

**KENNIS GESKIED HIERMEE DAT DIE ALGEMENE JAARVERGADERING VAN DIE LEDE VAN TRANSMED MEDIESE FONDS OP WOENSDAG, 28 JUNIE 2023 OM 13:00 BY DIE SUNCOAST CASINO EN KONFERENSIESENTRUM, SUNCOAST BOULEVARD, MARINE PARADE, NORTH BEACH, DURBAN, SAL PLAASVIND.**

**DIE SAKE WAT OORWEEG SAL WORD, VERSKYN IN DIE ONDERSTAANDE AGENDA.**

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#### **AGENDA**

1. Openingsformaliteite
2. Bevestiging van die notule van die Algemene Jaarvergadering gehou op Woensdag, 27 Julie 2022
3. Sake voortspruitend uit die notule
4. Jaarlikse Finansiële Hoogtepunte van 2022
5. Aanstelling van die Ouditeure
6. Jaarlikse verhoging in Trusteefooie
7. Bespreking van mosies ontvang van lede
8. Aanstelling van Trustees

#### **KENNISGEWING**

Mosies wat tydens die Algemene Jaarvergadering bespreek moet word, moet die Sekretaris nie later as sewe dae voor die vergadering bereik nie en moet soos volg geadresseer word:

Die Sekretaris  
Transmed Raad van Trustees  
Traduna House  
Jorissenstraat 118  
Braamfontein  
2001

Faksnommer: 011 403 1740  
Epos: fundmanagement@transmed.co.za

#### **BELANGRIK**

Registrasie van die lede van die Fonds wat die vergadering bywoon, sal 45 minute voor die aanvang van die vergadering geskied. Lede moet hulself identifiseer deur hul lidmaatskapkaarte aan die registrasiepersoneel te toon.

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 27 JULY 2022 AT 13:00 AT THE AFRICAN PRIDE IRENE COUNTRY LODGE, NELLMAPIUS DRIVE, IRENE, GAUTENG**

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**PRESENT**

Mr F Mackenzie (Chairperson)  
Mr PL Wassermann (Principal Officer)  
Mr E Weyers (Secretary)

**1. OPENING FORMALITIES**

The Chairperson welcomed all present to the meeting.

The Chairperson introduced the Principal Officer to the attendees and handed the proceedings over to him. The Principal Officer informed the attendees that, according to protocol, there was no quorum required for this Annual General Meeting (AGM), as at the previous AGM, which had been held a month before on 28 June 2022, the Fund had not had a quorum registered for the meeting and the AGM could not continue. In terms of the rules of the Fund, another AGM was convened, as approved by the Board of Trustees, and those members present at this AGM formed the quorum.

The Fund therefore fulfilled the formalities of ensuring that the AGM was properly constituted.

**2. CONFIRMATION OF THE MINUTES OF THE AGM HELD ON MONDAY, 25 AUGUST 2022**

The minutes of the previous meeting were approved with no amendments. A motion for the approval was supported by Mr F Mackenzie and seconded by Ms S Booysen.

**3. MATTERS ARISING**

The Principal Officer stated that, in terms of matters arising, he would comment regarding the COVID-19 impact under item 7. 'Transmed Medical Fund COVID-19 update and feedback', as well as the Trustee election under item 9. 'Trustee appointments'.

The members were asked whether there were any matters that they wanted to raise from the minutes; no responses were recorded from any of the members attending the AGM.

**4. ANNUAL FINANCIAL HIGHLIGHTS 2021**

The Principal Officer stated that he would deal with certain salient matters in terms of the financial highlights that were distributed to all members of the Fund. The Principal Officer highlighted the following items:

**The solvency ratio**

The Principal Officer highlighted to the members the deterioration of the solvency ratio from 22.37% in 2020 to 19.7% in 2021. He stated that the largest contributor towards that deterioration had been the funding from Transnet, which they determine on an annual basis and carve out in terms of affordability, leaving the Fund to cut the cloth. Because of this, the Fund's solvency always fluctuates. Transnet determines the funding of the Guardian plan and, seeing that it is such a large amount of money, the funding has an impact on the Fund's solvency.

The Principal Officer continued by stating that this was not the only factor that had an impact on the Fund's solvency, but also the Fund's pensioner and working member risk pool, which was below 25%. Members also needed to note that the Fund was under financial monitoring by the Council for Medical Schemes and had to attend regular monitoring meetings and have a business plan, approved by the Board and accepted by the Council for Medical Schemes, which had to be submitted on a regular basis to ensure that the Fund regains its solvency.

**The Fund as a going concern**

The Principal Officer also stated that from a going-concern perspective, and even though the Fund had not met the 25% reserve levels, it did not mean that the Fund was insolvent – it merely meant that it had not met the reserve levels prescribed by the Council for Medical Schemes. The Board considered the Fund to be a going concern and the auditors agreed to and accepted the basis on which the Board expressed its view on the Fund as a going concern.

