



health

Department:
Health
REPUBLIC OF SOUTH AFRICA

Management Report

Medical Bureau for Occupational Diseases and Compensation Commissioner for Occupational Diseases

Date: 22 AUGUST 2014

Branch name: OCCUPATIONAL HEALTH CLUSTER (MBOD/CCOD)

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Overview

Background

The Compensation Commissioner for Occupational Diseases in Mines and Works (CCOD) and the Medical Bureau for Occupational Diseases (MBOD) were established in terms of the Occupational Diseases in Mines and Works Act, No 78 of 1973. In terms of the Act, the Commissioner is mandated to compensate workers and ex-workers in controlled mines and works for diseases of the lungs or heart and reimbursement for loss of earnings incurred during tuberculosis treatment. In the case where the ex-worker is deceased it compensates the beneficiaries of the ex-worker. The Commissioner also administers the government grant for pensioners. The Director of the MBOD provides health assessments (benefit medical examinations) and certifies claimants that have an Occupational Disease of the lungs and heart as a consequence of having worked in mines and works.

The CCOD and the MBOD has one national office based in Johannesburg that covers South Africa and the SADC region. The administration costs, mainly the personnel and operational costs of the CCOD and MBOD, are provided from the budget of the National Department of Health (NDOH).

Organisational Structure

There were 140 staff members as at 31 July 2014 mainly in the administrative sections with few health professionals and 32 vacancies. There have been substantial challenges in recruiting health professionals. The current management of the CCOD and MBOD is as follows:

- Dr Barry Kistnasamy as Compensation Commissioner and Head of the Occupational Health Cluster within the Department of Health
- Ms Shireen Pardesi (Chief Director – Administration – MBOD/CCOD)
- Dr Muzimkhulu Zungu (Acting Director of the MBOD)
- Mr Sam Molautsi (Deputy Commissioner – CCOD)
- Mr Simon Masilela (Deputy Director – Administration – MBOD/CCOD)
- Ms Thembisa Khaka (Deputy Director – Claims Management – MBOD/CCOD)
- Mr Mandlenkosi Makhathini (Assistant Director – Governance – MBOD/CCOD)

Functions

The entity's functions were to:

- consolidate the overlapping administrative activities of the Medical Bureau for Occupational Diseases and the Compensation Fund
- develop a strategic plan and annual performance plan
- advise the Department of Health on the amendments to the Occupational Diseases in Mines and Works Act, No 78 of 1973
- develop and nurture good relations with the relevant stakeholders (trade unions, employer groups and service providers)
- improve the overall management of the Fund (currently with a cash balance of R2.6b)
- inculcate a service culture among staff for improved service delivery to current and ex-workers in the Mines and Works
- collect and verify the levies from the 249 controlled mines and works
- develop decentralised services for ex-workers
- develop a database and surveillance system for occupational diseases and injuries

- conduct appropriate research on occupational diseases and risks to workers and ex-workers in mines and works

Main Projects / Activities

The Minister brought in a new senior management team in July 2012. There were substantial governance and management deficiencies within the CCOD and MBOD including non-submission of annual reports and disclaimers in the reports of the Auditor-General. The MBOD had not produced annual reports since 2000 and the CCOD had not produced annual reports and audited financial statements since 2010/11. The provision of services to current and ex-workers and the turn-around-times for payment of claims has not been satisfactory.

Consolidation of Registry

An immediate task of the management was to consolidate the various files and registries of the MBOD and CCOD so as to get a proper base number of records. The preliminary assessment shows that there are 200 000 files of the CCOD and 1 100 000 files of the MBOD. The files have been moved to a proper registry off-site and the CCOD files and their counterpart MBOD files have been merged. A verification exercise of all 200 000 CCOD files is underway to check on the documentation within the file as well as give an indication of the number of paid and unpaid claimants in the registry. This is needed in order to prepare the outstanding annual financial reports and the assist in the actuarial valuation of the Compensation Fund. The report of the registry consolidation and verification exercise will be produced in the third quarter of 2014/15.

Provision of Services

The Fund has continued to pay monthly pensions to 150 pensioners and beneficiaries. One sum benefits are paid to workers and ex-workers who have been certified by the MBOD as having a compensable occupational disease after undergoing a benefit medical examination. 10 611 persons accessed benefit medical examinations and 3 016 claims¹ were paid in the 2013/14 financial year and amounted to R139m. 1 567 persons accessed benefit medical examinations and 456 claims were paid in the first quarter of 2014/15. There are still backlogs in the Certification Committee owing to a lack of medical personnel. Claimants are from within South Africa as well as Lesotho, Swaziland, Botswana and Mozambique. The Eastern Cape Ex-Mineworkers project was finalised in 31 March 2014 and 14 190 claimants were paid approximately R37m in total. This project of tracing and tracking ex-workers and providing benefit medical examinations was incorporated into the One Stop Service facility based at the Nelson Mandela Academic Hospital in Mthatha in the Eastern Cape which was opened in April 2014. The branch worked with the office of the Deputy President, the Deputy Minister of Mineral Resources, the Premier's office and Department of Health of the Eastern Cape with support from the Department of Home Affairs and the Independent Electoral Commission on this project. A second One Stop Service facility was opened at Carletonville hospital in Gauteng in April 2014.

