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## GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

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### DEPARTMENT OF LABOUR

NO. 1105

16 OCTOBER 2018

#### **COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES ACT, 1993 (ACT NO 130 OF 1993)**

#### **REGULATIONS ON COMPENSATION FUND NEW ASSESSMENT MODEL MADE BY THE MINISTER UNDER COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES ACT, 1993**

I, Mildred Oliphant, Minister of Labour, after consultation with the Compensation Board, hereby make the following attached regulations for public comment in terms of Section 97 of Compensation for Occupational Injuries and Diseases Act, 1993 (Act No 130 of 1993) as amended. The proposed regulation is attached as Schedule A.

#### **REGULATIONS**

The regulations for public comment are issued regarding the implementation of the new Compensation Fund Assessment Model. The regulations will come into effect on the date of publication hereof and supersedes all previous circular instructions in respect of Compensation Fund Assessment Model (hereinafter referred to as Assessment Model).

Interested persons are invited to submit any substantiated comments in writing on the proposed amendments to the Director-General: Labour, Compensation Fund 167 Thabo Sehume Street, Delta Heights, Pretoria, 0001 or [CF.Assessmentmodel@labour.gov.za](mailto:CF.Assessmentmodel@labour.gov.za) (for the attention of Director Employer Services: Mr Bheki Ngcobo, within 30 days from date of publication hereof).

#### **1. DEFINITION**

In these regulations, "the regulations" means the regulations relating to New Compensation Fund Assessment Model under Compensation for Occupational Injuries and Diseases Act, 1993; and any word or expression to which a meaning has been assigned in the regulations shall have that meaning unless the context otherwise indicates.

## **2. BACKGROUND TO THE PROPOSED REGULATIONS**

2.1 The Compensation Fund assess employers on the basis of the the industry they operate in and are assigned to a specific assessment class for the basis of determining their liability to the Fund. However due the different number of classes, employers often are registered in incorrect classes resulting in inaccurate collection and recording of the Compensation Fund's financial performance.

2.2 Managing the existing 102 different sub classes also contributes to some inefficiencies for both the Fund and the employers as disputes and audit referrals often delay the ability of employers to obtain their certification of good standing. Introducing reduced assessment classes will simplify the process of dealing with the Compensation Fund.

2.3 The current classes also contribute fraudulent conduct by different stakeholders who may not want to pay the assessment fees related to the industry in which the employer operates.

## **3. BENEFITS FOR:**

3.1 **Compensation Fund and Mutual Associations:** It will assist in complying with the relevant Accounting Standards and reduce losses due to fraudulent activities. The implementation of the regulation will ensure improvement on service delivery and more effective enforcement.

3.2 **Employers and Employees :** The registration process will be easy and accurate for employers and lead to accurate billing. The complaints from employers will be effectively addressed improving the current turn around period for class and subclass changes. As a result, employees will benefit through improved access to social security.

**4. NEW ASSESSMENT TARIFF OR RATE ON PROPOSED REGULATION****4.1 New Assessment Classes and rates**

<b>Rating Class</b>	<b>Description</b>	<b>Assessment Rate</b>
<b>1</b>	Agriculture, Forestry and Fishing, Mining and Quarrying and Construction	<b>2,11</b>
<b>2</b>	Manufacturing; and Transport, Storage and Communication	<b>1,44</b>
<b>3</b>	Electricity, Gas and Water supply; and Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, hotels and restaurants	<b>0,75</b>
<b>4</b>	Financial Intermediation, Insurance Real estate and Business Services; and Community, Social and Personal Services (excluding Security Services)	<b>0,28</b>
<b>5</b>	Security Services	<b>4,04</b>
<b>6.</b>	Households	<b>0.89</b>

*Note: The new worker employed by households will be included as soon as the Compensation for Occupational Injuries and Diseases amended bill is passed in parliament.*

**4.2 Mapping of Sub Classes to Main Classes****4.2.1 Class 1: Agriculture, Forestry and Fishing, Mining and Quarrying and Construction**

<b>Sub-Class</b>	<b>Description</b>
0111	Livestock Farming
0114	Tillage & Forestry
0116	Mixed Farming
0118	Sugar & Tea Farming
0300	Ocean Fishing
0400	Underground Mining
0411	Coal Mining
0420	Opencast Mining
0440	Quarrying & Crushing
0500	BLDG&ELEC Construct.
0501	General Services
0502	Rock Drill& Blasting
0505	Drilling & Boring
0512	Civil Construction
0521	Water Works
0530	Steel Const&Erection
0531	Heavy Electric Maint

1210	Cement & Lime Mnfr
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**4.2.2 Class 2: Manufacturing; and Transport, Storage and Communication**