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 27 JULY 2022 AT 13:00 AT THE AFRICAN PRIDE IRENE COUNTRY LODGE, NELLMAPIUS DRIVE, IRENE, GAUTENG (CONTINUED)**

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**4. ANNUAL FINANCIAL HIGHLIGHTS 2021 (CONTINUED)**

**The Fund as a going concern (continued)**

The Principal Officer stated that he would touch on some of the aspects that affect the going concern status of the Fund. He highlighted the following:

Available cash and investments at the end of the year amounted to R146 million. Transnet Ltd maintained the SATS pensioner risk pool at a solvency level of 25%; if any shortfall should occur, they would fund it to that level. A business plan had been developed by the Trustees with the assistance of the Fund's actuaries. The business plan had been approved by the Board and accepted by the Council for Medical Schemes upon regular submission by the Fund. It was expected that the Fund's reserve ratio would decrease from 19% to 13.35% during 2022. The Fund was therefore still not insolvent and viewed as a going concern.

The Principal Officer stated that he wanted to direct the members' attention to reports of a fourth wave of COVID after the reporting date at the close of the 2021 financial year, which started in December 2021 and ran its course in February 2022. He stated that, as members were no doubt aware, COVID was not yet something of the past, but that many of the restrictions that had been imposed had subsequently been lifted, allowing the Fund to have these meetings.

**Non-compliance matters**

The Principal Officer stated that he had to disclose the non-compliance matters to the members of Fund, as well as the corrective action that had been taken in these matters. These were the following:

**1. Outstanding contributions**

According to the Medical Schemes Act, the Fund needs to collect contributions within three days after they become due. According to the Fund's rules, that is at the end of the month, which by implication means that all contributions must be collected by the third day of the following month. Therefore, if the Fund does not collect the contributions by then, it is in non-compliance with the Act.

The Principal Officer stated that he could give the members of the Fund comfort that, in terms of corrective action, the Fund had ongoing communication with all business entities and pay divisions. Also, the Fund had exemption from the Council for Medical Schemes, because they understood that the Fund had no say over that matter.

The Fund had exemption on a two-year basis and reapplied for such exemption every two years.

**2. Self-supporting plans**

The Principal Officer indicated that the Prime plan was running at a deficit and not self-supporting. In terms of corrective action, the Board prepared a business plan to get the Fund back to the solvency level. Further to this, the Fund has the option to close the Prime plan to ensure that the plan does not run at a deficit. Unfortunately it would lead to closure of the Prime plan if the Fund cannot succeed in turning it around.

A further corrective action that was approved by the Council for Medical Schemes was an annual increase to see whether the Fund could turn the Prime plan around.

**3. The reserve ratio**

The Principal Officer stated that legislation prescribed the reserve level and in 2021 the Fund had been below the required 25% level required by the Council for Medical Schemes. In terms of this, the Fund had an approved business plan, as submitted to the Council for Medical Schemes, to bring the Fund back to the reserve ratio level of 25% and, because of this, the Fund could continue as a going concern. However, the Fund remained under financial monitoring, as already imparted to members at the AGM.

**4. Payment of claims within 30 days**

The Principal Officer informed the members that legislation prescribed payment of claims within 30 days once a claim had been received. Alternatively, if members could not make a payment, the claim would be rejected, feedback given to the provider and the 30 days would be extended for a further 30 days until that claim could be dealt with.

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 27 JULY 2022 AT 13:00 AT THE AFRICAN PRIDE IRENE COUNTRY LODGE, NELLMAPIUS DRIVE, IRENE, GAUTENG (CONTINUED)**

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**4. ANNUAL FINANCIAL HIGHLIGHTS 2021 (CONTINUED)**

**Non-compliance matters (continued)**

**4. Payment of claims within 30 days (continued)**

Such claims were minimal and usually there were valid reasons for non-payment. The Fund put in controls to prevent this from happening again in future; however, due to the volume of claims, this was a recurring problem every year.

**Balance sheet**

The Principal Officer stated that the Fund's assets had been reduced from R210 million to R154 million, mainly due to a reduction in accumulated funds from R158 million to R112 million. The reason for this was that in 2021 Transnet Ltd reduced its funding of the Guardian plan because at that time its reserves were in excess of 25%.

**Income statement**

The Principal Officer stated that on the income statement it clearly reflected that in 2020 the Fund had made a surplus of R82 million and in 2021, because the Transnet funding had been reduced drastically, the Fund suffered a R42 million deficit from an income statement perspective. This was reflected in the reduction in reserves from R158 million to R112 million, as reflected in the balance sheet.

The Principal Officer asked the members present whether they had any questions on the financials, as presented to them, and no questions were raised by any members present and it could be recorded that the financials were disclosed to the members and that they took note of the financial position of the Fund.

**5. APPOINTMENT OF AUDITORS**

The Auditors (Messrs Deloitte & Touche) were appointed as Auditors for the 2022 financial year.

**6. ANNUAL TRUSTEE FEE INCREASE**

The proposed annual Trustee fee increase was tabled for consideration.