There have been substantial physical infrastructure upgrades and maintenance activities at the CCOD/MBOD building. Upgrades of the medical wing of the building will be finalised by December 2014.

¹ Audited findings from Internal Audit.

One scientific workshop was held in the second quarter of 2013/14 to assist the MBOD and CCOD to get a corrected baseline of the numbers of workers and ex-workers in mines and works at risk of developing occupational disease; consider the risks to workers and ex-workers in the mining sector and prepare the Compensation Fund for a proper actuarial valuation. The workshop was supported by National Institute for Occupational Health (NIOH) and brought together local and international experts to deliberate on various issues affecting the Compensation Fund. The workshop also assisted with proposals for further research activities.

Assessment of Information Technology

The Information Technology System at the CCOD and MBOD is being assessed by the Council for Scientific and Industrial Research (CSIR) currently with respect to the needs of the CCOD and MBOD. The CSIR developed the Integrated Mineworkers Compensation System (MCS) for the NDOH in 2002. The aim of the MCS was to rationalise and combine the information and communications systems of the National Centre for Occupational Health (NCOH), MBOD and the CCOD in order to provide a reliable and improved service for compensating mine workers and beneficiaries due to diseases suffered while employed at a mine. The final report will be submitted by the end of September 2014.

Inspections of Controlled Mines and Works

The number of controlled mines and works has not been reviewed since 1998 owing to a non-functioning Risk Committee. The first Risk Committee meeting of the newly appointed committee was held in February 2014 and a subsequent meeting was held in August 2014. Inspections of controlled mines and works began in the third quarter of 2013/14 and this process has assisted with the verification of the levies and risk shifts – 28 mines and works¹ were inspected in the 2013/14 financial year. An additional 9 inspectors with funding from the Global Fund for AIDS, TB and Malaria will be appointed in the second quarter of 2014/15 to assess the health risks at mines and works with a special emphasis on TB in mining.

Legislative Amendments to Occupational Diseases in Mines and Works Act, No 78 of 1973 (ODMWA)

Two workshops have been held with the Advisory Committee members in November 2013 and June 2014. ODMWA has significant deficiencies with respect to its definitions, scope and coverage of workers and ex-workers in Mines and Works for medical assessments (clinical evaluations), claims management and compensation.

There are significant differences between ODMWA and the Compensation for Occupational Injuries and Diseases Act, No 130 of 1993 (COIDA) and these include:

	ODMWA	COIDA
Compensation	Lump sum based on disease state (TB, 1 st degree, 2 nd degree)	Temporary, partial and permanent disability and payments range from lump sum to monthly pensions
Coverage	Cardio-pulmonary diseases in workers in controlled mines and works	All workers for injuries and diseases other than cardio-pulmonary diseases in controlled mines and works
Revenue	Levies based on commodities,	Levies based on sector and

	risk shifts and risk work	claims history
Provision of services	The employers of Mines and Works for medical examinations of current workers; National Department of Health for medical assessments for ex-workers, claims management and compensation processes for current and ex-workers	Provision of services through public and private providers but paid by the levy
Surveillance	2 yearly medical examinations of workers and ex-workers	None
Rights of workers	Can sue employers for additional compensation	Cannot sue employers for additional compensation except in certain circumstances

Sustainability of the Compensation Fund

The actuarial assessment of the Fund conducted as at 31 March 2011 showed a liability of R1.8 billion.² The report, which was not accepted by the Auditor-General, also alluded to deficiencies in the Information Technology systems of the CCOD and a need to review the provisions of ODMWA. The CCOD's annual report for the 2010/11 financial year was withdrawn after discussion with the Audit and Risk Committee, the Director-General and the Minister. The CCOD has outstanding annual reports and audited financial statements from the 11/12 Financial Years. The MBOD has not had annual reports since 2000. There has been a loss of data in the MBOD between the years 2000 to 2003 with no possibility of providing information for the annual reports. The consolidated report of the MBOD for the years 2004 to 2012 will be finalised in 2014.

The verification of the registry files will assist with the valuation of the Compensation Fund and the preparation for audit of the Compensation Fund for the 2011/12, 2012/13 and 2013/14 financial years.

