal liability.

Protection of Personal Information Act, No. 4 of 2013
It sets some conditions for responsible parties (called controllers in other jurisdictions) to lawfully process the personal information of data subjects (both natural and juristic persons).

A3. Institutional policies and strategies governing the five-year planning period

The policy mandates for occupational health and compensation services are split between the Department of Employment and Labour, the Department of Mineral Resources and Energy and the Department of Health.

It was not possible to integrate the compensation systems between the Department of Health and the Department of Employment and Labour. The reforms to the Occupational Diseases in Mines and Works Act, Act 78 of 1973, will cover changes to the levies to cover the costs of administration, health care and medical assessments; provide for a register of all mines and works and introduction of limited liability for owners of mines and works with respect to occupational lung diseases. The digitisation

project of paper-based files supported by Rand Mutual Assurance will continue over the MTEF and assist with the paper less information technology system introduced in 2022.

The planned initiatives over the period 2024/25 to 2028/29 include:

- Finalising the legislative reforms.
- Ensuring the effective and efficient management of the CCOD through certifications and payment of claims, collection of levies and inspections of controlled mines and works.

A4. Relevant court rulings

- ***Silicosis and TB class action claim against Gold Mining companies*** (High Court of South Africa, South Gauteng - 44060/18) [July 2019]

In October 2015, former mineworkers on South Africa's gold mines took more than 30 companies to court. The former mineworkers asked the South Gauteng High Court for permission to bring a class action against the companies on behalf of all mineworkers who have silicosis and tuberculosis (TB) as a result of their exposure to silica dust since 1965, and of the families of all mineworkers who have died of silicosis and TB. A full bench of the South Gauteng High Court on 26 July 2019 approved the settlement in this matter. The Tshiamiso Trust was set up in 2020 to implement the settlement agreement.

Part B Our strategic focus

B1. Vision

The Fund 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.

B2. Mission

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

B3. Values

The success of the CCOD, who administers the Fund, rests with the service ethos of the personnel undertaking specific activities. The following values of our personnel underpin the activities of the CCOD:

- Fairness
- Equity
- Accessibility
- Transparency
- Accountability
- Professionalism
- Integrity
- Diligence

B4. Situational analysis

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

The Fund compensates current and ex-workers in controlled mines and works for impairment or diseases of the cardio-respiratory organs due to exposures at work 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 of the worker or ex-worker. The CCOD also pays the transfer payment for pensioners as per the Pneumoconiosis Compensation Act, No. 64 of 1962.

The main categories and challenges can be summarised as follows:

i. Pensioners

Former workers or spouses who are now pensioners receive monthly pension pay-outs from the CCOD and this is in accordance with the Pneumoconiosis Compensation Act, No. 64 of 1962. There is no provision for pensioners in the current Act and hence there are no additional pensioners. Their grants are increased annually and is done in line with the general increases as determined by National Treasury. Pensioners are paid from the State Account within the Mines and Works Compensation Fund from voted funds in the National Department of Health.

ii. One Sum Benefits

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

- 1st degree compensation is the impairment of the cardio-respiratory organs of between 10% and 40%. The claim amount payable for first degree is up to R76,557.
- 2nd degree compensation is the impairment of the cardio-respiratory organs of greater than 40% and/or multiple diseases. The claim amount payable for second degree is up to R170,470.
- Tuberculosis benefits are in the form of reimbursements of loss of earnings incurred during Tuberculosis 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 and after consultation with the Advisory Committee. The latest increases in benefits were on 1 April 2023.

The support of the Minerals Council South Africa through provision of technical and human resources has stabilised the CCOD/MBOD and assisted its turnaround and delivery of services for current and ex-workers in mines and works. Training activities supported by the Minerals Council South Africa has enhanced the skills and knowledge of health professionals at the mines.

The number of controlled mines and works is determined by the Risk Committee which is chaired by the Chief Inspector of the Department of Mineral Resources and Energy. There are 859 gazetted operations as 31 December 2023. The Director-General has written to the Director-General of Mineral Resources and Energy about the non-functional Risk Committee.

The project to verify the operating status of controlled mines and works is ongoing. The Risk committee approved the terms of reference for the committee, as well as the new risk determination methodology in order to improve the functioning of the committee. Only one mine was declared controlled within the 2023/24 financial year.