Thereafter all members of the Fund that were present were given the opportunity to vote on the proposed increase of 5.9%. After all the votes were cast and counted the members attending the AGM approved the Trustee fee increase of 5.9%.

**7. TRANSMED MEDICAL FUND COVID-19 UPDATE AND FEEDBACK**

The Principal Officer gave an update on the COVID pandemic and told the members that although the prevalence of COVID had decreased, it had still had a financial impact on the Fund.

He referred to the AGM documentation, which indicated that the total COVID-related claims that the Fund received in 2020 amounted to R18 million, which in 2021 more than doubled to R53 million.

In 2022 the Fund was still dealing with the indirect costs of COVID, especially in the beginning of the year when claims were being processed for the delayed treatment of conditions that could not be treated in hospital during the COVID pandemic due to the high demand for in-hospital treatment during that period.

The Principal Officer concluded that, although the Fund acknowledged that the COVID crisis had passed, as a medical fund it was still dealing with COVID's indirect costs.

He also urged members who had not been vaccinated to get vaccinated to ensure that they would not get COVID.

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE TRANSMED MEDICAL FUND HELD ON WEDNESDAY, 27 JULY 2022 AT 13:00 AT THE AFRICAN PRIDE IRENE COUNTRY LODGE, NELLMAPIUS DRIVE, IRENE, GAUTENG (CONTINUED)**

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**8. DISCUSSION OF MOTIONS RECEIVED THAT WERE TABLED AT THE AGM**

The Principal Officer told the members that no motions were received from members for discussion at the AGM.

**9. TRUSTEE APPOINTMENTS**

The Principal Officer referred members to paragraph 2.1. in the Annual Financial Statements, which reflected the resignations and appointments of Trustees during the past year (2021).

The Principal Officer stated that during 2021 the Fund finalised the Trustee elections and, although at the time the Fund did not have the names of the newly-elected Trustees, he could share the names of the Trustees with the members now. He continued by stating that the members that were appointed or re-appointed were: Mr HF Fourie; Mr F Mackenzie; Mr J Mamabolo, who resigned after his re-appointment; Mr V Ramlugaan; Mr L Siwani; Mr C Beard; Ms S Booysen; Mr T Campher, who unfortunately passed away; Mr W Goosen; Mr B Jonker, who was the current Chairperson of the Board; and Mr F Mabaso.

The Fund had two other nominated positions – that of PRASA and SAA Technical – which were being finalised and these positions would be filled by Ms C Sophete from SAA Technical and Ms J Pokhane from PRASA. Both had already been registered with the Council for Medical Schemes and would attend their first Board meeting in September 2022.

The Board would decide to hold an election to fill the vacancy left by Mr Campher at the next Board meeting in September, but the Board would still first have to give the Fund the mandate to hold an election before that vacancy could be filled.

**10. GENERAL**

The Chairperson opened the floor for informal discussions of a general nature. The Principal Officer was able to deal with all other matters raised to the satisfaction of the members.

**11. CLOSURE**

There being no further business for discussion, the Chairperson thanked the members for their attendance and closed the meeting.

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**CHAIRPERSON**

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**DATE**

**TRANSMED MEDICAL FUND**

(Registration number: 1582)

**ANNUAL FINANCIAL HIGHLIGHTS 2022**

**REPORT OF THE BOARD OF TRUSTEES**

**For the year ended 31 December 2022**

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The financial highlights document is a summary of the audited Financial Statements and as such is presented in less detail than the audited Financial Statements. For a better understanding of Transmed Medical Fund's financial position and the results of its operations, the financial highlights information should be read in conjunction with the Fund's audited Financial Statements of the corresponding year, which include all disclosures required by the relevant financial reporting framework. A complete set of the Financial Statements is available on written request from the Fund at its registered postal address.

The Board of Trustees hereby presents its annual report for the year ended 31 December 2022.

**1. DESCRIPTION OF THE MEDICAL FUND**

**1.1 TERMS OF REGISTRATION**

The Fund is a not-for-profit restricted medical fund registered in terms of the Medical Schemes Act 131 of 1998 (the Act) as amended.

**1.2 BENEFIT PLANS WITHIN TRANSMED MEDICAL FUND**

The Fund offers the following benefit plans to employees and pensioners of Transnet SOC Ltd and its subsidiaries:

- Guardian;
- Link;
- Select; and
- Prime.

