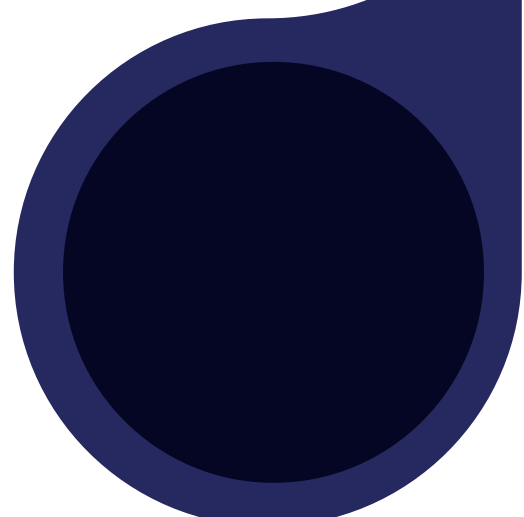
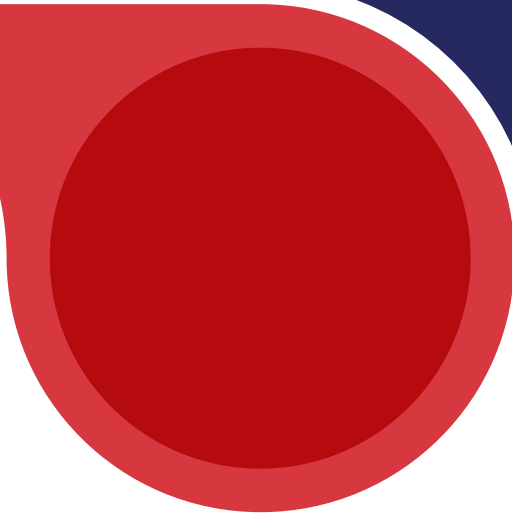
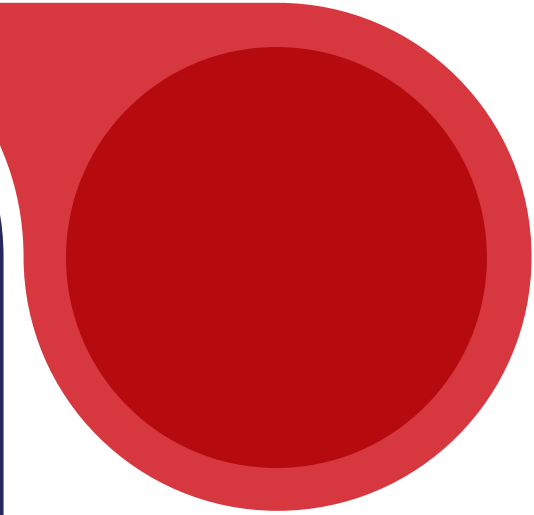
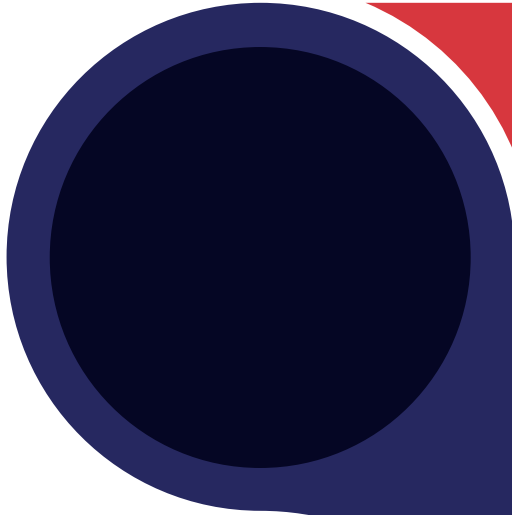




UNEMPLOYMENT
INSURANCE FUND

ANNUAL REPORT 2023/24





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PART A

GENERAL INFORMATION



1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered Name:	Unemployment Insurance Fund
Registration Number:	Schedule 3 A Public Entity, established in terms of Section 4 (1) of the Unemployment Insurance Act, 63 of 2001 as amended
Physical Address:	230 Lillian Ngoyi Street Pretoria 0002
Postal Address:	PO Box 1851 Pretoria 0001
Telephone Number/s:	(012) 337 1700
Toll free Number:	(0800) 843 843
Call Centre:	0800 030 007 (012) 337 1680
Website:	www.labour.gov.za https://ufiling.labour.gov.za/uif/
External Auditors:	Auditor-General of South Africa, 4 Daventry Street, Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, SA
Bankers:	First National Bank, 6th Floor, 1st Place Bank City, Cnr Simmonds & Pritchard Streets, Johannesburg, 2001 ABSA Bank, ABSA Towers, 15 Troy Street, Johannesburg, 2001 Standard Bank, 9th Floor, Standard Bank Centre, 5 Simmonds Street, Johannesburg, 2001 Nedbank, 135 Rivonia Road, Sandown, 2196
Company Secretary:	Lebo van Wyk Position: Director: Board, Governance and Security Services Contact Number: 012 337 1950 Email Address: lebo.vanwyk@labour.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
PFMA	Public Finance Management Act, Act 1 of 1999
SCM	Supply Chain Management



Mr. TW Nxesi, MP

Minister of Employment and Labour

3. FOREWORD BY THE MINISTER

It is my privilege to submit to you the Annual Report on the activities of the Unemployment Insurance Fund (UIF) for the financial year that ended on 31 March 2024, as required by Section 11(3) of the Unemployment Insurance Act (UIA, Act 63 of 2001, as amended).

In accordance with Section 11(3) of the Unemployment Insurance Act (UIA, Act 63 of 2001, as amended), we are pleased to present a comprehensive overview of the Fund's financial stability.

This report includes two key components, being the statement of financial position which provides insight into our financial permanence for the reporting period, and the statement of financial performance which showcases our financial progress over the reporting period. These statements offer a transparent and detailed account of our financial activities, enabling stakeholders to assess our financial stability, solvency, and overall performance.

The Quarterly Labour Force Survey (QLFS) from StatsSA has shown that unemployment has been a growing concern, with the proportion of individuals in long-term unemployment increasing consistently from 66,4% in Q4:2013 to 77,1% in Q4:2023.

This period has been a difficult one, and in line with its mandate, the Unemployment Insurance Fund (UIF) has consistently provided vital support to workers and their loved ones.

We have proudly paid out essential benefits, empowering lives, one benefit at a time. As a Fund we have provided a financial safety net, covering employees with well over 781,584 Unemployment Benefits claims finalised. Consistent with our commitment to workers we have managed to support 80,403 new mothers during their most vulnerable period by disbursing Maternity Benefits to them, and finalised 12,247 Illness Benefits to employees who were recovering from health challenges.



Death Benefit continues to be under-claimed with only 14,312 valid claims received from various labour centre's nationally. There are possible factors to this – beneficiaries or their dependants might not know about the existence of the UIF Death Benefit or the eligibility criteria needed to apply. Other factors could be 'the claims process' might be perceived as cumbersome or difficult to navigate, deterring potential claimants. More awareness to create sufficient education around its availability and importance is encouraged.

In response to the global coronavirus pandemic (COVID-19), the UIF, through its COVID-19 TERS has played an important role in maintaining the economy's stability. The Fund provided financial assistance to businesses helping them to cover employee salaries, thereby preventing massive layoffs.

This support enabled companies to retain their workforce during periods of reduced economic activity. Additionally, it helped alleviate the financial burden on both employers and employees during the challenging times.

Let us express our gratitude for all the partnerships, especially for our social partners who contributed to the COVID-19 TERS formation. The role of social partners in facilitating dialogue and collaboration between various stakeholders during these challenging times was crucial. There was a need to address employee and employer concerns, and the process is ongoing to finalise claims that were not finalised or rejected due to insufficient information submitted.

The UIF is currently in a healthy financial position, backed by solid financial reserves and careful financial management practices. This strong financial footing positions the Fund to continue meeting its obligations, ensuring that it can fulfil future benefit payments and cover administrative costs in a sustainable manner.

Furthermore, the UIF will be a pivotal tool in supporting the Department's expanded mandate.

In addition to its traditional role in the labour market through policies and legislation, the UIF aims to play a crucial role in creating employment opportunities and sustaining a healthy workforce.

In our ongoing efforts to address identified challenges, especially those highlighted in the AG's findings, we are developing comprehensive action plans. These plans will undergo regular monitoring and assessment to ensure effective implementation and continuous improvement in our audit outcomes.

I wish to thank all my colleagues for their support, especially Deputy Minister Ms. Boitumelo Moloi, Acting Director-General; Ms. Onke Mjo, the UIF Commissioner; and the management of the Fund.

.....
Mr. TW Nxesi, MP

Minister of Employment and Labour



Ms. Boitumelo Moloi - MP
Deputy Minister of Employment and Labour

4. FOREWORD BY THE DEPUTY MINISTER

As I reflect on the financial year of 2023/2024, it is worth noting that the Unemployment Insurance Fund (UIF), a vital subsidiary of the Department of Employment and Labour navigated a landscape with complex challenges and evolving demands, with resilience and determination.

In addressing the intricate needs of our diverse stakeholders in the face of increasing expectations, the UIF has demonstrated its unwavering commitment to supporting those who need it most.

The COVID-19 lockdown restrictions took quite a toll on the nation, meting out financial difficulties, emotional as well as mental hardship on employees and employers. In the face of this, the UIF and its staff too were haunted by its impact in some or other way.

The UIF functions as a critical social security agency with the specific mandate of providing support and short-term financial relief to its contributors.

This responsibility is aligned with the provisions of Section 27 (1) (2) of the Constitution Act 108 of 1996, as amended, which explicitly affirms that “everyone has the right to social security”. Hence, it was imperative for the UIF to diligently fulfil its obligation of disbursing benefits to eligible recipients, while also pursuing new strategies and collaborations to assist the Department in addressing the challenge of unemployment.

The Fund has played a vital role in contributing to the growth of our economy, and the Labour Activation Programme has been a key driver of this success. By providing valuable skills training and absorbing beneficiaries in various initiatives, we've empowered 5 319 individuals to enhance their employability during the 2023/2024 reporting period. And the best part? We have even more initiatives in the pipeline to advance this momentum.



Unlocking the power of skills acquisition, we're transforming workers into entrepreneurs, enabling them to become job creators and drivers of innovation. The ripple effect will empower individuals, stimulate local economic growth, and pave the way for a brighter future. By investing in our workforce, we're not only enhancing their livelihoods but also injecting vitality into the local economy. As workers' purchasing power increases, so too will consumer spending, benefitting local businesses and sparking a chain reaction of prosperity. This programme is a catalyst for economic growth, and we're excited to witness its transformative impact on our communities.

The UIF and the Department of Employment and Labour have made valuable interventions to safeguard jobs and the well-being of our beneficiaries. It is imperative to continue meeting this requirement.

These interventions have helped stabilise the economy by preventing large-scale retrenchments and ensuring that individuals have the financial support they need during challenging times. By safeguarding jobs, they have maintained consumer spending and contributed to economic growth. This proactive approach has fostered a sense of security among both employers and employees, ultimately strengthening the country's economic outlook.

As we transition with new technological advancements, the Fund has enhanced the current uFiling system and also introduced an Unstructured Supplementary Service Data (USSD) platform to enable clients to access UIF services at no cost. This platform enables clients to access services from any type of cell phone.

Additionally, the Fund introduced a zero-rated mobile APP as well to enable clients to access UIF services at any time, from anywhere at no cost. Accessibility to UIF services is crucial as it ensures that all clients, regardless of their location or financial situation, can easily access the support they need. By providing multiple platforms, such as the USSD and the zero-rated mobile App, the Fund removes barriers and makes it easier for employees to apply for and manage their benefits. This increased accessibility helps to ensure that everyone entitled to UIF services can efficiently receive assistance without incurring any costs.

Consistent with our values, we are igniting a brighter future, one customer at a time. Our core mandate and vision is clear, we must create a caring, accessible, and customer-centric UIF that makes a real difference in people's lives.

As a Fund we're committed to putting our customers at the heart of everything we do because when we support them, we empower them to overcome poverty and build a better tomorrow.

Let's put our customers first, and make our processes and procedures work for them. By being customer-centric, we'll create a ripple effect of hope and positive change that resonates throughout our communities.

Let's make it happen, together!

Ms Boitumelo Moloji - MP

Deputy Minister of Employment and Labour



Ms. Onke Mjo

Acting Director General of Employment
and Labour

5. FOREWORD BY THE ACCOUNTING AUTHORITY

The work of the Unemployment Insurance Fund (UIF) assists the Department of Employment and Labour in achieving its goals of protecting vulnerable workers and promoting job creation as well as retention. UIF is a key agency of the Department of responsible for providing short-term financial relief to workers when they are unable to work as a result of among other things, retrenchment, reduced work time, illness or maternity.

During the 2023/2024 fiscal year, the UIF continued to provide assistance to workers through the COVID-19 Temporary Employer-Employee Relief Scheme (COVID-19 TERS) which was a vital part of the R500 billion stimulus package announced by President Cyril Ramaphosa. The initiative aimed to alleviate the impact of the COVID-19 pandemic on our economy.

Throughout the year, the UIF worked diligently to support businesses, enabling them to remain operational and helping workers meet their financial obligations. This support was essential for sustaining economic momentum in South Africa. In addition to disbursing R274 578 000 under COVID-19 TERS, the UIF paid out substantial funds for regular benefits, including unemployment, maternity, illness, adoption, and parental claims. These disbursements provided critical assistance to beneficiaries and their dependants, helping them to navigate the financial challenges posed by the pandemic.

Under the leadership of the Minister of Employment and Labour, Honourable Thulas Nxesi, the UIF also introduced the Workers Affected by Unrest (WABU) temporary financial relief scheme to support individuals impacted by civil unrest. By March 31, 2024, the UIF continued to provide aid through WABU, demonstrating its commitment to preserving jobs and assisting both businesses and workers during difficult times.



During the review period, the UIF took significant steps to enhance control and security in administering the COVID-19 TERS and WABU schemes to combat fraud and corruption. Collaborative efforts with financial institutions and law enforcement agencies, including the HAWKS, Special Investigation Unit (SIU), and National Prosecuting Authority (NPA), led to the arrest of individuals for fraud related to COVID-19 TERS. These actions encouraged some employers to return erroneously-paid funds, while others complied following interventions by forensic auditors involved in the 'Follow the Money' project. As Phase 2 of this initiative commenced in July 2022, further arrests and recoveries were anticipated.

The UIF's overall performance improved by 28% from the previous year's 36% to the current financial year's 64%. This decline was largely due to the intensified focus on managing the COVID-19 TERS and WABU schemes, compounded by the remote working arrangements of UIF staff. The operational capacity was negatively affected by COVID-19 restrictions, and resources were diverted to manage these schemes, contributing to the decrease in performance.

To address these challenges, the UIF will work closely with its Advisory Board, management, and stakeholders to implement audit action plans and remedial actions aimed at enhancing performance. The Fund is committed to being an essential instrument in realising the expanded mandate of the Department of Employment and Labour, which includes not only labour market regulation but also job creation and retention.

Looking ahead to the 2024/2025 fiscal year, the UIF will prioritise improving service delivery and providing social security benefits to contributors and their beneficiaries. This aligns with Section 27(1)(c) of the Constitution, which guarantees the right to social security for all. The UIF remains dedicated to its mission of ensuring that vulnerable workers receive the support they need to thrive in a challenging economic landscape.

.....
Ms Onke Mjo

Acting Director General of Employment and Labour



Mr. Teboho Maruping

Unemployment Insurance Fund Commissioner

6. UIF COMMISSIONER'S OVERVIEW

In the post-COVID-19 government economic recovery plan, the Unemployment Insurance Fund (UIF) plays a crucial role in safeguarding workers' rights and facilitating job creation. For the financial year 2023/2024, the UIF has allocated R850 000 for training projects and employment initiatives through its Labour Activation Programmes (LAP).

The LAP aims to implement effective labour market programmes, and for the financial year 2023/24, Programme 03 utilised 79% of its budget and met 80% of its targets. To address the pandemic's impact on businesses and workers, the UIF continued to offer financial support through the COVID-19 Temporary Employer-Employee Relief Scheme (COVID-19 TERS) during the 2023/2024 fiscal year.

Launched under the direction of the Honourable Minister of Employment and Labour, Thulas Nxesi, the scheme was established after the initial lockdown from March 26 to April 16, 2020, aimed at controlling the spread of COVID-19. Despite the easing of restrictions in 2021/2022 and the end of lockdowns in 2022/2023, many businesses still depended on COVID-19 TERS, as highlighted in this report.

By March 31, 2024, the UIF had provided R274 578 000 in financial support to 54,767 affected workers, helping them maintain their households and meet financial obligations. During this period, the administration of the scheme improved collaboration with financial institutions and law enforcement.

To ensure accountability from employers who received COVID-19 TERS funds, the UIF, in partnership with the Congress of South African Trade Unions (COSATU), launched the Thusa Babereki online platform in October 2023. This initiative, part of the UIF's 'Follow the Money' strategy, enables workers to check if any COVID-19 TERS funds were fraudulently claimed in their names and helps identify employers who misappropriated relief funds.



For the 2023/24 financial year, the UIF set 25 annual targets, achieving 16 (64%) while 9 (36%) were not met. This improvement is largely due to focused resource allocation and efforts towards COVID-19 TERS and WABU. During the height of the pandemic, the UIF operated with limited staff and resources, as officials worked remotely and faced challenges accessing essential tools.

However, with all staff now back in the office and the phasing-out of COVID-19 TERS, there is a clear path to achieving, if not exceeding our targets. The reinstatement of all executives who were previously suspended, including myself, has fostered leadership stability and boosted staff morale. Furthermore, the lifting of all COVID-19 restrictions in June 2022 is expected to enhance our operational efficiency and help us meet our objectives fully.

Mr. Teboho Maruping

Unemployment Insurance Fund Commissioner



Mr. Z. Luswazi
UIF Board Chairperson

7. FOREWORD BY THE UIF BOARD CHAIRPERSON

1. INTRODUCTION

This is an annual report for the 2023/24 financial year. This report is being tabled more than six months in arrears due to the late submission of the annual financial statements for audit purposes.

2. HIGH LEVEL OVERVIEW OF THE UIF'S STRATEGY AND THE PERFORMANCE OF THE INSTITUTION AGAINST ITS LEGISLATED ROLE AS THE UNEMPLOYMENT INSURANCE FUND

2.1 A HIGH-LEVEL OVERVIEW OF THE INSTITUTION'S STRATEGY

2.1.1 OVERVIEW OF STRATEGIC FOCUS AREAS AT THE CONCLUSION OF THE PRIOR YEAR

At the conclusion of the prior year (the 2022/23) annual report; we concluded this report by presenting and tabling organisational strategic focus areas over the medium- to long-term period for the UIF. These strategies were as follows:

- The final approval and the implementation of the 'Whole and Responsive Enterprise Architecture ICT Strategy' at the institution.
- Conscious and intentional improvement of the effectiveness of internal control systems and a generally effective internal control environment.
- Completion of currently in-progress medium- to long-term exit strategy in respect of 'unlisted investee entities in distress without a prospect of recovery'.



- Implement an effective, practical and hands-on strategy to manage the remaining unlisted investee entities. This specifically included the recruitment and the engagement of appropriate Financial Management skills to professionally manage the institution's investment portfolio.
- The implementation of 'Follow the Money' project being a recovery of incorrectly paid or a substantiation of the validity of COVID-19 TERS payments.
- Implementation of the 'Fit-For-Purpose' project Recommendations. Reinforcement of institutional capacity will be required for a successful implementation of these recommendations.
- An overhaul of the institution's Performance Management System, starting from the planning of organisational performance i.e. the development of the Annual Performance Plan; the Measurement, Reporting and the Substantiation of Organisational Performance for Audit Purposes concluding with Formally Linking and Measuring the Performance of Senior Management that must necessarily be reflective of Organisational Performance.
- Improvement of the Audit Outcomes; addressing and eliminating the prior year (2022/23) qualifying issues on subsequent audits. Simultaneously addressing and eliminating the 'matters of emphasis' reported in the Auditor-General's report on subsequent audits.
- Addressing the institution's structural defects through completing and implementing the 'Organisation-wide project currently reviewing the holistic structure of the UIF both Legally and Operationally'.
- That the structural ineffectiveness of the Board remains given its legal status as an Advisory Board versus an Ordinary Board with executive powers.
- Addressing the control gaps at the Labour Activation Programme inclusive of an overhaul of the process to procure and adjudicate on projects to be potentially funded by the Programme, improving the effectiveness of Governance at the LAP and implementing effective monitoring and control mechanisms to ensure that all UIF funds expended on LAP projects necessarily translate into value for money for the UIF.
- Addressing the effectiveness and the efficiency of Operations at Labour Centres countrywide, where the UIF's customers (the employees contributing to the UIF) are serviced on a daily basis.
- Ultimately transforming and running the UIF as a true insurance business with the following outcomes: Requisite Skills, Effectiveness of Operations (delivering on core business), Effective internal control systems and environment; Achieving and maintaining good audit outcomes and producing a financially-sound entity.

2.2 PERFORMANCE OF THE INSTITUTION AGAINST IS LEGISLATED ROLE AS THE UNEMPLOYMENT INSURANCE FUND (PERFORMANCE OF THE PUBLIC ENTITY IN ITS RESPECTIVE SECTOR)

2.2.1 OVERVIEW OF PERFORMANCE AGAINST THE STRATEGIC FOCUS AREAS IDENTIFIED IN SECTION 2.1

With respect to the strategic focus areas identified in Section 2.1 we report as follows:

- The 'Whole and Responsive Enterprise Architecture ICT Strategy' has been developed. However, it is yet to be implemented.
- There has been no improvement in the effectiveness of the internal control environment. The independent proof thereof is that the Auditor-General has qualified their audit report in more control areas that they did in the prior (2021/22) year.
- We report that a medium- to long-term exit strategy in respect of 'unlisted investee entities in distress without a prospect of recovery' is currently under implementation.



- In the previous year's annual report, we reported that temporal Financial Management skills to professionally manage the institution's investment portfolio had been recruited while awaiting the implementation of a permanent solution through the implementation of the 'Fit-For-Purpose' structure. In the current financial year, the status quo remains.
- In the current year the The Auditor-General South Africa qualified the UIF on investment in associates, interest in joint ventures and other financial assets. The Auditor-General South Africa findings indicate that in the short-term; the institution has not been able to implement effective, practical and hands-on strategies to manage the remaining unlisted investee entities.
- The COVID-19 Temporary Employer-Employee Relief Scheme (COVID-19 TERS) remains a pervasive qualifying area by the Auditor-General, not only impacting the current and prior year but also the prior years. Therefore, the benefit of implementing the 'Follow the Money' project is yet to tangibly accrue to the institution.
- The implementation of the recommendations of the 'Fit-For-Purpose' project being an overhaul of the organogram at tiers one and two of the Management cadre, remains with Management.
- As reported in the prior year, an overhaul of the institution's Performance Management System, starting from the development of the Annual Performance Plan; to the Measurement of Performance, it's Reporting right through to the Substantiation of Organisational Performance for Audit Purposes concluding with Formally Linking and Measuring the Performance of Senior Management to the said Organisational Performance remains unimplemented.
- Equally, and as reported in the prior year, the said absence of a visible link between organisational performance and the documented and measured performance of Senior Management; amongst other contributing factors, directly leads to the institution's inability to implement consequence management.
- While the institution has maintained a qualified audit report this year in relation to prior year, the number of qualifying areas has notably increased.
- The current project that seeks to address the institution's structural defects through the completion and the implementation of the 'Organisation-wide project currently reviewing the holistic structure of the UIF both Legally and Operationally' remains in progress.
- We report that the UIF Board remains structurally ineffective given the fact that it is an Advisory Board versus an Ordinary Board with executive powers.
- In the prior year, we reported that the control gaps at the Labour Activation Programme inclusive of an overhaul of the process to procure and adjudicate on projects to be potentially funded by the Programme, improvement of the effectiveness of Governance at the LAP and implementing effective monitoring and control mechanisms to ensure that all UIF funds expended on LAP projects necessarily translate into value for money for the UIF. We also reported that an informed and holistic plan to address Governance at the Labour Activation Programme in its entirety remained to be developed (en route to implementation). In the year under review, our report is that the status quo remains.
- In the prior year we also identified addressing the effectiveness and the efficiency of Operations at Labour Centres countrywide, where the UIF's customers (the employees contributing to the UIF) are serviced as a key strategic area. This also remains a key strategic area in the current year.
- The final strategic performance area of last year highlighted by the Board was that ultimately, the UIF should be transformed and managed like a true insurance business with the following outcomes: Requisite Skills; Effectiveness of Operations (delivering on core business); Effective Internal Control Systems and



Environment; Achieving and Maintaining Good Audit Outcomes; and Producing a Financially-sound Entity. In the current year, we report that the institution is still a long way from achieving this ultimate strategic objective.

3. STRATEGIC RELATIONSHIPS

The UIF has the following strategic relationships:

NEDLAC is an important stakeholder in the welfare of workers in the Republic. NEDLAC is represented at the UIF through each of its three constituencies which are Business, Community and Labour Constituencies with each constituency having four Board Members on the institution's Advisory Board.	South African Revenue Services (SARS): The overwhelming majority of the UIF contributions by employers on the employees' behalf come through SARS.
Public Investments Commission, the PIC. This is the legislated medium through which the UIF invests its funds.	National Treasury: National Treasury monitors and aids compliance by the institution in addition to providing the ongoing and key and invaluable strategic advice to the institution.
The Commission for Conciliation, Mediation and Arbitration (the CCMA). Engages the UIF to assist businesses in distress through job retention by providing financial support on salaries to the maximum benefit payable by the UIF per employee per month.	All the SETAS. The role of SETAS is to enhance the skills of workers through training during the relief period whereby they provide training and cover the cost of training.

4. CHALLENGES FACED BY THE BOARD

Challenges reported in the preceding two reporting periods, remain as challenges in the current year. They are as follows:

- That the Board is an Advisory Board versus an Ordinary Board; means that the Board is neither legally empowered nor functionally empowered to implement its vision and turnaround plan for the UIF.
- The continued absence of joint planning, coordination and execution between the Board the Accounting Authority equally remains a challenge even in the year under review.

The foregoing challenges severely restrict the Board's effectiveness as a governance structure.

5. THE STRATEGIC FOCUS AREAS OVER THE MEDIUM- TO LONG-TERM PERIOD

The strategic focus areas directly emanate from the focus discussed under Section 2.2 of this report. They are as follows:

- The implementation of the 'Whole and Responsive Enterprise Architecture ICT Strategy' at the institution.
- Conscious and intentional improvement of the effectiveness of internal control systems and a generally effective internal control environment.
- Completion of the implementation of the medium- to long-term exit strategy in respect of 'unlisted investee entities in distress without a prospect of recovery'.



- The implementation of the 'Fit-For-Purpose' structure remains outstanding for execution as a tangible deliverable.
- While the institution continues to implement the medium to long-term exit strategies from unlisted investments; the institution has notably not succeeded in implementing effective, practical and hands-on strategies to manage the remaining unlisted investee entities in the short-term; resulting in additional qualifying areas by the Auditor-General in the current year. Therefore, this remains one of the key strategic focus areas for the ensuing financial year and years.
- The institution remains with a major task of tangibly realising and physically achieving the intended impact of the 'Follow the Money' project in the ensuing financial years specifically in the 2024/25 financial reporting year, where the true impact of this project will either be achieved or not achieved once and for all. The importance of the achievement of this strategic focus area cannot be overemphasised.
- The institution remains with a duty to implement the recommendations of the 'Fit-For-Purpose' project being an overhaul of the organogram at tier levels one and two within the Management cadre.
- An overhaul of the institution's holistic Organisational Performance Management System starting from performance planning all the way to facilitating and aiding the Auditor-General's audit of performance information concluding with a deliberate and conscious alignment of organisational performance management to the formal and documented performance of Senior Management.
- Implementation of consequence management.
- The institution remains with another major task of improving the audit outcomes going forward, more so that the qualifying areas have increased in the current year compared to the prior year.
- The implementation of the 'Organisation-wide project currently reviewing the holistic structure of the UIF both Legally and Operationally' to be accelerated this to address the institution's structural defects.
- The effectiveness of the UIF as an institution that qualitatively and consistently executes its mandate within the parameters of effective governance, lies in restructuring the Board from an Advisory Board to an Ordinary Board with executive powers.
- The Executive Authority, the Accounting Officer and the UIF Management all have a joint responsibility to implement a consistent and a reliable good corporate governance at the Labour Activation Programme.
- Equally, the institution remains with a task of addressing the effectiveness and the efficiency of the Operations at Labour Centres countrywide.
- Finally, it is the considered view of the Board that ultimately as an institution; the UIF should be transformed and managed like a true insurance business characterised by the following: Having on board the requisite skills; effectiveness of operations (delivering on core business); effective internal control systems; achieving and maintaining good audit outcomes and delivering a financially sound institution.

6. HIGHLIGHTS

There are no notable highlights in the year under review.



7. ACKNOWLEDGEMENTS / APPRECIATION

The Board would like to acknowledge and thank the following stakeholders for their respective roles fulfilled in the year under review:

- The Honourable Former Minister of the Department of Employment and Labour (the Department) Mr TW Nxesi, and the former Ministry Team for the leadership provided.
- The Chairperson of the Public Investment Commission (the PIC) the Honourable Deputy Minister of Finance Dr D Mabuza for his strategic support during the year.
- The Acting Director General of the Department.
- The Commissioner and the Management Team.
- NEDLAC.
- The PIC Management.

8. CONCLUSION

This foreword has crystallised the major organisational initiatives remaining to be executed this to achieve a holistically sustainable institution going forward.

Mr. Z. Luswazi

UIF Board Chairperson

19 October 2024



8. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by Auditor-General South Africa.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully

ACTING UIF Commissioner

Ms. Judith Kumbi

Date October 2024

Chairperson of the Board

Mr.Z. Luswazi

Date 19 October 2024



9. STRATEGIC OVERVIEW

9.1 VISION

A caring, accessible and customer-centric UIF that contributes towards poverty alleviation.

9.2 MISSION

Through multiple channels, the UIF will provide social insurance benefits and improve coverage to vulnerable workers and contributors. The UIF will further contribute to economic growth through Funding the retention and re-entry of contributors into employment.

The new mission can be further elaborated as follows:

- **Multiple Channels:** The UIF will ensure accessibility of its services through various channels and across different physical locations.
- **Social Insurance Benefits:** Refers to the following financial benefit claims provided under the Unemployment Insurance Act, 2001 (Act No.63 of 2001) and Labour Laws Amendment Act, 2016 (Act No.10 of 2016) and paid out to UI Contributors:
 - Unemployment Benefits
 - Maternity Benefits
 - Illness Benefits
 - Adoption Benefits
 - Dependant's Benefits
 - Parental Benefits
- **Vulnerable Workers:** The UIF will contribute to the improvement of the lives of the vulnerable workers by Funding their training and business development interventions.
- **Improve Coverage:** UIF benefits access is currently limited to employees as defined in the UI Contributions Act, 2002 (Act No.4 of 2002), and no other persons outside the scope defined in the Act can access the benefits, including self-employed persons, persons working in the informal sector, artists in the arts and entertainment and recent graduates. The Act will be amended to increase much-needed coverage of these workers in order to reduce unemployment and contribute to job creation and entrepreneurship.
- **Funding the retention and re-entry of contributors into the employment:** In order to improve the lives of the UIF contributors, ensure their continuation of contribution payments and contribute to economic growth, the UIF will provide funding for interventions (such as training, business development) that are aimed at enabling retrenched workers to re-enter into the labour market (as employees or as self-employed).



9.3 VALUES

VALUE	
Transparency	We will be open to all stakeholders without reservations on dealings within the Fund
Mutual Respect	We will respect our colleagues and stakeholders and treat them as we want to be treated
Client-Centred Services	The customer should be placed at the centre of the UIF's processes and procedures. Business activities and relief processes should support the idea of being customer-centric
Integrity	We will communicate openly, honestly and build relationships based on trust
Accountability	We will own up to our responsibilities in relation to our behaviour, actions and results
Teamwork	We will involve each other, work together across the organisation, seek ideas and share solutions
Caring for Our People	We treat employees with care, dignity and respect. We grow our people for performance excellence
Excellence	We will achieve a total customer satisfaction by providing excellent and world-class services to our stakeholders

9.4 LEGISLATIVE AND OTHER MANDATES

a. Constitutional mandate

The supreme mandate of the UIF is derived from Section 27 (1) (c) of the Constitution of the Republic of South Africa. The UIF provides social security to its contributors in line with Section 27 (1) (c), which states that "everyone has the right to social security".

b. Legislative and policy mandates

Legislative Mandate

The mandate of UIF is stated in the Unemployment Insurance Act, 2001 (Act No.63 of 2001) as amended. The UIF was established in terms of Section 4(1) of the Unemployment Insurance Act. The Act empowers UIF to register all employers and employees in South Africa and pay those who qualify for unemployment insurance benefits. The Unemployment Contributions Act, 2002 (Act No.4 of 2002) empowers the South African Revenue Service Commissioner and the Unemployment Insurance Fund Commissioner to collect monthly unemployment insurance contributions.

Section 9 of the Unemployment Contributions Act empowers the UIF Commissioner to collect contributions from all those employers who are not required to register as employers in terms of the fourth schedule of the Income Tax Act, 1962 (Act No.58 of 1962) and who are not liable for the payment of the skills development levy in terms of the Skill Development Act, 1999 (Act No.9 of 1999). These contributions are used to pay benefits and other expenditure reasonably incurred relating to the application of the Act.

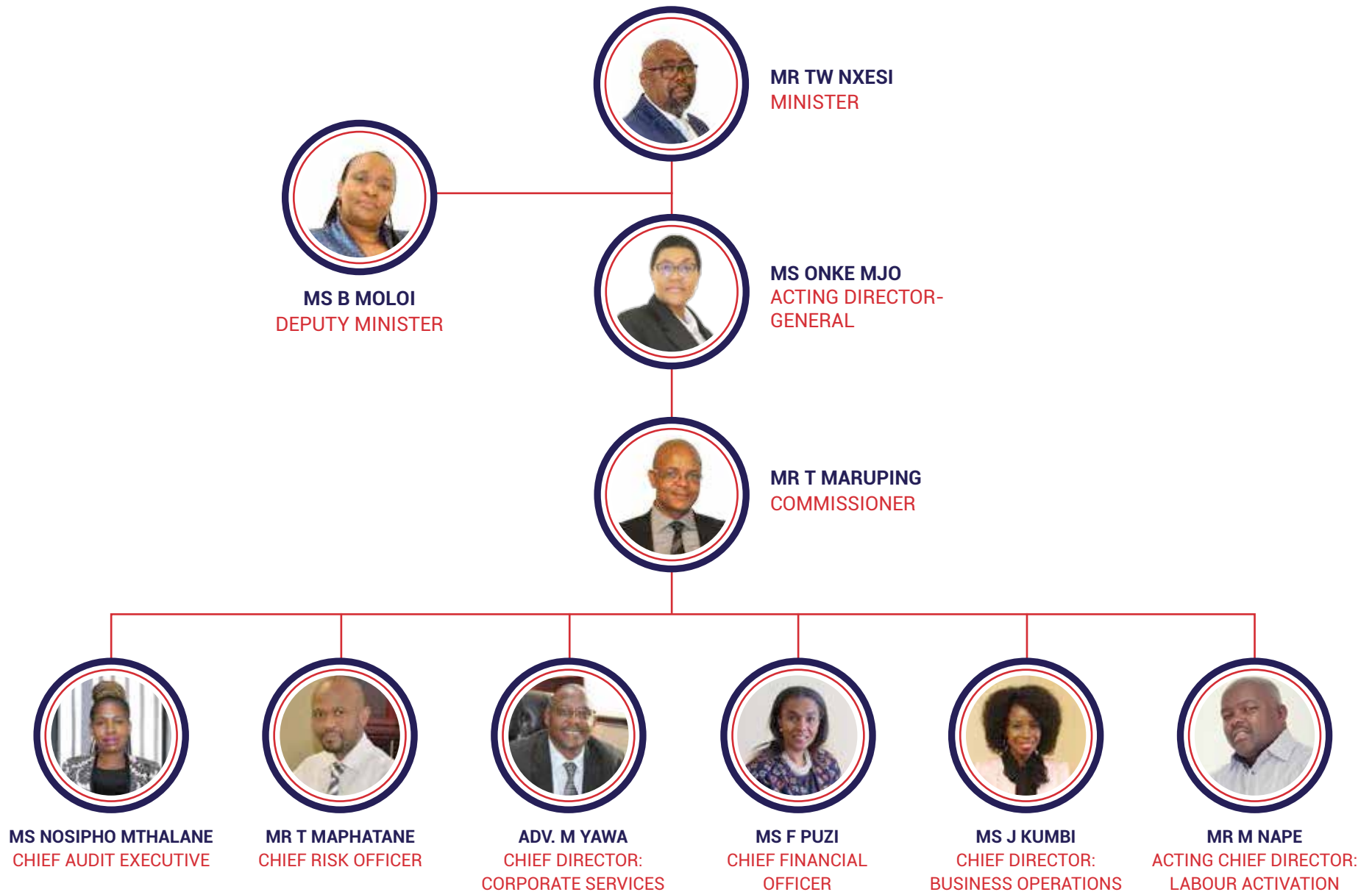
9.5 POLICY MANDATE

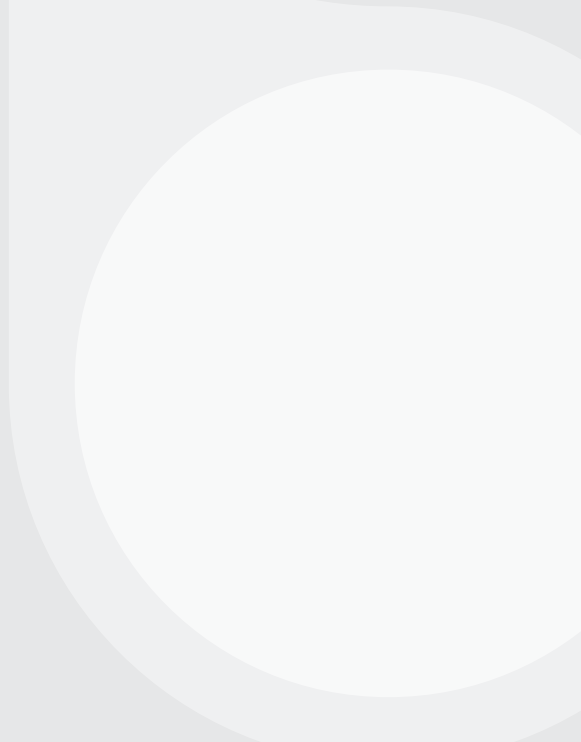
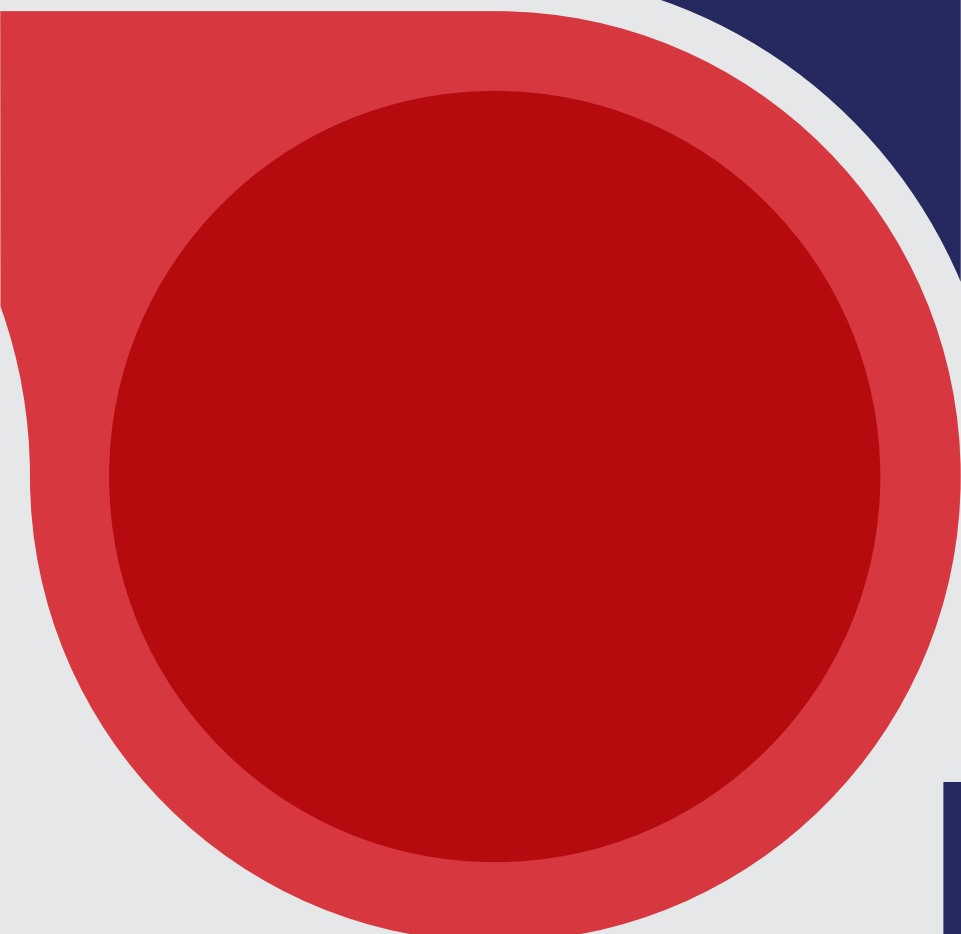
The UIF is expected to make a contribution to the following priorities of the sixth administration:

- Priority 1: A Capable, Ethical and Developmental State;
- Priority 2: Economic Transformation and Job Creation; and
- Priority 4: Consolidating the Social Wage through Reliable and Quality Basic Services.