Main Achievements

ACHIEVEMENTS	DATE	COMMENTS
The governance structures (Audit & Risk, Advisory, Certification Committee etc) are in place with proper appointment letters and are functional	March 2013	These committees needed nominations from stakeholders and appointment by the Minister
Strategic Plan of MBOD/CCOD (2013/14 – 2015/16)	March 2013	Approved by Portfolio Committee on Health
Annual Performance Plans (2013/14 & 2014/15*)	March 2013 and June 2014	Approved by Portfolio Committee on Health; *tabled in August 2014
Unified management of MBOD/CCOD	March 2013	Unified management and all services in one building in Johannesburg
Completed payment of approximately 14 000 claimants in Eastern Cape	March 2014	Outstanding compensation fund project from 1996 led by the Office of the Deputy President
Setting up decentralised services for current and ex-	April 2014	Mthatha and Carletonville set up

² Actuarial Valuation of the Liabilities of the Compensation Commissioner's Fund as at 31 March 2010 and 31 March 2011. Ernst and Young. March 2012.

mine workers within South Africa		within public health facilities and opened by the Deputy President and Minister of Health respectively
Improved awareness of workers of the Compensation Fund	Ongoing	MBOD/CCOD/NIOH staff attended various activities with workers and other stakeholders; participation in inter-departmental meetings
Inputs to Minister's strategic interventions on TB in mining	March 2014	Contribution to the SADC Declaration on TB in Mining

Plans, Projects / Activities still in progress

ACTIVITIES IN PROGRESS	DATE	COMMENTS
Amendments to the Occupational Diseases in Mines and Works Act, 78 of 1973	In 2014/15 Financial Year	Two workshops were held and inputs from the Advisory Committee are being collated.
Development of the organogram for MBOD/CCOD and delegations	By December 2014	Submission has been made to DG's office and conducting assessment of the posts by the Human Resources section.
Recruitment of health and other professionals	Ongoing	Needs innovative mechanisms to attract health and other professionals – have had discussions with Dr Carter about the use of Community Service medical officers.
Preparation of the CCOD for valuation and audit of the 2011/12 files	By February 2015	Verification of the former CCOD registry files underway; tender for actuarial valuation to be published in September 2014.
Finalisation of annual report of MBOD (2004 to 2012)	By end December 2014	Report will be presented to Audit and Risk Committee and then to DG and Minister.
Development of surveillance system for Occupational Diseases and Injuries including the database of workers and mapping studies of workers and services starting with workers in the mining sector	Database framework by December 2014; mapping studies in selected districts and cross border has begun.	The database and mapping studies will assist in decisions about the setting up of the decentralised service facilities as well as assisting in updating the current data on workers and ex-workers.
Sourcing of funds for setting up decentralised services for mine workers as part of development of occupational health services for workers	By Dec 2014	Additional sites for decentralised services to be set up in Northern Cape and Limpopo and in neighbouring countries; preliminary discussions have been held with the Department of Labour Compensation Fund and the Chamber of Mines; discussions with the Hospital Services and Primary Health Care branches within the Department of Health and provinces have been held and hosted a workshop with the provinces in July 2014
Enhanced management to improve claims processes and payments of claims	By Dec 2014	Depends on recruiting professionals with accounting, legal and health skills being recruited; enhanced IT system which is being assessed currently by CSIR.
Improve inspection services of the 149 controlled mines and works and collection of revenue; ensure that all mines are controlled as part of the	Ongoing	Inspections have picked up considerably since staff recruited in October 2013; funding from Global

amendments to the Act		Fund will assist with additional 9 inspectors in the 2014/15 to 2015/16 FY.
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Budget

The budget from the National Department of Health covers the costs of the administration of the Compensation Fund and the delivery of services to current and ex-workers in mines and works. The budget is as follows:

R'000	12/13	13/14	14/15
Employees compensation	23 294	23 790	
Goods & services	14 584	23 559	
Transfer payments	2 916	3 062	
Capital	2 277	2 389	
TOTAL	43 071	52 800	55 200

The Compensation Fund pays the compensation to the workers and ex-workers.

REVISED ESTIMATES/MEDIUM TERM EXPENDITURE ESTIMATE

ACTIVITY (R'000)	2012/13	2013/14	2014/15	2015/16	2016/17
Administration	7 839	7 323	7 016	6 911	6 595
Compensation of Pensioners	2 916	3 100	2 900	3 500	3 900
Compensation of Ex-Miners	129 249	190 876	222 151	226 228	226 138
Compensation of TB	12 839	18 961	22 068	22 473	22 464
Eastern Cape Project	571	843	981	999	998
TOTAL	153 414	221 103	255 116	260 111	260 095