The latest annual reports and audited financial statements presented to parliament cover the 2022/23 Financial Year.

The management interventions over the period 2024/25 to 2028/29 are as follows:

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

iii. Audit findings

During the 2023/2024 financial year the annual report for the 2022/2023 financial year was submitted to Parliament. The CCOD was congratulated on its achievement of an unqualified audit with no material findings for the 2022/2023 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 links to the different class action and social protection funds
- worked closely with provinces and neighbouring country governments through the leadership and involvement of the Deputy Minister of Health, Dr Sibongiseni Dhlomo.

B5. External environment analysis

This strategic plan should be read in conjunction with the National Department of Health's strategic plan.

The National Department of Health carries the administration costs of the CCOD which includes the personnel, operational and infrastructure costs. The budget for the administration of the CCOD, the provision of Benefit Medical Examinations and the activities of the Certification Committees are provided for within voted funds in the NDOH. There have been no substantial increases in the CCOD budget and the business reform processes at the CCOD have been supported by human, technical and financial resources from the Minerals Council South Africa. Substantial resources estimated at R150 million per annum are needed to expand and scale up the services of the CCOD, recruit specialised staff in the legal, information technology, occupational hygiene, medical and financial management disciplines and provide for the medical assessments, certifications, payment and infrastructural backlogs in buildings, medical facilities and information technology. Additional technical and human resources are funded by the Minerals Council South Africa.

B6. Internal environment analysis

The current senior management of the CCOD is as follows:

- Dr Barry Kistnasamy as Compensation Commissioner
- Ms Thembisa Mama as 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 personnel distribution as at 31 December 2023 was as follows:

Table 1: Distribution of Posts at the CCOD as at 31 December 2023

Designation	Level	No. of Posts	Filled	Vacant
Commissioner	14	1	1	0
Director	13	2	2	0
Deputy Directors	12	3	2	1
Assistant Directors	10	3	2	1
Senior State Accountant (Finance)	8	1	0	1
Senior State Accountant (Inspector)	8	2	2	0
Senior Administration Officer	8	1	0	1
Administration Officer	7	2	2	0
Senior Administration Clerks	7	1	1	0
Personal Assistant	6	2	1	1
Senior Administration Clerk	6	4	3	1
Administration / Finance Clerk	5	21	17	4
Switchboard operator	4	1	1	0
Cleaner	3	1	0	1
Messenger	3	1	0	1
Total		**46**	**34**	**12**

Whilst the CCOD is capacitated at 74%, these are mainly administrative posts and there are an inadequate number of posts for specialised personnel within the CCOD. The specialised technical and professional support personnel are provided by the Minerals Council South Africa under the Memorandum of Understanding between the Department of Health and the Minerals Council South Africa.

Part C Measuring our performance

C1. Institutional programme performance information

C1.1 Ensure the effective and efficient management of the Fund

Ensure the effective and efficient management of the Fund.

C1.1.1 Purpose

Management will work to ensure certifications and payment of claims, collection of levies from the controlled mines and works, and conduct inspections of controlled mines and works.

C2. Outcomes, outputs and performance indicators

Outcome	Output Indicator	Un-Audited/Actual Performance*			Performance as at 31 December 2023	Medium-term Targets				
		2020/21	2021/22	2022/23		2024/25	2025/26	2026\27	2027/28	2028/29
1. Ensure the effective and efficient management of the CCOD	1.1 Number of certifications finalised on the Compensations Claims Management System (CCMS) per year	13 084	5 969	10 212	9 962	10 000	9 000	8 000	7 000	6 000
	1.2 Number of claims finalised by the Fund (other than pensioners)	5 354	6 155	6 693	3 930	6 000	6 000	5 000	5 000	4 000
	1.3 Number of benefit payments made by the Fund (other than pensioners)	4 212	4 678	5 776	3 353	5 000	5 000	4 000	4 000	3 000
	1.4 Number of controlled mines and works inspected	41	139	121	72	80	85	85	90	90
	1.5 Percentage of levies (funds) received from controlled mines and works liable for payment of levies per the financial system.	New Indicator	New Indicator	New Indicator	New Indicator	80%	85%	85%	90%	90%

* Performance information of the CCOD are not audited separately as the CCOD is a sub program of the NDOH