**2. MANAGEMENT**

**2.1 BOARD OF TRUSTEES IN OFFICE DURING THE YEAR UNDER REVIEW AND AT THE DATE OF THIS REPORT:**

**Employer and Labour-appointed Trustees**

Mr HF Fourie	
Mr F Mackenzie	Appointed as Vice-Chairperson 20 April 2022
Mr MJ Mamabolo	Resigned 25 January 2022
Ms J Phokane	Appointed 4 May 2022
Mr V Ramlugaan	
Mr L Siwani	
Ms C Sophete	Appointed 4 May 2022

**Member-elected Trustees**

Mr C Beard	
Ms S Booysen	
Mr T Campher	Deceased 12 May 2022
Mr WH Goosen	Deceased 8 August 2022
Mr B Jonker	Appointed as Chairperson 20 April 2022
Mr F Mabaso	

**2.2 PRINCIPAL OFFICER**

**Mr PL Wassermann**

1 <sup>st</sup> Floor Eagle Canyon Office Park	PO Box 32043
C/o Dolfyn and Christiaan de Wet Streets	Braamfontein
Randparkridge	2017
Randburg	
2169	

**TRANSMED MEDICAL FUND**  
(Registration number: 1582)

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**REPORT OF THE BOARD OF TRUSTEES**  
**For the year ended 31 December 2022 (continued)**

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**2. MANAGEMENT (CONTINUED)**

**2.3 REGISTERED OFFICE ADDRESS AND POSTAL ADDRESS**

1 <sup>st</sup> Floor Eagle Canyon Office Park C/o Dolfyn and Christiaan de Wet Streets Randparkridge Randburg 2169	PO Box 32043 Braamfontein 2017
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**2.4 FUND ADMINISTRATOR**

**Momentum Health Solutions (Pty) Ltd**

Parc du Cap Mispel Road Bellville 7530	Parc du Cap Mispel Road Bellville 7530
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Council for Medical Schemes accreditation number: 13

**2.5 MANAGED CARE PROVIDERS**

**Momentum Health Solutions (Pty) Ltd**

Parc du Cap Mispel Road Bellville 7530	Parc du Cap Mispel Road Bellville 7530
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Council for Medical Schemes accreditation number: 59

**Universal Healthcare (Pty) Ltd**

Universal House 15 Tambach Road Sunninghill Park Sandton 2128	PO Box 1411 Rivonia 2128
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Council for Medical Schemes accreditation number: MCO 17

**2.6 INVESTMENT MANAGER**

**Ninety One SA (Pty) Ltd**

36 Hans Strijdom Avenue  
Foreshore  
Cape Town  
8001

Financial services provider number: 587

**2.7 ACTUARIES**

**NMG Consultants and Actuaries (Pty) Ltd**

Belvedere Office Park Block B Pasita Street Tyger Valley 7536	PO Box 3950 Tyger Valley 7536
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TRANSMED MEDICAL FUND  
(Registration number: 1582)

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**REPORT OF THE BOARD OF TRUSTEES**  
**For the year ended 31 December 2022 (continued)**

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**2. MANAGEMENT (CONTINUED)**

**2.8 AUDITOR**

**Deloitte & Touche**

5 Magwa Crescent  
Waterfall City  
Midrand  
2066

Private Bag X6  
Gallo Manor  
2052

**3. INVESTMENT STRATEGY OF THE FUND**

The Fund's investment objectives are to maximise the return on its investments on a long-term basis at minimal risk. The investment strategy takes into consideration both constraints imposed by legislation and those imposed by the Board of Trustees.

The Board of Trustees ensures that:

- the Fund remains solvent;
- investments are placed at minimum risk and at the best possible rate of return;
- investments made are in compliance with the Regulations of the Act; and
- a risk assessment is performed with feedback to the Board of Trustees with recommendations on the risks identified.

During 2022 the Fund invested in money-market instruments which included bonds and cash instruments. This was done mainly to ensure that the Fund had sufficient liquidity available.

The Fund's policy is reviewed annually taking into consideration compliance with the Act and the risk and returns of the various investment instruments and the surplus of funds available.

**4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES**

**4.1 RESULTS OF OPERATIONS**

**Working member and pensioner (WMP) risk pool**

The Trustees have implemented the actions stipulated in the business plan in order to increase the reserve ratio of the WMP risk pool to reach the required 25%.

The WMP risk pool consists of three plans: Link plan, Select plan and Prime plan. All plans exceeded budget expectations at year end.

The risk profile of the risk pool deteriorated further during the year partially as a result of the implementation of a revised subsidy structure by the employer which has an ongoing impact on the risk pool. The revised subsidy structure allows members to belong to other open medical schemes as approved by the employer. The strategic plan of the Fund is to attract new members to the risk pool in order to improve the risk profile.

The reserve ratio for WMP increased from 7.74% at 31 December 2021 to 11.31% at 31 December 2022.

The Trustees believe that the risk pool will remain solvent and will build reserves during the 2023 benefit year.

**South African Transport Services (SATS) pensioner risk pool**

Transnet SOC Ltd will continue to fund this risk pool.



TRANSMED MEDICAL FUND  
(Registration number: 1582)

ANNUAL FINANCIAL HIGHLIGHTS 2022  
REPORT OF THE BOARD OF TRUSTEES  
For the year ended 31 December 2022 (continued)

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4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.1 RESULTS OF OPERATIONS (CONTINUED)

The SATS risk pool's reserve ratio decreased from 52.60% at 31 December 2021 to 35.66% at 31 December 2022. This decrease is mainly due to the reduced Transnet SOC subsidy intended to bring the risk pool closer to the 25% solvency requirement. This risk pool performed better than anticipated during 2022.