Overall, the policy mandate of the UIF is to provide adequate social safety nets to protect vulnerable workers.

10. ORGANISATIONAL STRUCTURE





PART B

PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 98 of the Report of the Auditors Report, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

Notwithstanding the cost-containment measures introduced by government, the Fund has retained all of its objectives in its two programmes; Business Operations and Labour Activation Programme. The Fund has deployed a host of other omni-channels in order to improve the accessibility of the Fund and further augment the existing Labour Centres' capacity. These channels include: a UIF application; WhatsApp; USSD; and uFiling. In the 2025-2026 financial year, the Fund will keep assessing the effectiveness of these investments and whether they are assisting the Fund in strengthening its drive for a Fund that is accessible.

The Fund plans to continue to contribute to the alleviation of the challenge of unemployment by recruiting unemployed people with a guarantee of employment at the end of their contracts. The UIF is cognisant of the challenges and experiences that clients are faced with at the point of contact at labour centres and the call centre has now decentralised the processing of online claims from the Fund's Head Office in Pretoria to the provinces. This is in its efforts in fast-tracking the assessment and payment of claims, thus ensuring that clients receive their monies faster whilst saving on transport costs to visit a labour centre. Communication on claims has also been elevated to a free Unstructured Supplementary Service Data (USSD) platform and zero-rated Mobile APP to promote self-service and reduce long queues at Labour Centres. These platforms enable clients to monitor their claim and payment status and confirm registration with the Fund from the comfort of their home and workplaces.

The procurement of mobile buses that render essential services of the Fund and the Department, especially in rural communities and areas that are far from labour centres, has also aided our service delivery efforts. The Fund will also continue leveraging Information and Communication Technology (ICT) projects such as integrating claims systems, Siyaya and Virtual Office, free Wi-Fi at labour centres, as well as the effective implementation of the SAP system. To positively boost its image and rebuild stakeholder and client trust, the UIF will ramp up marketing and public awareness of the Fund's management practices, financial reporting, planning, and performance management.

The Labour Activation Programme (LAP) of the UIF plays a critical role in addressing the high unemployment rate in the country. The LAP is tasked with enhancing the employability of the unemployed through various interventions, including through training of the unemployed through viable projects that will guarantee that people are placed in employment. To this end, the UIF LAP is strengthening the capacity of the Labour Activation Programme by establishing a Project Management Capacity, finalise the electronic Business Processes of LAP, review the Terms of Reference of the Adjudication Committee and finalise the Forensic Investigation on the LAP Processes. All of these strategies are intended to strengthen governance, business efficiencies and the implementation and monitoring of the LAP.



OTHER SERVICE DELIVERY OUTPUTS ARE AS FOLLOWS:

Employability programmes

During the period under review, a total of 5,319 beneficiaries were recruited to participate on Public Employment Programmes for enhanced employability, of these, 90% are youth and women. This was against the annual target of 75,000.

One of the challenges that led to the non-achievement of the target for this deliverable is that Management sought to ensure that the projects would deliver on their promised job creation outcomes and not just end with training and this required additional financial resources.

Support to business enterprise

The Fund supported over 300 cooperatives and SMMEs through the Labour Activation Programmes. This was against the annual target of 80. This support was monetary and non-monetary which includes access to markets, nurturing, business turnaround, restructuring or establishment of a cooperative. The target was exceeded due to the concerted effort from the National Youth Development Agency to support businesses in line with the enterprise development mandate as per the funding agreement between them and the UIF.

Unemployment benefits

A total of 1,007,309 valid unemployment claims with complete information were received through various Labour Centres, of which 950,174 claims were finalised within 15 working days. This translates to 94% against the annual target of 92% within 15 working days. The target was achieved despite System challenges experienced during the year.

In-service benefits

A total of 117,806 for valid maternity, illness and adoption claims with complete information were received through various Labour Centres, of which 106,298 claims were finalised. This translates to 90% against the annual target of 92% within 10 working days. The target was missed by 2% due to the system challenges that resulted in claims not assigned timeously to the Assessor and the slowness of the system affected processing of claims on time. Provinces developed plans and are currently working overtime to reduce the backlog.

Deceased benefits

A total of 14,312 valid deceased benefit claims with complete information were received through various Labour Centres, of which 13,785 claims were finalised within 20 working days. This translates to 96% against the annual target of 92% within 20 working days. The target was exceeded by 4% as the slowness of the system only affected the in-service benefits due to the scanning functionality.

2.2 ORGANISATIONAL ENVIRONMENT

The Director-General (DG) of the department of Employment and Labour resigned during the period under review and Acting DG was the appointed. Stability at senior management is very important to steer the strategic direction of the organisation. An increase in number of payment continuation documents affected system storage and resulted in delayed assigning to nominated officials. This delayed process impacted turnaround time and payments of benefits. The inadequate storage has been corrected through the appointment of a service provider.



The proposed UIF Macro Organisational Structure, inclusive of the following, was designed and endorsed by the UIF EXCO and Steerco. The Fund will cascade the PWC Macro organisational structure to Micro level during the 2024/25 financial year.

- Capability Mapping
- Operating Model
- Functional Structure and
- Leadership Structure

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no major changes.

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact statement: A labour market which is conducive to decent employment			
Outcome	Outcome Indicators	Five-year target	2023/24 Progress
Functional and Efficient UIF	Improved audit opinion obtained from auditors	100% audit action plans implemented by 31 March 2025	Obtained qualified audit opinion on the 2022/23 financial year audit
	Improved compliance with Protection of Personal Information Act (POPIA)	100% of POPIA implemented by 31 March 2025	100% (23/23)
	Improved resolution of reported incidents of Fraud and corruption	80% of simple cases finalised within 90 working days by 31 March 2025	100% (9/9)
		80% of complex cases finalised within 365 calendar days by 31 March 2025	87% (61/70)
	Improved turnaround time to pay suppliers	100% valid invoices paid 30 calendar days after receipt by March 2025	80,4% (3 241/4 030)
	Increased verification of identified COVID-19 TERS payments	24 623 of identified COVID-19 TERS payments verified by 31 March 2025	12 979
	Increased verification of WABU payments	100% of WABU payments verified by 31 March 2024	89% (5 916/6 661)
	COVID-19 TERS Impact Evaluation conducted	COVID-19 TERS impact evaluation report produced by 31 March 2024	COVID-19 TERS impact evaluation report was produced
	Impact assessment on LAP projects conducted	LAP impact evaluation report produced by 31 March 2024	LAP impact assessment report was produced



Impact statement: A labour market which is conducive to decent employment			
Outcome	Outcome Indicators	Five-year target	2023/24 Progress
	Improved accessibility to UIF services by clients	32 Kiosks rolled out by 31 March 2024	Kiosks were not rolled out. Tender evaluation processes completed. Bid Adjudication Committee (BAC) submission to be compiled for recommendation
		21 Buses deployed to provinces by 31 March 2025	Buses not deployed to provinces due to delays in finalisation of probity which was audit completed after year-end.
	Improved claims management system	An Integrated Claims Management System deployed by 31 March 2024	An Integrated Claims Management System was not deployed as at March 2024
	Improved compliance with the approved strategic asset allocation mandate	93% of the approved strategic asset allocation mandate implemented by 31 March 2025	100% - 5% = 95%
	Improved knowledge of client experience	Four (4) Client experience surveys conducted by 31 March 2025	Two (2) client experience surveys conducted
Strengthened institutional capacity of the Fund.	Improved Human Resource Capacity	Vacancy rate reduced to $\leq 7\%$ by 31 March 2025	Vacancy Rate: 5.2% (31/600)
More decent jobs created	Improved turnaround for approving or rejecting valid Temporary Employer/ Employee Scheme (TERS) applications by the delegated Authority.	90% of valid Temporary Employer/Employee Scheme (TERS) applications approved or rejected by the delegated Authority within 20 working days by 31 March 2025	100% (4/4) within 20 working days
	Improved participation of beneficiaries in employability programmes	155 000 beneficiaries participating in employability programmes by 31 March 2025	5 319
		50% of vulnerable groups participating in employability programmes by 31 March 2025	84% (4 449/5 302)
	Improved compliance with funding agreements by funded partners	90% of funded project monitored by 31 March 2025	90% (224/248)
	Increase in the number of business enterprises supported	170 businesses supported by 31 March 2025	303
An inclusive and responsive social security coverage	Improved social security coverage	98% of new companies with complete, accurate and verified information created with registration document (UI 54) within 1 working day by 31 March 2025	100% (47 535/47 577)
		99% of complete, accurate and verified benefit payment documents created within 3 working days by 31 March 2025	68% (1 694 287/2 484 534)



Impact statement: A labour market which is conducive to decent employment			
Outcome	Outcome Indicators	Five-year target	2023/24 Progress
An inclusive and responsive social security coverage	Improved social security coverage	95% of Unemployment benefit claims with complete, accurate and verified information approved or rejected within 15 working days by 31 March 2025	94% (950 174/1 007 309)
		95% of In-service benefits; Maternity, illness and adoption benefit claims with complete, accurate and verified information approved or rejected within 7 working days by 31 March 2025	90% (106 298/117 806)
		95 % of deceased benefit claims with complete, accurate and verified information approved or rejected within 10 working days by 31 March 2025	96% (13 785/14 312)



3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PROGRAMME 1: ADMINISTRATION.

Purpose: Provide management, strategic and administrative support services to management.

Chief Directorates and purpose:

- **Corporate Services:** To strategically oversee management of corporate services.
- **Financial Management:** To strategically oversee management of comprehensive financial service in the Fund.

PROGRAMME 2: BUSINESS OPERATIONS

Purpose: To collect contributions and pay benefits

PROGRAMME 3: LABOUR ACTIVATION PROGRAMME

Purpose: Labour market integration measures that seek to introduce, retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship and preserving jobs

Institutional outcomes that each programme contributes to:

Programme	Outcome
Programme 1: Administration	<ul style="list-style-type: none"> • Functional and Efficient UIF • Strengthened institutional capacity of the Fun
Programme 2: Business Operations	An inclusive and responsive Social Security coverage
Programme 3: Labour Activation Programme	More decent jobs created

OUTCOME, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

Programme 1: Administration

UIF has reviewed the Supply Chain Management (SCM) policy to include transformation requirements for Preferential Procurement. These are the preferential procurement targets as per our Annual procurement plan; 40% target for women, 30% for Youth and lastly 7 % for persons with disability. The Fund also has an operational plan target of employing persons with disability. The UIF has once again maintained its vacancy rate below the 10% DPSA national requirement. 100% of fraud and corruption cases were resolved within the set turnaround times. All these deliverables are still on track towards the achievement of the government priority 1 of capable and developmental state.

Programme 2: Business Operations

This programme responds to the government priority 4 of social security coverage through the following benefit claims: unemployment; in-service; and deceased. A total of 1,007,309 valid unemployment claims with complete information were received through various Labour Centres, of which 950,174 claims were finalised within 15 working days. This translates to 94% against the annual target of 92% within 15 working days.

A total of 117,806 for valid maternity, illness and adoption claims with complete information were received through various Labour Centres, of which 106,298 claims were finalised. This translates to 90% against the



annual target of 92% within 10 working days. A total of 14,312 valid deceased benefit claims with complete information were received through various Labour Centres, of which 13,785 claims were finalised within 20 working days. This translates to 96% against the annual target of 92% within 20 working days.

Programme 3: Labour Activation Programme

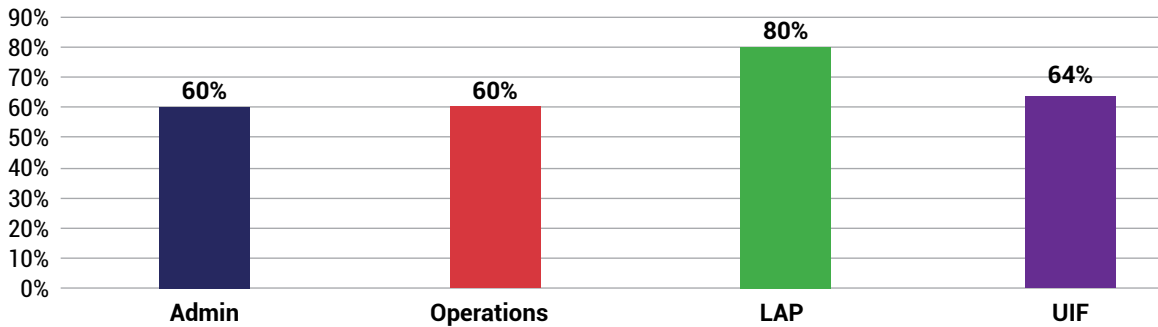
This programme responds to the government priority 2 of job creation. During the period under review, a total of 5 319 beneficiaries were recruited to participate on Public Employment Programmes for enhanced employability, of these; 84% are youth and women. The Fund supported over 300 cooperatives and SMMEs through the Labour Activation Programmes. This was against the annual target of 80. This support was monetary and non-monetary which includes access to markets, nurturing, business turnaround, restructuring or establishment of a cooperative.

3.1 PERFORMANCE SUMMARY

The Fund had a total of 25 annual targets planned for the 2023/24 financial year, of these 16 (64%) were achieved and 9 (36%) were not achieved. Performance summary per programme is as follows:

PROGRAMME	ANNUAL TARGETS	ACHIEVED	NOT ACHIEVED	% ACHIEVEMENT
Administration	15	9	6	60%
Business Operations	5	3	2	60%
Labour Activation Programmes	5	4	1	80%
UIF	25	16	9	64%

2023/24 Annual Performance Report



Programme 1: Administration								
Purpose: provide management, strategic and administrative support services to management								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
Functional and Efficient UIF	Implemented audit action plans	% of audit action plan implemented	78% (73/94) of Internal and External audit findings resolved. 87% (59/68) of external audit findings resolved. 54% (14/26) of internal audit findings resolved	93/122 (76%) of external audit findings resolved	90% of audit action plan implemented	Not Achieved 70% (86/123) of audit action plan implemented	Target missed by 20%	Implementation progress coincided with the 2022/23 AGSA audit
	Implemented POPIA implementation matrix	% of POPIA implemented	New indicator	New indicator	100% of POPIA implemented	Achieved 100% (23/23)	N/A	N/A
Functional and Efficient UIF	Fraud and corruption cases investigated	% of fraud and corruption cases finalised	6.7% cases finalised within timeframes (8 cases out of 120) 93 out of 120 finalised outside of the turnaround time	39% (51/131) of cases finalised within 90 working days. 56 finalised outside the turnaround time	80% of simple cases finalised within 90 working days	Achieved 100% (9/9)	Target exceeded by 20%	Information required for investigations was readily available
					80% of complex cases finalised within 365 calendar days	Achieved 87% (61/70)	Target exceeded by 7%	Information required for investigations was readily available



Programme 1: Administration

Purpose: provide management, strategic and administrative support services to management

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
	Suppliers paid within 30 calendar days	% of valid invoices paid within 30 calendar days of receipt	98% (3 113/3 166)	99.7% (1 305/1 309)	100% of valid invoices paid within 30 calendar days of receipt	Not Achieved 80,4% (3 241/4 030)	Target missed by 19.6%	The volumes reached overwhelming levels since December 2023. The Fund had to catch up with a backlog of Tower vest Travelling Services (TTS) invoices dating as far back as May 2023. DEL handed over the TTS invoices to be paid in December 2023. The volume of transactions involved on follow the money are huge and supporting documents to be attached to one monthly invoice per supplier would be huge and unmanageable.
Strengthened institutional capacity of the Fund	Reduced vacancy rate	% of vacancies reduced	9.8% (59 vacant posts /602 establishment)	4.8% (29 vacancies/602 establishment)	Vacancy rate reduced to ≤8%	Achieved Vacancy Rate: 5.2% > 4 months: 31 posts (33 – 2 posts in OE process) Establishment: 600 (602 – 2 posts in OE process)	N/A The target requires any achievement that is equal or less than 8%.	N/A

Programme 1: Administration								
Purpose: provide management, strategic and administrative support services to management								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
Functional and Efficient UIF	Verified COVID-19 TERS payments	Number of identified COVID-19 TERS payments verified	New indicator	1 130 identified COVID-19 TERS payments verified	10500 identified COVID-19 TERS payments verified	Achieved 10 719	Target exceeded by 219	Targets were set for all the audit firms
	Verified WABU Payments	% of WABU payments verified	New indicator	New indicator	100% of WABU payments verified	Not Achieved 89% (5 916/6 661)	Target missed by 11%	Some companies are closed and liquidated, hence UIF could not verify
	COVID-19 TERS impact evaluation report	COVID-19 TERS Impact Evaluation Conducted	New indicator	New indicator	COVID-19 TERS impact evaluation report produced	Achieved COVID-19 TERS impact evaluation report was produced	N/A	N/A
	LAP impact assessment report	Impact assessment on LAP projects conducted	New indicator	New indicator	LAP impact assessment report produced	Achieved LAP impact assessment report was produced	N/A	N/A
	Accessible UIF services	Multiple channels for accessing UIF services	New indicator	New indicator	32 Kiosks rolled out	Not Achieved Kiosks were not rolled out. Tender evaluation processes completed. Bid Adjudication Committee (BAC) submission to be compiled for recommendation	Target missed by 32	The non-achievement was due to the high work volumes and the inadequate Human Resource capacity in the procurement space during the execution period.



Programme 1: Administration

Purpose: provide management, strategic and administrative support services to management

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
					11 Buses deployed to provinces	Not Achieved Buses not deployed to provinces due to delays in finalisation of probity audit completed after year end.	Target missed by 11	The probity report was finalised in December 2023 and the report was received by management in January 2024. The Probity recommendations had to be considered. The Business Case and specification were reviewed and re-submitted by the end of the financial year and his resulted in the non-achievement of the planned target as the execution period had already elapsed.
Functional and Efficient UIF	Compliance with the strategic asset allocation mandate	% of compliance with the approved strategic asset allocation mandate	New indicator	New indicator	90%	Achieved 100% - 5% = 95%	Target exceeded by 6%	The overachievement was as a result of favourable market conditions
	Conducted client experience surveys	Number of client experience surveys conducted	New indicator	New indicator	2 Client experience surveys conducted	Achieved 2 client experience surveys conducted	N/A	N/A

Programme 1: Administration								
Purpose: provide management, strategic and administrative support services to management								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned target to Actual Achievement 2023/24	Reasons for deviations
	Deployed integrated Claims Management System	Integrated Claims Management System deployed	Replacement of Siyaya with SAP system is still in progress. Claims Management business process Blueprint developed and approved	A fully functional Integrated Claims Management System not deployed. The Blue Print for Finance System Report was approved by the CFO	An Integrated Claims management System deployed	<p>Not Achieved</p> <p>An Integrated Claims Management System is not deployed.</p> <p>The ECC6 system was developed and successfully migrated to Linux.</p> <p>Labour Activation Programmes (LAP) Temporary Employee Relief Scheme (TERS) system has been deployed live.</p> <p>Engagements with Banks for integration took place.</p> <p>Quality Assurance review in progress</p>	An Integrated Claims Management System is not deployed.	Delay in finalising the SAP maintenance License through SITA.



Programme 2: Business Operations

Purpose : To collect contributions and pay benefits

Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned Target to Actual Achievement 2023/24	Reasons for deviation																																																								
An inclusive and responsive Social security coverage	Improved turnaround time to create a registration document (UI54)	% of new companies with complete, accurate and verified information created with registration document (UI54) within 1 working day	100% (51 785/51 963) Within 1 working day	100% (51 008/51 154) within 1 working day	97% of new companies with complete, accurate and verified information created with registration document (UI54) within 1 working day	<p>Achieved</p> <p>100% (47 535 / 47 577)</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Created</th> <th>Finalised</th> <th>Finalised %</th> </tr> </thead> <tbody> <tr> <td>CIPC</td> <td>3,677</td> <td>3,677</td> <td>100%</td> </tr> <tr> <td>Eastern Cape</td> <td>709</td> <td>705</td> <td>99%</td> </tr> <tr> <td>Free State</td> <td>351</td> <td>348</td> <td>99%</td> </tr> <tr> <td>Gauteng</td> <td>41</td> <td>41</td> <td>100%</td> </tr> <tr> <td>Head Office</td> <td>8,085</td> <td>8,073</td> <td>100%</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>52</td> <td>52</td> <td>100%</td> </tr> <tr> <td>Limpopo</td> <td>358</td> <td>355</td> <td>99%</td> </tr> <tr> <td>Mpumalanga</td> <td>9</td> <td>9</td> <td>100%</td> </tr> <tr> <td>North West</td> <td>148</td> <td>145</td> <td>98%</td> </tr> <tr> <td>Northern Cape</td> <td>378</td> <td>375</td> <td>99%</td> </tr> <tr> <td>uFiling</td> <td>32,716</td> <td>32,716</td> <td>100%</td> </tr> <tr> <td>Western Cape</td> <td>1,053</td> <td>1,043</td> <td>99%</td> </tr> <tr> <td>Grand Total</td> <td>47,577</td> <td>47,539</td> <td>100%</td> </tr> </tbody> </table>	Province	Created	Finalised	Finalised %	CIPC	3,677	3,677	100%	Eastern Cape	709	705	99%	Free State	351	348	99%	Gauteng	41	41	100%	Head Office	8,085	8,073	100%	KwaZulu-Natal	52	52	100%	Limpopo	358	355	99%	Mpumalanga	9	9	100%	North West	148	145	98%	Northern Cape	378	375	99%	uFiling	32,716	32,716	100%	Western Cape	1,053	1,043	99%	Grand Total	47,577	47,539	100%	Target exceeded by 3%	The biggest drivers are U Filing and Bizhub Process which is automated and accounts for 77% of employer registration. The issue of registration is real time. Further all manual registration are monitored daily and thus the targets are met.
Province	Created	Finalised	Finalised %																																																													
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uFiling	32,716	32,716	100%																																																													
Western Cape	1,053	1,043	99%																																																													
Grand Total	47,577	47,539	100%																																																													

Programme 2: Business Operations											
Purpose : To collect contributions and pay benefits											
Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24			Deviation from planned Target to Actual Achievement 2023/24	Reasons for deviation	
An inclusive and responsive Social security coverage	Improved turnaround time to create Benefit payment documents	% of complete, accurate and verified benefit payment documents created within 3 working days.	99% (3 543 354/3 568 776) within 5 working days	96% (2 834 207/2 940 733) within 3 working days	95% of complete, accurate and verified benefit payment documents created within 3 working days	Not Achieved 68% (1 694 287 / 2 484 534)			Target missed by 27%	As a result of the increase in number of payment continuation documents which affected system storage and resulted in delayed assigning to nominated officials. This delayed process impacted turnaround time and payments of benefits.	
						Province	Created	Finalised			Finalised %
						Eastern Cape	248,462	160,455			65%
						Free State	161,462	131,884			82%
						Gauteng	639,686	415,850			65%
						KwaZulu-Natal	508,234	335,352			66%
						Limpopo	210,806	159,876			76%
						Mpumalanga	146,753	88,816			61%
						North West	129,505	105,736			82%
						Northern Cape	73,062	47,740			65%
Western Cape	366,564	248,578	68%								
Grand Total	2,484,534	1,694,287	68%								
Breakdown of payment by Nationality											
Identity status	Created	Finalised	% Finalised								
Foreign national	20,893	19,699	94%								
South African	2,463,641	1,674,588	68%								
Grant total	2,484,534	1,694,287	68%								



Programme 2: Business Operations

Purpose : To collect contributions and pay benefits

Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned Target to Actual Achievement 2023/24	Reasons for deviation																																																
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An inclusive and responsive social security coverage	Improved turnaround time to approve or reject valid unemployment benefit claims	% of valid Unemployment benefit claims with complete, accurate and verified information approved or rejected within 15 working days	94% (1 058 483/1 131 787) within 15 working days	89% (925 543/1 039 973) within 15 working days	92% of valid Unemployment benefit claims with complete, accurate and verified information approved or rejected within 15 working days	Achieved 94% (950 174/ 1 007 309) <table border="1"> <thead> <tr> <th>Province</th> <th>Created</th> <th>Finalised</th> <th>Finalised %</th> </tr> </thead> <tbody> <tr> <td>Eastern Cape</td> <td>117,597</td> <td>109,091</td> <td>93%</td> </tr> <tr> <td>Free State</td> <td>57,031</td> <td>56,075</td> <td>98%</td> </tr> <tr> <td>Gauteng</td> <td>209,420</td> <td>200,666</td> <td>96%</td> </tr> <tr> <td>Head Office</td> <td>7</td> <td>5</td> <td>71%</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>191,927</td> <td>187,033</td> <td>97%</td> </tr> <tr> <td>Limpopo</td> <td>116,012</td> <td>109,094</td> <td>94%</td> </tr> <tr> <td>Mpumalanga</td> <td>68,957</td> <td>66,437</td> <td>96%</td> </tr> <tr> <td>North West</td> <td>45,372</td> <td>44,095</td> <td>97%</td> </tr> <tr> <td>Northern Cape</td> <td>36,846</td> <td>34,305</td> <td>93%</td> </tr> <tr> <td>Western Cape</td> <td>164,140</td> <td>143,373</td> <td>87%</td> </tr> <tr> <td>Grand Total</td> <td>1,007,309</td> <td>950,174</td> <td>94%</td> </tr> </tbody> </table>	Province	Created	Finalised	Finalised %	Eastern Cape	117,597	109,091	93%	Free State	57,031	56,075	98%	Gauteng	209,420	200,666	96%	Head Office	7	5	71%	KwaZulu-Natal	191,927	187,033	97%	Limpopo	116,012	109,094	94%	Mpumalanga	68,957	66,437	96%	North West	45,372	44,095	97%	Northern Cape	36,846	34,305	93%	Western Cape	164,140	143,373	87%	Grand Total	1,007,309	950,174	94%	Target exceeded by 2%	System challenges experienced during the months of July and August did not have a negative impact on the turnaround of unemployment benefits. Storage affected In-service benefits due to the scanning functionality.
Province	Created	Finalised	Finalised %																																																					
Eastern Cape	117,597	109,091	93%																																																					
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Programme 2: Business Operations																																																										
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An inclusive and responsive social security coverage	Improved turnaround to approve or reject valid in-service benefit claims.	% of valid In-service benefit claims (maternity, illness and adoption) with complete, accurate and verified information approved or rejected within 10 working days	93% (124 642/ 133 544) within 10 working days	85% (101 021/ 118 816) within 10 working days	92% of valid In-service benefit claims (maternity, illness and adoption) with complete, accurate and verified information approved or rejected within 10 working days	Not Achieved 90% (106 298/117 806) <table border="1"> <thead> <tr> <th>Province</th> <th>Created</th> <th>Finalised</th> <th>Finalised %</th> </tr> </thead> <tbody> <tr> <td>Eastern Cape</td> <td>8,949</td> <td>7,843</td> <td>88%</td> </tr> <tr> <td>Free State</td> <td>4,419</td> <td>4,238</td> <td>96%</td> </tr> <tr> <td>Gauteng</td> <td>35,630</td> <td>34,031</td> <td>96%</td> </tr> <tr> <td>Head Office</td> <td>1</td> <td>1</td> <td>100%</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>21,764</td> <td>20,361</td> <td>94%</td> </tr> <tr> <td>Limpopo</td> <td>8,162</td> <td>7,282</td> <td>89%</td> </tr> <tr> <td>Mpumalanga</td> <td>5,537</td> <td>5,162</td> <td>93%</td> </tr> <tr> <td>North West</td> <td>5,091</td> <td>4,821</td> <td>95%</td> </tr> <tr> <td>Northern Cape</td> <td>2,916</td> <td>2,627</td> <td>90%</td> </tr> <tr> <td>Western Cape</td> <td>25,337</td> <td>19,932</td> <td>79%</td> </tr> <tr> <td>Grand Total</td> <td>117,806</td> <td>106,298</td> <td>90%</td> </tr> </tbody> </table>			Province	Created	Finalised	Finalised %	Eastern Cape	8,949	7,843	88%	Free State	4,419	4,238	96%	Gauteng	35,630	34,031	96%	Head Office	1	1	100%	KwaZulu-Natal	21,764	20,361	94%	Limpopo	8,162	7,282	89%	Mpumalanga	5,537	5,162	93%	North West	5,091	4,821	95%	Northern Cape	2,916	2,627	90%	Western Cape	25,337	19,932	79%	Grand Total	117,806	106,298	90%	Target missed by 2%	In service benefits requires a lot of supporting documents that must be scanned into the system and can only be assigned once the documents are scanned into the system. The System Challenges has resulted in claims not assigned timeously to the Assessor and the slowness of the system affected processing of claims on time.
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Programme 2: Business Operations
Purpose : To collect contributions and pay benefits

Outcome	Output	Output indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned Target to Actual Achievement 2023/24	Reasons for deviation																																								
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Programme 3: Labour Activation Programme

Purpose: Labour market integration measures that seek to introduce ,retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship and preserving jobs .

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
More decent jobs created	Improved turnaround time to approve or reject valid TERS applications	% of valid Temporary Employer/ Employee Relief Scheme (TERS) applications approved or rejected by the delegated Authority within 20 working days	0% achieved 2 out of 27 applications were finalised outside of the prescribed 15 working days and reported as such in previous reporting period	100% (4/4) approved within 20 working days	90% of valid Temporary Employer/ Employee Scheme (TERS) applications approved or rejected by delegated Authority within 20 working days	Achieved 100% (4/4) within 20 working days	Target exceeded by 10%	Few valid TERS applications were received, thus all processed within the set turnaround time.
More decent jobs created	Increase in number of beneficiaries participating in employability programmes	Number of beneficiaries Participating in employability Programmes	10 202	8 457	75 000 beneficiaries participating in employability programmes	Not Achieved 5 319	Target missed by 69 681	Management sought to ensure that the projects would deliver on their promised job creation outcomes and not just end with training. The department had to carefully consider the impact of the number of jobs to be created.
	Increase in the percentage of Vulnerable groups (Youth/ women) participating in employability programmes	Percentage of Vulnerable groups participating in employability programmes	10 202	15 000 beneficiaries participating in employability programmes	50% of vulnerable groups participating in employability programmes	Achieved 90%	Target exceeded by 40%	Number of recruits for the available sectors were mainly Youth and Women

Programme 3: Labour Activation Programme								
Purpose: Labour market integration measures that seek to introduce ,retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship and preserving jobs .								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual Achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
	Funded project monitored	% of funded project monitored	New indicator	94% (102/108)	90% of funded projects monitored	Achieved 90% (224/248)	N/A	N/A
	Increase in the number of business enterprises	Number of business enterprise supported	New indicator	New indicator	80 business enterprise	Achieved 313	Target exceeded by 223	There was a concerted effort from the National Youth Development Agency to support businesses in line with the enterprise development mandate as per the funding agreement between them and the UIF.





3.2 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

- Hold monthly performance reviews at EXCO
- Strengthen performance review practices across business units in order to:
 - Take account of monthly performance against Operational Plan and Performance Agreements (as they underpin the achievement of the APP)
 - Track progress towards the achievement of quarterly targets on a monthly basis
 - Identify bottlenecks, effect remedial/corrective action & unblock operational challenges
 - Review implementation and operational processes
 - Strengthen performance accountability and consequence management
 - Conduct comparative analysis between performance, expenditure and other relevant resources
 - Review quality of evidence for claimed achievement
 - Share innovative ideas, lessons learned, and identify opportunities
- Employment of over 100 contract workers to beef up capacity of the Fund
- Ensure inclusion of APP performance in performance agreements
- Support function planning to be informed by the plans of core functions
- Conduct ongoing risk assessment on the plans and performance
- Use of provincial forums for engagement on matters of performance and mutual interest
- Implement and closely monitor the stability of the network
- Provide adequate tools of trade
- Introduce employee engagement platforms and mechanisms to improve job satisfaction

3.3 LINKING PERFORMANCE WITH BUDGETS

a) Summary of expenditure

Item	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Benefits payments	16 305 546	14 951 656	1 353 890	23 057 361	15 648 731	7 408 630
Change in benefits payable	3 479 950	-931 482	4 411 432	3 372 138	887 467	2 484 671
Labour Activation Programmes (Schemes)	850 000	673 649	176 351	3 155 562	346 585	2 808 977
Administration	5 519 140	3 735 795	1 783 345	4 962 480	3 361 248	1 601 232
Total	26 154 636	18 429 618	7 725 018	34 547 541	20 244 031	14 303 510



b) Summary of income

Item	2023/2024			2022/2023		
	Budget	Actual Revenue	(Over)/ Under	Budget	Actual Revenue	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue collected	24 644 803	24 881 163	-236 360	23 189 458	23 651 301	-461 843
Total	24 644 803	24 881 163	-236 360	23 189 458	23 651 301	-461 843

c) Summary of Investment Revenue/Losses, Fair value adjustment, Other income and Technical Reserve

Item	2023/2024			2022/2023		
	Budget	Actual Income	(Over)/ Under	Budget	Actual Income	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Other revenue from non-exchange transactions	165 919	163 936	1 983	24 162	165 071	-140 909
Other revenue from exchange transactions	5 543	5 119	424	4 647	5 799	-1 152
Share of profit/loss from equity accounted investments	0	-62 509	62 509	0	-140 162	140 162
Investment Revenue	11 104 365	11 824 553	-720 188	6 961 267	10 225 455	-3 264 188
Fair value adjustment/unrealised	-378 775	-3 754 939	3 376 164	530 771	-1 628 839	2 159 610
Realised Gains/Losses on investments	-2 564 148	2 582 174	-5 146 322	3 593 102	-1 099 663	4 692 765
Impairment on other financial assets	0	-693 379	693 379	0	-1 141 870	1 141 870
Impairment on investments in associates	0	-769 455	769 455	0	-240 708	240 708
Technical Reserve	-545 870	-1 782 598	1 236 728	9 559 673	915 848	8 643 825
TOTAL	7 787 034	7 512 902	274 132	20 673 622	7 060 931	13 612 691

SUMMARY OF FINANCIAL INFORMATION

Summary of income, expenses and reserves

Item	2023/2024			2022/2023		
	Budget	Actual Income	(Over)/ Under	Budget	Actual Income	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Total revenue	24 644 803	24 881 163	-236 360	23 189 458	23 651 301	-461 843
Other revenue from non-exchange transactions	165 919	163 936	1 983	24 162	165 071	-140 909
Other revenue from exchange transactions	5 543	5 119	424	4 647	5 799	-1 152
Share of profit/loss from equity accounted investments	0	-62 509	62 509	0	-140 162	140 162
Administration expenditure	-5 519 140	-3 735 795	-1 783 345	-4 962 480	-3 361 248	-1 601 232
Benefit Expenditure	-16 305 546	-14 951 656	-1 353 890	-23 057 361	-15 648 731	-7 408 630
Change in benefits payable	-3 479 950	931 482	-4 411 432	-3 372 138	-887 467	-2 484 671
Labour Activation Programmes	-850 000	-673 649	-176 351	-3 155 562	-346 585	-2 808 977
Fair value adjustment/unrealised	-378 775	-3 754 939	3 376 164	530 771	-1 628 839	2 159 610
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Item	2023/2024			2022/2023		
	Budget	Actual Income	(Over)/ Under	Budget	Actual Income	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Investment Revenue	11 104 365	11 824 553	-720 188	6 961 267	10 225 455	-3 264 188
Impairment on other financial assets	0	-693 379	693 379	0	-1 141 870	1 141 870
Reversal of other financial assets	0	126 296	-126 296	0	626 710	-626 710
Gain /losses on the disposal of property plant and Equipment	-5 530	-7	-5 523	-20	-17	-3
Impairment on investments in associates and interest in Joint ventures	0	-769 455	769 455	0	-240 708	240 708
Technical Reserve	-545 870	-1 782 598	1 236 728	9 559 673	915 848	8 643 825
Net Surplus for the year	6 271 671	14 090 736	-7 819 065	9 315 519	11 094 894	-1 779 375

The overall performance information of the Fund from 01 April to 31 March 2024 is at 64% of targets that were achieved. 91% of the budget was spent for the financial year 2023/24

Programme 01 - Administration

	2023/2024			2022/2023		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 01 - Administration						
Improve Financial Management	2 562 739	2 797 199	-234 460	2 283 066	2 056 245	226 821
Total	2 562 739	2 797 199	-234 460	2 283 066	2 056 245	226 821

The programme purpose is to provide management, strategic and administrative support services to the Fund. To carry out this objective Programme 01 spent 109% of the allocated budget for the financial year 2023/24 and achieved 60% of the set targets

Programme 02 - Business Operations

	2023/2024			2022/2023		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 02 - Business Operations						
Improve service delivery	19 263 875	17 224 316	2 039 559	25 735 077	17 709 102	8 025 975
Total	19 263 875	17 224 316	2 039 559	25 735 077	17 709 102	8 025 975

The programme purpose is to collect contributions and pay benefits. To carry out this objective Programme 02 spent 89% of the allocated budget for the financial year 2023/24 and achieved 60% of the set targets

Programme 03 - Labour Activity Programme

	2023/2024			2022/2023		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 03 - Labour Activation Programme						
Labour Activation Programmes	853 602	676 131	177 471	3 157 281	347 102	2 810 179
Total	853 602	676 131	177 471	3 157 281	347 102	2 810 179
Total Administrative budget	22 680 216	20 697 646	1 982 570	31 175 424	20 112 449	11 062 975

The programme purpose is to provide labour market programmes . To carry out this objective Programme 03 spent 79% of the allocated budget for the financial year 2023/24 and achieved 80% of the set targets. The programmes is also mandated to Fund Labour Activation schemes. The transfers made to entities responsible for implementation of Labour Activation Programmes were 79% of the allocated budget



4. REVENUE COLLECTION

Sources of revenue	2023/2024			2022/2023		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue including interests and penalties	24 644 803	24 881 434	(236 631)	23 185 458	23 651 301	(465 843)
Total	24 644 803	24 881 163	(236 630)	23 185 458	23 651 301	(465 843)

The results of Q4:2023 from Statistics South Africa Quarterly Labour Force Survey indicate that the working-age population increased by 559,000 compared to Q4:2022. The FUND as a result registered 47,577 new employers as at 31 March 2024.