Sub-Class	Description
0610	Fisheries
0612	Fruit Packing
0613	Fruit&Veg Processing
0621	Milling
0622	Bakery & Snacks Mnfr
0630	Food Manufacturing
0640	Drinks Mnfr&Bottling
0641	Brewery
0642	Distillers & Winery
0650	Coffee Tea & Tobacco
0700	Textile Mnfr*
0701	Cotton/Wool Mnfr
0712	Plastic Prod Mnfr
0720	Material Prod Mnfr
0801	Sawmilling
0810	Woodworks
0811	Soft Wood Mnfr
0900	Printing&Soft Paper
0910	Hard Paper Mnfr
1000	Pesticides&Explosive
1005	Fireworks
1020	Chemica&Plastic Mnfr
1025	Grease Mnfr
1030	Pharmaceuticals
1050	Rubber by Products
1052	Rubber Mnfr

**4.2.3 Class 3: Electricity, Gas and Water supply;and Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, hotels and restaurants**

Sub-Class	Description
0600	Meat Products
0601	Dairy Products
1041	Petroleum
1361	Motorcar Garaging
1363	Auto Body Repairs
1400	Jewellery&Optometry
1511	Food Retail
1520	Clothing Retail
1532	Electrical Appliance
1540	Hardware,Textile,Etc
1542	Builder'sScrap&Metal
1550	General Dealer
1820	Power Stations

1900	Hospitality Services
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**4.2.4 Class 4: Financial Intermediation , Insurance Real estate and Business Services; and  
Community, Social and Personal Services (excluding Security Services)**

Sub-Class	Description
1600	Finance
1800	Municipal Services
1910	Laundry
1920	Beauty & Hair Salon
1940	Funeral Parlour
1960	ManagementCareerAgnt
1975	Correctional services
2000	Entertainment
2010	Sports Clubs
2011	Circus
2020	Horse Stabling
2100	Medical Specialist
2110	Hospitals&Veterinary
2200	Consultants
2210	Admin Consultants
2300	Education Services
2320	Parks&NatureReserves
2410	Organisations & Ass.

**4.2.5 Class 5: Security Services**

Sub-Class	Description
1970	Security Services

**4.2.6 Class 6: Households**

Sub-Class	Description
New	Households



## 5. IMPLEMENTATION OF THE NEW MODEL

The Compensation Fund will adopt to the 6 restructured classes, but apply phase-in the new rates through discounts and loadings to employers as applicable over a 3 year period. Employers will be allocated to a new rate, but receive a discount or loading to phase in the change as follows:

### 5.1. Class 1: Agriculture, Forestry and Fishing, Mining and Quarrying and Construction

Sub-class	Description	Year 1	Year 2	Final Year
0111	Livestock Farming	2,09	2,14	2,11
0114	Tillage & Forestry	2,15	2,07	2,11
0116	Mixed Farming	3,03	3,20	2,11
0118	Sugar & Tea Farming	1,74	1,72	2,11
0300	Ocean Fishing	3,17	3,21	2,11
0400	Underground Mining	4,43	4,26	2,11
0411	Coal Mining	1,94	1,71	2,11
0420	Opencast Mining	1,45	1,27	2,11
0440	Quarrying & Crushing	3,75	3,72	2,11
0500	BLDG&ELEC Construct.	2,24	2,05	2,11
0501	General Services	1,81	1,71	2,11
0502	Rock Drill& Blasting	6,73	6,73	2,11
0505	Drilling & Boring	4,13	4,13	2,11
0512	Civil Construction	2,17	1,98	2,11
0521	Water Works	1,14	1,00	2,11
0530	Steel Const&Erection	4,00	3,60	2,11
0531	HeavyElectric Maint	2,12	2,21	2,11
1210	Cement & Lime Mnfr	1,30	1,29	2,11

### 5.2 Class 2: Manufacturing; and Transport, Storage and Communication

Sub-class	Description	Year 1	Year 2	Final Year
0610	Fisheries	1,21	1,23	1,44
0612	Fruit Packing	1,13	1,11	1,44
0613	Fruit&Veg Processing	0,92	0,90	1,44
0621	Milling	1,45	1,67	1,44
0622	Bakery & Snacks Mnfr	1,37	1,50	1,44
0630	Food Manufacturing	1,08	1,25	1,44
0640	Drinks Mnfr&Bottling	1,05	1,04	1,44
0641	Brewery	0,73	0,67	1,44
0642	Distillers & Winery	1,68	1,98	1,44
0650	Coffee Tea & Tobacco	0,89	0,81	1,44
0700	Textile Mnfr*	1,26	1,38	1,44
0701	Cotton/Wool Mnfr	2,11	2,11	1,44
0712	Plastic Prod Mnfr	0,96	1,10	1,44
0720	Material Prod Mnfr	0,67	0,63	1,44
0801	Sawmilling	3,26	3,55	1,44
0810	Woodworks	2,04	2,46	1,44
0811	Soft Wood Mnfr	1,02	1,01	1,44
0900	Printing&Soft Paper	0,91	0,89	1,44
0910	Hard Paper Mnfr	1,59	1,70	1,44