SOC Ltd remains committed to funding the SATS risk pool to the reserve level required by the Act.

**The Fund**

The results of the Fund are set out in the Annual Financial Statements. The reserve ratio decreased from 19.72% at the end of December 2021 to 17.96% at the end of December 2022. Due to the fact that the Fund's reserve ratio is below the required level of 25% the Fund is currently under financial monitoring by the Council for Medical Schemes (CMS). The Fund has regular interactions with the CMS and constantly keeps the CMS informed of developments at the Fund.

4.2 SOLVENCY RATIO

	2022 R	2021 R
Total members' funds	97 150 356	112 369 529
Less:		
Unrealised gains on financial assets at fair value through profit or loss	(15 356)	(39 635)
Accumulated funds per regulation 29	<u>97 134 999</u>	<u>112 329 893</u>
Annual gross contributions	540 760 594	569 553 449
Accumulated funds ratio	<u>17.96%</u>	<u>19.72%</u>

4.3 GOING CONCERN

The Board of Trustees considers the Fund to be a going concern. The Board took the following into consideration in the evaluation of the Fund's going-concern status:

- Available cash and investments at the end of the year amounted to R117 620 033.
- Transnet SOC Ltd will be providing funding to ensure that the SATS risk pool maintains a reserve level of 25%.
- A business plan has been developed by the Trustees with the assistance of the Fund's actuary in order to get the Fund to a reserve level of 25%.
- It is expected that the Fund's reserve ratio will decrease from 17.96% at 31 December 2022 to 17.61% at 31 December 2023.
- An actuarial model was developed to assist the Trustees to consider the going-concern status of the Fund. Even with the most negative assumptions on membership movements and membership risk profiles the model indicated that the Fund will be a going concern.

ANNUAL FINANCIAL HIGHLIGHTS 2022  
REPORT OF THE BOARD OF TRUSTEES  
For the year ended 31 December 2022 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS

	2022				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1 530	9 050	294	4 470	15 344
Average number of members for the accounting period	1 566	9 488	326	4 762	16 142
Number of beneficiaries at the end of the accounting period	2 719	14 595	355	5 124	22 793
Average number of beneficiaries for the accounting period	2 814	15 442	394	5 469	24 118
Average age of beneficiaries for the accounting period	49	51	73	81	58
Pensioner ratio (beneficiaries > 65 years)	34.5%	38.2%	78.0%	97.1%	51.6%
Average net contributions per member per month	R1 896.68	R2 832.30	R8 944.78	R2 583.85	R2 791.70
Average net contributions per beneficiary per month	R1 055.42	R1 740.26	R7 407.28	R2 250.13	R1 868.48
Average relevant healthcare expenditure per member per month	R1 473.49	R2 636.60	R8 247.76	R2 643.20	R2 639.06
Average relevant healthcare expenditure per beneficiary per month	R819.93	R1 620.01	R6 830.07	R2 301.81	R1 766.32
Average administration costs per member per month	R173.95	R156.26	R496.48	R510.37	R269.32
Average administration cost per beneficiary per month	R96.80	R96.01	R411.14	R444.45	R180.25
Average managed care services per member per month	R102.11	R69.56	R208.77	R117.61	R89.71
Non-healthcare expenses per average beneficiary per month	R97.26	R96.47	R413.15	R446.59	R181.12
Average accumulated funds per member at 31 December *	WMP = R4 091			R11 782	R6 331
Beneficiaries per member at 31 December	1.8	1.6	1.2	1.1	1.5
Managed care services as a percentage of net contributions	5%	2%	2%	5%	3%
Risk claims as a percentage of net contributions	72%	91%	90%	98%	91%
Administration expenses as a percentage of net contributions	9%	6%	6%	20%	10%
Non-healthcare expenses as a percentage of net contributions	9%	6%	6%	20%	10%
Return on investments					6.06%

\* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole but not per benefit plan.

ANNUAL FINANCIAL HIGHLIGHTS 2022  
REPORT OF THE BOARD OF TRUSTEES  
For the year ended 31 December 2022 (continued)

4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)