5. CAPITAL INVESTMENT

All the Fund's unlisted properties are classified as Investment Properties and under the Public Investment Corporations (PIC's) management as part of the investment portfolio. Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for administrative purpose.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Fund, and the cost or fair value of the investment property can be measured reliably. Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition. Thereafter, investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises. Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

The Fund separately discloses expenditure to repair and maintain investment property.

The service PIC renders to the Fund as asset manager includes (but is not limited to) acquisition of property, outsourcing contracts to partners, brokerage of agreements, collection of rent, refurbishment, property development and facility management. Capital expenditure commitments are not presented to the Fund for approval neither does the Fund sign these commitments. The PIC's internal procurement and approval processes are followed in rendering this service as agent to the Fund. The Fund pays PIC a management fee for this service.

Infrastructure projects Buildings	31 March 2024							31 March 2023								
	Purchase Price	Additions	Refurbishment	Acc depr	Impairments	Carrying Amount	Fair Value Adjustments	Valuation	Purchase Price	Additions	Refurbishment	Acc depr	Impairments	Carrying Amount	Fair Value Adjustments	Valuation
Erf 895 (a portion of erf 252) Bisho	41,350	23,255,920	-	-	-	23,297,270	- 9,797,270	13,500,000	41,350	23,255,920	-	-	-	23,297,270	- 6,697,270	16,600,000
Portion 5 (remainder extent) of erf 43, Thohoyando	1,939,890	-	35,749,511	-	-	37,689,401	- 22,289,620	15,399,782	1,939,890	-	35,710,460	-	-	37,650,351	- 18,100,569	19,549,782
Erf 1112, Marshalltown, City of Johannesburg	74,897,610	-	-	-	-	74,897,610	- 21,197,610	53,700,000	74,897,610	-	-	-	-	74,897,610	- 10,497,610	64,400,000
Erf 222, Annadale, Polokwane (Baobab)	10,118,205	-	1,187,760	-	-	11,305,964	- 5,306,250	5,999,714	10,118,205	-	1,103,293	-	-	11,221,497	1,903,217	13,124,714
Erf 7339, Bendor, Extension 86, Polokwane	4,060,32	-	37,323,260	-	-	41,383,589	- 11,308,589	30,075,000	4,060,328	-	36,683,091	-	-	40,743,420	- 6,468,420	34,275,000
Portion 67 (a portion of portion 21) on Farm Syferkuil (Unilim)	-	-	195,777,969	-	-	195,777,969	- 69,227,969	126,550,000	-	-	86,210,080	-	-	86,210,080	- 58,710,080	27,500,000
WF Nkomo Building	7,875,000	41,615,636	379,112,152	-	-	428,602,788	155,702,788	272,900,000	7,875,000	41,615,636	379,053,658	-	-	428,544,294	- 201,044,294	227,500,000
Sunnyside Campus	54,078,213	-	241,409,108	-	-	295,487,321	- 240,487,395	54,999,925	54,078,213	-	208,694,351	-	-	262,772,564	- 154,672,639	108,099,925
Total	153,010,596	64,871,556	890,559,760	-	-	1,108,441,912	- 535,317,492	573,124,420	153,010,596	64,871,556	747,454,934	-	-	965,337,087	- 454,287,666	511,049,421



Investment property in the process of being constructed or developed

Portion 5 (remainder extent) of Erf 43, Thohoyandou

Extent of portion 5: 2 051 m², Title deed number: TG83891/1992T

The building was inherited from the Venda Government after amalgamation and probably built more than 15 years ago as a three-storey office building. The property is currently improved with 1 903m² of existing office building and is deemed as the highest and best use of the property. The property is a multi-tenanted investment property and the tenants lease agreement is up for renewal in 2025 and 2026. The current rental paid by the tenant is considered to be in line with the market.

The effective date of the valuation is 31 March 2024. The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation experts elected to apply the Discounted Cash Flow Method, as the primary method, to determine the value. Manna Holdings (Pty) Ltd certified that the market value of the property was R19.5 million as at 31 March 2023. Office rentals range between R83/m² and R114/m² in the market for this designated area.

A gross monthly market rental of R128.80/m² was assumed in the valuation with an annual escalation of 5%.

The Subject Property has been improved with a single three-storey office block. The improvement has been built to take advantage of the slope. The external finishes are painted face brick, a glass facade with some sections covered in tiles and plaster. The internal finishes consist of suspended ceilings, plastered brick walls and dry walling in some sections for partitions and floors are concrete covered in tiles and carpets. The improvements forming part of the Subject Property have been noted to predominantly be in average to below average condition as expected for this type of property and building within this area. Some maintenance issues were however noted on site although not material in terms of having an impact on the Market Value of the Subject Property.

The Subject Property comprises of 2 portions of land being Portions 4 and 5 of Erf 43 Thohoyandou-BA. The Subject Property as a whole is located along Garden Route within the boundaries of the Thulamela Local Municipality and as a corner site, enjoys exposure from Garden Route as well as 2 unnamed streets; accessibility to the site is achievable from the unnamed streets. Portion 4 of Erf 43 Thohoyandou-BA has been noted during the site inspection to be irregular in shape and fairly flat in gradient while Portion 5 of Erf 43 Thohoyandou-BA has been noted to be fairly rectangular in shape and fairly flat in gradient. The Subject Property is further surrounded by a perimeter boundary with specific site entrance and exit points.

As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Market Capitalisation Rate of 11.75% (2023:11.50%)
- Exit Capitalisation Rate of 12.50% (2023:12.00%)
- Discount Rate of 16.25% (2023:15.00%)
- Escalation of new rental of 5% (2023:6%)
- Vacancy Rate of 10% (2023: 2%)
- Expense Growth Rate of 6.5% (2023: 8.00%)



Erf 222, Annadale, Polokwane

Extent 2 855 m², Title deed number: T2409/2019

There is currently a lease in place with the Tshwane University of Technology to use the property as student accommodation for its students. The Fund has a 25% share in this property.

The Subject Property has been improved with 6 triple storey residential blocks currently utilised as student accommodation. The residential improvements comprise of 30 units with each unit occupying 3 floors; the ground and first floors of each unit have separate entrances while the second floor is a loft accessible from the first floor through internal stairs. Each floor of each unit further accommodates 2 single beds per floor while the ground and first floors of each unit accommodate kitchen and shower facilities. Other improvements noted during the site inspection include a management office, paved external reticulation areas, covered and uncovered parking bays as well as a perimeter boundary wall with guarded single access and exit points. The Subject Property further accommodates 2 temporary wooden structures with 1 utilised as a security guard room and the other utilised as a laundry room; these structures, due to their nature, have not been included as part of the Gross Floor Area. The improvements forming part of the Subject Property as a whole have been noted to predominantly be in below-average condition. The discussion with the property owner is that renovations are imminent and should be completed before end of the calendar for students to take occupation in 2025.

Market Rent of R2,894.02 per month.

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The Discounted Cashflow Method of Valuation in the derivation of Market Value for the Subject Property.

As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Exit Capitalisation Rate of 10.75% (2023: 10%)
- Capitalisation rate of 10.25% (2023:9%)
- Discount rate: 14.75%
- Vacancy rate of 3%
- Expense Growth Rate of 6.50% (2023: 6.0%)
- Escalation of new rental of 5.50% (2023: 6.0%)

Erf 7339, Bendor, Extension 86, Polokwane

Extent 6 819 m², Title deed number: 3656/2019T

The Subject Property comprises a 408 Bed Student Accommodation facility and is improved to 3 main structures; the boy's block recognised as Block A, the girl's block recognised as Block B and the main auxiliary block housing the Guard House, Recreation Centre, Cafeteria and Admin office. The residential improvements, each comprising 204 beds housed in 102 rooms with each room accommodating 2 beds. Each floor is further planned to accommodate 34 rooms and 68 beds, with shared bathroom and kitchen facilities on each floor. All improvements are noted to be in good condition and have been built with brick and mortar and some sections are painted and plastered for aesthetics, the floors are concrete with a screed finish, and IBR roofing.



The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The valuation expert has taken note of the purchase price in 2018 of R14 000 000 that show a rate of R1140/m² based on the bulk land, also the selling price the previous land value showed an 8% year on year increase that seems to be to the higher end of the market but not unreachable in the large Polokwane area.

Erf 7339 Bendor Extension 86, being the Subject Property, is located within the boundaries of the Polokwane Local Municipality at the location noted as Corner Diemeer Street and Hillary Drive, Bendor, Polokwane. As a corner site, the Subject Property enjoys exposure from both streets although accessibility is only achievable from Hillary Drive. The site / land on which the improvements are located is considered to be slightly irregular in shape and slightly downward sloping in gradient from the Southern boundary towards Diemeer Street. The site as a whole is surrounded by a perimeter boundary wall while the external reticulation areas, predominantly a large vacant portion of land, have been left in their natural vegetation state.

The valuator elected to apply the Discounted Cashflow method of valuation, as the primary method, in order to determine the value.

As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Market Rent of R3 472.83 per month
- Exit Capitalisation Rate of 11.25% (2023: 10.25%)
- Capitalisation Rate of 10.25% (2023: 9%)
- Vacancy reversion rate of 3% (2023: 2%)
- Expense Growth Rate of 6.50% (2023: 0%)
- Escalation of new rental of 5.50% (2023: 0%)

Portion 67 (A portion of portion 12) of the farm Syferkuil 921, Limpopo

Extent 5,007m², Title deed number: T337/2020

During December 2017, The Fund together with GEPF and CF, through their duly authorised representative PIC, entered into an unincorporated joint venture agreement with KSL. The Fund has a 25% share in the unincorporated joint venture and as a result, 25% share in the lease right.

The Subject Property, on completion, will consist of purpose-built student accommodation comprising of 1582 rooms accommodating 2926 Beds, of which 238 are single rooms, 42 disabled rooms and 1302 double rooms. The building will comprise a total of 6 blocks for the student accommodation and admin block, canteen and other amenities. Each residential block will have its own outdoor park. As a new building, the finishes will be modern with the latest in tiling, windows, ceiling and other features. A covered pedestrian will be built. The bulk services like water, electricity and sewer will only be installed towards the second half of 2024.

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The valuation expert's primary method of valuation is the Discounted Cashflow Method of Valuation in the derivation of Market Value.



The following valuation parameters were applied on the investment:

- Market rent of R4100 per bed gross per month
- Exit Capitalisation rate of 10.75% (2023: 10.00%)
- Market Capitalisation Rate of 10.25% (2023: 9.00%)
- Income growth rate 6.50%
- Expense growth rate 6.50%
- Discount Rate of 14.75% (2023: 14.50%)

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng

Extent 8,454m², Title deed number: 8852/1992T

The property is currently being developed with an eight-storey commercial office building. The building improvements are to further comprise of a cafeteria and event space on the roof of the parkade. Site improvements will include a guardhouse, parking bays as well as a perimeter boundary wall with guarded single access and exit points. On completion, the improvements are expected to be of modern A-grade standard, with routine maintenance and cleaning noted as required in order to ensure that the improvements and the property as a whole remain in well-maintained condition.

The valuation was performed by Broll Valuation and Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation and Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The valuers elected to adopt the discounted cash flow methodology in terms of which estimated gross income is projected for a Five (5) year period, based on contractual arrangements and an estimated market rent upon the expiry of leases after the date of valuation.

The gross rental average rate of R180.00/m² for the space would be applicable taking into account the size and quality of the accommodation as well as the location of the property. We have also allowed for a parking rental of R1,000/basement bay.

The following valuation parameters were applied on the investment:

- Capitalisation Rate of 9.25% (2023: 10.5%)
- Reversionary Capitalisation of 9.75% (2023: 11.5%)
- Discount rate of 14.75% (2023: 15.75%)
- Income Growth Rate of 2% (2023: 5.25%)
- Expense Growth Rate of 6.5% (2023: 6.5%)
- Gross rental average of R180.00/m² and a parking rental of R1,000/basement bay.

Erf 834 portion 50, Sunnyside, Pretoria and Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria

Extent 2,519m² and Extent 6,720m², Title deed number: 93418/2015T

Currently the process to consolidate and register Remainder of Erf2, Remainder of Portion1 of Erf5, Remainder of Portion2 of Erf6, Remainder of Erf60, Erf82 and Erf83 Trevenna into Erf90 Trevenna will be finalized post the valuation date.



The consolidation and registration processes of Remainder of Portion50 of Erf843, Remainder of Portion39 of Erf834, Remainder of Erf1422, Erf1432 and Erf1432 into Erf1458 Sunnyside will also be finalized post the valuation date. The Municipality has approved the consolidation and rezoning of the above properties. The Surveyor Generals Office and Deeds Offices processes are yet to be finalised.

The process to transfer and register Remainder of Erf2, Remainder of Portion1 of Erf5, Remainder of Portion2 of Erf6 and Remainder of Erf60 from the City of Tshwane Municipality to the UIF has not been finalized, however a sale agreement is in place and signed by all parties and a lodgement will be submitted to the Deeds Office in the new financial year. The valuation expert applied all these assumptions as conditions in the valuation as at 31 March 2022.

The Fund bought the properties which are adjacent to each other to develop a 11,661m² "Labour Campus" to accommodate the Fund, Compensation Fund and the Department of Employment and Labour. National Treasury has granted approval for the Compensation Fund and the Department of Labour to participate in the development.

Improvements to the Property will comprise of three 24 storey office buildings with 13 floors of office space, 10 levels of parking including 4 basement level parkings, and a service level at the top. The buildings will comprise of P Grade office accommodation with superior finishes and facilities.

The valuation was performed by Broll Valuation & Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation & Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The basis of value for financial reporting purposes under International Financial Reporting Standard (IFRS) 13 is 'Fair Value'. It is important to note that, for most practical purposes, the concept of Fair Value is consistent with that of Market Value, and there is no difference between them in terms of the valuation figure reported.

The following valuation parameters and assumption were applied on the investment:

Special Assumptions made:

- The Sunnyside land is vacant
- The end of useful life value is thus the land value in 10 years
- The current land value is estimated at R55 million with a market growth of 4% per annum over 10 years
- A nominal Demolition costs of R551,300 have been deducted
- The value at the end of useful life is thus R73.2 million
- The land value has been determined at R55 million
- The site is not improved and no building value is attributed





PART C

GOVERNANCE



1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled, and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, the corporate governance of public entities is applied through the precepts of the Public Finance Management Act (1999, as amended) and operates in tandem with the principles contained in the King's Report on Corporate Governance. Parliament, the Executive, and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

During the 2023/24 financial year, the Unemployment Insurance Fund was requested to appear before the Portfolio Committees (PC) and Select Committees, as reflected in the table below:

Date	COMMITTEE	BRIEFING/ TOPIC
06 March 2024	Portfolio Committee on Labour	Briefing on issues pertaining to the LAP programme
28 February 2024	Portfolio Committee on Labour	• Briefing by the Department of Employment and Labour on the repositioning of CF and UIF in 2024
21 February 2024	Portfolio Committee on Labour	• Briefing on the Analysis, Implications and Impact of the President's SONA 2024
11 October 2023	Portfolio Committee on Labour	• Briefing by the Office of the Auditor-General of South Africa (AGSA) on Audit Outcomes for the Department of Employment and Labour and entities. • Briefing by DEL Internal Audit Committee on Audit Outcomes for the Department of Employment and Labour and entities
20 September 2023	Portfolio Committee on Labour	Briefing on the 2nd and 3 rd Quarterly Performance Report 2022/23 of: CF and UIF
22 February 2023	Portfolio Committee on Labour	Briefing by the Department of Employment and Labour on the Analysis, Implications and Impact of the President's SONA 2023

3. EXECUTIVE AUTHORITY

The Minister of Employment and Labour, through NEDLAC (social partners) nominations, appointed eleven (11) new members for continuity in the new term of the UIF Advisory Board ("the Board"). The new members were appointed on 01 May 2021 for three (3) years ending on 30 April 2024. The UIF appointed a new Board Chairperson in 2021 for a three-year term to end on 30 April 2024. One of the new Board members representing the business constituency resigned in October 2021 and a new member was appointed on 01 July 2022 to represent the business constituency.

The Board is appointed to advise the Minister of Employment and Labour on issues related to the administration of the UIF as a social security instrument. The Minister held meetings on 7 June 2023, 23 October 2023 and 03 November 2023 with the UIF Board during the 2023/24 financial year to address general UIF matters, which included discussions around Labour Activation Programme matters, social responsibility investments, the job creation mandate and the responsibilities of the UIF Board.

The UIF Board recommended the following to the Minister of Labour during the financial year:

- The MTEF budget for the period 01 April 2024 to 31 March 2025 was recommended and submitted to the Minister of Employment and Labour for approval on **27 March 2024** and approved on **25 April 2024**.



- The APP is submitted once yearly by 31 January to the Minister. The APP that was recommended by the UIF Board was submitted by 31 January 2023.

4. THE ACCOUNTING AUTHORITY

In terms of Section 11(1) of the Unemployment Insurance Act, 2001 (as amended), the Director-General of the Department of Employment and Labour is the Accounting Authority of the UIF.

5. THE ADVISORY BOARD

In terms of Section 47 of the Unemployment Insurance Act, the Minister of Employment and Labour must establish the Unemployment Insurance Board. All members were appointed in terms of Section 49 (2) of the UI Act, 2001, which outlines that each NEDLAC constituency (Organised labour, Organised Business, State Representatives and Organised Community) must be represented by three members and three state representatives on the Board. During the 2023/24 reporting year, the Board constituted of 12 members, including the Board Chairperson. The new appointment of the third Business Constituency member was formalised on 01 July 2022.

The term of the UIF Board was extended by six (6) months, beginning 01 May 2024 to 31 October 2024 or until the appointment of the new Board whatever occurs first.

UIF Board Key Highlights/Achievements

- Board Constitution and Committee Charters were approved by the Delegated Authority on 24 April 2022.
- The LAP Committee (LAPC) with the support of some of the Board members participated in the launch and performed oversight visits on LAP projects to fully understand the operation, assess the efficiency and effectiveness of the implementation processes, impact on society and benefits of unemployment LAP projects to advise the Minister. The comprehensive report was compiled and reported to the Board which was subsequently used as input to the Minister's advisory note.
- The Board introduced and implemented the yearly conflict of interest declaration process which eliminated the cumbersome manual declarations completed in every meeting. The members declared in every meeting the conflict of interest for agenda matters.
- Recommended and drafted the Social Ethics and Transformation Committee (SETC) and Service Delivery Advisory Committee (SDAC) Charters for establishment as the new Board committees by the Honourable Minister: DEL. The first SETC workshop was held on Wednesday, 05 July 2023.
- Joint Boards, Investment Committees (IC) and EXCO with the Public Investment Corporation (PIC) were held to address relevant strategic outcomes and to advise the Minister on matters of concern. The UIF is in the process of convening a Joint Audit Committee (AC) with PIC.
- Improved and Maintained information management (Board Committee workshops were conducted).
- The Investment Committee (IC) with the support from some of the Board members and the Public Investment Corporation (PIC) participated in the launch of the Adowa Properties new student village in Johannesburg. The IC further conducted an oversight visit to one of the investee companies in their investment portfolio to fully understand the operations, social impact, and job creation benefits of the investees to determine and assess the value added to the portfolio.
- The total investment portfolio for UIF has grown significantly from the drawdowns of COVID-19 TERS to R136 billion as at 30 June 2023, with the listed portfolio which accounts for 90% of the total portfolio.



- The LAP oversight visit procedure was drafted and reviewed by the LAPC. The document was recommended and adopted by the UIF Board Committee.

UIF Board Key Challenge

- Implementation of the UI Act Amendment No.10 of 2016, Section 36 A (1) to facilitate the appointment of the Regional Appeals Committee members throughout the provinces of South Africa. Due to delays in the appointment of the RAC members nationally, the RAC and the National Appeals Committee (NAC) were not able to continue their fiducial duties. The appeals process was delayed which had a negative impact on beneficiaries. The Board recommended the Honourable Minister's intervention through NEDLAC which enabled the breakthrough.
- The significant gaps in the LAP service provider appointment contractual processes and implementation of the LAP projects, and inappropriate behaviour, conduct and compromised ethics by LAP service providers experienced by members during LAP oversight visits.
- There is a lack of contract management by the LAP. Service providers are funded, and do not produce the required services. Thereafter, recovering the money is a long process, with the recovery being moved from one process to another, and still not ending up in charges drawn, or a refund of the finding.

5.1 THE ROLE OF THE BOARD IS AS FOLLOWS:

In terms of Section 48 of the Unemployment Insurance Act (2021, as amended), the role of the Board is to advise the Minister regarding:

- Unemployment Insurance policy;
- Policies arising out of the application of this Act;
- Policies for minimising unemployment;
- The creation of schemes to alleviate the effects of unemployment;
- Make recommendations to the Minister on changes to legislation in so far as it impacts the policy on unemployment or unemployment insurance; and
- Perform any other duties which may be requested by the Minister to give effect to the Act.

The purposes and duties of the Board must be exercised and performed subject to:

- The provisions of the UI Act (2001, as amended) and its constitution contemplated in Section 50;
- Any directive issued by the Minister of Employment and Labour; and
- Any guidelines determined by the Director-General of Employment and Labour.

In terms of Section 36(A)1 of the Unemployment Insurance amended Act No. 10 of 2016, the role of the Board is to:

- Appoint the Regional Appeals Committee for each region as determined by the Minister of Employment and Labour.

5.2 BOARD CHARTER

The Board Charter outlines the main corporate governance practices in place for the Unemployment Insurance Fund Board and to which the Board, its sub-committees and management are collectively committed. The Constitution also governs the conduct of the Board. The Charter sets out the role, responsibilities, structures,



and processes of the Board of the Unemployment Insurance Fund. Governance processes are continuously improving, with the Board Charters and the Board Constitution setting out responsibilities implemented and adhered to, to achieve the highest standards of corporate governance. The reviewed charters for the Board and all committees were approved by the Commissioner, Board Chairperson and Director-General, and adopted in April 2022. The UIF Board and Governance Directorate is in the process of facilitating the Board, Committees, Chairpersons and members' annual performance evaluations in collaboration with the Institute of Directors South Africa (IODSA), as a measure to ensure that the Board and Committees comply with the Unemployment Insurance Act (2001, as amended), approved Board constitution and charters. The main objective of the Board, Governance, and Compliance functions is to assist the Board and its Committees in adopting the most appropriate governance standards for the Fund in line with UI Act Section (47-53).

During the 2023/24 financial year, the Board held three (3) special meetings, two (2) meetings with the Honourable Minister and three (3) quarterly meetings to deliver on their mandate and to enable the Board to be able to facilitate the provision of advice to the Minister of Employment and Labour on arising Labour Activation Programmes and Audit matters.

5.2.1 COMPOSITION OF THE BOARD

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Zola Luswazi	Independent appointment by the Minister	01-May-21	30-Apr-24	Bachelor of Accounting Science (UNISA); Certificate of Theory in Accountancy (UNITRA); Chartered Accountants (SA).	MFS Chartered Accountants, Audit, Corporate Governance and Financial Management.	1. Director at MFC Chartered Accountants. (Own company). 2. Director at ZL Multi-Finance Solutions (Pty) Ltd (Own dormant company).	Board Committee (Chairperson)	8 Board
Ogalaletseng Gaarekwe	State Representative	01-May-21	30-Apr-24	B.Com; CMA; MBA candidate	Finance-related fields	No other Directorships and Board Memberships.	Investment Committee (Chairperson). Audit Committee. Board Committee.	4 IC 5 AC 7 Board
Thembinkosi Josopu	Community Constituency	01-May-21	30-Apr-24	Higher Certificate in Public Management (Regenesys Business School); Bachelor of Arts (Nelson Mandela University); Bachelor of Arts Honours (Nelson Mandela University); Currently studying MEd in Education and Work (University of the Witwatersrand).	Governance, Organisational Development, Project Management, Stakeholder Relations, Data Collection and Analysis Report Writing.	1. Chairperson (Capacity Building and Governance Committee): National Skills Authority. 2. Chairperson: (Economic Governance and Management Committee): African Peer Review Mechanism. 3. Director: Mwalimu Youth Development Foundation (Non-Profit Organisation.)	Labour Activation Programme Committee (Chairperson) Social Ethics and Transformation Committee Board Committee	4 LAPC 2 SETC 4 Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Martle Keyter	Labour Constituency	01-May-21	30-Apr-24	National Diploma: Labour Relations Practice; BPROC.	Legal, Financial, Corporate Governance	1. Trustee: Motor Industry Retirement Fund. 2. Trustee: Copartes Pension Fund. 3. Shareholder: 6% Shares at Close Corporation Agriculture.	Financial Advisory Committee (Chairperson). Board Committee	5 FAC 6 Board
Thandiwe Alina Mfulo	Community Constituency	01-May-21	30-Apr-24	Social Entrepreneur Programme; Inclusive Education and Diploma Secretarial Course	Community Services, Business Administration,	1. No other Directorships and Board Memberships. 2. Shareholder: 5% Shares at Sasol Inzalo Share Scheme.	Investment Committee. National Appeals Committee. Board Committee.	4 IC 2 NAC 8 Board
Vuyiswa Miya	Business Constituency	01-May-21	30-Apr-24	LLB; Post Graduate Diploma in Labour Law	Legal & Labour and Commercial Law. Litigations, Mediation; Corporate Governance.	1. Non-Executive Director: National Nuclear Regulator. 2. Non-Executive Director: Compensation Fund. 3. Non-Executive Director: MIBFA (Metal Industries Benefit Funds Administrators).	National Appeals Committee (Chairperson). Labour Activation Programme Committee. Board Committee.	2 NAC 4 LAPC 7 Board



Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Sam Ngongo	Business Constituency	01-Jul-22	30-Apr-24	Diploma in Business Management; Professional Body of Psychology; Management Development Phase3; Bachelor of Art in Personnel Management (Fort Hare)	Business Management. Investment Management, Corporate Governance, Legal Matters,	Midlands Retirement Fund Board of Trustee; KZN Provident Fund Board of Trustees; Chairperson MBA KZN retirement Fund; Director: Tlolasa Trading; CEO of Dambuza Community development. Deputy President of MBSA (Master Builders South Africa) and Board Member of Master Builder Association KZN.	Investment Committee Social Ethics and Transformation Committee Board Committee.	4 IC 2 SETC 8 Board
Mabuza Ngubane	State Representative	01-May-21	30-Apr-24	B.Tech Public Management; National Diploma: Public Management; NQF6 Certificate programme: Total Quality Management	Public Administration, Quality Management, Skill Development Management	No other Directorships and Board Memberships.	Financial Advisory Committee. Social Ethics and Transformation Committee Board Committee.	4 FAC 2 SETC 6 Board
Hamilton Daluxolo Ntsinde	Community Constituency	01-May-21	30-Apr-24	Bachelor of Biblical Studies; Honorary Doctoral Degree Award: Doctor of Philosophy	Engineering / Electrical	1. No other Directorships and Board Memberships. 2. Owner: Mlithwa Pty Ltd (Company owned by the member but has not been active for many years).	Financial Advisory Committee. Board Committee.	5 FAC 8 Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Brenda Sibeko	State Representative	01-May-21	30-Apr-24	Bachelor of Commerce; Certificate in Economic Policy Formulation; Postgraduate Diploma in Health Management	Social Security; Economics and Policy Development and Implementation.	1. Director: Sineliwe Home Property Investments. 2. Director: Royal Albatross Pty Ltd Share Investment. 3. Shareholder: Vodacom, Telkom and MTN share schemes.	Labour Activation Committee. National Appeals Committee. Board Committee.	4 LAPC 2 NAC 1 Board
Louwresse Specht	Business Constituency	01-May-21	30-Apr-24	LLB; MBA; certificate in HRM	Legal & Compliance; Corporate Governance; Finance and Strategy	No other Directorships and Board Memberships.	Financial Advisory Committee. Audit Committee. Board Committee.	5 FAC 9 AC 7 Board
Edward Malometje Thobejane	Labour Constituency	01-May-21	30-Apr-24	Grade 11	Labour Relation; Policy development.	No other Directorships and Board Memberships.	Investment Committee. Labour Activation Programme Committee. Social Ethics and Transformation Committee Board Committee.	4 IC 4 LAPC 2 SETC 5 Board



BOARD MEMBER DETAILS							MEETINGS ATTENDED							
Title	SURNAME	FIRST NAME (S)	Date Appointed	Date Term Ends	Qualifications	Competences / Area of Expertise	Board	IC	FAC	LAPC	NAC	SETC	AC	Total Meetings in the 2023.24 FY
							8	4	5	4	3	2	10	36
Ms	Gaarekwe	Ogalaletseng Anastasia	01-May-21	30-Apr-24	BCom; CMA; MBA candidate	Finance related fields	7	4	-	-	-	-	5	16
Mr	Josopu	Thembinkosi	01-May-21	30-Apr-24	Higher Certificate in Public Management (Regenesys Business School); Bachelor of Arts (Nelson Mandela University); Bachelor of Arts Honours (Nelson Mandela University); Currently studying MEd in Education and Work (University of the Witwatersrand).	Governance, Organisational Development, Project Management, Stakeholder Relations, Data Collection and Analysis Report Writing.	4	-	-	4	-	2	-	10
Ms	Keyter	Martle	01-May-21	30-Apr-24	National Diploma: Labour Relations Practice; BPROC.	Legal, Financial, Corporate Governance	6	-	5	-	-	-	-	11
Mr	Luswazi	Zola	01-May-21	30-Apr-24	Bachelor of Accounting Science; Certificate of theory in Accountancy	MFS Chartered Accountants, Audit, Corporate Governance and Financial Management	8	-	-	-	-	-	-	8
Ms	Mfulo	Alina Thandiwe	01-May-21	30-Apr-24	Social Entrepreneur Programme Inclusive Education; and Diploma Secretarial Course	n/a	8	4	-	1	3	-	-	16
Ms	Miya-Mokwana	Vuyiswa	01-May-21	30-Apr-24	LLB, Post Graduate Diploma in Labour Law	Legal & Compliance; Corporate Governance, Labour Law	7	-	-	4	3	-	-	14

BOARD MEMBER DETAILS							MEETINGS ATTENDED							
Title	SURNAME	FIRST NAME (S)	Date Appointed	Date Term Ends	Qualifications	Competences / Area of Expertise	Board	IC	FAC	LAPC	NAC	SETC	AC	Total Meetings in the 2023.24 FY
							8	4	5	4	3	2	10	36
Mr	Ngubane	Mabuza	01-May-21	30-Apr-24	B.Tech Public Management, National Diploma :Public Management , NQF6 Certificate Programme: Total Quality Management	Human Resources Development, Skills Development, Corporate Governance	6	-	5	-	-	2	-	13
Dr	Ntsinde	Hamilton Daluxolo	01-May-21	30-Apr-24	Bachelor of Biblical Studies, Honorary Doctoral Degree Award: Doctor of Philosophy	Engineering / electrical	8	-	5	1	-	-	-	14
Mr	Ngcongo	Bhekisisa Samson	01-Jul-22	30-Apr-24	BA Personnel Management, Diploma Business Management	Human Resources Management, Business Management	8	4	-	-	-	2	-	14
Ms	Sibeko	Brenda	01-May-21	30-Apr-24	Bachelor of Commerce, Certificate in Economic Policy Formulation, Masters in Social Security Policy and Administration	Social security policy	1	-	-	3	3	-	-	7
Ms	Specht	Louwresse	01-May-21	30-Apr-24	LLB, MBA, certificate in HRM	Legal and Compliance; Corporate Governance; Finance and Strategy	7	-	5	-	-		9	21
Mr	Thobejane	Edward Malometje	01-May-21	30-Apr-24	Grade 11	Labour Relation; Policy development.	5	4	-	4	3	2	-	18





UIF ADVISORY BOARD ALTERNATE MEMBERS NOMINATION

Financial Advisory Committee Chairperson: Ms Martle Keyter									
Current Member						Alternate Member			
Title	Name	Surname	Constituency	Committee	Role	Title	Name	Surname	Constituency
Ms	Louwresse	Specht	Business	FAC	Member	Ms	Vuyiswa	Miya	Business
Ms	Martle	Keyter	Labour	FAC	Chairperson	Mr	Edward	Thobejane	Labour
Dr	Daluxolo	Ntsinde	Community	FAC	Member	Ms	Thandiwe	Mfulu	Community
Mr	Mabunda	Ngubane	State	FAC	Member	Ms	Ogalaleteng	Gaarekwe	State
Labour Activation Programme Chairperson: Thembinkosi Josopu									
Current Member						Alternate Member			
Title	Name	Surname	Constituency	Committee	Role	Title	Name	Surname	Constituency
Mr	Thembinkosi	Josopu	Community	LAPC	Chairperson	Ms	Thandiwe	Mfulu	Community
Mr	Edward	Thobejane	Labour	LAPC	Member	Ms	Martle	Keyter	Labour
Ms	Vuyiswa	Miya	Business	LAPC	Member	Mr	Sam	Nqcongo	Business
Ms	Brenda	Sibeko	State	LAPC	Member	Ms	Mabunda	Nqubane	State
Investment Committee Chairperson: Ms Ogalaletsena Gaarekwe									
Current Member						Alternate Member			
Title	Name	Surname	Constituency	Committee	Role	Title	Name	Surname	Constituency
Mr	Edward	Thobejane	Labour	IC	Member	Ms	Martle	Keyter	Labour
Ms	Thandiwe	Mfulu	Community	IC	Member	Dr	Daluxolo	Ntsinde	Community
Mr	Sam	Ngcongo	Business	IC	Member	Ms	Vuyiswa	Miya	Business
Ms	Ogalaletseng	Gaarekwe	State	IC	Chairperson	Ms	Brenda	Sibeko	State
Audit Committee Chairperson: Dr Dala									
Current Member						Alternate Member			
Title	Name	Surname	Constituency	Committee	Role	Title	Name	Surname	Constituency
Ms	Louwresse	Specht	Business	AC	Member	N/A			Labour
Ms	Ogalaletseng	Gaarekwe	State	AC	Member	N/A			State
National Appeals Committee Chairperson									
Current Member						Alternate Member			
Title	Name	Surname	Constituency	Committee	Role	Title	Name	Surname	Constituency
Ms	Vuyiswa	Miya	Business	NAC	Chairperson	Ms	louwresse	Specht	Business
Mr	Edward	Thobejane	Labour	NAC	Member	Ms	Martle	Keyter	Labour
Ms	Thandiwe	Mfulu	Community	NAC	Member	Dr	Daluxolo	Ntsinde	Community
Ms	Brenda	Sibeko	State	NAC	Member	Mr	Mabunda	Ngubane	State
SETC									
Current Member						Alternate Member			
Title	Name	Surname	Constituency	Committee		Title	Name	Surname	Constituency
Mr	Sam	Ngcongo	Business	SETC		Ms	Vuyiswa	Miya	Business
Mr	Edward	Thobejane	Labour	SETC		Ms	Martle	Keyter	Labour
Mr	Thembinkosi	Josopu	Community	SETC		Dr	Daluxolo	Ntsinde	Community
Mr	Mabunda	Nqubane	State	SETC		Ms	Brenda	Sibeko	State



5.2.2 BOARD AND COMMITTEE MEETINGS DETAILS

Committee	No. of meetings held	No. of members	Name of members
Board Committee	8	12	Mr Z. Luswazi, Ms M. Keyter, Mr M. Ngubane, Dr HD. Ntsinde, Ms L. Specht, Ms OA. Gaarekwe, Ms AT. Mfulu, Mr S. Ngcongco, Mr EM. Thobejane, Mr T. Josopu, Ms V. Miya, Ms B. Sibeko.
Financial Advisory Committee (FAC)	5	4	Ms M. Keyter, Mr M. Ngubane, Dr HD. Ntsinde, Ms L. Specht
Investment Committee (IC)	4	4	Ms OA. Gaarekwe, Ms AT. Mfulu, Mr S. Ngcongco, Mr EM. Thobejane
Labour Activation Programme Committee (LAPC)	4	4	Mr T. Josopu, Ms V. Miya, Ms B. Sibeko, Mr EM. Thobejane
National Appeals Committee (NAC)	2	4	Ms V. Miya, Ms AT. Mfulu, Ms B. Sibeko, Mr EM. Thobejane
Social Ethics and Transformation Committee (SETC)	2	4	Mr EM. Thobejane, Mr M. Ngubane, Mr T. Josopu, Mr S. Ngcongco,
Audit Committee (AC)	10	6	Ms J. Nkosi, Ms L. Specht, Ms N. Skeepers, Mr L Mangquku, Ms F Mkhize, Ms P Mzizi

5.2.3 REMUNERATION OF BOARD MEMBERS

- The remuneration of the Board and its committee members for the full term of their office is based on the approved rates as prescribed by the National Treasury. The yearly approved rates are applied upon approval by the Minister of Finance, which is received in the circular TR 20.2.2. The Board members are eligible to also claim data costs as approved by the Accounting Authority to compensate for the use of data for purposes of attending the Board and its Committee meetings for the period of 2023/24 financial year. The rate of the data cost is R100.00 per hour for the entire duration of the meeting, limited to the hours per meeting as prescribed by National Treasury TR20.2.2.
- The two UIF Board members nominated to attend the Audit Committee in line with their term of office are remunerated differently for attending Audit Committee meetings. The two members were paid at the rate applicable to Audit Committee members approved by the Accounting Authority. The SAICA rates are the base of the approved rates for the Audit Committee.
- The State representative was eligible to claim travelling costs and data costs for the period of 2023/24 financial year. The State member who claimed payment for the attendance of meetings for their travelling costs from UIF were processed.
- Audit Committee and Risk Committee members are paid at the rate approved by the Accounting Authority. The SAICA rates are the base of the approved rates for the Audit Committee. The Audit Chairperson attends Board Meetings in the capacity of an independent member and not a Board member and is paid at the approved rates of the Audit Committee for the duration of the Board meetings attendance.



