

Objective

Dealing with litigation against and by the Compensation Fund and other legal matters.

Third Party Claims

Where an accident was caused by the negligence of a third party other than the employee or employer, in circumstances that render the third party liable for the payment of damages in terms of the common law, the Commissioner has the right, in terms of section 36 of the Act, to take legal action against the third party for the recovery of compensation and medical expenses paid from the Compensation Fund. Where a worker claims damages personally in a civil action, the Commissioner may intervene to recover any expenses incurred in terms of the Act first.

An amount of R21 million was instituted in 2004/2005 against the Road Accident Fund and only R5,8 million, which included outstanding claims of the previous years, were recovered during the financial year. The difference between the amount instituted and the amount recovered can be attributed to further investigation by the Road Accident Fund and claims that had to be written off as irrecoverable. Although the amount instituted against the RAF was less than the previous year, the Fund was able to recover more than the previous year after high-level meetings with the RAF. Agreements reached with two metropolitans in Gauteng have resulted in an improvement in access to accident reports. This will be extended to other metropolitans in the next financial year.

Objections – Section 91

Section 91 of the Act supports the audi alterem partem rule, as any person affected by a decision of the Commissioner, which includes decisions given under delegated powers by a number of the Commissioner's staff, has a right to lodge an objection against such decision. Such an objection must be lodged within 180 days from the date of the decision. The increase in the number of objections on claims for Post Traumatic Stress Disorder (PTSD) has impacted adversely on the ability of the hearings component to deal with the increased volumes.

This component was strengthened with the appointment of additional staff on a contract basis and the appointment of additional assessors. The appointment of additional presiding officers and assessors was approved towards the end of the financial year and they will be trained and introduced to the court during the next financial year.

During this financial year 1 093 persons availed themselves of their right to lodge objections in comparison with 767 objections in the previous year, which reflect an increase of 30%. A total of 807 outstanding objections had to be carried over from the previous year, which meant that the Office had to cope with 1 900 objections from April 2003 to March 2004. Table 10 reflects how these cases were dealt with:

Table 10

Objections 2004/2005

Carried over from previous year	807
New cases received	1,093
Total cases	1,900
	258
Less:	
Withdrawn or abandoned	26
Lodged outside the prescribed period, etc.	39
Objections heard:	
Succeeded	80
Dismissed	41
Judgement reserved	14
Succeeded without trial	66
Outstanding as at 31 March 2005	835

Applications for additional compensation – section 56

Compensation is based on the no fault principle ie. workers have abdicated their common law right to take legal action against employers. In the event of an accident caused by the negligence of the employer or a person in the employer's service who is in an authoritative position, provision has been made under section 56 for a worker to lodge an application for additional compensation.

Claims for increased compensation can be based on negligence or as a result of a patent defect in the condition of the machinery used in the business and where the employer or responsible person knowingly or negligently failed to remedy the defect or to have it remedied.

Additional compensation is based on pecuniary losses and ordinary benefits are taken into account when calculating such additional compensation.

During the financial year, 30 applications were received. Table 11 below indicate how these cases were handled. The reason only few cases were set down is due to shortage of resources and this problem will be overcome in the new financial year as indicated above.

Table 11

Applications for additional compensation 2004/2005

Applications carried over from previous year	115
Applications received	18
Total cases	133
	74
Withdrawn or abandoned	28
Not lodged in the prescribed manner	30
Heard:	
Succeeded	15
Dismissed	0
Judgement reserved	1
Outstanding as at 31 March 2005	59

Applications for additional compensation – section 56

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Vikash Sirkisson

Executive Manager: Information and Communications Technology (ICT)

Introduction

The Compensation Fund has committed to using technology as a business enabling tool to provide efficient service delivery to its stakeholders. Technology on its own though cannot deliver but must be directed by the business to support the organisational objectives. The challenge at the Fund is to ensure that the technology is aligned to the business needs which must dictate the direction and manner of the technology that supports it.