4.4 OPERATIONAL STATISTICS (CONTINUED)

	2021				
	Link	Select	Prime	Guardian	Total
Number of members at the end of the accounting period	1 573	10 119	396	5 126	17 214
Average number of members for the accounting period	1 694	10 775	449	5 525	18 443
Number of beneficiaries at the end of the accounting period	2 873	16 644	480	5 908	25 905
Average number of beneficiaries for the accounting period	3 147	17 895	546	6 402	27 989
Average age of beneficiaries for the accounting period	48	50	71	81	57
Pensioner ratio (beneficiaries > 65 years)	33.2%	37.0%	74.4%	96.9%	50.9%
Average net contributions per member per month	R1 831.80	R2 614.62	R7 817.79	R2 294.12	R2 573.45
Average net contributions per beneficiary per month	R986.09	R1 574.33	R6 432.50	R1 979.82	R1 695.77
Average relevant healthcare expenditure per member per month	R1 478.16	R2 495.08	R7 623.49	R2 618.81	R2 563.66
Average relevant healthcare expenditure per beneficiary per month	R795.72	R1 502.35	R6 272.62	R2 260.03	R1 689.31
Average administration costs per member per month	R166.71	R146.73	R425.69	R468.59	R251.78
Average administration cost per beneficiary per month	R89.74	R88.35	R350.26	R404.39	R165.91
Average managed care services per member per month	R98.63	R66.81	R202.06	R110.78	R86.20
Non-healthcare expenses per average beneficiary per month	R90.11	R88.69	R351.78	R405.96	R166.55
Average accumulated funds per member at 31 December *	WMP = R2 675.30			R15 612.67	R6 527.80
Beneficiaries per member at 31 December	1.9	1.7	1.2	1.2	1.5
Managed care services as a percentage of net contributions	5%	3%	3%	5%	3%
Risk claims as a percentage of net contributions	76%	93%	95%	110%	97%
Administration expenses as a percentage of net contributions	9%	6%	5%	20%	10%
Non-healthcare expenses as a percentage of net contributions	9%	6%	5%	21%	10%
Return on investments					4.55%

\* Accumulated funds are measured for the two risk pools, WMP and SATS, and for the Fund as a whole, but not per benefit plan.

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**REPORT OF THE BOARD OF TRUSTEES**  
**For the year ended 31 December 2022 (continued)**

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**4. REVIEW OF THE FINANCIAL YEAR'S ACTIVITIES (CONTINUED)**

**4.5 RESERVE ACCOUNTS**

Movements in the reserves are set out in the Statement of Changes in Funds and Reserves.

**4.6 OUTSTANDING RISK CLAIMS**

The basis of calculation of the outstanding risk claims provision is discussed in note 6 of the Annual Financial Statements and is consistent with the prior year. There have been no unusual movements that the Trustees believe should be brought to the attention of the members of the Fund.

**5. ACTUARIAL SERVICES**

The Fund's actuaries have been consulted in the determination of the contribution and benefit levels and provide regular reports to the Fund. Reporting also includes the incurred-but-not-reported (IBNR) provision calculation.

**6. GUARANTEES RECEIVED BY THE FUND FROM A THIRD PARTY**

No guarantees have been received by the Fund for the year ended 31 December 2022.

**7. EVENTS AFTER REPORTING DATE**

There have been no events that have occurred between the end of the accounting period and the date of the approval of these annual financial statements that the Trustees consider should be brought to the attention of the members of the Fund.

**8. INVESTMENTS IN AND LOANS TO PARTICIPATING EMPLOYERS OF MEMBERS OF THE MEDICAL FUND AND TO OTHER RELATED PARTIES**

- The Fund holds no investments in participating employers of the Fund's members.
- Refer to the related-party disclosure in note 15 to the Annual Financial Statements.
- Trustee remuneration is disclosed in note 11.1 to the Annual Financial Statements.

**9. MANAGEMENT OF INSURANCE RISK**

The primary insurance activity carried by the Fund assumes the risk of loss from members and their dependants that are directly subject to the risk. The risk relates to the health of the Fund members. As such, the Fund is exposed to the uncertainty surrounding the timing and severity of claims under contract.

The Fund manages its insurance risk through benefit limits and sub-limits, approval procedures for transactions that involve pricing guidelines, pre-authorisation and case management and service provider profiling.

The Fund uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. The theory of probability is applied to pricing and provision for a portfolio of insurance contracts. The principal risk is that the frequency and severity of risk claims are greater than expected.

Insurance events are by their nature random and the actual number and size of events during any one year may vary from those estimated with established statistical techniques. There are no changes to assumptions used to measure insurance assets and liabilities that have a material effect on the Annual Financial Statements and there are no terms and conditions of insurance contracts that have a material effect on the amount timing and uncertainty of the Fund's cash flows.

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**REPORT OF THE BOARD OF TRUSTEES**  
**For the year ended 31 December 2022 (continued)**

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**10. AUDIT COMMITTEE**

The Audit Committee was established in accordance with the provisions of the Act. The Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership authority and duties. The Committee consists of five members of whom two are members of the Board of Trustees.

The majority of the members, including the Chairperson, are not officers of the Fund or its third-party Administrator. The Committee met on two occasions during the course of the year.

The Principal Officer of the Fund, Momentum Health Solutions (Pty) Ltd, management and the internal and external Auditors attend all Audit Committee meetings and have unrestricted access to the Chairperson of the Committee.

In accordance with the provisions of the Act the primary responsibility of the Committee is to assist the Board of Trustees in carrying out its duties relating to the Fund's accounting policies, risk management internal control systems and financial reporting practices. The internal and external Auditors formally report to the Committee on critical findings arising from audit activities.

The Committee presently comprises:

- Mr C Beard
- Mr K Buthelezi (Chairperson)
- Mr G Hauptfleisch
- Mr F Mackenzie
- Ms S Thomas

**11. BOARD OF TRUSTEE COMMITTEE MEETINGS**

**11.1 MANAGEMENT COMMITTEE**

The Management Committee is mandated by the Board of Trustees by means of written terms of reference as to its membership authority and duties.