Non-Executive Board Member (past and present) fees				
31 March 2024				
R'000				
Board Members	Appointment date	2023-2024		
		Fees for services	Expense allowances	Total
Gaarekwe	Board 01 May 2021	0	2	1.713
Josopu T	Board 01 May 2021	49	1	50
Luswazi Z	Board Chairperson 3 May 2021	72	15	87
Mfulo T	Board 01 May 2021	73	41	113
Miya V	Board 01 May 2021	38	4	43
Ntsinde HD	Board 01 May 2021	63	10	73
Ngcongo BS	Board 01 July 2022	62	9	71
Sibeko B	Board 01 May 2021	0	2	2
Specht L	Board 01 May 2021	88	-	88
Thobejane EM	Board 01 May 2022	109	11	119
Tshefuta T	Board 01 March 2022	0	-	0
		555	94	649
Audit Committee				
Dala P	Audit 23 June 2023	0	0	0
Mangquku LM	Audit 3 March 2023	390	8	398
Mzizi P	Audit 01 May 2023	184	0	184
Nkosi J	Audit Chairperson 01 February 2023	645	10	655
		1 219	17	1 237
Risk Committee				
Skeepers N	Risk Chairperson 21 September 2021	588	12	599
Terhoeven CF	Risk 23 June 2020	-	-	-
Mkhize SF	Risk 04 April 2022	347	9	356
Magan V	PMRC Chairperson 08 August 2022	19	-	19
Weapon JC	Risk 04 April 2022	421	-	421
		1 376	21	1 396
ICT Committee				
Sithole IJ	DEL Governance structure 06 August 2021	262	-	262
Ndlangisa M	DEL Governance structure 06 August 2021	252	-	252
Patel SA	DEL Governance structure 06 August 2021	253	-	253
Maseko ED	DEL Governance structure 06 August 2021	277	-	277
Arends JB	DEL Governance structure 06 August 2021	215	-	215
		1 259	-	1 259
Regional Appeals Committee				
Arendse NR	Regional 01 October 2022	2	-	2
Nchabeleng M	Regional 01 October 2022	1	200	1
Nkosi BQ	Board 01 October 2022	7	887.17	8
Mndayi ZI	Regional 01 October 2022	4.9	297	5
Dedeza T	Regional 01 February 2023	2	-	2
Mamabolo MJ	Regional 01 January 2023	4	-	4
Kunene L	Regional 01 March 2023	10	1	8
Wessels IJ	Regional 01 October 2022	4.7	1146.54	5



Non-Executive Board Member (past and present) fees				
31 March 2024				
R'000				
Board Members	Appointment date	2023-2024		
		Fees for services	Expense allowances	Total
Diepu P	Regional 01 October 2022	9	188.80	9
CN Mashabane Wit	Regional 02 February 2022	11	-	11
Netshidzivhani L Wit	Regional 27 June 2023	1	-	1
Leyden S	Regional 01 November 2021	5	-	5
Makhado F	Regional 01 November 2021	8	-	8
Nkosi AN	Regional 01 November 2021	3	477	-
Saku EM	Regional 01 November 2021	8	-	8
Sethusa L	Regional 01 November 2021	-	-	-
Vdhannok I	Regional 01 October 2022	1	-	1
Zwane T	Regional 01 November 2021	16	-	16
Nzimande M	Board 01 March 2023	1	-	1
		93	2	93
		4 508	136	4 645



6. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices. The Committee acknowledges management interventions in introducing measures for monitoring fraud and risk-related issues emanating from fraudulent submission of benefits and COVID -19 claims. The implementation of Follow the Money project has been faced with various challenges where employers who submitted claims have not been collaborating with the verification teams. The Committee encourages management and NPA to continue with the prosecuting of those individuals and companies that have been found to have defrauded the Fund. Management, through collaborating with SIU is urged to fast track the remaining verification processes so that lessons learnt can be incorporated to strengthen the internal control environment. The establishment of the Loss control committee has contributed positively to the investigation of incidents of UIFW, however, management is urged to proactively implement the internal controls that can prevent UIF occurrences.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity. The Committee noted the efforts of establishing a fraud committee with the aim of proactively managing fraud risks emanating from internal and external collaboration. The turnaround times of finalised fraud investigations is delayed due to adequate capacity, Management is urged to accelerate the capacitation of risk management unit and investigation structure. The committee acknowledges management interventions of addressing cyber security risks.

The following internal audit work was completed during the year under review:

The committee is satisfied that Internal Audit adequately discharged its functions and responsibilities during the year under review. Internal Audit is commended for leading the combined assurance in financial reporting, performance and operations. Management is urged to implement all internal audit remedial action timeously. A slight improvement has been noted in the financial statements, however internal audit is encouraged to augment compliance reviews forcing on controls around payment of invoices within 30 days and procurement processes. Reviews were concluded on performance management, financial management, compliance, governance, procurement, general controls, SAP, performance auditing and IT projects. Furthermore, value adding consulting engagements were also completed during the year under review. At the end of the financial year, 89% of the approved risk- based audit plan was reported as complete.



The following were areas of concern:

The committee noted with concern non-compliance with the Public Finance Management Act and Treasury Regulations, in that, non-submission of the AFS by the regulated date, effective and appropriate steps were not taken to prevent non –payment of invoices 30 days after receipt of an invoice and not preparing financial statements in line with GRAP framework. Management is urged to improve payment processes. The establishment and rollout of probity on all tenders has drastically reduced non-compliance in the SCM, the committee has urged the extension of probity on all ICT contracts and any other procurement concluded at DEL with the aim of reducing incidences of irregular expenditure.

In-Year Management and Monthly/Quarterly Report

The public entity has submitted monthly and quarterly reports to the Executive Authority. The committee has consistently reviewed the financial, non-financial management and reporting practices. Significant improvement is required in the unlisted investments environment, accounting controls, ICT project management and deployment and management of LAP programmes 3. The committee acknowledges management intervention of augmenting ICT and capacity that is currently in progress. However, management is urged to fast track all the interventions. The organisation's performance has significantly improved from 36% the previous financial year to 64% for the current financial year. The Committee noted with concern delays and impact of the Fund dependencies on DEL to implement significant Fund processes such as deployment of ICT systems and human resources at Labour centres. The Committee urges management to fast track the unbundling of the Fund from DEL with a phased approach of enabling ICT environment and accountability over human resources..

Evaluation of Financial Statements

The committee has reviewed the annual financial statements prepared by the public entity. Financial management has improved post COVID -19 TERS disbursement, and a steady increase has been noted in the revenue generated through contributions. An alternative investment strategy is required for the unlisted investments managed through PIC. There have been significant challenges in the area of financial accountability for unlisted investees, resulting in delays in the preparation and the finalisation of financial statements on time. There is an urgent need to capacitate the investment and finance team with skills and competencies to effectively manage and account for investments and preparation of quality financial statements free from material misstatements. Management was urged to improve on the implementation of the procurement plan, payment of creditors within 30 days.

Auditor's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

The Committee acknowledges management efforts of the Audit Steering committee that continuously ensures the seamless statutory audit process. The Committee has considered the Auditor General's final draft Management and Audit Reports; the Committee concurs with the Auditor General's opinion. The Committee has noted with concern stagnation in the qualified audit opinion, especially in the areas of unlisted investments and quality of financial statements submitted to audit. Various interventions have been put in place to address non-alignment and disagreements on the treatment of unlisted investments



which constitute 15% of the investment portfolio managed by PIC on behalf of the Fund. The committee is looking forward to the engagement between Accountant General, ASB, PIC, AGSA, and Fund aimed at finding a sustainable solution to the challenges facing unlisted investments. The Committee commends the AGSA team on availing themselves to engage on audit challenges. Post audit workshop was held where challenges and key areas of improvement in the area of financial and performance management controls. Management is urged to finalise the audit action plan and monitor it monthly to improve the control environment.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor and the adjusted financial statements.

Jabulile Nkosi

Chairperson of the Audit Committee

Unemployment Insurance Fund



7. INTERNAL CONTROL UNIT

The Fund does not have an Internal Control Unit. However, the fund uses a Computron system, which has built-in controls to prevent duplication of invoice numbers for the same supplier. Fraud prevention and detection is the responsibility of each unit in the Fund. Fraud in the procurement area is prevented by ensuring proper implementation of Supply Chain Management prescripts including Treasury instructions, guidelines and practice notes. The Risk Management and Fraud Unit is tasked with the responsibility to perform risk assessments, evaluate risk prevention plans and monitor the implementation of the plans throughout the financial year.

8. INTERNAL AUDIT AND AUDIT COMMITTEES

- Key activities and objectives of the internal audit

In accordance with the definition of internal auditing, and the authority to establish and maintain an internal audit function as contained in the PFMA and its Treasury Regulations, the objectives of the UIF internal audit function are to:

- Provide professional, independent and objective assurance and consulting activities designed to add value and improve the operations of UIF;
- Assist UIF in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes;
- Develop and implement a rolling three-year and annual audit plan based on UIF's key areas of risk, including any risks or control concerns identified by management, and submit the plan to the Audit and Risk Committee for review and approval, as well as periodic updates;
- Build a professional audit staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of the Internal Audit Charter;
- Consider the scope of work of the external auditors and other assurance providers, as appropriate, for the purpose of providing optimal audit coverage;
- Provide independent assurance over governance, risk management and systems of internal control, as well as over a combined assurance framework;
- Provide a written assessment of the effectiveness of the company's system of internal control, performance and risk management to the UIF; and
- Perform an objective assessment of the adequacy and effectiveness of risk management and all other elements of the internal control framework.

Summary of audit work conducted during the 2023/24 financial year

Internal Audit conducted a wide range of operational, financial, compliance, performance information, cyclical, consulting and information technology audit assignments in line with the 2023/24 internal audit plan approved by the audit committee. In addition to planned audits, Internal Audit also responded to ad-hoc management requests and assignments.



Below is the list of completed audits during the 2023/2024 financial year.

TYPE OF AUDITS	PLANNED AUDITS	AUDIT COMPLETED
Financial Review	1	1
Compliance Review	3	3
Performance Information (Pre-determined objectives)	5	5
Control Review	16	14
IT Audit	3	2
TOTAL (Planned)	28	25

OVERALL INTERNAL CONTROL ASSESSMENT

The reviews performed were in terms of the approved 2023/24 Internal Audit Plan and were designed to review controls for significant risks that could hinder the organisation's ability to achieve its strategic objectives. The controls were designed and implemented by management. In line with the requirements of Standard 2450 of The Institute of Internal Auditors' International Professional Practice Framework, at the end of each project Internal Audit is required to provide a conclusion on the control environment of the business area where the project was performed. These micro-conclusions are listed in individual Internal Audit Reports, which were shared with Management and the Audit Committee.

Internal Audit completed **25** (89%) audits out of **28** audits for the 2023/24 financial year. Out of the **25** audits concluded, **9** were assessed as "**Unsatisfactory**", **14** were assessed as "**Needs improvement**" and **2** as "**Satisfactory**" in our opinion, including the **2** Ad-Hocs.

Assessment of Internal Control, Risk Management and Governance Processes

Internal auditors exercise due professional care by considering the adequacy and effectiveness of governance, risk management and control processes. The opinion on internal controls, risk management and governance processes is based on an accumulative view of audits performed for the 2023/24 financial year.

Internal Controls

In our opinion, the overall internal control environment of UIF is **needs improvement** due to the significance of the findings raised, internal controls not fully managing the key risks, non-compliance with the policies and procedures, ineffective service delivery processes, inadequate management action plan including recurring audit findings and risks which are not managed effectively.

Risk Management

In our opinion, risk management within the UIF is **unsatisfactory** due to ineffective controls in addressing the key risks facing the Fund resulting in stagnant risks in the Fund and inadequate implementation of risk management processes noted during audit reviews.

Governance

In our opinion, governance processes within the UIF **needs improvement** due to non-compliance with the policies and procedures, policies implemented in draft format, inadequate draft policies and terms of reference, ineffective functioning of the oversight structures, governance documents not approved and risks that are not managed effectively.

Internal audit further noted with concern a number of scope limitations experienced during the year under review such as non-submission and/or delays in submission of documentation for audit purposes.



Furthermore, internal audit noted the recurring findings due to inadequate action plans and/or non-implementation of audit action plans that required intervention by the UI Commissioner and the Audit Committee Chairperson with a specific focus on ICT, Risk management, Provincial Operations and Service delivery reviews.

Overall Conclusion of the Control Environment

In our opinion, the control environment within the areas audited is rated as **"Needs Improvement"** due to the significance of issues raised, internal controls not fully managing the key risks and controls not implemented fully, non-compliance with the policies and procedures, recurring audit findings and risks which are not managed effectively", Based on the findings raised, which could negatively impact the accomplishment of good governance practices for certain business objectives, management is advised to address raised findings through remedial actions using existing levels of management and authority. Management should develop an action plan to improve the audit outcomes, address qualification areas and the action plan should be monitored quarterly to measure progress and effectiveness.

9. COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with laws and regulations within the Fund is a management-led function that cuts across business units. In its line of duty, management is expected to ensure that laws and regulations are complied with and that either corrective action, consequences or both are effected where there are instances of non-compliance. The Organisational Effectiveness directorate develops standard operating procedures in collaboration with the Research and Policy development to ensure that there are clear policy and implementation processes within the Fund. The Risk Management function from a compliance perspective is tasked with the responsibility to formulate the compliance policy, framework and universe as well as compliance monitoring thereof. This is meant to ensure that risks that may compromise compliance with laws and regulations are addressed. Internal audit evaluates the effectiveness of internal controls, risk management, and governance processes so as to improve their effectiveness.

10. FRAUD AND CORRUPTION

The Fund is mandated by the Public Service Regulation, 2016 Chapter 3 Part 3 Anti-Corruption and Ethics Management 22(a)-(e) wherein the Fund subscribes to a culture of zero tolerance to fraud and corruption and emphasises a high level of awareness against any form of fraud, corruption, theft, or irregularities. As part of fraud and corruption detection mechanism, the Fund has and maintained a whistle-blowing policy. The reporting mechanisms utilised are Fraud Hotlines, Fraud Email, Fax Line, Anonymous letters and Personal visits. Any fraud or corruption reported was pursued through investigations including; amongst others:

The public entity's fraud prevention plan and the progress made in implementing the fraud prevention plan

- Disciplinary steps/action in terms of Resolution 1 of 2003, Disciplinary Code and Procedure for the Public Service.
- Instituted civil action in terms of the PFMA and the Public Service Act/Regulations.
- Initiated criminal prosecution by reporting the matter to the South African Police Services or any other relevant law enforcement agency.
- Fusion Centre
- The Fund has established an anti-corruption capability that focuses on three elements of anti-fraud and



anti-corruption measures, namely: prevention; detection; and enforcement. Prevention measures entail that all applicants, following an interview, are screened before an appointment is made. Employees are required to be vetted. All senior managers and designated employees are obliged to disclose their financial interests annually.

- The Fund provides for a whistle blowing platform that enables any member of staff or the public to report suspected fraud and corruption.

11. MINIMISING CONFLICT OF INTEREST

The implementation of the Public Service Regulations brought about the prohibition of employees to do business with any organs of state or of being a director of a public or private company conducting business with an organ of state. A process was put in place that required employees to either withdraw from such practices or resign from public service. An electronic submission of financial disclosure was also introduced, and various new areas were introduced for disclosure. These new measures assist the Fund to raise awareness of possible conflict of interest for employees and to avoid them

12. CODE OF CONDUCT

The UIF adheres to the Public Service Code of Conduct which forms part of the Public Service Regulations. The Code is shared with officials of the UIF, and they are educated on its content. Furthermore, the UIF adheres to the Grievance Rules and Disciplinary Procedures in the Public Service and any breach of the Code of Conduct is dealt with through relevant policy directives. The Department of Employment of Labour develops Human Resource Management policies for the Department and its Schedule 3A Public Entities. The policies ensure the uniform implementation of Human Resource Management practices, identify roles and responsibilities in the execution of activities and outline matters pertaining to non-compliance to the policies

13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The UIF as an employer considers its employees to be its most valuable assets and undertakes to safeguard them through providing and maintaining, as far as reasonable, a working environment that is safe and without risk to their health. Health and Safety inspections are furthermore conducted regularly, and reports are presented to the management and OHS and Security Committee of the Fund.

14. COMPANY /BOARD SECRETARY

In terms of the UI Act (2001, as amended) Section 51, the Commissioner is responsible for administering the affairs of the Board. To enable the Board to perform its functions effectively, the Director-General must provide the Board with the necessary financial and administrative resources. The UIF establishment caters for this requirement. The Director Board, Governance and Security is appointed to manage the Board governance and administration matters.

15. SOCIAL RESPONSIBILITY

The Fund's participation in job creation is also achieved through various investment activities undertaken through the Public Investment Corporation (PIC). Social Responsible Investments is a theme across other asset classes and could be listed or unlisted instruments. The decision to invest in Social Responsible



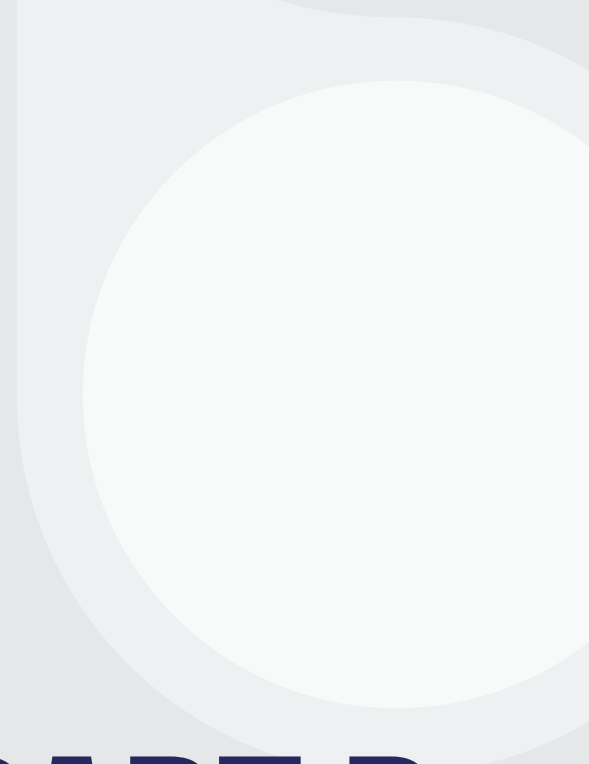
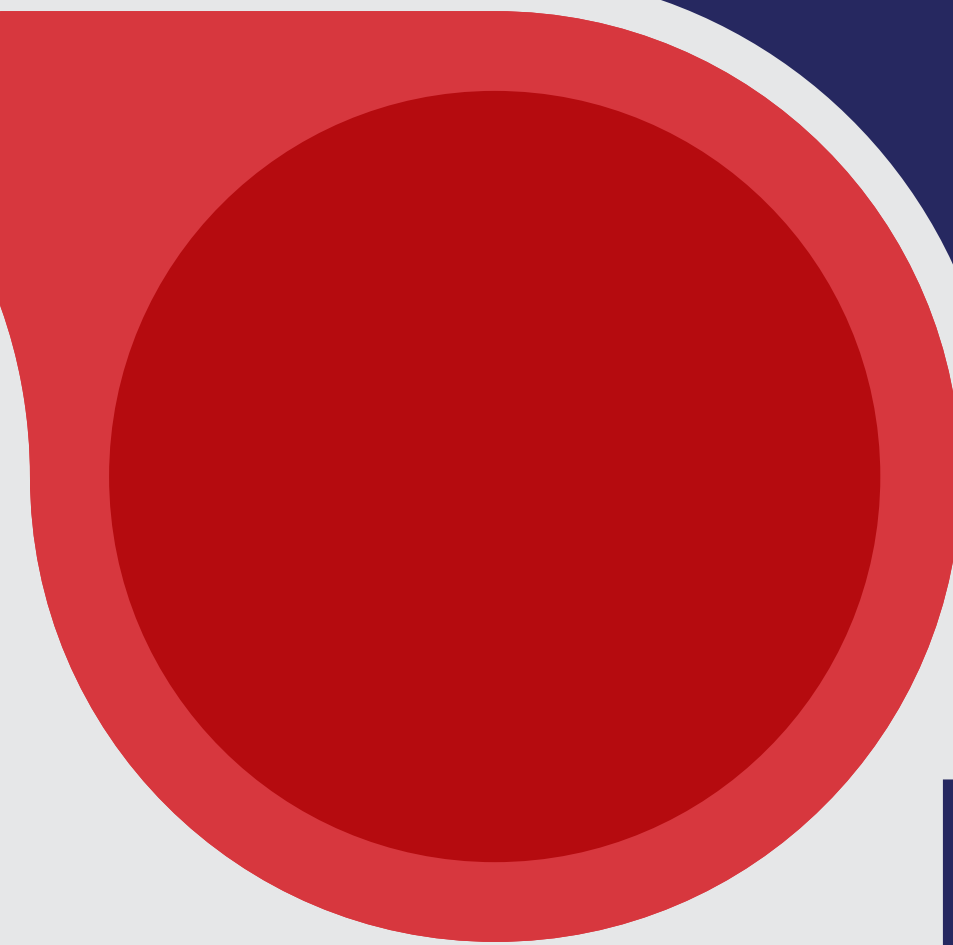
Investments is a tactical decision made on a case by case basis. The bulk of UIF investments under this portfolio encompass Economic infrastructure, Social infrastructure, Agriculture, and Environmental infrastructure.

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition. The UIF has not applied for the B-BBEE Certificate as the Fund is currently busy with the procurement process. In the meantime, the UIF had several engagements with the B-BBEE Commission in order to understand the requirement of the code of good practice. The Officials from the Commissioner will also be invited to make a presentation to the EXCO meetings.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	N/A
Developing and implementing a preferential procurement policy?	Yes	The UIF has reviewed the Supply Chain Management (SCM) policy to include transformation requirements for Preferential Procurement. These are the preferential procurement targets as per our Annual Procurement Plan; 40% target for women, 30% for youth and lastly 7 % for persons with disability.
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A
Developing criteria for entering into partnerships with the private sector?	No	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	Yes	The UIF has developed its own preferential policy





PART D

HUMAN RESOURCE MANAGEMENT



1. INTRODUCTION

The primary objective of the Human Resource Management (HRM) and Organisational Effectiveness (OE) Directorates is to provide strategic support to the Unemployment Insurance Fund in order to enable the Fund to fulfil its mandate. This is achieved through the strategic provision of services related to organisational development and design, performance management, change management and business process re-engineering, as well as the implementation of initiatives and interventions aimed at continuously developing the organisation and enhancing employees' skills, providing relevant human capital, optimising employee well-being, and managing harmonious employer-employee relations.

2. THE KEY STRATEGIC HUMAN RESOURCE PRIORITIES

The key focus areas for the Directorates were:

- Reducing and maintaining a low vacancy rate;
- Employment of people from designated groups;
- Implementing learning and development initiatives for staff;
- Promoting sound labour relations;
- Promoting employee health and wellness;
- Implementing diversity management programmes;
- Undertaking of the Organisational Architecture Review (OAR) project;
- Implementation of the Employee Engagement and Change Management Strategies;
- Management of business processes and standard operating procedures; and
- Implementation of the Performance Management and Development (PMDS) Policy.

Staff establishment

At the end of March 2024, the establishment of the Fund comprised of 602 permanent posts. The percentage of posts filled was 92.5% and 7.5% was vacant. The Fund furthermore appointed 76 Interns additional to the establishment on a twenty-four (24) months' Internship programme.

The Fund placed a high priority on employment equity in support of government transformation initiatives. 49.6% employees on the UIF establishment were women, whilst 50.4% were men. 58.3% of Senior Management posts were filled by women. People with disability represented 3.8% of the total number of employees.

2.1 ORGANISATIONAL EFFECTIVENESS

For the financial year in question, the Directorate Organisational Effectiveness (DOE) implemented the employee engagement strategy which included the on-boarding of newly appointed employees, and the interviewing of employees that were exiting the Fund. The employee engagement interventions are aimed at determining the reasons behind staff turnover, so that necessary remedial interventions can be implemented to close the gaps causing the exodus of employees. Whilst on the other hand, the information obtained from the on-boarding processes assist in ensuring the implementation of mechanisms that are aimed at ensuring that newly appointed employees settle within the Fund. The overall objective is to ensure that the UIF positions itself as the employer of choice whose employees remains continuously engaged and committed. The above



interventions further ensure that the Fund does not lose on its human capital investment as well as not losing the institutional memory through staff turnover. The DOE also coordinated and facilitated processes related to the implementation of PMDS, whose aim is to ensure that the key deliverables of employees were aligned to the strategic objectives of the Fund, and that UIF employees are appreciated for their dedication and commitment. The DOE supported the implementation and finalisation of the OAR project, streamlining of business processes and the development of standard operating procedures. Lastly, the DOE supported the Fund with organisational development and design services and undertook the employee experience survey in the Fund.

2.2 SKILLS DEVELOPMENT

The Fund is committed to the Education, Training and Development of its employees. For the year under review, four hundred and sixty-nine (469) officials were trained in different skills programmes through the implementation of the approved Workplace Skills Plan (WSP) and other training initiatives. In addition, seventy-four (74) bursaries (National and Local) were awarded to officials to study further.

2.3 LABOUR RELATIONS

The Fund continued to harmonise labour relations through the enforcement of collective agreements and implementation of the Public Service disciplinary code and grievance procedures. During the 2023/24 financial year, five (5) grievances were received of which 80% were resolved within 30 working days. A total of four (4) progressive / informal disciplinary action cases were dealt with and one (1) written warning and two (2) final written warnings were issued to the implicated employees. Lastly, one (1) case was referred to Employee Health and Wellness programmes

2.4 EMPLOYEE HEALTH AND WELLNESS PROGRAMMES

The Fund is a caring employer and considers its employees as the most valuable asset. Programmes aimed at promoting individual and organisational wellness, health and productivity, as well as managing diversity were implemented in association with health and other professional institutions.

2.5 KEY CHALLENGES

- Finalisation of grievances received outside stipulated timeframe.
- Targeted percentage of training interventions not implemented.
- Challenges related to the on-line performance management system.
- Non-adherence to stipulated timeframes for the submission of performance agreements and assessments.
- Performance agreements norms not complying to the SMART principle.
- Non-adherence to stipulated timeframes for the signing of updated or revised job profiles.
- Average response rate to the employee experience survey.

2.6 KEY STRATEGIC FOCUS FOR 2024/25

- Maintaining a low vacancy rate and addressing the turnaround time for the filling of vacancies.
- Employment of people from designated groups.
- Implementing learning and development initiatives for staff.
- Implementing the UIF Internship Programme.



- Promoting sound labour relations.
- Promoting employee health and wellness and implementing diversity management programmes.
- Socialisation of employee experience survey findings and recommendations.
- Provision of support in the implementation of employee experience survey recommendations.
- Implementation of the Employee Engagement and Change Management Strategies.
- Management of business processes and standard operating procedures.
- Implementation of the PMDS policy.
- Provision of organisational development and design services.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

The personnel cost reflected in the following two tables, is an oversight of the total cost for the employees of the Unemployment Insurance Fund's head office establishment including staff members in provincial offices and officials paid a split percentage.

3.1 PERSONNEL-RELATED EXPENDITURE

Personnel Cost by programme

Programme/ activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
UIF	3 717 957	1 672 626	44.99	3 647	459

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Senior Management (SR 13-16)	51 012	3.05	39	1 308
Professional qualified (SR 9-12)	318 253	19.03	382	833
Skilled (SR 6-8)	1 220 908	72.99	2 799	436
Semi-skilled (SR 3-5)	82 453	4.93	427	193
TOTAL	1 672 626	100.00	3 647	459

The information contained in the following tables, provides an oversight of human resources statistics pertaining to the employees of the Unemployment Insurance Fund's head office establishment excluding staff members in provincial offices and officials paid a split percentage.

Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management (SR15)	-	-	
Senior Management (SR13-14)	-	-	
Professional qualified (SR9-12)	1	R49 680.75	
Skilled (SR7-8)	-	-	
Semi-skilled (SR4-6)	-	-	
Unskilled (SR1-3)	-	-	
TOTAL	1	R49 680.75	



Training Costs

Programme//activity/objective	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
UIF Training Budget	247 339 044	3 484 226	1.4%	469	7 429

Employment and vacancies

Programme/activity/objective	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
UIF	573	602	557	45	7.5

Programme/activity/objective	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Top Management (SR15)	1	1	1	0	0.0
Senior Management (SR13-14)	24	24	23	1	0.2
Professional qualified (SR9-12)	150	158	141	17	2.8
Skilled (SR7-8)	180	190	176	14	2.3
Semi-skilled (SR4-6)	211	220	207	13	2.2
Unskilled (SR1 -3)	7	9	9	0	0.0
TOTAL	573	602	557	45	7.5

The vacancy rate of the Fund increased by 2.5% to 7.5% from the previous financial year. The vacancy rate was highest in the SR9-12 salary ranges, which represent managerial positions. Efforts were made to ensure that posts were filled within four (4) months.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	24	0	1	23
Professional qualified	150	4	14	141
Skilled	180	10	9	176
Semi-skilled	211	9	10	207
Unskilled	7	2	0	9
Total	573	25	34	557

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	2	5%
Resignation	8	21%
Dismissal	0	0%
Retirement	7	19%
Ill health	2	5%
Promotion/ Transfer out of the Fund	19	50%
Total	38	100%

The number of service terminations increased from twenty-five (25) in the 2022/23 financial year to thirty-eight (38) in the 2023/24 financial year. The main reasons for officials leaving, were due to promotions/ transfers out of the Fund, resignations and retirements.



Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	2
Suspension without salary	0
Dismissal	0

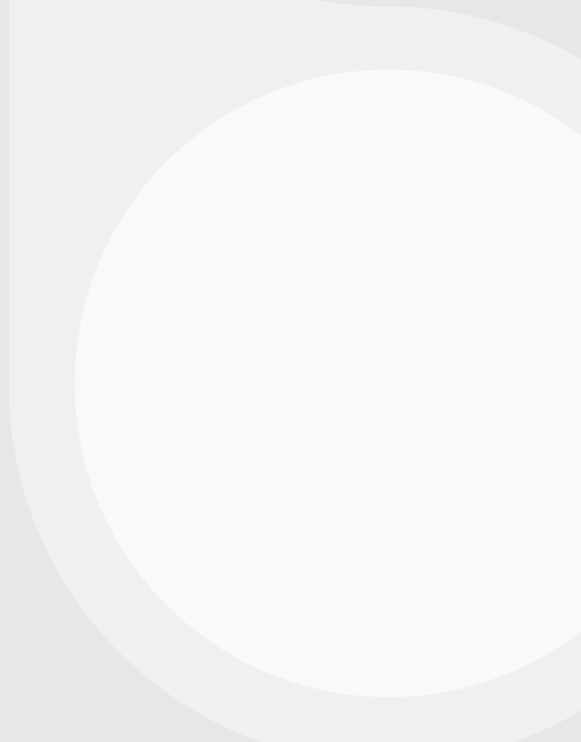
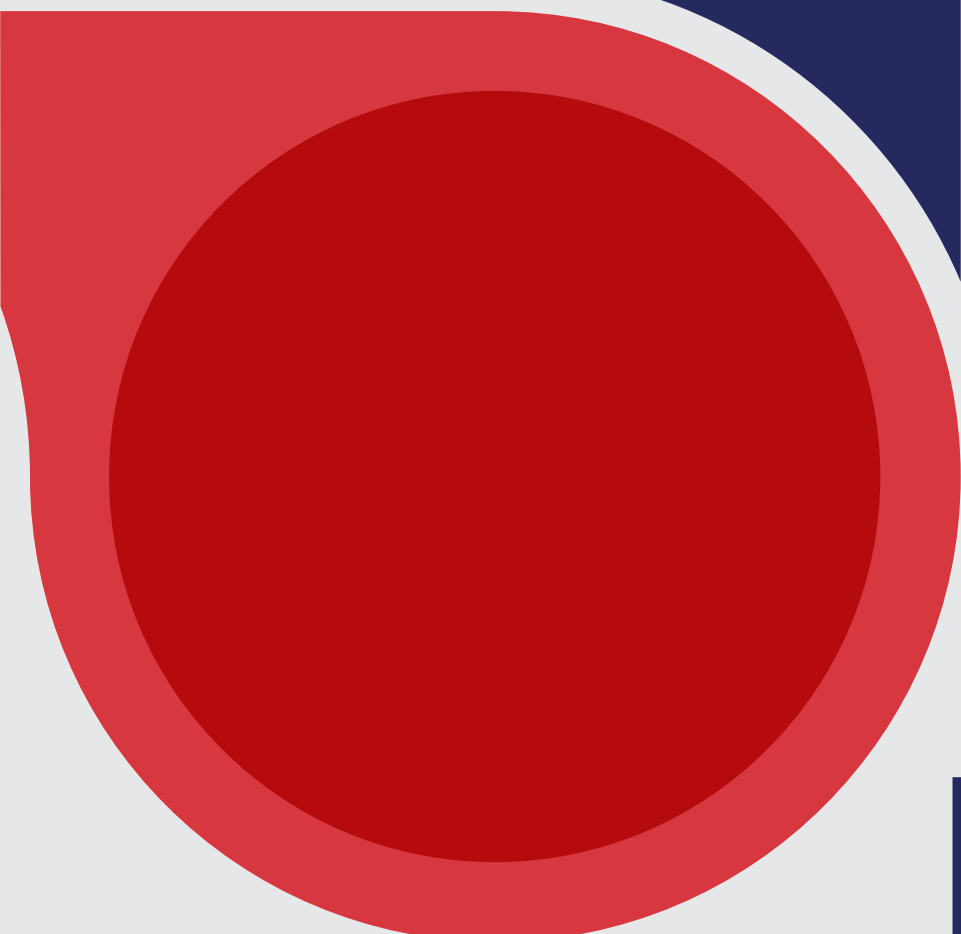
Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current %	Target %	Current %	Target %	Current %	Target%	Current %	Target%
Top Management (15-16)	100.0	46.0	0.0	1.5	0.0	1.9	0.0	7.2
Senior Management (13-14)	30.4	46.0	4.3	1.5	4.3	1.9	0.0	7.2
Professional qualified (11-12)	52.0	46.0	0.0	1.5	2.0	1.9	4.0	7.2
Skilled (9-10)	50.5	46.0	0.0	1.5	2.2	1.9	1.1	7.2
Semi-skilled (6-8)	45.7	46.0	0.7	1.5	0.0	1.9	1.3	7.2
Unskilled (3-5)	46.2	46.0	6.6	1.5	1.1	1.9	0.0	7.2
AVERAGE (%)	54.1	46.0	1.9	1.5	1.6	1.9	1.0	7.2

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current %	Target %	Current %	Target %	Current %	Target %	Current %	Target %
Top Management (15-16)	0.0	34.8	0.0	1.5	0.0	1.3	0.0	5.7
Senior Management (13-14)	43.5	34.8	0.0	1.5	4.3	1.3	13.0	5.7
Professional qualified (11-12)	42.0	34.8	0.0	1.5	0.0	1.3	0.0	5.7
Skilled (9-10)	38.5	34.8	1.1	1.5	3.3	1.3	3.3	5.7
Semi-skilled (6-8)	37.4	34.8	2.0	1.5	1.0	1.3	11.9	5.7
Unskilled (3-5)	35.2	34.8	7.7	1.5	1.1	1.3	2.2	5.7
AVERAGE (%)	33.8	34.8	1.8	1.5	1.6	1.3	5.1	5.7

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management (15-16)	0.0	3.6	0.0	3.6
Senior Management (13-14)	0.0	3.6	0.2	3.6
Professional qualified (11-12)	0.2	3.6	0.0	3.6
Skilled (9-10)	0.3	3.6	0.0	3.6
Semi-skilled (6-8)	1.4	3.6	0.7	3.6
Unskilled (3-5)	0.5	3.6	0.5	3.6
TOTAL	2.4	-	1.4	-

The Fund regards the filling of posts in line with employment equity target as a high priority. Employment equity targets are taken into account during the recruitment and selection process.