C3. Output indicators: annual and quarterly targets

Output Indicator	Reporting Period	Annual Target 2024/25	Quarterly Targets			
			1st	2nd	3rd	4th
1.1 Number of certifications finalised on the Compensations Claims Management System (CCMS) per year	Quarterly	10 000	3 000	3 000	2 000	2 000
1.2 Number of claims finalised by the Fund (other than pensioners)	Quarterly	6 000	1 800	1 800	1 200	1 200
1.3 Number of benefit payments made by the Fund (other than pensioners)	Quarterly	5 000	1 500	1 500	1 000	1 000
1.4 Number of controlled mines and works inspected	Quarterly	80	5	18	30	27
1.5 Percentage of levies (funds) received from controlled mines and works liable for payment of levies per the financial system.	Quarterly	80%	80%	80%	80%	80%

C4. Explanation of planned performance over the medium-term period

The Fund's focus over the medium term will be on stabilising the number of claims paid.

To stabilise the number of claims paid, the Compensation Commissioner will interact with the:

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

Provision of the benefit medical examinations will be enabled through partnerships with the provincial Departments of Health, the Tshiamiso Trust and mining companies. Limited outreach activities in labour sending areas within South Africa and in neighbouring countries will be targeted to claimants given the resource constraints.

The Finance Director has been investing surplus funds in the short-term investment market with the South African Reserve Bank and banking institutions. Levy revenue is expected to increase over the MTEF due to increase in levy rates for gold which is the highest contributor towards levy income. In addition, interest earned from investments is expected to increase over the MTEF period owing to an increase in interest rates and investment balances.

The Minister of Health has approved an increase in pension amounts with the concurrence of the Minister of Finance. This will be funded by the annual transfer from the Department of Health and is expected to grow at an average annual rate of 0.9% over the medium term from R1,5 million in the 2022/23 FY to R1,8 million in the 2026/27 FY.

Compensation of ex-miners is the Mines and Works Compensation Fund's largest cash outflow. It is funded by levies collected from controlled mines and works based on the number of risk shifts worked, multiplied by a specific rate per commodity. Inspections are carried out to ensure that the number of risk shifts are not understated. The Compensation Commissioner plans to stabilise these inspections at a

target of 90 per year in 2027/28 FY owing to resource constraints.

There will be a decrease in the number of persons being assessed and certified due less workers in the mines and works sector and enhanced dust control (prevention) interventions in the mines. The Compensation Commissioner will continue to work with the Tshiamiso Trust to ensure provision of services to eligible current and ex-workers for lodgement of claims and access to medical assessments.

C5. Programme resource considerations

Table 1: Mines and Works Compensation Fund expenditure trends and estimates by programme / objective / activity

	Outcome			Approved budget	Average growth rate (%)	Expen-diture/ Total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expen-diture/ Total: Average (%)
R thousand	2020/21	2021/22	2022/23	2023/24	2020/21 – 2023/24		2024/25	2025/26	2026/27	2023/24 – 2026/27	
Administration	290 321	-	-	-	(100%)	15.7%	-	-	-	-	-
Compensation of pensioners	821	474	361	290	(29.3%)	0.1%	233	187	150	(19.7%)	0.1%
Compensation of ex-miners	169 846	270 710	283 603	383 793	31.2%	84.1%	402 110	431 633	476 172	7.5%	99.9%
Total	**460 988**	**271 184**	**283 964**	**384 083**	**(5.9%)**	**100.0%**	**402 343**	**431 820**	**476 322**	**7.4%**	**100.0%**

