16. Provision

Reconciliation of provision: Group – 2024

R'000	Opening balance	Change in estimate	Income statement movement	Unwinding of discount	Payments	Total
Environmental rehabilitation	142 237	(342)	14 402	10 328	(6 893)	159 732

Reconciliation of provision: Group – 2023

R'000	Opening balance	Change in estimate	Income statement movement	Unwinding of discount	Reclassification to asset held for sale	Payments	Total
Environmental rehabilitation	269 695	(113 516)	(31 466)	10 873	11 693	(5 042)	142 237

	Group	
	2024 R'000	2023 R'000
Non-current liabilities	142 356	131 330
Current liabilities	17 376	10 907
	159 732	142 237

Environmental rehabilitation

The provision for closure and restoration costs is for liability for the rehabilitation of land involved in any prospecting or mining operations of the Group and to discharge any liability which may arise in terms of the Atmospheric Pollution Prevention Act No. 45 of 1965, the Environment Conservation Act, No. 73 of 1989, the Minerals Act, No. 50 of 1991, the Water Act, No. 54 of 1956, NEMA No. 107 of 1998 and any such other legislation that may be enacted in the future. The environmental obligations and corresponding liability remain the sole responsibility of the Venture. The draft NEMA Financial Provision Regulations No. 765, gazetted on 27 August 2021, were not enacted at the reporting date.

The Venture has provided guarantees to the Department of Mineral Resources and Energy with respect to the liability for closure and restoration costs. These guarantees are in the name of Glencore, relate to the Venture, and are disclosed in note 27. The guarantees are not recognised as liabilities in the financial statements. The estimated cost of rehabilitation is based on environmental plans in accordance with current technology, environmental and regulatory requirements and the measurements of an independent professional surveyor. The change in estimate relates to a reassessment of the provision based on changes in discount rates, expected timing of rehabilitation for operations and closure cost estimates based on the most recent assessment performed.

The measurement of the environmental rehabilitation and decommissioning provisions is a key area where management's judgement is required. The closure provisions are measured at the present value of the expected future cash flows required for rehabilitation and decommissioning. This calculation involves using specific estimates and assumptions when determining the amount and timing of the future cash flows and the discount rate. The closure provisions are updated at each reporting date for changes in the estimates of the amount or timing of future cash flows, inflationary changes in the expected cash flows, utilisation of prior year provisions and changes in the discount rate. The life of mine plan (LoMP) on which accounting estimates are based only includes proved and probable ore reserves as disclosed in Merafe's annual ore reserves and mineral resources statement.

During the current period, the discount rate applied in calculating the environmental rehabilitation provision was increased from 7.3% to 7.47%, resulting in a change in estimate of R0.3 million (2023: R114 million credit). The discount rate of 7.47% (2023: 7.3%) was estimated using the one-year historical average of a 20-year government bond yield.

In the prior year, the Group's investment in Boshoek mine had been classified as held for sale as disclosed in note 39. All conditions precedent to the disposal were concluded, and the environmental obligation associated with the sale of Boshoek mine was derecognised on 20 June 2024.

For calculating the provision for closure and restoration costs, management has assumed a risk-free real inflation rate representative of future cash flows and a nominal discount rate of 7.47%. This is compared to the prior year, when management assumed a risk-free real inflation rate and a nominal discount rate of 7.3%. A 10% increase in the discount rate would have a R16 million decrease in profit, and a 10% decrease would have a R17 million increase in profit. The timing of the cash outflows relating to the provision is uncertain but is expected to range between one and thirty years. The short-term portion of the provision refers to the best estimate for ongoing rehabilitation activities.