PART E

PFMA COMPLIANCE REPORT



1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	76 523	76 523
Adjustment to opening balance	(3 379)	0
Opening balance as restated	45 864	0
Add: Irregular expenditure confirmed	0	0
Less: Irregular expenditure condoned	6 155	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable ¹	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	39 709	76 523

During the year under review, management corrected the total amount of irregular expenditure due to overstated amount identified during the 2022/23 AGSA audit

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment	37 161	37 261
Irregular expenditure that relates to the prior year and identified in the current year	0	0
Irregular expenditure for the current year	0	0
Total	37 261	37 261

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description ²	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	21 823	21 823
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	15 438	15 438
Total	37 261	37 261

No discussions

c) Details of irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	6 155	0
Total	6 155	0

No discussions



d) Details of irregular expenditure removed - (not condoned)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

No discussions

e) Details of irregular expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recoverable	0	0
Total	0	0

No discussions

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	0	.0
Total	0	0

No discussions

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description
None
Total

No discussions

h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2023/2024	2022/2023
	R'000	R'000
ICT projects inter-institutional arrangement (Department of Employment and Labour)	0	45 864
Total	0	45 864

No discussions



i) **Details of disciplinary or criminal steps taken as a result of irregular expenditure**

Disciplinary steps taken
Written warnings were provided to the responsible officials and expenditures were condoned by the National Treasury.

No discussions

1.2 FRUITLESS AND WASTEFUL EXPENDITURE

a) **Reconciliation of fruitless and wasteful expenditure**

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	146 939	146 939
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Fruitless and wasteful expenditure confirmed	22	0
Less: Fruitless and wasteful expenditure recoverable ⁴	0	0
Less: Fruitless and wasteful expenditure not recoverable and written off	0	0
Closing balance	146 961	146 939

No discussions

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	22	46
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	0	0
Fruitless and wasteful expenditure for the current year	0	0
Total	22	46

b) **Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)**

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	22	0
Fruitless and wasteful expenditure under investigation	0	0
Total	22	0

No discussions

d) **Details of fruitless and wasteful expenditure recoverable**

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recoverable	0	0
Total	0	0

No discussions



f) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	0	0
Total	0	0

No discussions

h) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
Formal written warnings to the official responsible

No discussions

1.3 ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(2)(B)(I) & (III)

a) Details of material losses through criminal conduct

Material losses through criminal conduct	2023/2024	2022/2023
	R'000	R'000
Theft	12 646	18 349
Other material losses	0	11
Less: Recoverable	0	0
Less: Not recoverable and written off	0	0
Total	12 646	18 360

No discussions

b) Details of other material losses

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
The Anti Corruption and Investigation Management directorate conducted an investigation in relation to Fruitless and wasteful expenditure for rendered the services at the Fund that may be deemed as fruitless and wasteful expenditure	0	11
Total	0	77

No discussions

d) Other material losses recoverable

Nature of losses	2023/2024	2022/2023
	R'000	R'000
None		
Total	0	0

No discussions



f) Other material losses not recoverable and written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
None		
Total	0	0

No discussions

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	4 030	1 236 179.98
Invoices paid within 30 days or agreed period	3 241	1 140 720.89
Invoices paid after 30 days or agreed period	789	95 459.09
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

The volumes reached overwhelming levels since December 2023. The Fund had to catch up with a backlog of Travelling Services invoices dating as far back as May 2023, as the limit on the Lodge Card managed by DEL was exceeded and DEL handed over the outstanding travelling invoices to the UIF for processing and payment in December 2023. The structure in which the travelling invoices were presented resulted in huge volumes that could not be managed and paid within 30 days.

Another cause of delay in paying invoices during the financial year was due to invoices for the 'Follow the Money' project where multiple invoices were presented by each service provider per month. The volume of transactions involved on the 'Follow the Money' project is huge and supporting documents to be attached to one monthly invoice per supplier would be huge and unmanageable.

There has been an increase in the volumes as the number of invoices to be processed and paid has increased by more than R800 million per annum.



3. SUPPLY CHAIN MANAGEMENT

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Request for approval to deviate from the normal procurement processes to appoint Adapt It through other means in terms of paragraph 4.2 of PFMA SCM Instruction note 3 of 2021/2022 procurement process for the case ware licences for a period of twelve (12) months for the Unemployment Insurance Fund.	Adapt IT	Sole sourcing	N/A	144
Total				144

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for approval to deviate from the normal procurement processes and extend the lease agreement entered into and between the UIF and the South African State Theatre for provision of a parking facility consisting of 311 parking bays for a fixed period of twelve (12) months and thereafter on a month to month basis for a period not exceeding five (5) months.	South African State Theatre	Expansion	SAST/01/22	2 284	N/A	6 169



Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request to the Bid Adjudication committee (BAC) to approve the quotation in respect of the extension of the lease agreement of the ABSA building with SKG Towers for a fixed period of twelve (12) months and thereafter on a month to month basis for a period not exceeding six (06) months and also to note the 8% CPI increase effected on the anniversary date of the contract.	SKG Towers	Expansion	SKG/01/21	N/A	55 303	62, 913
Request for approval to deviate from the normal procurement processes and extend the contract entered into and between the Fund and ABSA bank in respect of account verification services (AVS) for a period of eighteen (18) months.	ABSA Bank	Expansion	ABSA/01/20	2 925	2 569	2 155
Request for Approval for the extension of the existing contract of Interfile to provide support and maintenance of the VO and uFiling system for the Unemployment Insurance Fund (UIF) for a period not exceeding six (6) Months.	Interfile	Expansion	INT/01/20	123 951	-	13 978



Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for approval to deviate from the normal procurement processes and extend the contract entered into and between the Unemployment Insurance Fund and Powerful Cleaning and Projects (Pty) Ltd to render day-to-day cleaning services for a period not exceeding one (1) month.	Powerful Cleaning and Projects	Expansion	POW/01/22	2 880	-	261
Request for approval to deviate from the normal procurement processes and extend the contract entered into and between the Unemployment Insurance Fund and Powerful Cleaning and Projects (Pty) Ltd to render day-to-day cleaning services for a period not exceeding three (3) months	Powerful Cleaning and Projects	Expansion	POW/01/22	2 880	261	784
Request for approval to deviate from the normal procurement process and the expansion of the contract in the COVID-19 TERS Verification and Support Services which will require the extension in the period of the contract and increase in the scope of work.	Leolo and Partners Chartered Accountants	Expansion	LEOLO/01/22	183 116	-	24 467



Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for approval to deviate from the normal procurement process and the expansion of the contract in the COVID-19 TERS Verification and Support Services which will require the extension in the period of the contract and increase in the scope of work.	NKS Chartered Accountants	Expansion	NKS/01/22	183 116	-	24 467
Request for approval to deviate from the normal procurement process and the expansion of the contract in the COVID-19 TERS Verification and Support Services which will require the extension in the period of the contract and increase in the scope of work.	Ndemex Business Enterprise	Expansion	NDE/01/22	183 116	-	24 467
Request for approval to deviate from the normal procurement process and the expansion of the contract in the COVID-19 TERS Verification and Support Services which will require the extension in the period of the contract and increase in the scope of work.	Inqaba Kadiya Consulting	Expansion	INQ/01/22	183 116	-	24 467



Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for approval to deviate from the normal procurement process and the expansion of the contract in the COVID-19 TERS Verification and Support Services which will require the extension in the period of the contract and increase in the scope of work.	Morobi Chartered Accountants	Expansion	MCA/01//22	183 116	-	24 467
Request for approval to deviate from the normal procurement process and the expansion of the contract in the COVID-19 TERS Verification and Support Services which will require the extension in the period of the contract and increase in the scope of work.	The Accounting Village	Expansion	TAV/01/22	183 116	-	24 467
Request for approval to deviate from the normal procurement process and the expansion of the contract in the COVID-19 TERS Verification and Support Services which will require the extension in the period of the contract and increase in the scope of work.	Ligwa Advisory Services	Expansion	LIG/01/22	183 116	-	24 467



Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for approval to deviate from the Normal procurement process and increase the scope of the current contract entered into and between the Fund and GEN2 Enterprise Software SA (Pty) Ltd to provide an additional resource to assist with data migration from computron financial system to the new SAP ECC payments system for the UIF for a period of six (6) months.	Gen2 Enterprise Software SA	Expansion	GEN/01/24	16 948	-	1 186
Request for approval for the further extension of the existing contract of Interfile to provide support and maintenance of Virtual Office (VO) and uFiling systems for the Unemployment Insurance Fund for a Period not exceeding six (6) months.	Interfile	Expansion	INT/01/20	123 951	13 978	13 978
Request for approval to extend the existing contract between the UIF and Baraka IT Solutions to provide quality assurance for the SAP and non-SAP projects for the unemployment Insurance Fund (UIF) from 15 March 2024 to 15 March 2026 at no additional cost.	Baraka IT Solutions	Expansion	BAR/01/20	99 786	-	-
Total				1 530 585	72 112	272 695



PART F

FINANCIAL INFORMATION



Report of the auditor-general to Parliament on the Unemployment Insurance Fund

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Unemployment Insurance Fund (UIF) set out on pages 113 to 262, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the UIF as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Benefit payments

3. The public entity did not correctly account for benefit payments relating to covid-19 Temporary Employer-Employee Relief Scheme (TERS) for the current year in accordance with GRAP 1, *Presentation of financial statements*. The public entity accounted for the benefit payments related to Covid-19 TERS as expenditure for the current year, however the employers paid could not be located through the verification processes undertaken. I was unable to determine the full extent of the overstatement to Covid-19 TERS benefit payments stated at R275 million in note 21 to the financial statements, and related receivable from non-exchange transactions, stated at R302 million in note 05 to the financial statements, as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and the accumulated surplus.
4. Furthermore, the public entity recognised some of the unemployment benefit payments in the incorrect accounting period resulting in an overstatement of unemployment benefits in note 21 to the financial statements by R219 million. The public entity also incorrectly adjusted for overpayments on benefits payments in the current year, although these related to prior years. I was unable to determine the full extent of the understatement of the current year benefit payments as it was impracticable to do so. Additionally, there was an impact on the surplus for both the current and prior period, receivable from non-exchange transactions and the accumulated surplus.
5. Additionally, in the prior years, I was unable to obtain sufficient appropriate audit evidence that benefit payments for covid-19 TERS were properly accounted for, due to the status of the accounting records. I could not confirm the amount of benefit payments for the covid-19 TERS by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to covid-19 TERS benefit payments corresponding figure stated at R450 million in note 21 to the financial statements.

Unemployment alleviation schemes

6. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for *unemployment alleviation schemes*. As disclosed in note 42 to the financial statements, a restatement was made to rectify a prior year misstatement, but the restatement was not substantiated by supporting audit evidence. I could not confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the corresponding figure of the unemployment alleviation schemes stated at R346 million in the financial statements.



Investment Revenue

7. The public entity did not correctly account for the investment revenue in the current year in accordance with GRAP 104, *Financial Instruments*. The public entity incorrectly classified amounts of investment purchases as dividends received in the financial statements and some investment revenue (interest earned and dividends received) recognised did not agree to the underlying supporting records. Consequently, investment revenue (interest earned and dividends received) for the current year disclosed in note 29 to the financial statements was overstated by R259 million. Additionally, there was an impact on the surplus for the current period and the accumulated surplus.
8. Furthermore, I was unable to obtain sufficient appropriate audit evidence that interest and dividends earned had been properly accounted as investment revenue for the current year due to the status of the accounting records. I was unable to confirm whether all the revenue investments that were recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the investment revenue stated at R11 825 million in note 29 to the financial statements.

Investment in associates and other financial assets

9. The public entity did not account for its foreign investment instruments in accordance with the requirements of GRAP 104, *Financial Instruments*. The public entity incorrectly classified certain foreign instruments, including cash on hand, outstanding dividends, outstanding withholding tax, and other funds, as listed equity despite these instruments not being listed on any stock market.
10. Furthermore, the public entity did not recognise dividend income received from these investments as investment revenue in the financial statements, resulting in the understatement of investment revenue and misstatements in the foreign listed equity disclosed in note 3 of the financial statements. Consequently, the foreign listed equity, disclosed at R12 622 million, is misstated. These misstatements have further impacted on the reported surplus for the period and the accumulated surplus. The full extent of the misstatements could not be determined as it was impracticable to do so.
11. I also could not determine the impact of the above misstatement on Gain/(Losses) from foreign exchange differences stated at R480 million (2023: R1 880 million) in note 30 to the financial statements
12. Additionally, I was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as unlisted financial instruments and investments in associates, disclosed in notes 3 and 13 to the financial statements. This was because the public entity did not implement effective internal control systems to verify the source data used to determine the fair value of the investments in associates and unlisted financial instruments, and the resultant impairment losses. I could not confirm the recorded respective amounts by alternative means.
13. I was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as income from equity accounted investments as the public entity did not implement effective systems of internal control to maintain reliable accounting records and information to support the amount disclosed in the financial statements. I could not confirm the amount for income from equity accounted investments by alternative means.
14. Furthermore, the public entity did not apply equity accounting for the full 12 months in the financial statements of the fund.
15. Consequently, I was unable to determine whether any adjustments were necessary to the following items, stated in notes 3, and 13 to the financial statements:
 - Unlisted investments, stated at R9 084 million (2023: R8 914 million)
 - Unlisted equity, stated at R868 million (2023: R938 million)
 - Unlisted financial instruments, stated at R41 million (2023: R41 million)
 - Investments in associates, stated at R2 473 million (2023: R3 525 million)



16. I also could not determine whether any adjustment was necessary to the following financial statement items:
- Impairment of investments in associates, stated at R738 million (2023: R212 million) in note 13 to the financial statements.
 - Impairment of other financial assets, stated at R693 million (2023: R1 142 million) in note 32 to the financial statements.
 - Reversal of impairment of other financial assets stated at R126 million (2023: R627 million) in note 32 to the financial statements.
 - Share of loss from equity accounted investments stated at R63 million (2023: R140 million) in note 31 to the financial statements.
 - Fair value adjustments for unlisted investments stated at R48 million (2023: R177 million) in note 30 to the financial statements.

Cash flow statement: Net cash flows from operating activities and investing activities

17. The public entity did not correctly prepare and disclose the net cash flows from operating and investing activities for the current and prior year as required by GRAP 2, Cash flow statement. The public entity incorrectly classified interest from investments as cash flows from operating activities. Furthermore, the public entity did not include the opening and closing balances of interest receivables and dividend receivable in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities stated at R6 473 million (2023: R5 144 million) and investing activities stated at -R5 974 million (2023: -R11 738 million) as it was impracticable to do so.

Contingencies

18. I was unable to obtain sufficient appropriate audit evidence for amounts disclosed as contingent assets for the current and prior year as the public entity did not implement effective systems of internal control to maintain proper accounting records. I could not confirm the amounts for contingent assets by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent assets stated at R236 million (2023: R235 million) in note 36 to the financial statements.

Material losses

19. The public entity did not disclose all material losses related to criminal conduct involving TERS payments as required by section 55(2)(b)(i) of the PFMA. Incidents were identified during the financial year but were not fully accounted for in note 48 to the financial statements. I was unable to determine the full extent of understatement of the material losses that occurred during the financial year as it was impracticable to do so.

Context for opinion

20. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor- general for the audit of the financial statements section of my report.
21. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
22. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



Emphasis of matter

23. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

24. As disclosed in note 42 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2024.

Responsibilities of the accounting authority for the financial statements

25. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

26. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

27. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

28. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 108, forms part of our auditor's report.

Report on the audit of the annual performance report

29. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

30. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 1: Administration	31-35	To provide management, strategic and administrative support services to management
Programme 2: Business operations	36-41	To collect contributions and pay benefits
Programme 3: Labour activation programme	42-43	Labour market integration measures that seek to introduce, retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship, and preserving jobs



31. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
32. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets / measures taken to improve performance.
33. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
34. The material findings on the reported performance information for the selected programmes are as follows:

Programme 1: Administration

Number of identified Covid-19 TERS payments verified

35. An achievement of 10 719 was reported against a target of 10 500. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.
36. Furthermore, the overachievement was reported against the related planned targets together with the reasons for this. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Percentage of workers affected by unrest (WABU) payments verified

37. An achievement of 89% was reported against a target of 100%. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.
38. Furthermore, the underachievement was reported against the related planned targets together with the reasons for this. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.



Programme 2: Business operations

Percentage of valid In-service benefit claims (maternity, illness and adoption) with complete, accurate and verified information approved or rejected within 10 working days

39. An achievement of 90% was reported against a target of 92%. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the achievement against the target was lower than reported.

Missing indicators

40. The public entity is responsible for comprehensive social security in terms of the Medium-Term Strategic Framework (MTSF). However, indicators to measure performance on this objective were omitted from the approved planning documents. Consequently, the achievement of this objective was not planned or accounted for, which is likely to result in not being delivered and undermines transparency and accountability on the progress towards achievement of the MTSF indicators.

Indicator	Reasons provided by accounting authority for non-inclusion
Number of employees newly registered by the Fund.	There two indicators have been excluded in the annual performance plan because they were included in the Operational Plan as indicated in the submission to the minister.
Percentage of applications with complete information issued with compliance certificates, tender letters, or non-compliance letters within specified timeframes.	

Programme 3: Labour activation programme

Number of beneficiaries participating in employability programmes

41. An achievement of 5319 was reported against a target of 75000. However, the audit evidence did not support this achievement. I could not determine the actual achievement, but I estimated it to be materially less than reported. Consequently, it is likely that the underachievement on the target was more than reported.

Various indicators

42. Based on the audit evidence, the actual achievements for indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, it is likely that the overachievements on the targets were less than reported and the achievements against the targets were lower than reported.

Indicator description	Target	Reported achievement
Percentage of vulnerable groups participating in employability programmes	50% of vulnerable groups participating in employability programmes	90%
Number of business enterprises supported	80 business enterprise	303

43. Furthermore, under- or overachievements were reported against the related planned targets together with the reasons for this. However, adequate supporting evidence was not provided for auditing. Consequently, I could not confirm the reliability of the reported reasons.

Indicator description	Target	Reported achievement	Reported reason
Number of beneficiaries participating in employability programmes	75 000	5 319	Management sought to ensure that the projects would deliver on their promised job creation outcomes and not just end with training. The department has to carefully consider the impact of the number of jobs to be created
Number of business enterprises supported	80	303	There was a concerted effort from the National Youth Development Agency to support businesses in line with the enterprise development mandate as per the funding agreement between them and the UIF



Other matters

44. I draw attention to the matters below.

Achievement of planned targets

45. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements / measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
46. The tables that follow provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages 31 to 43.

Programme 1: Administration

<i>Targets achieved: 60%</i>		
<i>Budget spent: 32.90%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of WABU payment verified	100%	89%
Multiple channels for assessing UIF services	32 Kiosks rolled out	Not achieved
	11 Buses deployed to provinces	Not achieved
Integrated claims management system deployed	Integrated claims management system deployed	Not achieved

Programme 2: Business operations

<i>Targets achieved: 60%</i>		
<i>Budget spent: 66.40%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of complete, accurate and verified payment documents created within 3 working days	95%	68%
Percentage of valid in-service benefit claims (maternity, illness and adoption) with complete, accurate and verified information approved or rejected within 10 working days	92%	90%

Programme 3: Labour activation programme

<i>Targets achieved: 80%</i>		
<i>Budget spent: 21.09%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of beneficiaries participating in employability programmes	75000	5319

Material misstatements

47. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for programme 1: administration, programme 2: business operations and programme 03: labour activation programmes. Management did not correct all of the misstatements, and I reported material findings in this regard.



Report on compliance with legislation

48. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
49. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
50. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
51. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

52. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.
53. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework or supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.
54. Material misstatements of other financial assets, investment in associates, benefit payments, investment revenue, unemployment alleviation schemes, contingencies, material losses and cash flow statement were identified by the auditors in the submitted financial statements. Some material misstatements were corrected, or the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

55. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 38 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.
56. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 38 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by payments (TERS) made to companies that do not exist.
57. Resources of the UIF were not utilised economically, as required by section 57(b) of the PFMA.

Other information in the annual report

58. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
59. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
60. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
61. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material inconsistency therein, I am required to communicate to those charged with governance and request that the information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.



Internal control deficiencies

62. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
63. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
64. The public entity did not implement proper record keeping ensuring that complete, relevant and accurate information was accessible and available in a timely manner to support financial and performance reporting.
65. The public entity did not ensure that the financial statements and the annual performance report were adequately reviewed and supported by complete and accurate supporting documents, resulting in material misstatements being identified during the audit.
66. The public entity did not implement adequate controls relating to daily and monthly processing and reconciliation of transactions. The controls that were put in place to ensure regular, accurate and complete financial reports did not always prevent and/or detect material misstatements in the financial statements and the annual performance report.
67. The public entity did not adequately review and monitor compliance with applicable laws and regulations, which resulted in non-compliance with legislation being identified during the audit.

Material irregularities

68. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on the status of material irregularities as previously reported in the auditor's report.

Status of previously reported material irregularities

Covid-19 TERS payments to deceased individuals

69. During the period of 27 March 2020 to 31 March 2021, the UIF made Covid-19 TERS benefit payments to individuals who were identified as being deceased per the Home Affairs National Population Register. As these individuals were captured on the TERS system as being deceased when the application was made to UIF and/or prior to when payment was made, these ineligible individuals did not qualify to benefit from the TERS benefit scheme.
70. The payments made to these individuals were as a result of a lack of preventative and detective controls within the TERS application system and inadequate internal control processes to confirm that payments were made to valid beneficiaries. Therefore, there was non-compliance with section 51(1)(a)(i) of the PFMA, which is likely to result in a material financial loss for the UIF. The financial loss is considered likely as the monies paid to the beneficiaries may be recovered by the fund.
71. The accounting authority was notified on 11 July 2024, and I invited the accounting authority to make a written submission on the actions to be taken and that will address the matter.
72. The response to the notification was received from the accounting authority; however, additional information was requested to clarify certain aspects of the response. Despite follow-up efforts, we have not yet received the requested information from the accounting authority. I will follow up on the additional information required during my next audit.

Covid-19 TERS payments to individuals that received normal benefits

73. During the period of 27 March 2020 to 31 March 2021 and 1 April 2021 to 31 March 2022, the UIF made Covid-19 TERS benefit payments to individuals who were found to have received payments on claims for other normal benefits (i.e. maternity, unemployment benefits and so forth during the same period. As these individuals were already receiving of a 'normal benefit' during the lockdown period for which the application was made, they were not eligible to benefit from the TERS benefit scheme. The payments made to these individuals were therefore invalid as they were ineligible to receive TERS benefits, while receiving normal benefits.



74. The payments made to these individuals were as a result of a lack of preventative and detective controls within the TERS application system and inadequate internal control processes being in place for capturing, monitoring and record keeping of TERS payments.
75. Therefore, there was non-compliance with section 51(1)(a)(i) of the PFMA, which is likely to result in a material financial loss for the UIF. The financial loss is considered likely as the monies paid to the beneficiaries may be recovered by the fund.
76. The accounting authority was notified on 11 July 2024, and I invited the accounting authority to make a written submission on the actions to be taken and that will address the matter.
77. The response to the notification was received from the accounting authority; however, additional information was requested to clarify certain aspects of the response. Despite follow-up efforts, we have not yet received the requested information from the accounting authority. I will follow up on the additional information required during my next audit.

Covid-19 TERS overpayments

78. During the period of 27 March 2020 to 31 March 2021, the UIF made Covid-19 TERS benefit payments to beneficiaries that exceeded the claim amount (i.e. overpayments) and/or that exceed the payment thresholds. Beneficiaries were either paid monies which exceeded their claim amounts due to them (calculated on a predetermined formula) and/or, received payments of claim amounts which were above the threshold that could be received by a beneficiary (after factoring in variables).
79. The payments made to these individuals was as a result of a lack of preventative and detective controls within the TERS application system and inadequate internal control processes being in place for capturing, monitoring and record keeping of TERS payments.
80. Therefore, there was non-compliance with section 51(1)(a)(i) of the PFMA, which is likely to result in a material financial loss for the UIF. The financial loss is considered likely as the monies paid to the beneficiaries may be recovered by the fund.
81. The accounting authority was notified on 11 July 2024, and I invited the accounting authority to make a written submission on the actions to be taken and that will address the matter.
82. The response to the notification was received from the accounting authority; however, additional information was requested to clarify certain aspects of the response. Despite follow-up efforts, we have not yet received the requested information from the accounting authority. I will follow up on the additional information required during my next audit.

Other reports

83. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
84. Multiple government agencies and institutions have carried out investigations on Covid-19 TERS benefit claims which cover the period from 2020 to date. At the time of this report being signed, certain investigations were still in progress, while others have been completed, resulting in recommendations for possible legal actions, and it is unknown when the related reports will be completed and released.

AUDITOR-GENERAL.

Pretoria

07 March 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Fund is a vehicle established in terms of the Unemployment Insurance Act (Act No. 63 of 2001), to which employers and employees contribute and from which employees who become unemployed or their beneficiaries, as the case may be, are entitled to benefits and in so doing to alleviate the harmful economic and social effects of unemployment.
Registered office	ABSA Towers 230 Lilian Ngoyi Street Pretoria 0001
Business address	ABSA Towers 230 Lilian Ngoyi Street Pretoria 0001
Postal address	ABSA Towers 230 Lilian Ngoyi Street Pretoria 0001
Accounting authority	Acting Director-General Department of Employment and Labour: Mr Viwe Mlenzana
Auditors	The Auditor-General of South Africa
Legislated fund manager	Public Investment Corporation
Banking institutions	ABSA Standard Bank First National Bank Nedbank



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The reports and statements set out below comprise the annual financial statements presented to the parliament:

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Abbreviations

AFS	Annual Financial Statements
ASB	Accounting Standards Board
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
SME	Small Medium-sized Entities
LAP	Labour Activation Programme
NRF	National Revenue Fund
PFMA	Public Finance Management Act (Act No.1 of 1999)
PIC	Public Investment Corporation
SARS	Sout African Revenue Service
SIU	Special Investigation Unit
TERS	Temporary Employer-Employee Relief Scheme
The Fund	Unemployment Insurance Fund
UI Act	Unemployment Insurance Act (Act No. 63 of 2001)
UI Contributions Act	Unemployment Insurance Contributions Act (Act No.4 of 2002)



ACCOUNTING AUTHORITY'S REPORT

The accounting authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting authority to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice including any interpretations, guidelines and directives issued by the ASB.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting authority acknowledges that he is ultimately responsible for the system of internal financial control established by the Fund and places considerable importance on maintaining a strong control environment. To enable the accounting authority to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across entity. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority is of the opinion, based on the information, explanations and assurance given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Fund to continue as a going concern is dependent on several factors. These factors are included in note 40 of the annual financial statements.

The annual financial statements set out from page 113 to 262, which have been prepared on the going concern basis, were signed by the accounting authority on 30 August 2024.

Mr Viwe Mlenzana

Acting Director General Department of Employment and Labour



STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note(s)	2024 R'000	2023 *Restated R'000
Assets			
Current Assets			
Other financial assets	3	49,546,528	43,168,363
Receivables from exchange transactions	4	1,096,085	402,279
Receivables from non-exchange transactions	5	66,155	151,442
Statutory receivables from non-exchange transactions	6	2,148,216	2,054,411
Prepayments	7	16,915	10,876
Cash and cash equivalents	8	3,063,332	2,563,666
		55,937,231	48,351,037
Non-Current Assets			
Investment property	9	573,124	511,032
Property, plant and equipment	10	61,946	21,619
Intangible assets	11	107,317	93,325
Interest in joint ventures	12	5,505	36,689
Investments in associates	13	2,473,700	3,525,136
Other financial assets	3	92,127,194	83,691,880
		95,348,786	87,879,681
Total Assets		151,286,017	136,230,718
Liabilities			
Current Liabilities			
Operating lease liability	35	295	523
Payables from exchange transactions	14	827,949	668,603
Provisions	15	19,892,212	20,823,301
Benefits payable	16	55,734	100,018
		20,776,190	21,592,445
Non-Current Liabilities			
Provisions	15	16,261	18,047
Total Liabilities		20,792,451	21,610,492
Net Assets		130,493,566	114,620,226
Technical reserve	17	47,480,344	45,697,746
Accumulated surplus		83,013,222	68,922,480
Total Net Assets		130,493,566	114,620,226



STATEMENT OF FINANCIAL PERFORMANCE

(Illustrating the classification of expenses by nature)

	Note(s)	2024 R'000	2023 *Restated R'000
Revenue from non-exchange transactions	19	24,881,163	23,651,301
Other revenue from non-exchange transactions	20	163,936	165,072
Benefit payments	21	(14,951,656)	(15,648,732)
Changes in benefits payable	21	931,482	(887,467)
Unemployment Alleviation Schemes	22	(673,649)	(346,585)
Gross surplus		10,351,276	6,933,589
Other revenue from exchange transactions	23	5,119	5,799
Auditors remuneration	24	(25,704)	(14,865)
Depreciation, amortisation and impairments	25	(17,839)	(8,027)
Employee costs	26	(1,672,626)	(1,604,833)
Administrative costs	27	(762,717)	(822,587)
Operating expenses	28	(1,256,909)	(910,936)
Operating surplus		6,620,600	3,578,140
Investment revenue	29	11,824,553	10,225,455
Losses on the disposal of property, plant and equipment	10	(7)	(17)
Fair value adjustments	30	(4,235,434)	(3,508,857)
Gains/(Losses) from foreign exchange differences	30	480,495	1,880,018
Share of profit/(loss) from equity accounted investments	31	(62,509)	(140,162)
Reversal of impairment of other financial assets	32	126,296	626,710
Impairment of other financial assets	32	(693,379)	(1,141,870)
Realised Gains/Losses on investments	30	2,582,174	(1,099,663)
Impairment of investments in associates and interest in joint ventures	12&13	(769,455)	(240,708)
Finance costs	33	-	-
Surplus / (deficit) for the year		15,873,334	10,179,046



STATEMENT OF CHANGES IN NET ASSETS

	Technical reserve R'000	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	46,613,594	57,976,769	104,590,363
Adjustments			
Correction of errors	-	(149,183)	(149,183)
Restated* Balance at 01 April 2022	46,613,594	57,827,586	104,441,180
Changes in net assets			
Transfer to technical reserve	(915,848)	915,848	-
Net income (losses) recognised directly in net assets	(915,848)	915,848	-
Surplus previously reported	-	9,649,449	-
Correction of errors	-	529,597	-
Restated surplus for the year	-	10,179,046	10,179,046
Total recognised income and expenses for the year	(915,848)	11,094,894	10,179,046
Total changes	(915,848)	11,094,894	10,179,046
Restated* Balance at 01 April 2023	45,697,746	68,922,486	114,620,232
Changes in net assets			
Restated surplus for the year	-	15,873,334	15,873,334
Transfer to technical reserve	1,782,598	(1,782,598)	-
Total changes	1,782,598	14,090,736	15,873,334
Balance at 31 March 2024	47,480,344	83,013,222	130,493,566
Note(s)	17		



CASH FLOW STATEMENT

	2024	2023
	R'000	*Restated R'000
Note(s)		
Cash flows from operating activities		
Receipts		
Cash receipts from contributors	24,785,224	23,581,166
Other receipts	60,295	165,815
Interest received from operations	670,524	678,187
	25,516,043	24,425,168
Payments		
Employee costs and other compensation	(1,687,840)	(1,337,117)
Suppliers	(1,723,774)	(1,694,304)
Benefit payments	(14,949,501)	(15,637,087)
Unemployment Alleviation Schemes	(681,210)	(342,917)
	(19,042,325)	(19,011,425)
Net cash flows from operating activities	34 6,473,718	5,413,737
Cash flows from investing activities		
Acquisition of Property, plant and equipment	(54,652)	-
Acquisition of Investment property	(143,105)	(113,627)
Acquisition of Intangible assets	(17,514)	(571)
Net acquisition of other financial assets	(16,472,278)	(21,291,821)
Net disposal of associate	258,203	231,891
Dividends received from associate	(7,547)	-
Dividends	1,640,599	1,267,765
Interest income from other financial assets	8,822,242	8,167,635
	(5,974,052)	(11,738,728)
Net increase/(decrease) in cash and cash equivalents	499,666	(6,324,991)
Cash and cash equivalents at the beginning of the year	2,563,666	8,888,653
Cash and cash equivalents at the end of the year	8 3,063,332	2,563,666



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Zero Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Ref.
Figures in Rand Thousand						
Revenue						
Revenue from non-exchange transactions	24,214,431	430,372	24,644,803	24,881,163	(236,360)	44.1
Other revenue from non-exchange transactions	25,243	140,676	165,919	163,936	1,983	44.2
Other revenue from exchange transactions	4,840	703	5,543	5,119	424	44.3
Investment revenue	7,032,046	4,072,319	11,104,365	11,824,553	(720,188)	44.4
Total revenue	31,276,560	4,644,070	35,920,630	36,874,771	(954,141)	
Expenditure						
Benefit payments	(19,748,500)	3,442,954	(16,305,546)	(14,951,656)	(1,353,890)	44.5
Changes in benefits payable	(3,937,395)	457,445	(3,479,950)	931,482	(4,411,432)	44.6
Unemployment Alleviation Schemes	(3,212,834)	2,362,834	(850,000)	(673,649)	(176,351)	44.7
Auditors remuneration	(22,111)	(3,747)	(25,858)	(25,704)	(154)	
Depreciation, amortisation and impairments	(278,088)	234,250	(43,838)	(17,839)	(25,999)	44.8
Employee cost	(2,150,057)	(90,478)	(2,240,535)	(1,672,626)	(567,909)	44.9
Administrative costs	(1,080,804)	(99,460)	(1,180,264)	(762,717)	(417,547)	44.10
Operating expenses	(1,810,281)	(218,360)	(2,028,641)	(1,256,909)	(771,732)	44.11
Finance costs	(4)	-	(4)	-	(4)	
Total expenditure	(32,240,074)	6,085,438	(26,154,636)	(18,429,618)	(7,725,018)	
Operating surplus	(963,514)	10,729,508	9,765,994	18,445,153	(8,679,159)	
Loss on the disposal of property, plant and equipment	(1,530)	(4,000)	(5,530)	(7)	(5,523)	
Impairment of other financial assets	-	-	-	(693,379)	693,379	44.13
Fair value adjustments	536,079	(914,854)	(378,775)	(3,754,939)	3,376,164	44.14
Realised gains/losses on investments	3,629,033	(6,193,181)	(2,564,148)	2,582,174	(5,146,322)	44.15
Share of profit/(loss) from equity accounted investments	-	-	-	(62,509)	62,509	
Reversal of impairment of other financial assets	-	-	-	126,296	(126,296)	
Impairment of investments in associates and interest in joint ventures	-	-	-	(769,455)	769,455	44.12
Technical reserve	(545,870)	-	(545,870)	(1,782,598)	1,236,728	44.16
	3,617,712	(7,112,035)	(3,494,323)	(4,354,417)	860,094	
Surplus/(Deficit) for the year after reserves	2,654,198	3,617,473	6,271,671	14,090,736	(7,819,065)	
Actual amount on comparable basis as presented in the budget and actual comparative statement	2,654,198	3,617,473	6,271,671	14,090,736	(7,819,065)	
Capital expenditure	(1,460,039)	303,513	(1,156,526)	(215,271)	(941,255)	



ACCOUNTING POLICIES

1. PRESENTATION OF AFS

In terms of section 55(1) of the PFMA the Fund is required to comply with GRAP.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice, issued by the ASB in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. Figures in the AFS are rounded to the nearest thousand Rand, except for figures in the narrative information which are either indicated as absolute values or written in text to the nearest million Rand.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies is disclosed below.

These accounting policies are consistent with the previous period, except as otherwise indicated in Note 42 of the AFS.

1.1 GOING CONCERN ASSUMPTION

These AFS have been prepared based on the expectation that the Fund is financially sound and will continue to operate as a going concern and be able to meet its statutory obligations for the foreseeable future. This financial soundness position was determined on the basis that would have applied to the Fund if it had been a short term insurer regulated by the South African Reserve Bank

Additional information is included in Note 40.

1.2 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Fund makes judgments, estimates and assumptions concerning the future when preparing the Annual Financial Statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an annual basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Fund's accounting policies, management made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the AFS.

1.2.1 TOTAL OUTSTANDING BENEFITS RECOGNISED IN THE TECHNICAL RESERVE

The total outstanding claims value is calculated on best estimate basis with no allowance for a risk margin using actuarial techniques, namely the Chain-Ladder and Bornhuetter- Ferguson techniques. The principle assumption of these techniques consider patterns in claims by grouping such claims into quarterly intervals based on type of claim, incident date and payment date. The Total Outstanding Claims (TOC) estimate includes estimated values for the re-assessment of all paid claims with application date on or after 18 January 2017 when the UI Amendment Act, 2016 was signed into law up to 31 December 2018 when the UI Amendment



ACCOUNTING POLICIES

Act was effectively implemented, to ensure claims were paid in accordance with the Amendment Act when it became law.