The Management Committee incorporates the functions and responsibilities in the following areas:

- financial and investment management;
- supplier management;
- marketing management; and
- managed care management.

**11.2 BENEFITS COMMITTEE**

The mandate of the Benefits Committee is to:

- make recommendations to the Board on the benefits that are offered to members; and
- ensure the long-term viability of the benefit plans.

**11.3 REMUNERATION COMMITTEE**

The mandate of the Remuneration Committee is to:

- appraise the annual performance of the employee of the Fund; and
- decide on annual increase in the remuneration of the employee of the Fund.

**11.4 EX GRATIA COMMITTEE**

The Ex Gratia Committee approved applications to the value of R207 079 (2021: R197 422) for ex gratia assistance to members. Applications for assistance from members are evaluated against criteria approved by the Board from time to time.

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**REPORT OF THE BOARD OF TRUSTEES**  
**For the year ended 31 December 2022 (continued)**

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**12. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998**

**12.1 OUTSTANDING CONTRIBUTIONS**

**Nature and impact**

In terms of Section 26(7) of the Act contributions should be received in accordance with the rules of the Fund. As per the Fund rules contributions are required to be received at least three days after their due date. Instances were noted where contributions were received late.

**Causes for the failure**

The reason for this is due to the inherent nature of the business.

**Corrective action**

Ongoing communication to the employer groups has occurred. The Fund also applied annually to the Council for Medical Schemes (CMS) and obtained an exemption for the three-day contribution rule.

**12.2 SELF-SUPPORTING PLANS**

**Nature and impact**

In terms of Section 33(2) of the Act, benefit plans shall be self-supporting in terms of membership and financial performance. The Guardian plan recorded a deficit for the year ended 31 December 2022.

**Causes for the failure**

The deficit generated during the year is mainly due to the reduced Transnet SOC Ltd subsidy, intended to bring the risk pool closer to the 25% solvency requirement.

**Corrective action**

The agreement with Transnet SOC Ltd to ensure that the SATS pool reserve levels do not fall below 25% has been renewed. A business plan to get the Fund's reserve levels to 25% has been updated.

**12.3 RESERVE RATIO**

**Nature and impact**

In terms of Regulation 29 a medical scheme should have reserves of at least 25% of its gross annual contributions. At 31 December 2022 the Fund had a reserve ratio of 17.96%, which is lower than the required level.

**Causes for the failure**

The working member and pensioner risk profile deteriorated during the year. Further to this, Transnet SOC Ltd reduced its subsidy for the Guardian plan, intended to bring the risk pool closer to the 25% solvency requirement.

**Corrective action**

A business plan was developed by the Trustees with the assistance of the Fund's actuary in order to restore the Fund's reserve levels to 25%. The Council for Medical Schemes approved the business plan.

**12.4 PAYMENT OF CLAIMS WITHIN 30 DAYS**

**Nature and impact**

In terms of Section 59(2) of the Act, a member or provider claim should be settled within 30 days of submission. Instances were noted during sample testing where settlements took more than 30 days.

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**REPORT OF THE BOARD OF TRUSTEES**  
**For the year ended 31 December 2022 (continued)**

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**12. NON-COMPLIANCE WITH MEDICAL SCHEMES ACT 131 OF 1998 (CONTINUED)**

**12.4 PAYMENT OF CLAIMS WITHIN 30 DAYS (CONTINUED)**

**Causes for the failure**

Delays can occur when accounts are referred for clinical audit or other investigations. These are, however, the exceptions and claims are generally paid within the prescribed time.

**Corrective action**

The Administrator is aware of the requirements and complies as far as possible. It is, however, an inherent part of the industry where a limited number of problematic claims may exceed the payment requirement of 30 days.

**TRANSMED MEDICAL FUND**  
(Registration number: 1582)

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2022**

	Notes	2022 R	2021 R
<b>ASSETS</b>			
<b>Non-current assets</b>		63 787 492	63 279 277
Equipment		36 945	72 120
Financial assets at fair value through profit or loss	2	63 750 546	63 207 157
<b>Current assets</b>		69 407 989	90 885 375
Financial assets at fair value through profit or loss	2	51 056 679	80 033 819
Trade and other receivables		15 538 501	7 180 051
Cash and cash equivalents	3	2 812 808	3 671 505
<b>Total assets</b>		<u>133 195 480</u>	<u>154 164 652</u>
<b>FUNDS AND LIABILITIES</b>			
<b>Members' funds</b>		97 150 356	112 369 529
Accumulated funds		97 150 356	112 369 529
<b>Current liabilities</b>		36 045 124	41 795 123
Outstanding risk claims provision		20 957 546	22 437 439
Trade and other payables		15 087 578	19 357 684
<b>Total funds and liabilities</b>		<u>133 195 480</u>	<u>154 164 652</u>