1000	Pesticides&Explosive	0,97	0,91	1,44
1005	Fireworks	0,86	0,99	1,44
1020	Chemica&Plastic Mnfr	1,03	1,16	1,44
1025	Grease Mnfr	0,99	1,11	1,44
1030	Pharmaceuticals	0,66	0,58	1,44
1050	Rubber by Products	0,75	0,75	1,44
1052	Rubber Mnfr	1,39	1,60	1,44
1100	Hidesskin&Stripin	1,16	1,16	1,44
1105	Leather Works	0,78	0,78	1,44
1200	Glass Manufacturing	1,01	1,11	1,44
1201	Glass Works	1,79	1,87	1,44
1211	Concrete Works	2,00	1,97	1,44
1220	Bricks & Tile Mnfr	1,55	1,77	1,44
1230	Marble &Granite Mnfr	2,31	2,31	1,44
1300	Iron &Steel Mnfr	1,83	1,83	1,44
1301	Foundry Mnfr	1,91	1,91	1,44
1331	Minor Steel Products	0,80	0,80	1,44
1340	Engineering	1,24	0,80	1,44
1350	Mnfr Cable, Razor blade	0,76	0,76	1,44
1360	Motorcar Assembly	0,31	0,31	1,44
1401	Chrome/Electroplate	1,49	1,49	1,44
1420	TarAsbestosBitumen	2,82	2,82	1,44
1701	Aerial Services	0,51	0,44	1,44
1710	Commuta Transport	1,84	1,83	1,44
1711	Goods Transport	3,62	3,58	1,44
1715	Transnet	0,99	0,99	1,44
1720	Transport Agency	0,74	0,67	1,44
1722	Shipping	3,62	3,59	1,44
1723	Warehousing &Storage	1,50	1,85	1,44
1730	Broadcasting	0,56	0,44	1,44
1745	Telecommunication	0,60	0,50	1,44
1750	Postal Services	0,81	0,81	1,44

**5.3 Class 3: Electricity, Gas and Water supply;and Wholesale and retail trade, repair of motor vehicles, motor cycles and personal and household goods, hotels and resturants**

Sub-class	Description	Year 1	Year 1	Final Year
0600	Meat Products	2,34	2,83	0,75
0601	Dairy Products	0,92	1,11	0,75
1041	Petroleum	0,58	0,68	0,75
1361	Motorcar Garaging	0,62	0,62	0,75
1363	Auto Body Repairs	1,07	1,07	0,75
1400	Jewellery&Optometry	0,34	0,29	0,75
1511	Food Retail	0,71	0,83	0,75
1520	Clothing Retail	0,40	0,40	0,75
1532	Electrical Appliance	0,44	0,42	0,75
1540	Hardware,Textile,Etc	0,58	0,66	0,75
1542	Builder'sScrap&Metal	1,22	1,29	0,75
1550	General Dealer	0,53	0,55	0,75
1820	Power Stations	0,59	0,59	0,75
1900	Hospitality Services	0,68	0,70	0,75

**5.4 Class 4: Financial Intermediation , Insurance Real estate and Business Services; and  
Community, Social and Personal Services (excluding Security Services)**

Sub-class	Description	Year 1	Year 2	Final Year
1600	Finance	0,11	0,11	0,28
1800	Municipal Services	0,80	0,78	0,28
1910	Laundry	0,71	0,74	0,28
1920	Beauty & Hair Salon	0,14	0,12	0,28
1940	Funeral Parlour	1,11	1,01	0,28
1960	ManagementCareerAgnt	0,41	0,45	0,28
1975,00	Correctional services	0,64	0,64	0,28
2000	Entertainment	0,40	0,38	0,28
2010	Sports Clubs	0,45	0,45	0,28
2011	Circus	4,43	4,43	0,28
2020,00	Horse Stabling	2,00	2,00	0,28
2100	Medical Specialist	0,20	0,15	0,28
2110	Hospitals&Veterinary	0,53	0,46	0,28
2200	Consultants	0,26	0,24	0,28
2210	Admin Consultants	0,15	0,15	0,28
2300	Education Services	0,24	0,20	0,28
2320	Parks&NatureReserves	1,19	1,28	0,28
2410	Organisations & Ass.	0,40	0,34	0,28

**5.5 Class 5: Security Services**

Sub-class	Description	Year 1	Year 2	Final Year
1970	Security Services	4,04	4,04	4,04

**5.6 Class 6: Households**

Sub-class	Description	Year 1	Year 2	Final Year
NEW	Security Services	0,89	0,89	0,89



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**MINISTER OF LABOUR**

**DATE: 24/09/2018**