The Claims Handling Expenditure assumption considers movements in expenses attributable to paying claims over the last 3 financial years, which is then expressed as a percentage of total claims paid. This percentage is then applied to the projected claims still to be paid (Incurred But Not Approved (IBNA) and Approved But Not Paid (ABNP)) to determine the expense reserve under the actuarial basis. This includes consideration of future planned changes to the expense structures, of which there currently are none. The Claims Handling Expenses (CHE) ratio for the 2024 financial year increased 17.3% of claims paid (2023: 13.50%), and was therefore used to calculate outstanding claims estimates in accordance with the Reserve Bank actuarial requirements.

The following economic assumptions were applied based on the differential between nominal and real risk-free yield curves on the Valuation Date (as supplied by the Reserve Bank's Prudential Authority):

- CPI is expected to be 4.3% over the period considered in estimating the TOC;
- Salaries (and therefore benefits) will increase at 2% above inflation, i.e. 6.3%, which is also the rate used to discount future claims;
- As the salary escalation rate equals the discount rate, the absolute levels of these assumptions do not impact the level of the estimates.

1.2.2 PREMIUM RESERVES RECOGNISED IN THE TECHNICAL RESERVE

The Fund's benefit structure is such that contributions received in one year entitles employees to earn benefits over a four- year period as per the UI Amendment Act, 2016.

Unearned Premium Reserve

The proportion of the salaries that provide entitlement for future financial periods is determined for each of the past 48 months' salaries (derived from applying the known contribution rate to the monthly contributions received by The Fund). The portions that provide cover for the period post-valuation date is the Unearned Premium Reserve.

Premium Inadequacy Reserves

The Unexpired Risk Reserve (URR) allows for the extent to which claims are expected to be different to the UPR.

An Additional Unexpired Risk Reserve (AURR) is determined where it is expected that future premiums (yet unearned and therefore distinct from the UPR) will be insufficient.

For this valuation, based on recent experience, it was assumed that the UPR would be sufficient to cover claims and expenses with the consequence that both the URR and AURR were zero.

A Pay-As-You-Go (PAYG) rate is calculated and applied to future expenses and used in determining the premium reserve. Historical expenses are currently not an indication of future expenses due to very high numbers of TERS and WABU payments over the past three years. Therefore, the PAYG rate for expenses for the financial year 2024 under the New Act is 0.335% of salaries and was used to determine the Premium Reserve.



ACCOUNTING POLICIES

1.3 FINANCIAL INSTRUMENTS

The Fund has the following financial assets and liabilities: investments in equities, capital market instruments, money market instruments which are classified as financial assets at fair value. Cash and cash equivalents and receivables are classified as financial assets at amortised cost and payables as financial liabilities at amortised cost.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. It is evident from this definition that three elements need to be present before a financial instrument can exist, namely a contract, a financial asset and a financial liability or a residual interest.

In terms of GRAP, a contract is an agreement between two or more parties that has clear economic consequences that the parties have little, if any, discretion to avoid, because the agreement is enforceable by law.

The Fund receives contribution revenue in accordance with the UI Contributions Act and pays UI benefits including the recovery of benefits paid in error in accordance with the UI Act.

The relationship is accordingly not established by contract but by legislation. Management decided to enhance certain related disclosures by applying some of the principles of the Standard of GRAP on Financial Instruments. The following items are accordingly presented in Note 5 and Note 18 to the AFS:

- Disallowances (benefits paid in error)
- Transactions under investigation
- Benefit payments
- Legal claims - contributions

Classification of financial assets and liabilities **Financial assets and financial liabilities at fair value** **Financial instruments held-for-trading**

These include equities, capital market instruments, money market instruments and all derivatives (as relevant for the particular accounting period) in a net receivable position (positive fair value). All derivatives in a net payable position (negative fair value) are reported as financial liabilities. Derivatives are designed to facilitate the transfer and isolation of risk and are used by the Fund for both risk transfer and investment purposes. The Fund does not use derivatives for speculative or gearing purposes. Fair value adjustments and gains and losses are recognised in the Statement of Financial Performance

Assets in this category are classified as current assets if they are expected to be realised within 12 months from the reporting date.

If an instrument is a non-derivative instrument with fixed or determinable payments the Fund may designate non-derivative instruments with fixed or determinable payments at fair value at initial recognition when the following criteria is met:

- The designation is made at initial recognition, on an instrument by instrument basis
- A narrative description of the criteria used to designate financial assets at fair value is provided.



ACCOUNTING POLICIES

Bills and Promissory Notes (PN) were designated at fair value due to the money market yield curve valuation method that is used to value these financial assets. This is consistent with prior years.

Financial instruments at amortised cost

Investments

Investments at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Investments at amortised cost are subsequently measured using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with central banks and amounts due from banks and National Treasury on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

Bank overdrafts are shown as current liabilities on the Statement of Financial Position. Bank overdrafts are due to bank accounts on which after trading hours transactions were processed and only cleared on the following banking date, which is after the reporting date.

Receivables

Receivables are initially measured at fair value (transaction price), and are subsequently measured using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Payables

Payables are initially measured at fair value (transaction price) and are subsequently measured using the effective interest rate method. Trade and other payables are presented at their respective outstanding balances at year-end. These are subject to normal trade credit terms and relatively short payment cycles.

Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument, i.e. trade-date accounting.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of the Standard of GRAP on Financial Instruments.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability subsequently measured at amortised cost, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs are excluded from financial instruments which are subsequently measured at fair value at initial recognition.



ACCOUNTING POLICIES

These transaction costs are expensed in the Statement of Financial Performance, while on other financial instruments they are capitalised.

Fair value measurement principles

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at reporting date. For instruments where there are no active markets the fair value of the instrument is determined using valuation techniques, including use of recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow techniques or any other valuation technique making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Certain financial instruments, including derivative financial instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlation, time value of money, credit risk, yield curve, volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions can produce materially different estimates of fair values. Inputs are based on market data at the reporting date where other pricing models are used.

The fair value of derivatives that are not exchange-traded is estimated as the amount that the Fund will receive or pay to terminate the contract at the reporting date, taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties.

Investments in other unlisted open-ended investment funds are recorded at the net asset value per share as reported by the managers of such funds.

The fair value of floating rate and overnight deposits with credit institutions is its carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bear deposits is estimated using discounted cash flow techniques. Expected cash flows are discounted at current market rates for similar instruments at the reporting date. If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investments.

The fair value of financial instruments that are not traded in an active market (unlisted securities) is determined by appointed valuation experts using appropriate valuation techniques, including (but not limited to) free cash flow, price earnings (PE) and net asset value basis (NAV) bases, the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity specific inputs. The chosen valuation technique incorporates all of the factors that market participants would reasonably take into account in pricing a transaction. Assumption made by these valuation experts are based on market conditions existing and financial information available at valuation date for each financial year-end. The Fund ensures the appointed valuation specialists' have the required competence, independence, professional qualifications and experience in performing unlisted investment valuation. The Fund evaluates the appropriateness of the valuation methodology, assumptions and judgements applied in the valuation assessments. The Fund also performs reasonable tests on the draft financial information, forecasts, investee management commentaries used by the valuator at the date of the valuation to ensure the actuarial estimates and impairment testing is reliable.



ACCOUNTING POLICIES

Short-term receivables are not discounted. In the case of financial assets at fair value, gains and losses arising from changes in fair value are included in surplus or deficit of the Statement of Financial Performance.

Gains and losses on subsequent measurement

Gains or losses arising from changes in the fair value of the financial assets at fair value category are presented in the Statement of Financial Performance within fair value adjustment losses / gains – net in the period in which they arise.

Impairment of financial assets

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets that are stated at amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the Statement of Financial Performance as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent year the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Financial Performance. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been previously recognised.

An allowance for receivables impairment is made when there is objective evidence (the probability of insolvency or significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators) that the receivable is impaired and that the Fund will not be able to collect all the amounts due under the original term of the invoice. For more details on the factors that are considered for impairment and the impairment losses recognised, refer to notes 3, 4 and 5.

The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. An uncollectable receivable is written off against the allowance account for receivables. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are credited against other income in the Statement of Financial Performance.

De-recognition

Financial assets

Financial assets or a portion of a financial asset are derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a "pass-through" arrangement; or



ACCOUNTING POLICIES

- The Fund has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities

The financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the Statement of Financial Performance.

Interest income and expense

Interest income and expenses of financial instruments measured at amortised cost and interest bearing financial instruments classified as designated at fair value through surplus or deficit are recognised in the Statement of Financial Performance as it accrues, using the original effective interest rate of the instrument calculated at the acquisition at origination date. Interest income includes amortisation of any discount or premium or any other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. Interest income and expenses are recognised as part of investment revenue.

Dividend income

Dividend income relating to exchange-traded equity investments is recognised in the Statement of Financial Performance on the ex-dividend date (when the Fund's right to receive payment is established). In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Fund recognises the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment. Dividend income is recognised as part of investment revenue.

1.4 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Rent receivable

Rent receivable is measured at initial recognition at fair value.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. An uncollectable disallowance debt is written off against the receivables account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

Sundry receivables

Sundry receivables are measured at initial recognition at cost.



ACCOUNTING POLICIES

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. An uncollectable disallowance debt is written off against the receivables account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

Bank interest receivable

Bank interest receivable is measured at initial recognition at cost.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. An uncollectable disallowance debt is written off against the receivables account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

1.5 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Disallowances (benefits paid in error / overpayments)

Disallowances (benefits paid in error / overpayments) are measured at initial recognition at cost. Benefits paid in error in current and prior years, noted / detected by the Fund, are continuously corrected by raising over- and underpayments against individual beneficiaries in the financial year the error is noted / detected. Recovery of the benefits paid in error is collected in terms of Section 35 of the UI Act.

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Factors considered for impairment are based on age of the overpayment debt, the age of the receivable (younger or older than 60 years), history of the recovery of payments (the receivable currently settling the debt, or no history exists), and whether the receivable is a South African citizen or not.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. An uncollectable disallowance debt is written off against the receivables account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

Legal Claims Receivables – Contributions

Legal claims receivables are initially measured at cost when employer information becomes available that the contribution receivable registered as a company has been liquidated, an insolvent individual has been sequestrated or an estate of a deceased contributor has been lodged with the Master of the Supreme Court. Recovery of the legal claims receivables is in terms of the UI Act.



ACCOUNTING POLICIES

Legal claim debt is written off against the receivables account when informed that the distribution account has been finalised and that no dividend will be paid. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit based on the recoverability / non-recoverability experience of legal claims.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

Transactions under Investigation

Transactions under investigation are initially recognised at cost when there is objective evidence requiring investigation by risk management.

Risk management transactions are categorised in:

- Transactions under investigation
- Actual fraud detected

Impairment is based on:

- Known receivables
- Unknown receivables

Known receivables

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant changes in the known receivables are specific characteristics of the known receivable, the age of the debt and default on any payment arrangements should be considered as indicators that the known receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance within administrative cost. An uncollectable transaction under investigation debt is written off against the receivables account. Subsequent recoveries of amounts previously written off are credited against other income in the Statement of Financial Performance.

Unknown receivables

Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when the risk management transaction relates to an unknown receivable.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. An uncollectable transaction under investigation debt is written off against the receivables account. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

COVID-19 TERS receivables

COVID-19 TERS receivables arises from benefits paid in error/ overpaid to beneficiaries who were affected by the lockdown period, are detected through, employer application verification and investigations processes.



ACCOUNTING POLICIES

COVID-19 TERS receivables are initially measured at fair value plus any transaction cost.

It is subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit based on the recoverability / non-recoverability where there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within administrative costs. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

1.6 STATUTORY RECEIVABLES

Statutory receivables arise from the operation of legal statute. These arise from both exchange and non-exchange transactions and are recognised at their transaction amount according to the cost method at amortised cost.

Funds at National Treasury are contribution revenue collected by SARS, declared as owing to the Fund on reporting date through the National Revenue Account. The funds do not earn interest and the amount is payable to the Fund as per the UI Contributions Act, section 11(3). The Director-General must, within 14 days after receipt of the notice from the Commissioner in terms of section 8(4), authorise the transfer of the amount of the contributions, interest and penalties paid into the NRF to the Fund.

The carrying amount of the statutory receivable asset is recognised in the Statement of Financial Position under statutory receivables from non-exchange transactions, whereas the contributions collected on behalf of the Fund, which are classified as non-exchange transactions are recognised and included in the Statement of Financial Performance within revenue. The statutory receivable does not pass the due date at reporting date, as it is still within the 30 day collection period. Therefore, there is no reason to be doubtful that it will not be paid by the due date.

1.7 PREPAYMENTS

Prepayments represent amounts paid that relate to future reporting periods. It is recognised initially upon payment of the amount and expensed when it falls due.

Prepayments are measured at the amount paid less amounts relating to the present reporting period.

The Fund provides funding for training of the unemployment, Temporary Employer/Employee Relief Scheme (TERS) and Business Turn around and Recovery Programmes (BT&R) through funding agreements with LAP partners. The funding agreements provide for the terms and obligations for funding. The funding agreements make provision for, amongst other terms, prepayments to be made to LAP partners.

In terms of the funding agreements, funding is provided in tranches. Tranches are prepaid to enable the LAP partner to implement the training programme. LAP partners are required to submit an account for expenditure on the previous tranche before any subsequent tranche is released. Once the account for the outstanding amounts as per the previous tranche is accounted for, the subsequent tranche is released.

LAP partners are reimbursed for expenditure incurred in terms of the funding agreement, where such expenditure is incurred without an available advance (prepayment).



ACCOUNTING POLICIES

1.8 INVESTMENT PROPERTY

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 9).

The entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements: the cumulative expenditure recognised in the carrying value of investment property, the carrying value of investment property that is taking a significantly longer period of time to complete than expected, and the carrying value of investment property where construction or development has been halted (see note 9).



ACCOUNTING POLICIES

1.9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are carried at cost less accumulated depreciation.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	3 - 17 years
IT equipment	Straight-line	3 - 15 years
Leasehold improvements	Straight-line	9 - 15 years
Motor vehicles	Straight-line	5 - 11 years
Office equipment	Straight-line	6 - 15 years
Telecom equipment	Straight-line	5 - 15 years



ACCOUNTING POLICIES

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting policies, changes in estimates and errors.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the AFS (see note 10).

1.9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The entity discloses relevant information relating to assets under construction or development, in the notes to the AFS: the cumulative expenditure recognised in the carrying value of property, plant and equipment, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, and the carrying value of property, plant and equipment where construction or development has been halted (see note 10).

1.10 INTANGIBLE ASSETS

An intangible asset is an identifiable, non-monetary asset without physical substance. The entity has classified intellectual property and computer software as intangible assets.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it was in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.



ACCOUNTING POLICIES

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Amortisation is provided on a straight-line basis over the expected useful lives of the intangible assets.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets to their residual values. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives of intangible assets have been assessed as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	1 - 5 years
Intellectual property	Straight-line	Indefinite
Lease rights	Straight-line	29 years

1.10 INTANGIBLE ASSETS (CONTINUED)

Intellectual property is not amortised as it is considered to have an indefinite useful life.

The Fund developed and implemented the U-Filing declaration and payment portal as a total online service that is aimed at enabling capacity. The U-Filing system is an automated contributions and claims handling system that seeks to improve compliance to UI legislation and service delivery to clients.



ACCOUNTING POLICIES

U-Filing was specifically developed for the Fund, in line with all the applicable legislation and rules that relate to contribution income and benefits payments. Based on all the relevant factors there is no foreseeable limit to the period over which U- Filing is expected to generate net cash inflows or service potential.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an intangible assets is included in surplus or deficit when the asset is de- recognised (unless the Standard of GRAP on Leases requires otherwise on a sale and leaseback). The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

1.11 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

None of the Fund's assets are used to generate a commercial return. Some investments are made in accordance with the social responsibility mandate of the Fund and are not necessarily with invested with the intention to generate commercial return. The assets are designated as non-cash generating units at initial recognition.

The Fund assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that assets may be impaired, the recoverable service amount is estimated for the individual asset.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.



ACCOUNTING POLICIES

An impairment loss is recognised immediately in surplus or deficit.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

1.12 INTERESTS IN JOINT VENTURES

Jointly controlled entities are all entities over which the Fund has joint control. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Fund's share of deficits in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Fund does not recognise further deficits, unless it has incurred obligations or made payments on behalf of the jointly controlled entity. The total carrying value of jointly controlled entities is evaluated when there is an indication / indicators for impairment.

Unrealised surpluses on transactions between the Fund and its jointly controlled entities are eliminated to the extent of the Fund's interest in the jointly controlled entities. Unrealised deficits are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Fund.

The most recent available audited AFS of the joint ventures are used by the Fund in applying the equity accounting method. When the reporting dates of the Fund and the joint ventures are different, the joint venture prepares, for the use of the Fund, AFS as of the same date as the AFS of the Fund, unless it is unreasonable to do so. In such a case a combination of the latest audited AFS and management accounts of investees are utilised in applying the equity accounting method which may lend itself to estimations included in the calculation of the annual figures to be used.

The Fund's share of its jointly controlled entity's post-acquisition surpluses or deficits is recognised in the Statement of Financial Performance, and its share of post-acquisition movements in reserves is recognised in reserves.



ACCOUNTING POLICIES

The Fund makes every reasonable effort to obtain audited financial information in order to apply the equity accounting method on Joint Ventures, but in some instances, no and or unaudited, draft financial information is received from joint ventures. The Fund can not substantiate the accuracy and completeness of draft unaudited financial information received from investees. However, in these instances, the Fund performs reasonability testing on the draft financial information received, apply its judgement and if satisfied, apply the equity accounting method on this draft financial information received to determine the amount of its share in post-acquisition surpluses or deficits. Upon receipt of the audited financial information, the Fund compares the draft financial to the audited information and makes adjustments for differences in the financial year the audited information is received.

1.13 INTERESTS IN JOINT OPERATIONS

Joint operations are arrangements whereby the Fund together with other entities have joint control of the arrangement, have joint rights to the assets, and obligations relating to the agreement.

The Fund recognises its share of the joint assets, liabilities, revenue and expenditure in accordance with the requirements of the applicable GRAP Standards relating to the item.

1.14 INVESTMENTS IN ASSOCIATES

Associates are all entities over which the Fund has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity accounting method and are initially recognised at cost.

Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used in line with the Fund's accounting policies.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Fund's share of deficits in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Fund does not recognise further deficits, unless it has incurred obligations or made payments on behalf of the associate. The total carrying value of associates is evaluated when there is an indication / indicators for impairment.

Unrealised surpluses on transactions between the Fund and its associates are eliminated to the extent of the Fund's interest in the associates. Unrealised deficits are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Fund.

The most recent available audited AFS of the associates are used by the Fund in applying the equity accounting method. When the reporting dates of the Fund and the associate are different, the associate prepares, for the use of the Fund, draft AFS as of the same date as the AFS of the Fund, unless it is unreasonable to do so. In such a case a combination of the latest audited AFS and the management accounts of investees are utilised in applying the equity accounting method which may lend itself to estimates included in the annual figures used. The Fund may apply its judgement in using this unaudited financial information subsequent to reasonable assessment performed to determine accuracy and completeness. Estimations calculated based on these draft unaudited financial information.



ACCOUNTING POLICIES

The Fund's share of its associates' post-acquisition surpluses or deficits is recognised in the Statement of Financial Performance, and its share of post-acquisition movements in reserves is recognised in reserves.

The Fund makes every reasonable effort to obtain audited financial information in order to apply the equity accounting method on its Associates, but in some instances, no, and/or inadequate, financial information is received from Associates. The Fund can not substantiate the accuracy and completeness of draft unaudited financial information received from investees. However, in these instances, the Fund performs reasonability testing on the draft financial information received, apply its judgement and if satisfied, apply the equity accounting method on this draft financial information received to determine the amount of its share in post-acquisition surpluses or deficits. Upon receipt of the audited financial information, the Fund compares the draft financial to the audited information and makes adjustments for differences in the year the audited financial information is received.

1.15 LEASES

Operating leases - lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease income is recognised as income on a systematic basis. The lease income is based on the monthly amounts that are due and stipulated on the lease contract taking into account the yearly escalations.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under other income in the Statement of Financial Performance.

Operating leases - lessee

The lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease, except where it is immaterial in relation to the total lease payments and where variable escalation forms part of the payments.

1.16 BENEFIT PAYMENTS

Unemployment insurance is the provision of benefits under the UI Act as amended which includes unemployment benefits to qualifying employees, and the payment of illness-, maternity-, adoption- and dependent's benefits related to the unemployment of such employees.

A contributor's entitlement to benefits in terms of the UI Act accrues at a rate of one day's benefit for every completed four days of employment as a contributor, subject to a maximum accrual of 365 days benefits in the four years immediately preceding the date of application for benefits, less any days of benefits received by the contributor during the period. The allocation of credit days within the maximum accrual of 365 days in a four-year cycle is calculated on an equal basis of 91.25 days per year. To calculate the benefit payable to a contributor, the daily rate of remuneration of the contributor, subject to the prescribed maximum, must be determined. The associated Income Replacement Rate (IRR) is a sliding scale with a minimum of 38% (66% for maternity) for the first 238 days and 20% for the remaining 127 days.



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A contributor who has a miscarriage during the third trimester or bears a still-born child is entitled to a (maximum) full maternity benefit of 17.32 weeks (after the miscarriage or stillbirth); and a contributor is not entitled to benefits unless she was in employment, whether as a contributor or not, for at least 13 weeks before the date of application for maternity benefits.

Applications must be submitted within 12 months of the termination of the contract of employment for unemployment benefits; for illness within six months from the date the contributor ceases to work as a result of the illness; for maternity benefits within 12 months after childbirth; and dependent's benefits within 18 months of the death of the contributor. The Commissioner may accept an application submitted after the prescribed time limit has expired on just cause shown.

The mandate of the Fund to collect contributions made by employers and employees and to make payments of benefits in terms of the UI Act as amended, commences when employees are registered with the Fund as contributors.

Benefit payments consist of Unemployment Insurance benefits approved for payment to claimants in accordance with the conditions of the UI Act including the correction of benefits paid in error in current and prior years, noted by the Fund in the year under review.

Benefit payments are recognised on the approval of the benefit claim. An obligating event creates a legal or constructive obligation that results in the Fund having no realistic alternative to settling that obligation. The obligation event is incurred when the Fund receives an application from a beneficiary. When the obligation event is incurred, a liability is recognised.

Benefits paid in error in current and prior years, noted / detected by the Fund, based on updated employee information and control processes are continuously corrected by raising over- and underpayments against individual beneficiaries in the financial year the error is noted / detected.

The over- or underpayment is accordingly accounted for against benefit payments in the Statement of Financial Performance and trade and other receivables - disallowances / benefits payable in the Statement of Financial Position.

Recovery of benefits paid in error is done in accordance with Section 35 of the UI Act and accounted for against trade and other receivables - disallowances on receipt of the recovery.

1.17 PROVISIONS

Provisions are recognised when:

- the Fund has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement



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will be received if the Fund settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses.

Provisions are recognised in respect of benefits under the UI Act as amended which includes unemployment benefits to qualifying employees, and the payment of illness, maternity, adoption and dependants benefits related to the unemployment of such employees

Actuarial valuation is conducted annually and the allowance for normal Total Outstanding Claims (TOC) provides for claims which have occurred prior to the reporting date, but which had not been paid by that date.

The TOC is separated into the following components:

ABNP represents claims approved but not fully paid which provides for claims which have occurred prior to the reporting date, but which have not yet been paid by that date

IBNA represents claims incurred but not approved, and is further broken down into:

- **RBNA** represents claims reported but not approved at reporting date
- **IBNR** represents claims incurred but not reported at the reporting date

Benefits payable provision - COVID-19 TERS

The COVID-19 TERS provision represents COVID-19 TERS relief benefit claims Reported But Not Approved at reporting date and/or benefit claims Incurred But Not Reported yet.

Benefits payable provision - WABU

The WABU provision represents outstanding claims in respect of Destroyed, affected or looted workplaces: Temporary Financial Relief Scheme Direction, 2021. The WABU directive was signed on 6 August 2021, governing provision from UIF funds of temporary financial relief to vulnerable employees who because of closure of a workplace, as a result of unrest, were not paid remuneration either in full or in part. These payments are still being paid and an estimate had to be made in terms of the future value that will be paid.

The average claim amount was estimated based on the total payments made to date, calculated separately for TERS (average of R4,411) and the Unrest benefit (average of R2,957).

The provision was estimated by multiplying the adjusted number of applicants on the error lists by these average amounts. For provision classification purposes, the TERS and WABU provisions are classified as an IBNA.

Capped leave

The provision encompasses capped leave based on employees that retained all audited leave credits accrued prior to 1

July 2000. The number of accrued leave days is converted in accordance with a prescribed formula by the Department of Public Service and Administration utilising the net leave entitlement at reporting date multiplying it with the employee's remuneration (levels 1-10 and Middle Management Service the annual basic salary only). Pay-outs in respect of such leave credits are only made in the event of death, retirement or medical boarding.



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1.18 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Contribution revenue

Contributions are collected under the UI Contributions Act. Every employer and employee to whom this Act applies must, on a monthly basis contribute to the Fund. The amount of the contribution payable in terms of this Act by an employee, must be one percent (1%) of the remuneration paid or payable to that employee by his or her employer during any month and by an employer in respect of any one of its employees, must be equal to one percent (1%) of the remuneration paid or payable by that employer to that employee during any month.

Recognition and measurement

Contribution Revenue is recognised on a cash basis when payments are received. The Fund is exempt from recording an accrual for contribution revenue.

Transition to Accrual Accounting

The Fund is in the process of migrating its systems and business processes from a modified cash to an accrual basis of accounting. SARS who acts as the agent for the Fund has submitted a Generally Recognised Accounting Practice (GRAP) exemption request to the Minister of Finance during October 2020. The Minister of Finance granted SARS together with affected entities an extension from applying GRAP as published in the Government Gazette of 13 August 2021, for a period of 5 years, with effect from 1 April 2023. The Fund has evaluated the continuation of the GRAP exemption with no change and will re-evaluate it again by 31 March 2026.

The Commissioner for SARS collects contributions from employers (registered in terms of the Fourth Schedule to the Income Tax Act) according to the UI Contributions Act. All contributions collected are paid into the NRF before it is transferred to the Fund. Currently this constitutes 98% of the total annual revenue recognised by the Fund. Contribution collection information from SARS and the transfer of the funds from National Treasury to the Fund are based on when the consideration is actually received by SARS.

The Fund collects contributions in accordance with Section 9 of the UI Contributions Act from all employers who are not required to register in terms of the Fourth Schedule to the Income Tax Act.

Revenue consists of Unemployment Insurance contributions, interest and penalties received from all registered employers in terms of the UI Contributions Act. Interest is accrued on a time basis recognising the effective rate applicable on the underlying assets. As per Section 13(1) of the UI Contributions Act a penalty of 10% is raised on the unpaid amounts.

Contribution revenue has been accounted for using standards of GRAP in accordance with Directive 6 issued by the Accounting Standards Board (see Note 19).

Employee remuneration information gap

In accordance with the UI Act:

Section 56(2)(c) - Every employer must furnish the names, identification numbers and monthly remuneration of each of its employees.



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Section 56(3) - Every employer must, before the seventh of each month, inform the Commissioner of any changes during the previous months in any information furnished in terms of 2(c).

The lack of employees information received in terms of the above mentioned legislation versus the payments received and banked by the Fund is referred to as the employee remuneration information gap.

Contribution electronic fund transfers (payments) compound the information gap. Employers deposit contributions electronically directly into the Fund's bank accounts but fail to comply with supplying the necessary employee information to the Fund as required by the above mentioned sections of the UI Act. The monthly remuneration information of employees is required to determine measurability and probability to facilitate the invoicing of contributions payable.

Mitigation of the "employee remuneration information gap"

The U-Filing declaration and payment system was implemented to assist in the collection of declaration data (employee's information) to enable improved determination of measurability and probability to invoice contributions payable.

The Fund implemented the U-Filing declaration and payment portal as a total online service and is in the process of enhancing the U-Filing through the implementation of Virtual Office that will further enable online claims. This automation of processes seeks to improve compliance and improve service to registered employers and employees. The enhancement will assist with enforcement of non-compliant employers.

The automated processes will simplify the receiving of employee remuneration information from employers directly into the Fund's systems and streamline the payment of contributions in line with the declaration information. Unemployment insurance claims will simultaneously be simplified through an online claims process for accredited employers and employees, aligned with the declaration information submitted.

The Fund is developing a debt collection- and financial system based on the revenue streams to invoice contributions payable.

The following revenue streams have been classified:

- SARS - Declaration and collection of information
- U-Filing - Declaration and collection of information
- Contribution - Legal claims
- EFT bank deposits

Employee remuneration information is inaccurate and incomplete and measurability and probability cannot be determined until the consideration has actually been received.

To mitigate the "employee remuneration information gap" on the various revenue streams, the Fund plans to migrate the various employer groups systematically to the enhanced U-Filing system working procedure.



ACCOUNTING POLICIES

Other revenue from non-exchange transactions

COVID-19 TERS

The accounting implications of the COVID-TERS benefit payment are pervasive for the UIF; the effects cover Accounts Receivable and Revenue. Part of the overpaid amounts are received as bank deposits from the employers. Beneficiaries also sign Acknowledgement of Debts (AOD) undertaking to repay the UIF. Where there is a signed AOD, accounts receivables and other revenue will be recognised.

The UIF has encountered difficulties in linking or associating repayments received in the bank to the beneficiaries and the related iteration that gave rise to the overpayment. The difficulties occur where the beneficiaries repay the UIF by depositing the funds in the UIF bank without sufficient information to enable the UIF to allocate the receipt to the overpayment. It is important to link the repayment of the overpayment to the beneficiary so as to ascertain the true extent of the balance of the Accounts Receivable from the beneficiary. The deposits will be recognised to other revenue.

Overpayments

An uncollectable receivable is written off against the allowance account for receivables. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance. Subsequent recoveries of amounts previously written off are credited against other revenue in the Statement of Financial Performance.

1.19 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is measured at the fair value of the goods or services received or receivable. Revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents recognition of revenue. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.20 EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

When an employee has rendered service to the Fund during a reporting period, The Fund recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.



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The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The Fund measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Fund recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Back Pay: The Fund recognises expenditure related to Compensation of employees in the financial year in which approval is granted, i.e. based on approval date to back pay either as requested by the employee or as per the Department's decision to effect back pay for employee(s).

1.21 UNEMPLOYMENT ALLEVIATION SCHEMES

Section 48(1)(a)(iv) of the UI Act, as amended

Section 48(1)(a)(iv) of the UI Act, as amended, stipulates that the Unemployment Insurance Board must advise the Minister of Employment and Labour on the creation of schemes to alleviate the effects of unemployment.

Section 5(d) of the UI Amendment Act, No.10 of 2016

Section 5(d) of the UI Amendment Act provides that the Fund must be used for financing of the retention of contributors in employment and the re-entry of contributors into the labour market and any other scheme aimed at vulnerable workers.

The Fund provides funding for training of the unemployment, Temporary Employer/Employee Relief Scheme (TERS) and Business Turn around and Recovery Programmes (BT&R) through funding agreements with LAP partners. The funding agreements provide for the terms and obligations for funding. The funding agreements make provision for, amongst other terms, prepayments to be made to LAP partners

Prepayments represent amounts paid that relate to future reporting periods. It is recognised initially upon payment of the amount in the Statement of Financial Position and expensed when it falls due. Prepayments are measured at the amount paid less amounts relating to the present reporting period.

In terms of the funding agreements, funding is provided in tranches. Tranches are prepaid to enable the LAP partner to implement the training programme. LAP partners are required to submit an account for expenditure on the previous tranche before any subsequent tranche is released. Once the account for the outstanding amounts as per the previous tranche is accounted for, the subsequent tranche is released. The account for expenditure is measured at cost and disclosed under Unemployment Alleviation Schemes in the Statement of Financial Performance

LAP partners are reimbursed for expenditure incurred in terms of the funding agreement, where such expenditure is incurred without an available advance (prepayment). The reimbursed amounts are measured at cost and disclosed under Unemployment Alleviation Schemes in the Statement of Financial Performance

Contracts entered into with LAP partners are considered to be commitments which obligations are arising from an existing agreement that will become an actual liability upon the fulfilment of specified conditions.



ACCOUNTING POLICIES

Contractual commitments are therefore an obligation to the external parties of the Fund which arises with respect to any legal contract made by the Fund with those external parties.

The amounts disclosed in the Fund's annual financial statements under Commitments are the outstanding contractual commitments that will require a series of payments upon the fulfilment of specified contractual conditions over an indeterminate period.

Expenditure made against these contracts are included in the Statement of Financial Performance and the Statement of Financial Position in line with the fulfilment of the conditions specified in the contract.

Temporary Employer-Employee Relief Schemes (formerly named Training lay-off schemes)

The scheme is intended to provide support to distressed companies and their workers who are at risk of retrenchment. Under the scheme, the Fund funds 75% of a worker's basic salary which may not exceed the threshold earnings as determined by the Minister from time to time in terms of section 6(3) of the Basic Conditions of Employment Act. Currently, the maximum amount a worker may receive is an amount of R12 849 (R17 119.44 x 75%) per month. The duration for a company to participate in TERS may not exceed 12 months. A condition to benefiting from TERS is that the distressed employer must conclude an agreement with its workers undertaking that no retrenchments will occur and that the employer will pay all social security contributions for its workers. Furthermore, an employer applying to participate in TERS must submit a turnaround strategy demonstrating how the employer intends to turn around the entity from its distressed state. If approved for participation in TERS, an employer may be referred to the Business Turnaround and Recovery Programme (BT&RP) which is administered and managed by Productivity South Africa.

The TERS applications are received and processed by the Commission for Conciliation, Mediation and Arbitration (CCMA), thereafter the applications are adjudicated by the Single Adjudication Committee which is comprised of representatives from the CCMA, Productivity South Africa, the Department of Trade Industry and Competition, and the Fund. The Fund concludes the funding agreements with the approved companies in respect of the TERS allowances payable to the workers.

Committed funds are disclosed under contingent liabilities until the project is exhausted or cancelled and actual expenditure is presented in the Statement of Financial Performance under Unemployment Alleviation Schemes.

COVID-19 TERS benefits

The Fund was mandated to create a special benefit as per the COVID-19 Temporary Employee/Employer Relief Scheme (COVID-19 TERS). Refer to Note 20 - Benefit payments and Note 16 - Benefits payable, for further detail on these benefits.

COVID-19 TERS benefits are approved for payment to claimants in accordance with the conditions of the UI Act including the correction of benefits paid in error in current and prior years, noted by the Fund in the year under review.

COVID-19 TERS payments are recognised on the approval of the benefit claim. Provision is made at financial year end for Received But Not Approved claims (RBNA) and Incurred But Not Received claims (IBRN). An obligating event creates a legal or constructive obligation that results in the Fund having no realistic alternative to settling that obligation. The obligation event occurs when an employer as a direct result of



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Covid -19 pandemic close its operations and suffer financial distress. When the obligation event is incurred, a liability is recognised. The Fund is liable to only pay benefits for the cost of salary for the employees during the temporary closure of the business operations. Liability is measured at the salary benefits capped to a maximum amount of R17 712, 00 per month, per employee and an employee will be paid in terms of the income replacement rate sliding scale (38 % -60 %) as provided in the UI Act. Should an employee's income determined in terms of the income replacement sliding scale fall below the minimum wage of the sector concerned, the employee will be paid a replacement income equal to minimum wage of the sector concerned.

COVID-19 TERS benefits paid in error in current and prior years, noted / detected by the Fund, based on updated employee information and control processes are continuously corrected by raising over- and underpayments against individual beneficiaries in the financial year the error is noted / detected.

The over- or underpayment is accordingly accounted for against COVID-19 TERS benefit payments in the Statement of Financial Performance and trade and other receivables - disallowances / benefits payable in the Statement of Financial Position.

Recovery of COVID-19 TERS benefits paid in error is done in accordance with Section 35 of the UI Act and accounted for against trade and other receivables - disallowances on receipt of the recovery.

Employability (Formally known as Training of the Unemployed Schemes (TOU))

The Fund has invested in training and up-skilling programmes which are aimed at integrating the unemployed people back into the labour market and enhancing their employability. The TOU programmes are executed in partnerships with the training institutions, the various Sector Education and Training Authorities (SETAs) and other government departments engaged in poverty / unemployment alleviation initiatives

During the year under review, the Fund has prioritised the funding of TOU programmes that will result in meaningful employment for the programme beneficiaries, as well as enterprise development initiatives that have resulted in the establishment of cooperatives and Small, Medium and Micro-Enterprises (SMMEs) for the programme beneficiaries.

Business Turnaround & Recovery Programme (Formally known as Social Plan Funding)

The social plan is implemented through Productivity South Africa. Productivity South Africa implements the BT&RP for the benefit of companies that seek to improve their productivity. These services of the BT&RP have also been extended to companies that are in distress and are participating in the TERS programme

1.22 BUDGET

The Fund aligns its budget priorities with that of National Government and the Department of Employment and Labour by ensuring the budget delivers on priorities such as efficient service delivery, poverty alleviation and building sound institutional arrangements. The approved budget covers the period 1 April 2023 to 31 March 2024.

The Fund compiles its budget on a zero basis and the AFS on the accrual basis. The budget is approved on a zero basis by classification of expenditure by function. Since the AFS and the budget are not on the same basis of accounting, a reconciliation between the Statement of Financial Performance and the budget has been included in the AFS. Refer to note 44.



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The financial strategy of the Fund takes into account the requirements of the PFMA and National Treasury Regulations which require an integrated approach between the strategic plans of the Fund when allocating resources.

The Fund is mandated to operate on the basis of a surplus i.e. that current revenue exceeds current expenditure. The medium term budget is based on an approach ensuring that revenue exceeds the planned expenditure and potential liabilities. The Fund does not receive a budget allocation (vote) from National Treasury and the surplus as at reporting date is due to contribution collected exceeding claims and expenditure paid for the period under review. The Fund however carries the responsibility of future claims based on the contribution received.