**TRANSMED MEDICAL FUND**  
(Registration number: 1582)

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 31 December 2022

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
<b>Contribution income</b>	540 760 594	569 553 449
<b>Relevant healthcare expenditure</b>	(511 193 992)	(567 385 911)
Risk claims incurred	(494 052 739)	(550 341 932)
Managed care services	(17 376 463)	(19 076 990)
Third-party claims recoveries	235 210	2 033 011
<b>Gross healthcare result</b>	29 566 602	2 167 538
Administration expenditure	(52 167 847)	(55 723 151)
Net impairment loss on healthcare receivables	(251 717)	(216 156)
<b>Net healthcare result</b>	(22 852 962)	(53 771 768)
<b>Other income</b>	7 786 020	7 637 341
Investment income	7 543 740	7 406 215
Sundry income	242 280	231 126
<b>Other expenditure</b>	(152 231)	(203 645)
Asset management fees	(127 952)	(170 759)
Unrealised loss on investments at fair value through profit or loss	(24 279)	(32 886)
<b>Deficit for the year</b>	(15 219 173)	(46 338 072)

**TRANSMED MEDICAL FUND**  
(Registration number: 1582)

**ANNUAL FINANCIAL HIGHLIGHTS 2022**  
**STATEMENT OF CHANGES IN FUNDS AND RESERVES**  
**For the year ended 31 December 2022**

	<b>Accumulated funds R</b>	<b>Total members' funds R</b>
<b>Balance as at 1 January 2021</b>	158 707 601	158 707 601
Deficit for the year	(46 338 072)	(46 338 072)
<b>Balance as at 31 December 2021</b>	<u>112 369 529</u>	<u>112 369 529</u>
<b>Balance as at 1 January 2022</b>	112 369 529	112 369 529
Deficit for the year	(15 219 173)	(15 219 173)
<b>Balance as at 31 December 2022</b>	<u><u>97 150 356</u></u>	<u><u>97 150 356</u></u>

**SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT**  
**For the year ended 31 December 2022**

**1. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies applied by the Fund has been listed in the Annual Financial Statements from pages 23 to 28. The Fund has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for the accounting period. The adoption of these new and revised Standards and Interpretations resulted in no material changes to the Fund's accounting policies and has not materially affected the amounts reported for the current or prior years.

**2. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2022</b>	<b>2021</b>
	<b>R</b>	<b>R</b>
Fair value of investments at the beginning of the year	143 240 976	188 601 336
Additions	266 365 000	355 405 000
Disposals	(301 975 000)	(407 935 000)
Capitalised interest	7 231 574	7 263 042
Realised and unrealised gain on financial assets at fair value through profit or loss	(19 939)	(49 284)
Management fees and transaction costs	(35 385)	(44 118)
	<u>114 807 226</u>	<u>143 240 976</u>
Fair value of investments at the end of the year	<u>114 807 226</u>	<u>143 240 976</u>
Total financial assets at fair value through profit or loss		
Non-current	63 750 546	63 207 157
Current	<u>51 056 679</u>	<u>80 033 819</u>
	<u>114 807 226</u>	<u>143 240 976</u>
Investments are summarised as follows:		
Money-market instruments	97 129 024	124 635 571
Bonds	<u>17 678 202</u>	<u>18 605 405</u>
	<u>114 807 226</u>	<u>143 240 976</u>

Financial assets at fair value through profit or loss consist of money-market instruments and bonds. A detailed register of investments is available for inspection at the registered office of the Fund. The maturity of the underlying instruments is disclosed on page 50 of the Financial Statements.

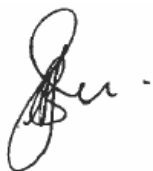
The weighted average interest rate received on the money-market portfolio was 6.06% (2021: 4.55%).

SELECTED NOTES TO THE ANNUAL FINANCIAL HIGHLIGHTS DOCUMENT  
For the year ended 31 December 2022 (continued)

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3. CASH AND CASH EQUIVALENTS	2022 R	2021 R
Current accounts	2 812 808	3 671 505
	<u>2 812 808</u>	<u>3 671 505</u>

The weighted average effective interest rate on the Fund's current accounts was 2.73% (2021: 0.72%). The carrying amounts of cash and cash equivalents approximate their fair values due to the short-term maturities of these assets.



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**B Jonker**  
**CHAIRPERSON**



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**F Mackenzie**  
**VICE-CHAIRPERSON**



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**PL Wassermann**  
**PRINCIPAL OFFICER**

**TRANSMED MEDICAL FUND ANNUAL GENERAL MEETING (AGM) – 28 JUNE 2023**  
**Agenda item 6: Annual Trustee fee increase**

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Transmed's payment philosophy for the Board of Trustees and Committees is to remunerate Trustees and Committee members in line with the mean-market benchmark. Appropriate considerations are also applied to the current and future market conditions as well as to the economics and challenges within the Fund in terms of affordability. An additional consideration is the onerous requirements from a governance oversight monitoring and regulatory perspective that needs to be factored into the deliberations.

In the light of the foregoing a fee proposal from the Remuneration Committee is enclosed.