Historically, the use of different IT service providers for the development and implementation of systems has resulted in a lack of integration and synergy. The difficulty in managing these service providers and enforcing contracts led to disparate systems, poor implementation, proprietary architecture, and systems that could not effectively support the processes of the Fund. Combined with this was a lack of leadership and direction in the technology environment.

The Department of Labour (DoL), of which the Compensation Fund is a public entity, believed that the capacity of government to meet its current and future infrastructure and service obligations could be enhanced through a public-private initiative. The DoL identified that in a Public Private Partnership (PPP) both the public sector and the private sector have certain advantages relative to the other in the performance of specific tasks. By allowing each sector to do what it does best, public services, infrastructure and IT solutions could be provided in the most economically efficient manner. On 1 December 2002 the Department of Labour entered into a ten year PPP agreement with Siemens Business Services (SBS).

The envisaged benefits of this included the transfer of risk, upfront capital investment by the private sector partner, capturing private sector innovation, lower life-cycle costs, higher maintenance and operational standards and faster project delivery. The immediate requirement of the PPP though was to consolidate existing technologies and applications into a more integrated platform and offer system stability and application flexibility. Only once this was achieved then improvement and enhancement services and innovation on a stable platform could take shape to ensure process and system optimisation.

In May 2004, the Department of Labour appointed Mr Vikash Sirkisson as the Executive Manager: ICT at the Compensation Fund. This role encompasses the managing of the PPP agreement at the Fund, devising an ICT strategy in support of the organisational goals and to provide leadership and direction in leveraging technology

as a business enabler.

Completed Projects \ Initiatives

The following projects \ initiatives were undertaken and completed during the year in review. These are the initial steps in stabilising and providing a more reliable and secure computing environment.

eClaims

The previous claims processing system of the Fund was outdated, the source code was proprietary to the service provider that developed it and was accessed through a proprietary mainframe environment. This placed huge reliance on the service provider and could not integrate with other systems in the Fund. In December 2004 this system was successfully migrated to an open, more flexible environment that will provide a platform for integration with other systems. A more user friendly graphical interface was also deployed.

Infrastructure rollout

All old workstations have been upgraded to a minimum level that will enable a "fit for purpose" computing environment for the user. A large number of new workstations have been deployed and old printers were replaced. Additional server and backup infrastructure was also procured.

Thin client environment

Majority of the workstations have been converted to function in a thin client environment. This enables centralised software and policy deployment, enhanced security and provides a more manageable and cost effective environment.

Application upgrades

The workstation operating system, certain business applications and the electronic mail have been upgraded. This will ensure, amongst others, continued vendor support, improved security and enhanced business functionality.

Migration of domain

The Compensation Fund computing environment has been migrated to the labour.gov.za domain. All Department of Labour users will eventually be moved to this domain that will enable, amongst others, improved security, license control, system and user policy enforcement.

Cabling

Network and telephone cabling installed and upgraded at Benstra and Sancardia buildings.

User Training

User training on eClaims and FYI was successfully conducted. Certain users have been trained as coaches for future training.

Website

The Compensation Fund website has been updated and consolidated into the labour.gov.za website providing easier and more comprehensive information.

Projects \ Initiatives in Progress

The following projects \ initiatives are currently in progress:

eClaims enhancements

Development of enhancements and additional functionality in the eClaims processing system – due 2nd quarter of 2005

Safika Enquiries

Development of a web based enquiries interface into the eClaims system for use at the Fund and in the provincial offices – due 1st quarter of 2005

Claims Management Information System

Development of a 1st phase MIS capability for the Claims Directorate – due 2nd quarter of 2005

Financial Management Information System

Development of a 1st phase MIS capability for the Finance Directorate – due 2nd quarter of 2005

Automation of statistical information

Automating the process of deriving statistical information – due 2nd quarter of 2005

FYI workflow

Stabilisation of the legacy workflow environment – on going

Infrastructure upgrade

Migration of systems to more reliable and faster infrastructure – due 2nd quarter of 2005

Cabling

Installation of new network and telephone cabling for Compensation House due to renovations and removal of all old, unused cables – completion 3rd quarter of 2005

Projects \ Initiatives planned for 2005 \ 2006

The following projects \ initiatives are planned to take place during the next financial year:

- Upgrade of the financial system for additional functionality
- A document management solution encompassing a new scanning and indexing environment and electronic document submission (EDS)
- Replacement of the outdated telecommunications environment
- Establishment of a call centre
- Finalisation of a disaster recovery plan
- Drafting and implementation of ICT policies
- Management Information Systems – phase II
- Automated notifications to clients
- Development of a case management system
- Web services
- Consolidation of the printing environment

Challenges

- Integration of information systems
- Outdated and undocumented business processes
- Automation of manual business processes and controls
- Change management
- Efficient workflow within the organisation

Conclusion

Numerous challenges are presented in the technology environment at the Compensation Fund. However, the creation of an entrenched technology framework is not a process that is immediately and easily achievable. It is the combination of people, processes and systems that will together contribute to the efficiency of the organisation.



G.J. Dreyer
Chief Financial Officer

The Directorate is managed by the Chief Financial Officer: Mr GJ Dreyer

It consists of four sub directorates managed by:

Mr G D Koch	(Finance Manager)
Mr S J Tshivhase	(Rates and Assessments)
Mr W Stulting	(Management Support Services)
Mr T Makubela	(Risk Management)

The main functions are:

- To generate and collect revenue for the Fund's operations
- To compile monthly and annual financial reports
- To ensure the solvency of the Fund
- To compile and publish statistics of occupational accidents and diseases
- To train and manage performance
- To manage human resources
- Procurement
- Security

Financial Overview

Revenue

The Fund generated revenue of more than R3,7 billion, most of which is from assessments of registered employers and interest and penalties from defaulting employers. The balance of the revenue is from income on the surplus funds that are invested until they are required. The revenue increased by 3,8%.

Claims expenditure

Claims expenditure for the year amounted to more than R1,95 billion, more than half of which was paid to

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medical providers.

Personnel Expenditure

The salaries of the staff at the Compensation Fund is paid by the Department of Labour and then claimed back from the Fund. In addition, the Department claims from the Fund a portion of the salaries of the Department and related expenses for services rendered at provincial offices. More than R96 million was paid to the staff of the Compensation Fund and more than R54 million was paid to the Department of Labour for services rendered by the Provincial offices.

Assessments and Liabilities

The Fund has more than R14 billion in assets of which R12 billion is invested. The accumulated funds consists of more than R6,6 billion in the pension account and R3,5 billion in the Statutory Reserve Fund.

Solvency

The Compensation Fund and the Pension Account were valued by independent actuaries and found to be in a sound financial position, based on the financial statements for the year ended 31 March 2005.



Sibongile Nxumalo

Acting Manager: Human Resources Management and Training

Human Resources

The staff complement of the Compensation Fund is 726 with an additional 230 contract workers supporting the organisation. The Fund is organised into three directorates with just over 350 employees within the Claims and Financial Management directorates.

Objectives

- The Compensation Fund is committed to ensuring that all individuals who perform excellently should be rewarded and recognised for contributing to the objectives of the total organisation.
- The Compensation Fund is committed to the Skills Development of all staff members to promote staff development as well as developing better performing individuals who can contribute positively to the organization.

Table 12
Performance Rewards 31 March 2005

	Beneficiary Profile Number of beneficiaries	Number of employees 31 March 2005	Total within groups %
Africans (Includes Coloureds and Asians)	233	443	53
Male	79	152	52
Female	154	291	53
White	140	169	83
Male	13	28	46
Female	127	141	96
Total	373	612	61

Table 13
Performance Rewards by salary level 31 March 2005

Salary level	Number of beneficiaries	Number of employees	Total within groups %
Salary Level 1-2	8	22	36
Salary level 3-5	188	321	59
Salary level 6-8	169	245	69
Salary level 9-12	8	21	38
Senior Management	0	3	0
Total	373	612	61

Table 14
Performance Rewards by Critical Occupations 1 April 2004 to 31 March 2005

Occupation	Number of beneficiaries	Number of staff members	Total within groups %
Legal Officers	1	5	5
Medical Officers	3	4	75
Total	3	4	75