Statement of financial performance	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate	Revised estimate
R thousand	2020/21		2021/22		2022/23		2023/24	
Revenue								
Tax revenue	**305 000**	**107 019**	**120 000**	**131 036**	**126 274**	**120 955**	126 836	122 476
Non-tax revenue	**235 000**	**212 501**	**205 500**	**294 128**	**306 421**	**956 737**	**404 861**	**459 744**
Other non-tax revenue	235 000	212 501	205 000	294 128	306 421	956 737	404 861	459 744
Transfers received	**4 272**	**821**	**1 437**	**466**	**373**	**359**	**298**	**287**
Total revenue	**544 272**	**320 341**	**326 937**	**425 630**	**433 068**	**1 078 051**	**531 995**	**582 507**
Expenses								
Current expenses	**8 910**	**460 167**	**166 336**	**270 718**	**449 446**	**283 605**	**471 645**	**383 796**
Goods and services	8 625	174 820	2 336	8 401	137 261	904	133 305	128 841
Interest, dividends and rent on land	285	285 347	164 000	262 317	312 185	282 701	338 340	254 955
Transfers and subsidies	**222 602**	**821**	**121 437**	**466**	**372**	**359**	**298**	**287**
Total expenses	**231 512**	**460 988**	**287 773**	**271 184**	**449 818**	**283 964**	**471 943**	**384 083**
Surplus/(Deficit)	**312 760**	**(140 647)**	**39 164**	**154 446**	**(16 750)**	**794 087**	**60 052**	**198 424**
Statement of financial position								
Investments	4 581 418	4 852 536	5 142 136	5 048 740	5 351 631	5 363 565	5 752 962	5 619 424
Receivables and prepayments	17 017	14 537	27 073	16 962	9 193	28 291	9 234	28 647
Cash and cash equivalents	42 250	98 587	41 251	89 600	69 996	51 868	41 644	195 922
Total assets	**4 640 685**	**4 965 660**	**5 210 460**	**5 155 302**	**5 430 820**	**5 443 724**	**5 803 840**	**5 843 993**
Accumulated surplus/(deficit)	1 635 129	1 450 783	1 590 573	1 608 252	1 584 992	2 402 339	1 645 044	2 600 764
Trade and other payables	14 462	118 399	118 832	116 021	126 060	93 206	131 059	99 014
Provisions	2 991 094	3 396 478	3 501 055	3 431 029	3 719 768	2 948 179	4 027 737	3 144 215
Total equity and liabilities	**4 640 685**	**4 965 660**	**5 210 460**	**5 155 302**	**5 430 820**	**5 443 724**	**5 803 840**	**5 843 993**

Table 3: Mines and Works Compensation Fund statements of estimates of financial performance and position

Statement of financial performance	Revised estimate	Average growth rate (%)	Expen-diture/ Total: Average (%)	Medium-term estimate			Average growth rate (%)	Expen-diture/ Total: Average (%)
R thousand	2023/24	2020/21 – 2023/24		2024/25	2025/26	2026/27	2024/25 – 2026/27	
Revenue								
Tax revenue	**122 476**	4.6%	24.1%	128 600	135 030	141 782	5.0%	22.0%
Non-tax revenue	**459 744**	29.3%	75.8%	481 492	461 124	462 648	0.2%	77.9%
Other non-tax revenue	459 744	29.3%	75.8%	481 492	461 124	462 648	0.2%	77.9%
Transfers received	**287**	(29.6%)	0.1%	230	184	147	(20%)	0.1%
Total revenue	**582 507**	22.1%	100.0%	610 322	596 338	604 577	1.2%	100.0%
Expenses								
Current expenses	**383 796**	(5.9%)	100.0%	402 113	431 636	476 175	7.5%	99.9%
Goods and services	128 841	(9.7%)	18.7%	134 994	141 455	148 334	4.8%	32.7%
Interest, dividends and rent on land	254 955	(3.7%)	81.1%	267 119	290 181	327 841	8.7%	67.2%
Transfers and subsidies	**287**	(29.6%)	0.1%	230	184	147	(20.0%)	0.1%
Total expenses	**384 083**	(5.9%)	100.0%	402 343	431 820	476 322	7.4%	100.0%
Surplus/(Deficit)	**198 424**	(212.2%)		207 979	164 518	128 255	(13.5%)	
Statement of financial position								
Investments	5 619 424	5.0%	97.6%	6 097 031	6 554 269	7 013 032	7.7%	97.8%
Receivables and prepayments	28 647	25.4%	0.4%	30 079	31 583	33 163	5.0%	0.5%
Cash and cash equivalents	195 922	25.7%	2.0%	136 277	73 792	8 220	(65.3%)	1.7%
Total assets	**5 843 993**	5.6%	100.0%	6 263 387	6 659 644	7 054 416	6.5%	100.0%
Accumulated surplus/(deficit)	2 600 764	21.5%	37.3%	2 808 743	2 973 260	3 101 515	6.0%	44.5%
Trade and other payables	99 014	(5.8%)	2.0%	105 175	111 691	118 572	6.2%	1.7%
Provisions	3 144 215	(2.5%)	60.7%	3 349 469	3 574 693	3 834 328	6.8%	53.8%
Total equity and liabilities	**5 843 993**	5.6%	100.0%	6 263 387	6 659 644	7 054 416	6.5%	100%

