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# CHIPS

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# The COIDA: What you need to know

By Stephan Pietersen

**T**he *Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)*, or *COIDA*, administers work accidents in South Africa. The main objective of the *COIDA* is to provide compensation for injured workers and workers who contracted an occupational disease. Covid-19 contracted in the workplace is also regarded as an occupational disease. Families of workers who died in the workplace may also qualify for a pension.

## Compensation Fund regulations

All companies that employ one or more employees (part-time, full-time, or contract) must register with the Compensation Fund within seven days after appointing its first employee. This also includes seasonal workers in the agricultural industry.

Producers that are registered with the fund, are protected in such a way that farmworkers cannot lodge civil claims against them. Employees who are injured on duty can qualify for compensation depending on the seriousness of the injury (for example, if a finger was cut off).

Companies must submit their annual return of earnings by 30 March every year and pay their accounts within 30 days to be in good standing with the Compensation Fund. The fund raised R9.3 billion from companies in South Africa during the 2018/2019 financial year. If a company does not submit the return of earnings, the fund can do its own estimates and, as a result, companies can be overcharged. Failure by companies to submit their annual return will result in a penalty of 10% being issued on the

actual assessment, and a further 10% for the late payment.

## The agricultural industry

Producers in the agricultural industry are charged some of the highest rates when calculating their assessments.

The agricultural industry is divided into four categories for the purposes of the *COIDA*, and the new rates effective from 1 March 2021, payable on every R100 paid out in wages, are as follows:

- Livestock farming: R2.15.
- Tillage and forestry: R2.13.
- Mixed farming: R2.65.
- Sugar and tea farming: R1.42.

This industry also had the highest number of work-related accidents, with more than 10 000 incidents reported during the 2017/18 financial year. However, farm owners do not always claim back the salary they paid their injured workers and, in the process, lose thousands of rand. This is due to the inaccessibility of services from the Department of Labour. The Compensation Fund only paid out R3.9 billion for benefits in 2018/19, which included medical expenses, refund of salaries to companies, and pensions.

All employers must report work accident claims on the fund's new electronic system, CompEasy. In terms of the *COIDA*, a company must pay the injured employee his/her salary for the period booked off duty and claim this back from the fund. Doctors and hospitals must also send their invoices directly to the fund for payment.

## COIDA amendments to be approved

The minister of employment and labour drafted new amendments which are awaiting approval. These

amendments will have a major effect on the administration of work accidents, and companies will face hefty fines if the right processes are not followed.

Some of the amendments include:

- *Failure to report an accident within seven days:* A 10% penalty of the declared annual earnings (these are the earnings used to calculate the assessment).
- *Failure to furnish all information:* A penalty equal to the full amount of compensation plus interest (if information is not completed on the forms when reporting the accident).
- *Failure to pay the employee's salary while he/she is off duty:* A penalty equal to double the full amount of three months' compensation plus interest (in terms of the *COIDA*, a company must pay the worker for up to three months while he/she is booked off duty).
- *Failure to provide conveyance of an injured employee:* A fine equal to the full cost of the conveyance (the company must transport the injured worker to the nearest doctor).
- *Failure to keep a record of earnings:* 10% of the actual or estimated annual earnings.

Companies must familiarise themselves with these amendments, update their internal processes and educate their employees regarding the proper procedures to follow when reporting a work accident. 📍

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