Written approval is annually obtained from the National Treasury to retain surplus funds according to the PFMA Section 53 (2).

1.23 CONTINGENCIES

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund.

A contingent liability is:

- a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Fund; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36 - Contingencies

1.24 COMMITMENTS

Commitments are obligations arising from an existing agreement that will become an actual liability upon the fulfillment of specified conditions. Contractual commitments are therefore an obligation to the external parties of the Fund which arises with respect to any legal contract made by the Fund with those external parties.

The amounts disclosed in the Fund's annual financial statements under Commitments are the outstanding contractual commitments that will require a series of payments upon the fulfillment of specified contractual conditions over an indeterminate period.

Expenditure made against these contracts are included in the Statement of Financial Performance and the Statement of Financial Position in line with the fulfillment of the conditions specified in the contract.



ACCOUNTING POLICIES

1.25 PRINCIPAL AGENT RELATIONSHIP

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether the entity is the principal or the agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is the agent or the principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as the principal or the agent.

Assessing which entity benefits from the transactions with third parties

The entity is the agent when, in relation to transactions with third parties, all three of the following criteria are present:

- it does not have the power to determine the significant terms and conditions of the transaction;
- it does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit; and
- it is not exposed to variability in the results of the transaction.

If the Fund concludes that it is not the agent, then it is the principal in the transactions.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.



ACCOUNTING POLICIES

1.26 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Fruitless and wasteful expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to fruitless and wasteful expenditure incurred in the current financial year with a one previous financial year comparative analysis.

Fruitless and wasteful expenditure for previous financial year (comparative amounts) must be recognised in the period in which they occurred as follows:

- (a) fruitless and wasteful expenditure incurred and confirmed in the previous financial year;
- (b) fruitless and wasteful expenditure that was under assessment in the previous financial year and confirmed in the current financial year; and
- (c) fruitless and wasteful expenditure that was not discovered in the previous financial year and identified and confirmed in the current financial year.

Additional information relating to fruitless and wasteful expenditure under assessment, determination, investigations, narratives and a process of dealing with the concerned fruitless and wasteful expenditure must be recorded in the annual report of the Fund.

1.27 IRREGULAR EXPENDITURE

Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2022/2023 which was issued in terms of sections 76(2)(e) to 76(4) (a) of the PFMA requires the following (effective from 3 January 2023):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements, is recorded in the register and disclosed in the notes to the financial statements.



ACCOUNTING POLICIES

Irregular expenditure when incurred and confirmed is recorded in the annual financial statements disclosure. This relates to irregular expenditure incurred in the current financial year, with a one financial year comparative analysis.

Additional information relating to irregular expenditure under assessment, determination, investigation, narratives and the process of dealing with the irregular expenditure is recorded in the annual report of the Fund.

1.28 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance to GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the Fund restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Fund restates the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Details of changes in accounting policies, change in estimates and correction of errors are disclosed in Note 42 to the financial statements where applicable.

1.29 SEGMENT INFORMATION

The Fund is organised and reports to management on a consolidated and centralised basis, i.e. there are no specifically identifiable segments, and the annual financial statements as presented are considered sufficient to provide users with an understanding of the Fund's operations.

The Fund is based in, and conducts its activities from head office.

1.30 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.



ACCOUNTING POLICIES

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, it discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.31 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.32 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 46 - Comparative figures.

1.33 ADMINISTRATION AND OPERATING EXPENDITURE

The Fund discloses its expenses by function. The function of expense method analysis expenses according to the Fund's programmes.

The budget and subsequent expenditure structure of the Fund has been aligned to strategic objectives as identified in the strategic plan. In order to continue to improve the service delivery efforts, it is important that the core functions of the Fund are adequately funded and the programme structure with the budget allocated per strategic objective assists in ensuring that there is adequate funding for the core operations. The Medium Term Expenditure Framework (MTEF) for 2020/2021 budget has been developed using these budget programmes where each of the Fund's cost centres are represented under strategic objectives, and against which the Fund disburses and allocates its expenditure.



ACCOUNTING POLICIES

Operating costs and administrative costs are differentiated in that operating costs are related to the cost centres within the Fund to execute its business operations and services whereas administrative cost are more general in executing a supportive function to the Fund's business operations. General costs are classified and disclosed under administrative costs.

The Fund has three programmes; Programme 1; Administration, Programme 2; Business Operations and Programme 3; Labour Activation Programmes.

Department of Employment and Labour Claim for expenditure incurred on behalf of the Unemployment Insurance Fund

Department of Employment and Labour functions on a basis of shared services in all its Offices. The Public is serviced in Regional Offices with regards to all services of the Department and its entities. Expenditure is therefore shared on a split percentage basis. A claim is submitted monthly for the UIF to settled the expenditure incurred by the Department of Employment and Labour as detailed in the claim.

DEL claim expenditure is recognised as expenditure when the DEL claim file summarising monthly expenditure incurred by DEL per expenditure line item as extracted from the BAS accounting system is received from the Department of Employment and Labour.

Provincial and Regional Offices are therefore required to ensure sharing of services on a fair and transparent manner. The offices have to comply with Circular no. 7 of 2011 (and previously circular no.2 of 2009) which regulates and guides sharing of expenditure incurred by the Department whilst servicing the clients of the Department and its entities.

UIF managers in Regional and Provincial Offices are tasked with verification of expenditure in accordance with Circular no. 7 Of 2011 on a monthly basis for their respective Regions and Provinces. These signed off monthly reports are submitted to UIF Head Office Finance and are compared with the DEL claim before settlement is made for re-imburement of the Department of Employment and Labour for expenditure incurred on behalf of the UIF in the Department's Offices.

1.34 MATERIAL LOSSES

Material Losses is the loss of financial assets where the investigation by the Anti-Corruption and Integrity Management directorate of the Fund has confirmed that there was a financial loss that needs to be referred to law enforcement agencies.

The expenditure is incurred for service rendered or goods received on the basis of requisition or invalid claim for benefits due to fraud and/or any other reason not prescribed by the Fund. Invalid and/or fraudulent claims for benefit will be reported and investigated.

All expenditure relating to material losses is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expenses, and where recovered, it is subsequently accounted for as income in the statement of financial performance.



ACCOUNTING POLICIES

If the expenditure is ruled upon with the legal route as recoverable it is treated as an asset until it is recovered or written off as irrecoverable. Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstance. The nature or size of the information item, or a combination of both, could be the determining factor.

Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

The following standards and interpretations of GRAP relevant to the Fund and its operations were adopted by the Fund during the year under review.

IGRAP 21 - The effect of past decisions on materiality

Background

Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. The interpretation explains the implication of adopting accounting policies for material items based on the Standards of GRAP as well as applying accounting treatments for immaterial items.

The interpretation applies to accounting policies and alternative accounting treatments related to the recognition and measurement of items. The presentation and disclosure of items are dealt with in the Standards of GRAP on the Presentation of Financial Statements.

IGRAP 21 addressed the following issues:

- Whether past decisions about materiality affected subsequent reporting periods.
- Whether applying new treatments based on materiality was a departure from the Standards of GRAP or an error.

The impact of the application of IGRAP 21 was not material.

Amendments to GRAP 1 on Presentation of Financial Statements as a result of changes agreed as part of developing the Guideline on the Application of Materiality to Financial Statements

There was no impact to the presentation of the Fund's financial statements based on the development of the guideline on the application of materiality.

Improvements to the Standards of GRAP 2020

The impact of the application of the improvements to the Standards of GRAP 2020 was not material.

There following standards and interpretations of GRAP are not relevant to the Fund and its operations:

Revised GRAP 25 on Employee Benefits and related IGRAP7 on The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction.

Guideline on Accounting for Landfill Sites.

2.2 STANDARDS AND INTERPRETATIONS EARLY ADOPTED

The Fund has not early adopted any standards and interpretations approved by the ASB but not yet effective during the year under review.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.3 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The following standards and interpretations applicable to the Fund have been published by the ASB, but not yet effective and are mandatory for the Fund's accounting periods on or after 1 April 2024 or later periods:

GRAP 104 - Financial Instruments

Background

Entities apply the accounting policies set out in the Standards of GRAP, except when the effect of applying them is immaterial. This interpretation explains the implications of adopting accounting policies for material items based on the Standards of GRAP as well as applying accounting treatments for immaterial items.

The Interpretations applies to accounting policies and alternative accounting treatments related to the recognition and measurement of items. The presentation and disclosure of items are dealt with in the Standards of GRAP on the Presentation of the Financial Statements

GRAP 104 addresses the following issues:

- Changes to the components of net assets to include changes in revaluation surplus and Intangible Assets
- Gains and losses arising from translating the financial statements of a foreign operation and
- For particular liabilities designated as at fair value through surplus or deficit, the amount of the change in fair value that is attributable to changes in the liability's credit risk

The impact of the application of GRAP 104 is not known to the Fund or reasonably estimable.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
3. OTHER FINANCIAL ASSETS		
Designated at fair value		
Bills	476,876	98,809
Bonds	84,517,007	81,457,127
Listed equity	38,627,393	28,756,007
Unlisted equity	867,575	937,789
Unlisted financial instruments	41,247	41,168
	124,530,098	111,290,900
At amortised cost		
Fixed deposits	8,047,137	6,616,852
Investment income receivable	11,753	38,770
Unlisted investments	9,084,734	8,913,720
	17,143,624	15,569,342
Total other financial assets	141,673,722	126,860,242
Non-current assets		
At fair value	83,042,460	74,778,160
At amortised cost	9,084,734	8,913,720
	92,127,194	83,691,880
Current assets		
At fair value	41,487,638	36,512,741
At amortised cost	8,058,889	6,655,622
	49,546,528	43,168,363
Non-current assets	92,127,194	83,691,880
Current assets	49,546,528	43,168,363
	141,673,722	126,860,243

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets. Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Level 3 applies inputs which are not based on observable market data.		
Level 1		
Bonds	49,416,493	43,339,974
Listed equities	26,004,788	18,999,081
Unit trusts (foreign)	12,622,605	9,756,926
	88,043,886	72,095,981
Level 2		
Bills and negotiable certificates of deposits	476,876	98,809
Bonds	35,100,514	38,117,154
	35,577,390	38,215,963
Level 3		
Unlisted equity	867,575	937,789
Unlisted financial instruments	41,247	41,168
	908,822	978,957
	124,530,098	111,290,901

Assumptions applied in determining the fair values of financial instruments in level 2 and 3

Listed Shares/Equity: valuation is based on JSE Closing prices from IRESS/I-Net Bridge.

Unlisted Shares/Equity: Valued by external valuation experts based on valuation techniques relevant to the nature of the investment.

Bonds: valuation is based on Market to Market prices/yields from the Bond Exchange of South Africa (BESA).

Bills: valuation is based on Money Market yield curve, where the curve is constructed by the Rand Overnight Deposit Rate and the JIBAR 1-month, 3-month, 6-month and 12-month rates.

Unlisted Financial Instruments: Valued by external valuation experts based on valuation techniques relevant to the nature of the instrument.

The PIC and the Fund is negotiating with the Landbank via National Treasury on how to restructure agreements to collect the outstanding default balance from Landbank in the amount of R642,883,230. The negotiation process commenced in May 2020, but a conclusion has not been reached.

Allowance for expected credit losses

The impairment amounts for unlisted financial assets recognised at amortised cost are determined by the Fund's external valuers and are recognised directly in the impairment account, therefore no allowance for credit losses is applicable.

The following factors are considered by the external valuers in determining whether the financial assets are impaired:

- The counterparty is experiencing significant financial difficulties.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
<ul style="list-style-type: none"> • There has been a breach of contract, such as a default. • The Fund has, for economic or contractual reasons relating to the counterparty's financial difficulties, granted the counterparty a concession • It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation. • An active market for the financial asset has disappeared because of financial difficulties. • There has been a purchase or origination of the financial asset at a deep discount that reflects incurred credit losses • There have been significant changes in national or local economic conditions that correlate with defaults or counterparties. • The movements recognised were R509 million for 2024 (2023: R509 million). 		

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Interest and dividends receivable	1,090,021	398,834
Rent receivable	13,119	8,475
Allowance for impairment - Rent receivable	(7,404)	(5,348)
Sundry receivables	15,487	15,427
Allowance for impairment - Sundry receivables	(15,138)	(15,109)
	1,096,085	402,279

None of the receivables from exchange transactions were pledged as security.

Receivables from exchange transactions past due but not impaired

Receivables from exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2024, R1,090 million (2023: R398.8 million) were past due but not impaired.

The amounts past due but not impaired are as follows:

1 month past due	1,090,021	398,834
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Receivables from exchange transactions impaired

As of 31 March 2024, rent receivables from exchange transactions of R13.1 million (2023: R8.4 million) were impaired and an allowance raised. The amount of the allowance was R7.4 million as of 31 March 2024 (2023: R5.3 million).

The ageing of these receivables is as follows:

Rent receivable

0 to 3 months	1,650	1,257
3 to 6 months	838	1,197
More than 6 months	10,631	6,021
	13,119	8,475



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
As of 31 March 2024, sundry receivables from exchange transactions of R15.4 million (2023: R15.4 million) were impaired and provided for.		
The amount of the allowance for impairment was R15.1 million as of 31 March 2024 (2023: R15.1 million). The ageing of these receivables is as follows:		
Sundry receivables		
0 to 3 months	97	292
3 to 6 months	-	1
More than 6 months	15,390	15,134
	15,487	15,427

Reconciliation of allowance for impairment of receivables from exchange transactions

Impairment for rent receivable

Opening balance	5,348	1,315
Allowance for impairment	2,056	4,033
	7,404	5,348

Impairment for sundry receivables

Opening balance	15,109	15,111
Allowance for impairment	29	(2)
	15,138	15,109

The creation and release of the allowance for impaired receivables have been included in operating expenses. Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

The allowance for impairment relates to for rent receivable from third parties. Rent receivable includes rent receivable from other government departments for which no impairment allowance was raised.

Factors considered for impairment of rent from third parties include customer collectability assessments on outstanding debt.

The allowance for impairment on sundry receivables was made in respect of recoveries from staff debtors where the employee is no longer employed by the Fund.

The Fund mitigates the risk of non-settlement of staff debt at exit stage by ensuring that employees who exit the Fund, voluntarily complete the confirmation of debt form. With regards to LAP advance payments, the funding agreement stipulates the funding will be forfeited should the institution breach the LAP funding agreement.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Transactions under investigation debt	310,469	338,985
Allowance for impairment - transactions under investigation debt	(265,210)	(227,296)
Disallowances and overpayments debt	302,267	329,621
Allowance for impairment - disallowances and overpayments debt	(302,545)	(303,675)
Legal claims - contributions debt	6,087	5,198
Allowance for impairment - legal claims debt	(5,721)	(5,146)
Covid19 TERS Receivable	22,374	26,452
Allowance for impairment – Covid-19 TERS Receivable	(1,566)	(12,697)
	66,155	151,442

None of the receivables from non-exchange transactions were pledged as security.

None of the financial assets that are fully performing have been renegotiated in the last year.

Transactions under investigation

Transactions under investigation debt decreased from R338.9 million in 2023 to R310.4 million in 2024.

The Fund is vulnerable to fraudulent claims and is dependent on employee information supplied by employers via declarations and claimants' affidavits that they are unemployed. Once a suspected fraudulent transaction is identified, the Fund investigates and refer matters to law enforcement agencies for criminal and civil action.

Transactions under investigation are transactions where there is objective evidence requiring investigation by Risk Management such as intercepted payments, office errors, bank errors, unauthorised bank transactions, incorrect contribution refunds, incorrect COVID TERS payments and all other transactions where objective evidence require investigation. Risk Management Transactions are categorised into Transactions under investigation and Actual fraud detected.

Actual Fraud detected are 100% impaired until evidence exists that measurable and probable economic benefits will flow to the Fund or there is no recovering probability and amounts are written off against the receivables' account. The transactions under investigation for COVID TERS are impaired on a recovery rate for the year, which is calculated based on the debtor balance of COVID TERS and the COVID TERS receipts. The portion not impaired for during the financial year under review are new transactions under investigation for which the recovery probability was not certain. Recoveries of amounts previously written off are disclosed under other revenue from non-exchange transactions in the Statement of Financial Performance.

Disallowances and overpayments debt

Disallowances and overpayments debt balance decreased from R329.6 million in 2023 to R302.2 million in 2024.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
The ageing of disallowances and overpayments debt are as follow:		
0 to 3 months	62,849	103,888
3 to 6 months	27,598	26,025
More than 6 months	211,820	199,708
	302,267	329,621

Risk of paying benefits in error

There is an inherent business risk of paying benefits in error with reference to the UI Act.

The UI Act proclaims:

1. Section 14(a)(ii) - "A contributor is not entitled to benefits for any period that the contributor was in receipt of any benefit from the Compensation Fund... as a result of an occupational injury or disease, which injury or disease caused the total or temporary unemployment of that contributor."
2. Section 56(2)(c) - Every employer must furnish the names, identification numbers and monthly remuneration of each of its employees.
3. Section 56(3) - Every employer must, before the seventh of each month, inform the Commissioner of any changes during the previous months in any information furnished in terms of section 2(c). Section 56(4) empowers the Commissioner of the Fund to request the employer to provide additional particulars which may be required to give purpose to the UI Act. The Fund is dependent on employee information declared to the Fund by employers in calculating entitled benefits. The Fund receives electronic declarations from employers with payroll facilities (according to specific Fund requirements) and manual declarations from employers without payroll facilities or when limited employee information has changed. Employers neglect to submit information, submit incomplete information, submit information in the incorrect format or submit the required employee information late.

The accuracy, completeness and timeliness of the information in the Fund's declaration database impact on the accuracy of the calculation of benefits and payments. Based on the available employee information the calculation can be less or more than the entitlement, which creates possible liabilities or receivables for the Fund. To detect possible under- or overpayments, an electronic adjudication functionality was introduced by the Fund.

The lack of accurate and timely employee information presents risk of incorrect payments by the Fund.

Mitigation of the risk of paying inaccurate claims

The Fund's claim approval process requires affidavits from the applicants that at the time of application for unemployment benefits he/she "is not in receipt" of benefits and is unemployed.

The lack of timely employee information and misrepresentation from claimants compromise controls to prevent claims being paid to claimants whilst "in receipt" of benefits and/or is employed. The Fund confirms where possible whether claimants are in receipt of compensation benefits.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Adjudication / updated employee information received

Electronic adjudication functionality was introduced by the Fund to enable the detection of transactions or entries with discrepancies when updated employee information is received from the employer. Exception Assessors' investigations reveal that these discrepancies result in either overpayments or underpayments being raised, in some cases the discrepancy results in no financial transaction or correction being required. The underpayments are raised as liabilities and are settled in the period noted. When overpayments are raised the debt is pursued in accordance with the UI Act, PFMA and National Treasury Regulations.

Overpayment policy

An overpayment policy was developed to guide, assist and standardise the management of debts arising from benefits paid in error by the provincial offices. When overpayments (benefits paid in error) are noted the Fund starts with the recovery of benefits paid in error as per section 35 of the UI Act and institutes section 61(6) to recover the loss from any outstanding benefits payable which are due. In addition, the Fund may institute the suspension of contributors as per UI Act section 36. Since the approval of the policy there has been a major improvement in the general administration of debt management.

Debt collection

During the financial year under review the Fund collected R98 million in total; in set offs, R95 million and bank deposits R3 million. For the financial year ended 31 March 2023 the Fund collected R102 million in total; in set offs R99 million and bank deposits of R3 million.

A bank account verification process was implemented. This prevented overpayments raised due to incorrect bank details (capturing errors).

Legal claims - contribution debt

Legal claims - contribution debt balance increased from R5.1 million on 2023 to R6 million in 2024. The ageing of legal claims is as follows:

1 to 6 months	415	328
7 to 12 months	80	124
More than 12 months	5,592	4,746
	6,087	5,198

Risk of loss of revenue from claim debtors

Contributors who are either deceased, or go into liquidation of insolvency due to financial distress, present a financial risk to the Fund.

The Fund's exposure can be limited through the lodging of claims with liquidators, as published in the Government Gazette in order to recover all monies owed to the Fund.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Covid Ters Debt

Covid Ters debt balance decreased from R26.4 million in 2023 to R22.3 million in 2024. Reconciliation of allowance for impairment of receivables from non-exchange transactions Allowance for impairment for transactions under investigation debt

The amount of the allowance for impairment was R265 million as at 31 March 2024 (2023: R227 million):

Opening balance	227,296	95,886
Movement	37,914	131,410
	265,210	227,296

Factors considered for impairment are based on historical evidence of recoverability and non-recoverability of transactions under investigation.

Allowance for Impairment of disallowances and overpayment debt

The amount of the allowance for impairment was R302 million as at 31 March 2024 (2023: R303 million).

Opening balance	303,675	290,428
Movement in prior year allowance	6,926	4,675
Amounts written off as uncollectable	(100,684)	(103,158)
Disallowances and overpayments cancelled	(211)	(5,615)
Disallowances and overpayments recovered	(21,140)	(17,575)
New allowances for impairment	113,979	134,920
	302,545	303,675

The above reconciliation only provides for the movement of the allowance between the prior and the current financial year and therefore only reflects written-off amounts that were previously provided for.

Factors considered for impairment are based on the age of the receivable (younger and older than 60 years), history of the recovery of payments (the receivable currently settling the debt, or no history exists), whether the overpayments are older than 270 days and whether the receivable is a South African citizen or not.

Allowance for impairment of legal claims contribution debt

The amount of the allowance for impairment was R5 million as at 31 March 2024 (2023: R5 million)

Opening balance	5,146	7,708
Movement in prior year allowance	(219)	(9)
Amounts written off as uncollectable	(626)	(3,178)
Contribution debt recovered	(344)	(58)
New allowance for impairment	1,764	683
	5,721	5,146

The above reconciliation only provides for the movement in allowance between the prior and the current financial year and therefore only reflects written-off amounts that were previously provided for.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Factors considered for impairment are based on historical evidence of recoverability and non-recoverability of legal claims.		
Allowance for impairment of Covid-19 TERS debt		
The amount of allowance for impairment was R1 million as at 31 March 2024 (2023: R12 million).		
Opening balance	12,697	5,866
Movement in prior year allowance	(8,365)	367
Contribution debt recovered	(2,970)	(2,817)
New allowance for impairment	204	9,281
	1,566	12,697

Factors considered for impairment are based on historical evidence of recoverability and non-recoverability.

6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Funds at National Treasury are contribution revenue collected by SARS from registered employers, declared as owing to the Fund on reporting date through the National Revenue Account. Employers with employees earning more than the tax threshold are required by legislation to register their businesses at SARS and the Fund and pay Unemployment Insurance contributions to SARS. Employers pay contributions of 2% of the value of each employee's pay per month. The employer and employee each contribute 1% and the 1% contribution is capped at R17,712.00 per month.

Per legislation SARS is required to levy interest on overdue accounts and all contributions are payable to the Fund as per the UI Contributions Act, section 11(3). The Director General must, within 14 days after receipt of the notice from the Commissioner in terms of section 8(4), authorise the transfer of the amount of the contributions, interest and penalties paid into the NRF to the Fund. Funds are requested by the Fund via the Department of Employment and Labour.

The Fund had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

National Treasury	2,148,216	2,054,411
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Statutory receivables impaired:

Statutory receivables were not considered to be impaired as these receivables originate from the UI Contributions Act between SARS and the Fund. Section 11(1) of the UI Contributions Act states that contributions, interest and penalties collected by SARS in terms of this Act must, after deduction of any refunds, be paid into the NRF. Subsequently, according to section 11(2) of the UI Contributions Act, the total amount of contributions, interest and penalties paid into the NRF in terms of subsection (1) is a direct charge against the NRF for the credit of the Fund. SARS is required according section 8(4) to notify the Director-General of the Department of Employment and Labour of the amount of the contributions, interest and penalties collected from, and refunds made to, employers during the previous month after which, in 14 days after receipt of the notification the Director-General authorises the transfer of the SARS collections paid into the NRF to the Fund.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
7. PREPAYMENTS		
Prepayments - GCIS	7,413	8,934
Prepayments - LAP	9,497	1,936
Prepayments - Other	5	6
	16,915	10,876

Prepayments relate to advance payments made to the following organisations:

Government Communication and Information System (GCIS)

Prepayments were made in relation to advertising, exhibitions and marketing.

Other prepayments

National School of Government

LAP Partners

Prepayments relate to advance payments made for training programmes in terms of Section 48(1)(a)(iv) of the UI Act, as amended and Section 5(d) of the UI Amendment Act, No.10 of 2016 that provides that the Fund must be used for financing of the retention of contributors in employment and the re-entry of contributors into the labour market and any other scheme aimed at vulnerable workers. The programmes for which prepayments were made relate to LAP Training of the Unemployed (TOU) and Temporary Employer/Employee Relief Schemes (TERS). The remaining balance of advances made to Labour Activation Programmes (LAP) partners was R9.4 million as at 31 March 2024 (2023: R1.9 million).

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	1,863,332	2,363,666
Short-term deposits	1,200,000	200,000
	3,063,332	2,563,666

Cash on hand and bank balances

Cash at banks earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is R3,063 million (2023: R2,563 million).

Pledged as security

None of the Fund's assets has been pledged as collateral of any kind.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand

2024
R'000

2023
R'000

9. INVESTMENT PROPERTY

	2024	2023
	Cost / Valuation	Cost / Valuation
Land and buildings	573,124	511,032

Reconciliation of investment property - 2024

	Opening balance	Additions	Fair value adjustments	Total
Land and buildings	511,032	143,105	(81,013)	573,124

Reconciliation of investment property - 2023

	Opening balance	Additions	Fair value adjustments	Total
Land and buildings	476,174	113,643	(78,785)	511,032

Pledged as security

No investment property was pledged as security.

Investment property in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Investment property

Opening balance	747,455	633,812
Additions/capital expenditure	143,105	113,643
Transferred to completed items	-	-
	890,560	747,455

Details of property

Erf 895 (a portion of Erf 252), Bisho

Extent 826 m², Title deed number: T376/1985-CS

- Purchase price: 2 May 1985	41	41
- Additions since purchase or valuation	23,256	23,256
- Refurbishments (work-in-progress)	-	-
- Fair value adjustment	(9,797)	(6,697)
	13,500	16,600

The valuation was performed by Spectrum Valuations and Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations and Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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The Discounted Cash Flow Method of valuation was the preferred method of valuation and the basis on which the Value-in Use Value of the property was determined. In this instance the property's value-in use can be considered its market value and ultimately its fair value.

The current gross rental is R160.82/m², escalating at 5% per annum.

The Subject Property is a double-story office block. The entrance is provided on Phalo Avenue to the South of the subject property with the emergency fire escape located on the northern side of the subject property. Parking is street parking and additional open field parking is provided to the north of the Subject Property. The improvements forming part of the Subject Property have been noted to predominantly be in below-average condition as expected for this type of property and building within this area. Some maintenance issues were however noted as required on site although not material in terms of having an impact on the Market Value of the Subject Property. These maintenance issues like gardening that have to be attended to ensure that the Subject Property is in well-maintained condition.

The Subject Property is located on the corner of Phalo Avenue and Rharhabe Road, in Bisho CBD, Eastern Cape. Bisho CBD is mainly an office node owing to its history as the capital of the former Ciskei homeland and is currently the Provincial Capital as the Eastern Cape government. The Subject Property, as well as the node within which it is located, is an office node and houses The Provincial Legislature, Premier's Residency, Traditional Leaders House and many Eastern Cape government department offices. Some of the buildings in the node are dated, however, new offices have been built to the south of the CBD with over 6,000m² built in 2020 and an additional 8,000m² to be available later in the year to have 14,000m² available of office accommodation. The Bisho node is further located north of King Williams Town, and about 70km from East London. The Subject Node, together with the surrounding areas, accommodates a number of amenities in the form of private and public facilities, products, services and other different types of offerings, all benefiting the residents in the area as well as the surrounding areas.

As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Market Capitalisation Rate of 11.25% (2023: 10.50%)
- Exit Capitalisation Rate of 12.25% (2023: 11.50%)
- Discount Rate of 15.75% (2023: 14.50%)
- Escalation of new rental of 5.00% (2023: 6.50%)
- Vacancy Rate of 10.00% (2023: 2.00%)
- Expense Growth Rate of 6.50% (2023: 6.50%)

Portion 5 (remainder extent) of Erf 43, Thohoyandou

Extent of portion 5: 2 051 m², Title deed number: TG83889/2011PTA

- Purchase price: 24 November 2011	1,940	1,940
- Refurbishments (work-in-progress)	35,750	35,710
- Fair value adjustment	(22,290)	(18,100)
	15,400	19,550



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand

2024	2023
R'000	R'000

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation experts elected to apply the Discounted Cash Flow Method, as the primary method, to determine the value.

The building was inherited from the Venda Government after amalgamation and was probably built more than 15 years ago as a three-storey office building. The property is currently improved with 1 903m² of existing office building and is deemed as the highest and best use of the property. Office rentals range between R83/m² and R114/m² in the market for this designated area.

A gross monthly market rental of R128.80/m² was assumed in the valuation with an annual escalation of 5%.

The Subject Property has been improved with a single three-storey office block. The improvement has been built to take advantage of the slope. The external finishes are painted face brick, a glass facade with some sections covered in tiles and plaster. The internal finishes consist of suspended ceilings, plastered brick walls and dry walling in some sections for partitions and floors are concrete covered in tiles and carpets. The improvements forming part of the Subject Property have been noted to predominantly be in average to below average condition as expected for this type of property and building within this area. Some maintenance issues were however noted on site although not material in terms of having an impact on the Market Value of the Subject Property.

The Subject Property comprises of 2 portions of land being Portions 4 and 5 of Erf 43 Thohoyandou-BA. The Subject Property as a whole is located along Garden Route within the boundaries of the Thulamela Local Municipality and as a corner site, enjoys exposure from Garden Route as well as 2 unnamed streets; accessibility to the site is achievable from the unnamed streets. Portion 4 of Erf 43 Thohoyandou-BA has been noted during the site inspection to be irregular in shape and fairly flat in gradient while Portion 5 of Erf 43 Thohoyandou-BA has been noted to be fairly rectangular in shape and fairly flat in gradient. The Subject Property is further surrounded by a perimeter boundary with specific site entrance and exit points.

As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Market Capitalisation Rate of 11.75% (2023: 11.50%)
- Exit Capitalisation Rate of 12.50% (2023: 12.00%)
- Discount Rate of 16.25% (2023: 15.00%)
- Escalation of new rental of 5.00% (2023: 6.00%)
- Vacancy Rate of 10.00% (2023: 2.00%)
- Expense Growth Rate of 6.50% (2023: 8.00%)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Erf 1112, Marshalltown, City of Johannesburg		
Extent 2 082 m ² , Title deed number: T37743/2018		
- Purchase price: 30 August 2018	74,897	74,897
- Additions since purchase or valuation	-	-
- Fair value adjustment	(21,199)	(10,499)
	53,698	64,398

The Building comprises of 18 floors configured to 4 basement parking levels and 14 floors above including the ground floor. The outside of the building is concrete, plastered with aluminum glass finishes with black steel fence around the street facing ends. Access into basement parking is both on Marshall Street and Anderson Street. The inside of the building has A-grade finishes which are white boxed with a combination of open office space and glass partitioned reception landing areas. The basement offers a space for a gym facility for tenants and 170 basement parking bays. There are 6 operational lifts. The subject property fully vacant, has been for some time and without constant upkeep its condition will deteriorate.

The valuation was performed by Broll Valuation and Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation and Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The valuers elected to apply through the interpretation and forecast of the 5 Year Discounted Cashflow Method of Valuation to determine the fair value.

A gross monthly market rental of R70/m² gross, with parking spaces available at R700 per parking bay was assumed in the valuation.

The following valuation parameters were applied on the investment:

- Vacancy Rate of 5.00% (2023: 7.00%)
- Discount Rate of 16.00% (2023: 16.50%)
- Exit Capitalisation Rate of 11.00% (2023: 11.50%)
- Escalation of new rental of 2.00% (2023: 5.00%)
- Expense Growth Rate of 6.50% (2023: 6.50%)

Erf 222, Annadale, Polokwane

Extent 2 855 m², Title deed number: T2409/2019

- Purchase price: 7 September 2019	10,118	10,118
- Additions since purchase or valuation	-	-
- Refurbishments (work-in-progress)	1,188	1,103
- Fair value adjustment	(5,306)	1,904
	6,000	13,125



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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There is currently a lease in place with the Tshwane University of Technology to use the property as student accommodation for its students. The Fund has a 25% share in this property.

The Subject Property has been improved with 6 triple storey residential blocks currently utilised as student accommodation. The residential improvements comprise of 30 units with each unit occupying 3 floors; the ground and first floors of each unit have separate entrances while the second floor is a loft accessible from the first floor through internal stairs. Each floor of each unit further accommodates 2 single beds per floor while the ground and first floors of each unit accommodate kitchen and shower facilities. Other improvements noted during the site inspection include a management office, paved external reticulation areas, covered and uncovered parking bays as well as a perimeter boundary wall with guarded single access and exit points. The Subject Property further accommodates 2 temporary wooden structures with 1 utilised as a security guard room and the other utilised as a laundry room; these structures, due to their nature, have not been included as part of the Gross Floor Area. The improvements forming part of the Subject Property as a whole have been noted to predominantly be in below-average condition. The discussion with the property owner is that renovations are imminent and should be completed before end of the calendar for students to take occupation in 2025.

Market Rent of R2,894.02 per month.

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The Discounted Cashflow Method of Valuation in the derivation of Market Value for the Subject Property.

As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Exit Capitalisation Rate of 10.75% (2023: 10.00%)
- Capitalisation rate of 10.25% (2023: 9.00%)
- Discount Rate of 14.75%
- Vacancy Rate of 3.00%
- Expense Growth Rate of 6.50% (2023: 6.00%)
- Escalation of renewal period of 5.50% (2023: 6.00%)

Erf 7339, Bendor, Extension 86, Polokwane

Extent 6 819 m², Title deed number: 3656/2019T

- Purchase price: 20 May 2019	4,060	4,060
- Refurbishments (work-in-progress)	37,323	36,683
-Fair value adjustment	(11,308)	(6,468)
	30,075	34,275



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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The Subject Property comprises a 408 Bed Student Accommodation facility and is improved to 3 main structures; the boy's block recognised as Block A, the girl's block recognised as Block B and the main auxiliary block housing the Guard House, Recreation Centre, Cafeteria and Admin office. The residential improvements, each comprising 204 beds housed in 102 rooms with each room accommodating 2 beds. Each floor is further planned to accommodate 34 rooms and 68 beds, with shared bathroom and kitchen facilities on each floor. All improvements are noted to be in good condition and have been built with brick and mortar and some sections are painted and plastered for aesthetics, the floors are concrete with a screed finish, and IBR roofing.

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The valuation expert has taken note of the purchase price in 2018 of R14 000 000 that show a rate of R1140/m² based on the bulk land, also the selling price the previous land value showed an 8% year on year increase that seems to be to the higher end of the market but not unreachable in the large Polokwane area.

Erf 7339 Bendor Extension 86, being the Subject Property, is located within the boundaries of the Polokwane Local Municipality at the location noted as Corner Diemeer Street and Hillary Drive, Bendor, Polokwane. As a corner site, the Subject Property enjoys exposure from both streets although accessibility is only achievable from Hillary Drive. The site / land on which the improvements are located is considered to be slightly irregular in shape and slightly downward sloping in gradient from the Southern boundary towards Diemeer Street. The site as a whole is surrounded by a perimeter boundary wall while the external reticulation areas, predominantly a large vacant portion of land, have been left in their natural vegetation state.

The valuator elected to apply the Discounted Cashflow method of valuation, as the primary method, in order to determine the value.

As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Market Rent of R3,472.83 per month
- Exit Capitalisation Rate of 11.25% (2023: 10.25%)
- Capitalisation Rate of 10.25% (2023: 9.00%)
- Vacancy reversion rate of 3.00% (2023: 2.00%)
- Expense Growth Rate of 6.50% (2023: 0.00%)
- Escalation of new rental of 5.50% (2023: 0.00%)

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng

Extent 8 454 m², Title deed number: 8852/1992T

- Purchase price: 13 February 1992	7,875	7,875
- Additions since purchase or valuation	41,616	41,616
- Refurbishments (work-in-progress)	379,112	379,054
- Fair value adjustment	(155,703)	(201,044)
	272,900	227,501



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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The property is currently being developed with an eight-storey commercial office building. The building improvements are to further comprise of a cafeteria and event space on the roof of the parkade. Site improvements will include a guardhouse, parking bays as well as a perimeter boundary wall with guarded single access and exit points. On completion, the improvements are expected to be of modern A-grade standard, with routine maintenance and cleaning noted as required in order to ensure that the improvements and the property as a whole remain in well-maintained condition.

The valuation was performed by Broll Valuation and Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation and Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The valuers elected to adopt the discounted cash flow methodology in terms of which estimated gross income is projected for a Five (5) year period, based on contractual arrangements and an estimated market rent upon the expiry of leases after the date of valuation.

The gross rental average rate of R180.00/m² for the space would be applicable taking into account the size and quality of the accommodation as well as the location of the property. We have also allowed for a parking rental of R1,000/basement bay.

The following valuation parameters were applied on the investment:

- Capitalisation Rate of 9.25% (2023:10.50%)
- Reversionary Capitalisation of 9.75% (2023: 11.50%)
- Discount rate of 14.75% (2023:15.75%)
- Income Growth Rate of 2.00% (2023: 5.25%)
- Expense Growth Rate of 6.50% (2023: 6.50%)
- Gross rental average of R180.00/m² and a parking rental of R1,000/basement bay

Erf 834 portion 50, Sunnyside, Pretoria and Erf 82 and Erf 83 Trevenna, and

Erf 1431 and Erf 1432 Sunnyside, Pretoria

Extent 743 m², 308 m² and extent 2 519 m² Title deed number: T85860/2017, T85860/2017 and T93418/2015
Extent 974 m² and extent 4 695 m² Title deed number: T85860/2017 and T85860/2017

- Purchase price: 29 October 2015 and 22 November 2017	54,078	54,078
- Refurbishments (work-in-progress)	241,409	208,694
- Fair value adjustment	(240,487)	(154,672)
	55,000	108,100

Currently the process to consolidate and register Remainder of Erf2, Remainder of Portion1 of Erf5, Remainder of Portion2 of Erf6, Remainder of Erf60, Erf82 and Erf83 Trevenna into Erf90 Trevenna will be finalized post the valuation date.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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The consolidation and registration processes of Remainder of Portion50 of Erf843, Remainder of Portion39 of Erf834, Remainder of Erf1422, Erf1432 and Erf1432 into Erf1458 Sunnyside will also be finalized post the valuation date. The Municipality has approved the consolidation and rezoning of the above properties. The Surveyor Generals Office and Deeds Offices processes are yet to be finalised.