The budget overview and MTEF estimates related to the administration of the CCOD as processing and payments of claims are covered by voted funds within the budget of the National Department of Health. The Mines and Works Compensation Fund covers revenue from the levies on controlled mines and works and pays compensation benefits to claimants and beneficiaries.

As a result of levy increases approved by the Minister of Health as of 1 April 2022, revenue is forecast to increase over the medium term to R141 million in the 2026/27 FY.

The budget for the administration of the CCOD, the provision of Benefit Medical Examinations and the activities of the Certification Committees are provided for within voted funds in the NDOH. There have been no substantial increases in the CCOD budget and the business reform processes and the service enhancement projects at the CCOD have been supported by the Minerals Council South Africa. Substantial resources estimated at R150 million per annum are needed to expand and scale up the services of the CCOD, recruit specialised staff in the legal, information technology, occupational hygiene, medical and financial management disciplines and provide for the medical assessments, certifications, payment and infrastructural backlogs in buildings, medical facilities and information technology.

C6. Updated key risks and mitigation from the Strategic Plan

STRATEGIC OBJECTIVE	STRATEGIC RISK	ROOT CAUSES	CONSEQUENCES	MITIGATION
Ensure the effective and efficient management of the Fund / CCOD	Inability of the Fund / CCOD to meet its liabilities and pay benefits	Non-collection of levies from controlled mines and works	Inability of the Fund / CCOD to pay claimants	Ensure an accurate database of controlled mines and works and inspections to verify levy collections per risk shift; regular updates to the database; manage turnaround times of payment of new claims with complete documentation

C7. Public entities

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).

C8. Infrastructure programs

There are no infrastructure programs in the strategic plan of the Mines and Works Compensation Fund for the period ending 2024/25.

C9. Public-Private Partnerships (PPP's)

None.

Part D Technical indicator descriptions (TIDs)

Indicator title	Definition	Purpose/ Importance	Source of data	Calculation Method	Data Limitations	Assumptions	Calculation Type	Reporting Cycle	New indicator	Desired Performance	Indicator responsibility
1.1 Number of certifications finalised on the Compensations Claims Management System (CCMS) per year.	Claimant files assessed by the Certification Committees and finalised on the Compensations Claims Management System (CCMS)	The Certification Committees assess the benefit medical examinations to diagnose and certify a compensable disease	Compensation Claims Management System (CCMS)	Count of certifications finalised on the CCMS	Missing data and data integrity of the CCMS	None	Cumulative	Quarterly	No	10 000	Director: MBOD
1.2 Number of claims finalised by the Fund (other than pensioners) per year	Finalised claimants with compensable disease claims	Category, disease type and amount assist with monitoring trends in compensable diseases, provision of services and prevention interventions	Claims analysis report from the Master Database	Count of claims finalised by the Fund in the period – a claim is considered finalised if the claim is fully paid, the claim is closed as a no-loss claim, the certification is cancelled or closed as a non-eligible or non-occupational environmental cause	Missing documents and data and transcription errors on the IMCS	None	Cumulative	Quarterly	No	6 000	Director: Finance
1.3 Number of benefit payments made by the Fund (other than pensioners) per year	Benefit payments made to claimants or beneficiaries of claimants with compensable disease claims	Category, disease type and amount assist with monitoring trends in compensable diseases, provision of services and prevention interventions	Bank statements	Count of benefit payments made by the Fund, other than pension payments, less payments rejected per the bank statement in the reporting period	Missing documents and data	None	Cumulative	Quarterly	No	5 000	Director: Finance
1.4 Number of controlled mines and works inspected per year to verify levies payable based on risk shifts worked.	Inspections of controlled mines and works to verify levies paid and risk shifts	To verify correctness of revenue for the Fund	Reports of inspections performed	Count of controlled mines and works inspected during the reporting period	Inaccurate declarations by controlled mines and works; missing contractor data	None	Cumulative	Quarterly	No	80	Deputy Compensation Commissioner