Table 15
Bursary Rewards by Critical Occupations 1 April 2004 to 31 March 2005

	Number of beneficiaries	Number of employees 31 March 2005	Total within groups %
Africans (Includes Coloureds and Asians)	52	443	12
Male	22	152	14
Female	30	291	10
White	0	169	0
Male	0	28	0
Female	10	141	0
Total	52	612	8

Table 16
Bursaries granted by salary level 31 March 2005

Salary level	Number of beneficiaries	Number of employees	Total within groups %
Salary Level 1-2	0	22	0
Salary level 3-5	45	321	14
Salary level 6-8	3	245	1
Salary level 9-12	4	21	19
Senior Management	0	3	0
Total	52	612	8

Table 17
Courses Attended

Courses Attended	Core Levels	Blacks (including Asians and Coloureds)		Whites		Total number
		Male	Number	Number	Number	
Courses Attended						
Assessor Training	6-8	Male Female	1 1			2
Dispute Resolution in the Public Service	7-9	Female	3			3
ICD 10 CODING	9-12	Male	1			
Project Management Programme	6-8	Male	1			1
Management of Tuberculosis	9-12	Male	2			2
Programme for Management Development	9-12	Male	1			1
Labour Relations	6-8	Female	2			2
Advanced Law of Evidence	7-9	Female	3			3
Risk Management	3-6	Female	3	Female	4	15
		Male	6	Male		1
Labour Law	7-9	Female	1	Female		1
		Male	1	Male		1
Postgraduate Diploma in Drafting and Interpreting Contracts	9-12	Males	1			1
Criminal Justice and Forensic Auditing Diploma	8-9	Males	1			2
		Females	1			
Information Technology Leadership Programme	13-14	Males	1			1
		Males	7	Males	0	14
Supply Chain Management	3-8	Females	1	Females	5	
		Males	0	Males		
Medical Terminology, Basic Anatomy and Physiology Skills	9-12	Females	0	Females	1	
		Males	15	Males	0	46
Communication Skills	7-8	Females	16	Females	2	
		Males	2	Males	0	
Management functions (i.e. Planning, Controlling and Delegating)	7-8	Females	8	Females	3	
		Males	60	Males	1	205
Customer Loyalty	7-8	Females	121	Females	23	
		Males	12	Males	4	43
Totals		Females	14	Females	13	
		Males	25	Males	7	87
		Females	27	Females	28	
			339		91	430

Table 18
Further group training

Customer Care	1-6	Males	110	Males	5	405
		Females	228	Females	62	
Totals			338		67	405

Table 19
Employment Equity -31 March 2005

	African		White		Coloured		Asian	
	M	F	M	F	M	F	M	F
	%	%	%	%	%	%	%	%
Actual	23	35	5	23	1	12	0.3	1
Targets	40	34	11	9	2	2	1	1
Variance	-17	+1	-6	+14	-1	+10	-0.7	0

Table 20
Progress made in respect of affirmative action - 31 March 2005

	Actual Number 31 March 2004	Actual number 31 March 2005	Target	Actual % at 31 March 2005
			%	%
African				
Male	127	152	43	25
Female	299	291	37	47
White				
Male	31	28	11	5
Female	139	141	9	23
TOTAL	596	612	100	100

Table 21
Appointments, promotions and terminations - 31 March 2005

	Appointments	Promotions	Transfers	Terminations
African				
Male	19	10	5	5
Female	26	14	9	5
Asian				
Male	1	-	-	1
Female	1	1	1	-
Coloured				
Male	2	1	-	1
Female	-	-	-	2
White				
Male	1	1	-	4
Female	-	-	-	14
Staff with disability	4	-	-	-
Total	54	27	15	32

Table 22
Reasons for staff leaving the Fund - 31 March 2005

Termination reason	Number
Death	2
Resignations	20
Dismissal- operational requirement	-
Dismissal- misconduct	2
Dismissal- inefficiency	-
Discharge due to ill-health	4
Retirement	4
Expiry of contract	-
Other	-
TOTAL	32