Indicator title	Definition	Purpose/ Importance	Source of data	Calculation Method	Data Limitations	Assumptions	Calculation Type	Reporting Cycle	New Indicator	Desired Performance	Indicator responsibility
1.5 Percentage of levies (funds) received from controlled mines and works liable for payment of levies per the financial system	% of controlled mines and works per the financial system paying levies to the Fund	Verification process of levy payments of controlled mines and works ensures the sustainability of the Fund	Receipts of levies in the Fund (CCOD) bank account reconciled to invoices raised in the accounting system	**Quarterly reporting:** All quarters will report YTD at the end of the quarter as at the time of reporting. **Annual reporting:** Full year reporting will cover the full financial year as at the time of reporting. Numerator: Sum of the value of payments received and allocated to invoices dated in the period being reported as reflected in the "Interest Calculation_without Formulaes" report in the Sage Accounting System as at the time of reporting. Denominator: Sum of the value of invoices raised for the period being reported per the inventory transaction listing as per the Sage accounting system as reflected at the time of reporting	Mines/Works not submitting actual assessments for the period under review for risk shifts worked	None	Cumulative	Annual	No	80%	Deputy Compensation Commissioner

Annexure

Definition of Terms

Terms	Definitions
1st Degree	It is the impairment of respiratory organs of between 10 – 40%
2nd Degree	It is the impairment of respiratory organs of more than 40% and/or multiple diseases
Advisory Committee	It is the committee established under section 59 of ODMWA
Audit and Risk Committee	It is the committee established under section 77 of PFMA
CCOD	The office of the Compensation Commissioner for Occupational Diseases in Mines and Works
CCMS	Compensation Claims Management System
Compensation Commissioner	Is the Commissioner appointed under section 54 (a) of ODMWA
Cardio – respiratory organs	They include all or any of the following organs, namely larynx, trachea, bronchial tree, lung parenchyma, pleurae, lymphatic system of the lungs, vascular system of the lungs, nerve supply of the lungs, diaphragm and nerve supply to diaphragm, heart, pericardium, and large intra-thoracic blood vessels
Controlled mines	A mine which is a controlled mine in terms of section 9 or which has been declared a controlled mine under section 10 of ODMWA
Controlled works	Works which is a controlled works in terms of section 9 or which has been declared a controlled works under section 10 of ODMWA
Ex-workers	Refers to all individuals who were previously employed in the controlled mines or works and whose work was termed risk work
Financial year	Means the period from 1 April in any year to 31 March in the following year
Levies	Amounts payable by the owner of a controlled mine or works to the CCOD, in respect of each shift worked by any person at or on connection with that mine or works during which such person performed risk work
MBOD	Means the Medical Bureau for Occupational Diseases
Mine	Any excavation in the earth, whether being worked or not, made for the purpose of searching for or winning a mineral
Mines and Works Compensation Fund	Mine and Works Compensation Fund as defined in section 61 of ODMWA
M&WCF	Mine and Works Compensation Fund as defined in section 61 of ODMWA
Minister	Means the Minister of the National Department of Health
NDOH	Means the National Department of Health
ODMWA	Means the Occupational Diseases in Mines and Works Act, No. 78 of 1973
One sum benefit	Means a benefit other than a pension or monthly allowance awarded to a person or to any other person under the previous Act or current Act (ODMWA), but does not include a special grant or any assistance to a person in respect of the training of any person
PFMA	Means the Public Finance Management Act, No. 1 of 1999
Risk Committee	Means the Risk Committee for Mines and Works established under section 18 of ODMWA
Risk work	Means any work declared or deemed to have been declared risk work under section 13 of ODMWA
State Account	Means the current account opened in accordance with section 69 of ODMWA
TB	Means Tuberculosis of the cardio-respiratory organs of a person who has worked in a risk shift in a controlled mine or works
Workers	Refers to all individuals who are currently employed in the controlled mines or works and whose work is termed risk work
Works	Means any place, not being a mine or part of a mine, where operations necessary for the moving, transfer or handling of stone, rock, ore, coal or other minerals including any loading operation at subsidiary sidings and the crushing, screening, washing, classifying or concentrations of any mineral

Strategic Outcome Orientated Goals

Strategic Outcome Oriented Goal 1	Ensure the effective and efficient management of the CCOD
Goal Statement 1	*Management will work towards maintaining effective turnaround times of certifications and payment of new claims, ensure the collection of levies from controlled mines and works and conduct inspections of controlled mines and works.*

health

Department:
Health
REPUBLIC OF SOUTH AFRICA

MINES AND WORKS COMPENSATION FUND

COMPENSATION COMMISSIONER FOR OCCUPATIONAL DISEASES

MATERIALITY AND SIGNIFICANCE FRAMEWORK

NOVEMBER 2023

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1. DEFINITION OF TERMS

Throughout this document, unless stated otherwise, the words in the first column below have meaning assigned them in the opposite column.

Term	Definition
CCOD	Compensation Commissioner for Occupational Diseases
Fund	The Mines and Works Compensation Fund
M&WCF	The Mines and Works Compensation Fund
MBOD	Medical Bureau for Occupational Diseases
NDOH	National Department of Health
ODMWA	Occupational Diseases in Mines and Works Act No 78 of 1973
PFMA	Public Finance Management Act, 1999 (Act no. 1 of 1999)

2. INTRODUCTION

This document aims to determine the materiality and significance framework level of the Mines and Works Compensation Fund (Fund) as required by the PFMA and Treasury Regulations.

3. BACKGROUND

In terms of the Treasury regulations to the Public Finance Management Act, 1999 (Act no. 1 of 1999) (PFMA) and Treasury Regulation 28.3 the Accounting Authority is required to develop and agree a framework of acceptable levels of materiality and significance levels in consultation with the relevant Executive authority.

4. THE PURPOSE OF THIS FRAMEWORK

To establish a threshold / framework within which the Fund can effectively discharge its management and reporting responsibilities emanating from the specific sections of the PFMA and Treasury regulations.

5. METHODOLOGY

5.1 NON-FINANCIAL MATERIALITY

Non-financial materiality is derived from legislation that requires the Fund to report certain incidents or require disclosure in the annual report.

In terms of section 54(2) of PFMA, before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

- Establishment or participation in the establishment of a company;
- Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- Acquisition or disposal of a significant shareholding of the company;
- Acquisition or disposal of a significant asset;
- Commencement or cessation of a significant business activity; and
- A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

Section 55(2)(b)(i) of the PFMA states that the annual report and financial statements must include particulars of any material losses through criminal

conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year.

The level of non-financial materiality for the Fund will be:

- All losses in respect of proven criminal conduct
- Any confirmed irregular or fruitless and wasteful expenditure
- Any irregular or fruitless and wasteful expenditure under assessment, determination and/or investigation

5.2 FINANCIAL MATERIALITY

In determining financial materiality, the Fund applies the National Treasury's practice note on applications under section 54 of the PFMA by public entities.
The guiding principles per the practice note should be applied based on the rand values of certain elements of the individual public entity's audited annual financial statements as below.
In addition:

- The latest available audited financial statements should be used to calculate the rand values.
- The elements as well as percentage range selected should be consistent from one year to the next.

Element	% Range to be applied against Rand value	Value per 2022/23 AFS	Value
Total Assets	1% to 2%	R5,443 724 423	R54,437,244 to R108,874,488
Total Revenue	0,5% to 1%	R1 129 738 613	R5,648,693 to R11,297,386
Profit after tax	2% to 5%	R794,087,751	R15,881,755 to R39,704,388

Due to the nature of the Fund's operations, as well as consistency with elements and percentage range used in the previous year, management will apply 1% of total revenue per the 2022/23 AFS of **R11,297,386** as financial materiality.

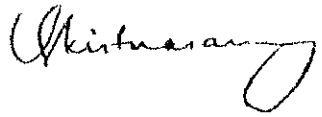
5.3 MATERIALITY FOR PREPARATION OF FINANCIAL STATEMENTS AND ASSESSMENT OF APPROPRIATE DISCLOSE

In determining materiality for the preparation of financial statements, consideration is given to the non-financial and financial materiality as described above.

6. EFFECTIVE DATE

This policy is applicable from date of approval.

7. APPROVAL



2 November 2023

Approved by the Accounting Authority
Compensation Commissioner

Date