The process to transfer and register Remainder of Erf2, Remainder of Portion1 of Erf5, Remainder of Portion2 of Erf6 and Remainder of Erf60 from the City of Tshwane Municipality to the UIF has not been finalized, however a sale agreement is in place and signed by all parties and a lodgement will be submitted to the Deeds Office in the new financial year. The valuation expert applied all these assumptions as conditions in the valuation as at 31 March 2022.

The Fund bought the properties which are adjacent to each other to develop a 11,661m² "Labour Campus" to accommodate the Fund, Compensation Fund and the Department of Employment and Labour. National Treasury has granted approval for the Compensation Fund and the Department of Labour to participate in the development.

Improvements to the Property will comprise of three 24 storey office buildings with 13 floors of office space,10 levels of parking including 4 basement level parkings, and a service level at the top. The buildings will comprise of P Grade office accommodation with superior finishes and facilities.

The valuation was performed by Broll Valuation & Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation & Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The basis of value for financial reporting purposes under International Financial Reporting Standard (IFRS) 13 is 'Fair Value'. It is important to note that, for most practical purposes, the concept of Fair Value is consistent with that of Market Value, and there is no difference between them in terms of the valuation figure reported.

The following valuation parameters and assumption were applied on the investment:

Special assumptions made:

- The Sunnyside land is vacant
- The end of useful life value is thus the land value in 10 years
- The current land value is estimated at R55 million with a market growth of 4% per annum over 10 years
- A nominal Demolition costs of R551,300 have been deducted
- The value at the end of useful life is thus R73.2 million
- The land value has been determined at R55 million
- The site is not improved and no building value is attributed



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Portion 67 (a portion of portion 21) on Farm Syferkuil 921, Limpopo		
Extent 5,007m ² , Title deed number: T337/2020		
- Purchase price: 29 January 2020	-	-
- Refurbishments (work-in-progress)	195,778	86,210
- Fair value adjustment	(69,228)	(58,727)
	126,550	27,483

During December 2017, The Fund together with GEPF and CF, through their duly authorised representative PIC, entered into an unincorporated joint venture agreement with KSL. The Fund has a 25% share in the unincorporated joint venture and as a result, 25% share in the lease right.

The Subject Property, on completion, will consist of purpose-built student accommodation comprising of 1582 rooms accommodating 2926 Beds, of which 238 are single rooms, 42 disabled rooms and 1302 double rooms. The building will comprise a total of 6 blocks for the student accommodation and admin block, canteen and other amenities. Each residential block will have its own outdoor park. As a new building, the finishes will be modern with the latest in tiling, windows, ceiling and other features. A covered pedestrian will be built. The bulk services like water, electricity and sewer will only be installed towards the second half of 2024.

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd that is not connected to the Fund and has recent experience in the location and category of the investment property being valued.

The valuation expert's primary method of valuation is the Discounted Cashflow Method of Valuation in the derivation of Market Value.

The following valuation parameters were applied on the investment:

- Market rent of R4,100.00 per bed gross per month
- Exit Capitalisation rate of 10.75% (2023: 10.00%)
- Market Capitalisation Rate of 10.25% (2023: 9.00%)
- Income growth rate 6.50%
- Expense growth rate 6.50%
- Discount Rate of 14.75% (2023: 14.50%)

Details of valuation

Erf 895 (a portion of Erf 252), Bisho

The effective date of the valuation is 31 March 2024. The market valuation The valuation was performed by Spectrum Valuations and Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations and Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation was based on the discounted cash flow method together with market research in the direct vicinity of the property. Spectrum Valuations and Asset Solutions (Pty) Ltd certified that the market value of the property was R16 million as at 31 March 2024.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Portion 5 (remainder extent) of Erf 43, Thohoyandou

The effective date of the valuation is 31 March 2024. The market valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation experts elected to apply the Discounted Cash Flow Method, as the primary method, to determine the value. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R15,400 million as at 31 March 2024.

Erf 1112, Marshalltown, City of Johannesburg

The effective date of the valuation is 31 March 2024. The market valuation was performed by Broll Valuation and Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation and Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuers elected to apply through the interpretation and forecast of the 5 Year Discounted Cashflow Method of Valuation to determine the fair value. Broll Valuation and Advisory Services (Pty) Ltd certified that the market value of the property was R53.700 million as at 31 March 2024.

Erf 222, Annadale, Polokwane

The effective date of the valuation is 31 March 2024. The market valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The Discounted Cashflow Method of Valuation in the derivation of Market Value for the Subject Property. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R24 million (UIF – 25%: R6 million) as at 31 March 2024.

Erf 7339, Bendor, Extension 86, Polokwane

The effective date of the valuation is 31 March 2024. The market valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation was based on the Discounted Cashflow method. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R120,300 million (UIF – 25%: R30,075 million) as at 31 March 2024.

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng, extent 8 454 m²

The effective date of the valuation is 31 March 2024. The market valuation was performed by Broll Valuation and Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation and Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuers elected to adopt the discounted cash flow methodology in terms of which estimated gross income is projected for a Five (5) year period, based on contractual arrangements and an estimated market rent upon the expiry of leases after the date of valuation. Broll Valuation and Advisory Services (Pty) Ltd certified that the present day market value of the property was R272,900 million as at 31 March 2024.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Erf 834 portion 50, Sunnyside, Pretoria, extent 2 519 m² and Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria, extent 6 720 m².

The following valuations were combined: Erf 834 portion 50, Sunnyside, Pretoria, extent 2 519 m² Title deed number: T93418/2015, Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria, extent 6 720 m² Title deed number: T85860/2017.

Separate valuation reports were obtained and information per the valuation reports are provided below:

Erf 834 portion 50, Sunnyside, Pretoria, extent 2 519 m²:

The effective date of the valuation is 31 March 2024. The market valuation was performed by Broll Valuation & Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation & Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The basis of value for financial reporting purposes under International Financial Reporting Standard (IFRS) 13 is 'Fair Value'. It is important to note that, for most practical purposes, the concept of Fair Value is consistent with that of Market Value, and there is no difference between them in terms of the valuation figure reported. Broll Valuation & Advisory Services (Pty) Ltd certified that the market value of the property was R55,5 million as at 31 March 2024.

Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria, extent 6 720 m²:

The effective date of the valuation is 31 March 2024. The market valuation was performed by Broll Valuation & Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation & Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The basis of value for financial reporting purposes under International Financial Reporting Standard (IFRS) 13 is 'Fair Value'. It is important to note that, for most practical purposes, the concept of Fair Value is consistent with that of Market Value, and there is no difference between them in terms of the valuation figure reported. Broll Valuation & Advisory Services (Pty) Ltd certified that the market value of the property was R55,5 million as at 31 March 2024.

Portion 67 (a portion of portion 12) of the farm Syferkuil 921, Limpopo, extent 5 007m²

The effective date of the valuation is 31 March 2024. The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation expert's primary method of valuation is the Discounted Cashflow Method of Valuation in the derivation of market value. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R506,200 million (UIF – 25%: R126,550 million) as at 31 March 2024.

Maintenance of investment property

Amounts recognised in surplus or deficit

The following income and expenditure are included in the surplus / (deficit) of the Fund:



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Erf 1112, Marshalltown, City of Johannesburg		
Municipal services	(7,114)	(6,473)
Erf 222, Annadale, Boabab Manor, Polokwane		
Rental income	-	910
Erf 895 (a portion of Erf 252), Bisho		
Rental income	2,813	2,684
Municipal services	(660)	(600)
	2,153	2,084
Portion 5 (remainder extent) of Erf 43 Thohoyandou		
Rental income	2,178	2,074
Municipal services	(238)	(138)
	1,940	1,936
Erf 3384, Pretoria, Reg. Div. J.R. Gauteng		
Municipal services	(7,427)	(10,302)

10. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	14,254	(13,674)	580	14,256	(13,371)	885
IT equipment	127,398	(68,815)	58,583	79,212	(60,656)	18,556
Leasehold improvements	10,105	(9,861)	244	10,105	(9,267)	838
Motor vehicles	3,424	(1,858)	1,566	1,898	(1,786)	112
Office equipment	2,146	(1,729)	417	2,133	(1,641)	492
Telecom equipment	7,462	(6,906)	556	7,462	(6,726)	736
Total	164,789	(102,843)	61,946	115,066	(93,447)	21,619



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	885	10	(2)	(313)	580
IT equipment	18,556	53,103	(5)	(13,071)	58,583
Leasehold improvements	838	-	-	(594)	244
Motor vehicles	112	1,526	-	(72)	1,566
Office equipment	492	13	-	(88)	417
Telecom equipment	736	-	-	(180)	556
	21,619	54,652	(7)	(14,318)	61,946

Reconciliation of property, plant and equipment - 2023

	Opening balance	Disposals	Depreciation	Total
Furniture and fixtures	1,235	(3)	(347)	885
IT equipment	21,574	(11)	(3,007)	18,556
Leasehold improvements	1,428	-	(590)	838
Motor vehicles	171	-	(59)	112
Office equipment	581	-	(89)	492
Telecom equipment	1,282	(1)	(545)	736
	26,271	(15)	(4,637)	21,619

Pledged as security

No items of property, plant and equipment were pledged as security.

Assets subject to lease (Net carrying amount)

Leasehold improvements	244	838
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Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

IT equipment	10,095	10,023
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Delay in the completion of IT Equipment

The implementation of the solution was impacted negatively by the COVID-19 regulations as all the biometric devices were deemed to be spreading the COVID-19 virus. Due to this regulation the software contract expired. However, based on the need of this solution the Fund has embarked on a procurement process to procure the software to realise the maximum value of the security benefits of this implementation.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Reconciliation of work-in-progress 2024

	Included within Infrastructure	Total
Opening balance	10,023	10,023
Additions/capital expenditure	-	-
Transferred to completed items	72	72
	10,095	10,095

Reconciliation of work-in-progress 2023

	Included within Infrastructure	Total
Opening balance	10,023	10,023
Additions/capital expenditure	-	-
Transferred to completed items	-	-
	10,023	10,023

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	8,618	7,395
Other repair and maintenance	490	867
	9,108	8,262

11. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	95,808	(8,118)	87,690	78,866	(5,360)	73,505
Intellectual property	14,718	-	14,718	14,718	-	14,718
Right-to-lease	5,600	(691)	4,909	5,600	(498)	5,102
Total	116,126	(8,809)	107,317	99,184	(5,858)	93,325



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	73,505	17,513	(3,328)	87,690
Intellectual property	14,718	-	-	14,718
Right-to-lease	5,102	-	(193)	4,909
	93,325	17,513	(3,521)	107,317

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	76,129	572	(3,196)	73,505
Intellectual property	14,718	-	-	14,718
Right-to-lease	5,295	-	(193)	5,102
	96,142	572	(3,389)	93,325

Pledged as security

No intangible assets were pledged as security.

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets

Reconciliation of work-in-progress 2024

Opening balance	70,425	70,425
Transfer to completed assets	9,098	-
	79,523	70,425

Intellectual property

The Fund acquired the U-Filing system (intellectual property), software solely developed for the Fund. This enabled the Fund to automate certain processes. This simplified the receipt of employee remuneration information from employers directly into the Fund's systems and streamlined the payment of contributions in line with the declaration information. Unemployment claims were simultaneously aligned through an online claims process.

The U-Filing system has an indefinite useful life. As such it is subjected to an annual impairment review. There are presently no indicators of impairment. The software is specific to the Fund and cannot be sold in the open market. The value in use indicates that the Fund will utilise the software for many years to come collecting revenues well in excess of the carrying value of the software. The software is therefore not impaired.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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12. INTEREST IN JOINT VENTURES

The Fund has the following jointly controlled entities that are equity accounted:

Name of company	Listed / Unlisted	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023	Fair value 2024	Fair value 2023
Kefolile Consumer Brands (Pty) Ltd	Unlisted	50.00 %	50.00 %	-	-	-	-
Matseke Medical CC	Unlisted	51.00 %	51.00 %	5,505	36,689	5,505	36,689
		5,505	36,689	5,505	36,689		

The carrying amounts of joint ventures are shown net of impairment losses, where applicable. Impairment losses are calculated as the difference between the fair value based on the valuations performed by the external valuers and the carrying amounts as at 31 March.

Fair values and impairment assessments were performed based on valuation estimates performed by independent external valuation experts.

2024	Opening balance R'000	Surplus/(deficit) for the year R'000	Dividends R'000	Impairment R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-	-	-
Matseke Medical Consultants CC	36,689	(10)	-	(31,179)	5,500
	36,689	(10)	-	(31,179)	5,500

2023	Opening balance R'000	Surplus/(deficit) for the year R'000	Dividends R'000	Impairment R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-	-	-
Matseke Medical Consultants CC	64,939	277	-	(28,527)	36,689
	64,939	277	-	(28,527)	36,689

2024	Principal place of business	Nature of business	Dividends R'000	Percentage holding	Fair value R'000	Year end
Kefolile Consumer Brands (Pty) Ltd	RSA	Investment holdings - special purpose vehicle	-	50 %	-	31 March
Matseke Medical Consultants CC	RSA	Health care	-	51 %	5,500	30 June
			-		5,500	



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand		2024	2023			
		R'000	R'000			
2023	Principal place of business	Nature of business	Dividends R'000	Percentage holding	Fair value R'000	Year end
Kefolile Consumer Brands (Pty) Ltd	RSA	Investment holdings - special purpose vehicle	-	50 %	-	31 March
Matseke Medical Consultants CC	RSA	Health care	-	51 %	36,689	30 June
			-		36,689	
	Kefolile Consumer Brands (Pty) Ltd	Matseke Medical CC Management	Kefolile Consumer Brands (Pty) Ltd	Matseke Medical CC Management		
	31 March 2024	Accounts	31 March 2023	Accounts		
	R'000	31 March 2024	R'000	31 March 2023		
		R'000		R'000		
Non-current assets	-	5,504	-	5,504		
Current liabilities	(410,422)	-	(362,985)	-		
Non-current liabilities	(149,198)	(335)	(133,393)	(318)		
Equity/Net assets/Net liability	(559,620)	5,169	(496,373)	5,186		
Revenue	-	579	-	579		
Surplus/(Deficit).	(63,248)	(19)	(49,177)	543		

Assessment of joint control

Even though the Fund has more than 50% shareholding in Matseke Medical Consultants CC, the Fund does not have board representation. Upon appointment of the UI Board representation, the Fund will have 49% board representation.

Loans

The Fund paid the following shareholder loans to Kefolile Consumer Brands (Pty) Ltd: R74 million as at 31 March 2019 and R2.8 million as at 31 March 2020. Both loans mature on 31 December 2026.

Application of GRAP 36 Investments in Associates and Joint Ventures

As per GRAP 36, the Fund applies equity accounting based on the latest available financial information. Audited financial information is the most preferred reliable information to use however, the Fund uses a combination of audited and unaudited financial information to equity account due to either the unavailability of audited information or difference in financial year ends. If a combination of audited and unaudited financial information was used to calculate the Fund's interest in the surplus / (deficit) of the investee, the split therefore is reflected in Note 31.

The draft information received was evaluated for reasonability in accordance with GRAP 36 Investments in Associates and Joint Ventures and adjusted for prior periods corrections, differences in reporting frameworks and consequentially accounting policies, differences in reporting dates and then used as basis for applying the equity method.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Assessment for impairment of the Fund's investments in the investees is based on the Fund's accounting policies. The Fund provides the following detailed information if un-audited information is used to equity account for investees:

Kefolile Consumer Brands (Pty) Ltd

This investment is accounted for as a joint venture in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having joint control.

The investee applies IFRS as its reporting framework.

The investee applied the same accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The investee submitted draft financial information for the period 1 April 2023 to 31 March 2024.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes. However, no share in surplus/(deficit) was recognised in the current or prior reporting period, since the investment was already fully impaired.

No share of loss was recognized for the current period as the investment has been fully impaired.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

	31 March 2024 R'000	31 March 2023 R'000
Current assets	-	5
Non-current assets	-	-
Current liabilities	(410,422)	(362,985)
Non-current liabilities	(149,198)	(133,393)
Net assets / (liabilities)	(559,620)	(496,373)
Revenue	-	-
Surplus / (deficit)	(63,248)	(49,177)

Matseke Medical Consultants (Pty) Ltd

This investment is accounted for as a joint venture in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having joint control.

The investee applies IFRS as its reporting framework.

The investee applied the same accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The investee submitted the following information: Audited financial statements for the period 1 May 2022 to 30 June 2023 and draft financial information for the period 1 July 2023 to 31 March 2024.

The Fund performed variance analysis and ratio analysis on the draft financial information and concluded that the information was reasonable to use for equity accounting purposes. Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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The Fund's share in profit for the period 2024 was R10 thousand (2023: R277 thousand).

An impairment loss of R31.1 million (2023: R28.5 million) was recognised in the 2024 financial year since the valuation of the investment is less than the carrying amount.

	31 March 2024 R'000	31 March 2023 R'000
Current assets	-	-
Non-current assets	5,504	5,505
Non-current liabilities	(335)	(318)
Net assets / (liabilities)	5,169	5,186
Revenue	579	579
Surplus / (deficit)	(19)	543

13. INVESTMENTS IN ASSOCIATES

Name of entity	Listed / Unlisted	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023	Fair value 2024	Fair value 2023
Bright Glacier Trading (Pty) Ltd	Unlisted	40.00 %	40.00 %	-	-	-	-
Clinix Health Group (Pty) Ltd	Unlisted	20.00 %	20.00 %	129,510	170,344	129,510	170,344
Daybreak Farms (Pty) Ltd	Unlisted	33.33 %	33.33 %	179,134	320,792	179,134	334,149
Educor Property Holdings (Pty) Ltd	Unlisted	42.00 %	42.00 %	-	208,352	-	242,090
Grey Jade Trade & Invest 69 (Pty) Ltd	Unlisted	33.00 %	33.00 %	-	58,972	-	61,587
Nature Cell Africa RF (Pty) Ltd	Unlisted	35.00 %	35.00 %	30,739	7,151	57,310	43,809
Razorite Health and Rehabilitation Fund En Commandite Partnership	Unlisted	19.57 %	19.57 %	246,870	241,954	256,327	273,652
Razorite Fund II En Commandite Partnership	Unlisted	43.55 %	43.55 %	790,069	758,686	834,508	822,228
Resultant Finance (Pty) Ltd	Unlisted	15.00 %	15.00 %	143,531	368,496	399,585	616,737
Southpoint Management Services (Pty) Ltd	Unlisted	40.00 %	40.00 %	231,446	233,819	263,089	233,819
The SA SME Fund Limited*	Unlisted	21.62 %	21.62 %	257,198	262,052	268,970	262,052
UIF Agri Fund En Commandite Partnership	Unlisted	100.00 %	100.00 %	465,203	456,293	473,378	473,319
Urban Lifestile Investments (Pty) Ltd	Unlisted	42.00 %	42.00 %	-	438,225	-	780,264
				2,473,700	3,525,136	2,861,811	4,314,050

The carrying amounts of associates are shown net of impairment losses, where applicable. Impairment losses are calculated as the difference between the fair value based on the valuations performed by the external valuers and the carrying amounts as at 31 March.

Movements in carrying value

2024	Opening balance R'000	Acquisition R'000	Disposal R'000	Impairment R'000	Surplus/ (deficit) for the year R'000	Management Fee R'000	Loan Income R'000	Loan acquisition R'000	Loan disposal R'000	Dividends R'000	Total R'000
Clinix Health Group (Pty) Ltd	170,344	-	-	(41,333)	499	-	-	-	-	-	129,510
Daybreak Farms (Pty) Ltd	320,792	-	-	(3,510)	(138,148)	-	-	-	-	-	179,134
Educor Property Holdings (Pty) Ltd	208,352	-	-	(209,678)	1,326	-	-	-	-	-	-
Grey Jade Trade & Invest 69 (Pty) Ltd	58,972	-	-	(61,401)	2,284	-	-	145	-	-	-
Naturecell Africa RF (Pty) Ltd	7,151	-	-	-	(6,412)	-	-	30,000	-	-	30,739
Razorite Health and Rehabilitation Fund En Commandite Partnership	241,955	-	-	-	240	2,769	-	1,906	-	-	246,870
Razorite Fund II En Commandite Partnership	758,686	-	-	-	49,864	6,486	-	45,356	(70,323)	-	790,069
Resultant Finance (Pty) Ltd	368,497	-	-	-	6,029	-	(7,356)	-	(223,639)	-	143,531
South Point Management Services (Pty) Ltd	233,818	-	-	-	33,627	-	-	-	(36,000)	-	231,445
The SA SME Fund Ltd	262,052	-	-	-	(4,854)	-	-	-	-	-	257,198
UIF Agri-Fund 1 En Commandite Partnership	456,292	-	-	-	8,912	-	-	-	-	-	465,204
Urban Lifestyle Investments (Pty) Ltd	438,225	-	-	(422,359)	(15,866)	-	-	-	-	-	-
	3,525,136	-	-	(738,281)	(62,499)	9,255	(7,356)	77,407	(329,962)	-	2,473,700

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

The Fund has the following associates that are equity accounted for:

Normal shares in associates

Name of entity	Principal place of business	Nature of business	Dividends R'000	Shareholding %	Fair value R'000	Financial year- end
Bright Glacier Trading (Pty) Ltd	RSA	Special Purpose Vehicle for Investment	-	40 %	-	30 June
Clinix Health Group (Pty) Ltd	RSA	Healthcare	-	20 %	129,510	30 September
Daybreak Farms (Pty) Ltd	RSA	Agriculture	-	33 %	179,134	31 March
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	-	42 %	-	31 December
Grey Jade Trade & Invest 69 (Pty) Ltd	RSA	Agriculture	-	33 %	-	31 March
Naturecell Africa RF (Pty) Ltd	RSA	Various	-	35 %	57,310	Last day of February
Razorite Health and Rehabilitation Fund En Commandite Partnership	RSA	Healthcare	-	20 %	256,327	31 March
Razorite Fund II En Commandite Partnership	RSA	Healthcare	-	44 %	834,508	31 March
Resultant Finance (Pty) Ltd	RSA	Asset rentals	-	15 %	399,585	Last day of February
South Point Management Services (Pty) Ltd	RSA	Student accommodation	-	40 %	263,089	Last day of February
The SA SME Fund Ltd	RSA	Various	-	22 %	268,970	Last day of February
UIF Agri-Fund 1 En Commandite Partnership	RSA	Agriculture	-	100 %	473,378	31 December
Urban Lifestyle Investments (Pty) Ltd	RSA	Investment in property holding	-	42 %	-	31 December
			-		2,861,811	





NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Preference shares in associates	Principal place of business	Nature of business	Shareholding %	Fair value R'000
Bright Glacier Trading (Pty) Ltd	RSA	Fast moving consumer goods	40 %	-
Clinix Health Group (Pty) Ltd	RSA	Healthcare	15 %	88,612
Daybreak Farms (Pty) Ltd - Pref A	RSA	Agriculture	33 %	119,229
Daybreak Farms (Pty) Ltd - Pref B	RSA	Agriculture	33 %	521,032
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	42 %	145,000
				873,873

Summary of financial information

Name of entity	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets / (liabilities)	Revenue	Surplus/ (deficit)
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Bright Glacier Trading (Pty) Ltd	-	-	(2,564,332)	-	(2,464,332)	-	(312,619)
Clinix Health Group (Pty) Ltd	640,686	775,626	(640,178)	(487,249)	288,885	1,428,717	2,496
Daybreak Farms (Pty) Ltd	534,803	779,815	(397,672)	(80,508)	836,438	3,387,804	(414,858)
Educor Property Holding (Pty) Ltd	379,295	1,661,960	(330,821)	(1,127,009)	583,424	52,090	3,158
Grey Jade Trade & Invest 69 (Pty) Ltd	121,232	25,687	(4,291)	(121,900)	20,728	127,283	6,922
Naturecell Africa RF (Pty) Ltd	6,489	95,649	(40,241)	(111,958)	(50,060)	-	(18,319)
Razorite Health and Rehabilitation Fund En Commandite Partnership	5,654	1,308,486	(4,590)	-	1,309,551	26,423	1,228
Razorite Fund II En Commandite Partnership	50,205	2,037,392	(2,103)	-	2,085,494	25,270	124,168
Resultant Finance (Pty) Ltd	343,823	89,358	(143,794)	(26,159)	263,228	51,460	49,192
South Point Management Services (Pty) Ltd	29,951	2,117,623	(61,865)	(852,495)	1,233,215	294,601	84,068
The SA SME Fund Ltd	1,136,075	550,422	(12,037)	(364,157)	1,310,303	81,280	26,551
UIF Afri Fund 1 en Commandite Partnership	114,476	362,331	(3,429)	-	473,378	39,805	8,910
Urban Lifestyle Investments (Pty) Ltd	161,564	1,774,798	(151,258)	(1,386,901)	398,203	40,560	(37,777)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS



2023

Name of entity	Opening balance R'000	Acquisition R'000	Disposal R'000	Impairment R'000	Surplus/ (deficit) for the year R'000	Management Fee R'000	Loan Income R'000	Loan acquisition R'000	Loan disposal R'000	Dividends R'000	Total R'000
Clinix Health Group (Pty) Ltd	199,824	-	-	(24,693)	(4,787)	-	-	-	-	-	170,344
Daybreak Farms (Pty) Ltd	379,854	-	-	-	(59,062)	-	-	-	-	-	320,792
Educor Property Holdings (Pty) Ltd	198,479	-	-	-	9,873	-	-	-	-	-	208,352
Grey Jade Trade & Invest 69 (Pty) Ltd	58,761	-	-	-	211	-	-	-	-	-	58,972
Naturecell Africa RF (Pty) Ltd	12,769	-	-	-	(5,618)	-	-	-	-	-	7,151
Razorite Health and Rehabilitation Fund En Commandite Partnership	268,572	-	-	-	(29,937)	3,320	-	-	-	-	241,955
Razorite Fund II En Commandite Partnership	725,473	-	-	-	22,237	6,451	-	4,525	-	-	758,686
Resultant Finance (Pty) Ltd	605,263	-	-	-	9,616	-	(50,762)	5,593	(201,213)	-	368,497
South Point Management Services (Pty) Ltd	434,924	-	-	(186,998)	(14,108)	-	-	-	-	-	233,818
The SA SME Fund Ltd	263,221	-	-	(490)	(679)	-	-	-	-	-	262,052
UIF Agri-Fund 1 En Commandite Partnership	495,183	-	-	-	(38,891)	-	-	-	-	-	456,292
Urban Lifestyle Investments (Pty) Ltd	467,518	-	-	-	(29,293)	-	-	-	-	-	438,225
	4,109,841	-	-	(212,181)	(140,438)	9,771	(50,762)	10,118	(201,213)	-	3,525,136

The Fund has the following associates that are equity accounted for:

Normal shares in associates

Name of entity	Principal place of business	Nature of business	Dividends R'000	Shareholding %	Fair value R'000	Financial year-end
Bright Glacier Trading (Pty) Ltd	RSA	Special purpose vehicle for investment	-	40 %	-	30 June
Clinix Health Group (Pty) Ltd	RSA	Healthcare	-	20 %	170,344	30 September
Daybreak Farms (Pty) Ltd	RSA	Agriculture	-	33 %	334,149	31 March
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	-	42 %	242,090	31 December
Grey Jade Trade & Invest 69 (Pty) Ltd	RSA	Agriculture	-	33 %	61,587	31 March
Naturecell Africa (Pty) Ltd	RSA	Various	-	35 %	43,809	Last day of February
Razorite Health and Rehabilitation Fund En Commandite Partnership	RSA	Healthcare	-	20 %	273,652	31 March
Razorite Fund II En Commandite Partnership	RSA	Healthcare	-	44 %	822,228	31 March
Resultant Finance (Pty) Ltd	RSA	Asset rentals	-	15 %	616,737	Last day of February
South Point Management Services (Pty) Ltd	RSA	Student accommodation	-	40 %	233,819	Last day of February
The SA SME Fund Limited	RSA	Various	-	22 %	262,052	Last day of February
UIF Agri-Fund 1 En Commandite Partnership	RSA	Agriculture	-	100 %	473,319	31 December
Urban Lifestyle Investments (Pty) Ltd	RSA	Investment in property holding	-	42 %	780,264	31 December
			-		4,314,050	

Preference shares in associates

Name of entity	Principal place of business	Nature of business	Shareholding %	Fair value R'000
Bright Glacier Trading (Pty) Ltd	RSA	Fast moving consumer goods	40 %	-
Clinix Health Group (Pty) Ltd	RSA	Healthcare	15 %	88,612
Daybreak Farms (Pty) Ltd - Pref A	RSA	Agriculture	33 %	119,229
Daybreak Farms (Pty) Ltd - Pref B	RSA	Agriculture	33 %	521,032
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	42 %	145,000
				873,873



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Summary of financial information

Name of entity	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000	Net assets/ (liabilities) R'000	Revenue R'000	Surplus/ (deficit) R'000
Bright Glacier Trading (Pty) Ltd	1	-	(2,259,303)	(2,259,302)	-	-	(224,677)
Clinix Health Group (Pty) Ltd	563,593	827,229	(401,621)	(407,403)	481,799	1,283,335	(23,937)
Daybreak Farms (Pty) Ltd	1,348,979	859,107	(641,571)	(120,324)	1,446,191	3,749,077	(177,364)
Educor Property Holdings (Pty) Ltd	694,856	1,327,285	(314,323)	(1,114,273)	593,544	230,929	23,507
Grey Jade Trade & Invest 69 (Pty) Ltd	121,777	24,953	(3,927)	(121,869)	20,934	223,595	638
Naturecell Africa (Pty) Ltd	6,727	96,435	(56,605)	(78,299)	(31,742)	2,254	(16,050)
Razorite Health and Rehabilitation Fund En Commandite Partnership	13,737	1,282,970	(2,781)	-	1,293,926	107,504	(152,974)
Razorite Fund II En Commandite Partnership	13,737	1,282,970	(2,781)	-	1,293,926	107,504	(152,974)
Resultant Finance (Pty) Ltd	391,632	28,717	(172,516)	(15,837)	231,995	60,815	64,108
South Point Management Services (Pty) Ltd	116,966	2,025,708	(128,637)	(774,890)	1,239,146	284,544	(35,269)
The SA SME Fund Ltd	570,327	895,733	(10,623)	(172,685)	1,282,752	102,423	(3,144)
UIF Agri-Fund 1 En Commandite Partnership	7,130	469,623	(3,433)	-	473,319	37,462	(38,890)
Urban Lifestyle Investments (Pty) Ltd	157,027	1,735,378	(100,775)	(1,355,651)	435,979	194,691	(69,746)



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Application of GRAP 36 Investments in Associates and Joint Ventures

As per GRAP 36, the Fund applies equity accounting based on the latest available financial information. Audited financial information is the most preferred reliable information to use however, the Fund uses a combination of audited and un-audited financial information to equity account due to either the unavailability of audited information or difference in financial year ends. If a combination of audited and un-audited financial information was used to calculate the Fund's interest in the surplus / (deficit) of the investee, the split therefore is reflected in note 31.

The Fund's interest in the surplus / (deficit) for the current year for the current period was based on audited information and un-audited financial information. See note 31 for the split.

Impairment of the investments in the investees were considered and if required, investees impaired accordingly in the Fund's Annual Financial Statements.

The Fund provides the following detailed information per investee, accounted for as interests in associates:

Bright Glacier Trading (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The investee submitted draft financial information to the Fund for the period 1 April 2023 to 31 March 2024.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes. However, no share in surplus/(deficit) was recognised in the current or prior reporting period, since the investment was already fully impaired.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Clinix Health Group (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee presented audited financial information for the period 01 August 2022 to 30 September 2023, and draft financial information for the period 1 October 2023 to 31 March 2024.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes. However, no share in surplus/(deficit) was recognised in the current or prior reporting period, since the investment was already fully impaired.



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The Fund's share in profit for the period 2024 amounted to R499 thousand (2023: R4.7 million loss).

An impairment loss of R41.3 million (2023: R24.6 million loss) was recognised in the current period since the recoverable amount for the investment is less than the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Grey Jade (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee presented unaudited financial information for the period 1 April 2023 to 31 March 2024.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in profit for the period 2024 amounted to R2.2 million (2023: R210 thousand).

An impairment loss of R61.2 million (2023: Rnil) was recognised in the current period since the recoverable amount for the investment is less than the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Naturecell Africa RF (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee presented unaudited financial information for the period 1 March 2023 to 29 February 2024, there is a month's difference in the reporting dates of the Fund and the investee. However, no adjustments were required for differences in reporting dates as there were no significant transactions.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in loss for the period 2024 amounted to R6.4 million (2023: R5.6 million).

No impairment loss was recognised for period as the recoverable amount exceeds the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.



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Resultant Finance (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The investee presented audited financial statements for the period 01 March 2023 to 29 February 2024. There is a month's difference in the reporting dates of the Fund and the investee. However, no adjustments were required for differences in reporting dates as there were no significant transactions.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in profit for the period 2024 amounted to R7.3 million (2023: R9.6 million).

No impairment loss was recognised for period as the recoverable amount exceeds the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

South Point Property Management Services (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee presented audited AFS for the period ended 31 December 2023, unaudited financial information for the period 1 January 2024 to 31 March 2024 were used to adjust for the difference in reporting periods.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in loss for the period 2024 amounted to R36.6 million (2023: R14.1 million).

An impairment loss of R4.3 million was recognised in the current period since the valuation of the investment is less than the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Educor (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.



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The Investee presented draft financial information for the period 1 April 2023 to 30 June 2023 and no other financial information was submitted for the 2024 financial year. The Fund has taken the appropriate steps to obtain the financial information however no additional information has been provided to date.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in profit for the period 2024 amounted to R1.3 million (2023: R9.8 million)

An impairment loss of R209.6 million was recognised in the current period since the valuation of the investment is less than the carrying amount (2023: Rnil).

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

The SASME Fund Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The investee presented unaudited financial information for the period 01 March 2023 to 29 February 2024. There is a month's difference in the reporting dates of the Fund and the investee. However, no adjustment was required for difference in reporting dates as there were no significant transactions.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in profit for the period 2024 amounted to R4.8 million (2023: R680 thousand loss).

No impairment loss was recognised for period as the recoverable amount exceeds the carrying amount (2023: R490 thousand).

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

UIF Agri Fund 1 En Commandite Partnership (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee presented audited AFS for the period 1 January 2023 to 31 December 2023, and unaudited financial information for the period 1 January 2024 to 31 March 2024, to adjust for the difference in reporting periods.



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The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in profits for the period 2024 amounted to R8.9 million (2023: R38.8 million loss).

No impairment loss was recognised for period as the recoverable amount exceeds the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Urban Lifestyle Investments (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee submitted unaudited financial information for the 1 April 2023 to 30 June 2023 and no other financial information was submitted for the 2024 financial year. The Fund has taken the appropriate steps to obtain the financial information however no additional information has been provided to date.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

The Fund's share in loss for the period 2024 amounted to R15.8 million (2023: R29.2 million),

An impairment loss of R422.3 million was recognised in the current period since the valuation of the investment is less than the carrying amount (2023: Rnil).

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

14. PAYABLES FROM EXCHANGE TRANSACTIONS

Payables	611,807	436,651
Accrued bonus	50,617	45,483
Accrued leave pay	74,767	93,330
Deposits received	68,519	67,156
Uncleared deposits	22,239	25,983
	827,949	668,603

Payables

Payables are subject to normal trade credit terms and relatively short payment cycles.



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Leave pay and service bonus

The current leave pay accrual and service bonus accrual are based on the liability for the current leave cycle not utilised and service bonuses payable.

Deposits received

Deposits received are deposits received from debtors towards the settlement of their debt that will be allocated once the correct information is received.

Uncleared deposits received

Uncleared deposits received are deposits received but not allocated as at the end of the financial year that will be cleared on receipt of outstanding information.

15. PROVISIONS

Reconciliation of provisions for 2024	Opening Balance	Adjustment provision for the year	Utilised during the year	Total
Benefits payable - ABNP	8,712,082	3,352,012	(3,202,228)	8,861,866
Benefits payable provision - RBNA	3,042,199	1,166,333	(1,648,547)	2,559,985
Benefits payable provision - IBNR	5,762,166	2,817,092	(3,074,927)	5,504,331
Benefits payable provision - COVID-19 TERS	3,270,178	(27,618)	(313,568)	2,928,992
Benefits payable provision - WABU	36,671	337	(370)	36,638
Capped leave	18,052	(1,387)	(5)	16,660
	20,841,348	7,306,769	(8,239,645)	19,908,473

Reconciliation of provisions for 2023	Opening Balance	Adjustment provision for the year	Utilised during the year	Total
Benefits payable - ABNP	8,898,552	2,974,568	(3,161,039)	8,712,081
Benefits payable provision - RBNA	3,122,227	1,448,290	(1,528,318)	3,042,199
Benefits payable provision - IBNR	5,853,076	3,156,130	(3,247,040)	5,762,166
Benefits payable provision - COVID-19 TERS	2,029,205	1,777,885	(536,912)	3,270,178
Benefits payable provision - WABU	32,770	11,558	(7,657)	36,671
Capped leave	18,898	(666)	(180)	18,052
	19,954,728	9,367,765	(8,481,146)	20,841,348

Non-current liabilities	16,261	18,047
Current liabilities	19,892,212	20,823,301
	19,908,473	20,841,348

Benefits payable provision - ABNP

Claims approved but not fully paid provides for claims which have occurred prior to the reporting date, but which have not yet been paid by that date. It therefore includes Approved But Note yet fully Paid (ABNP) claims.



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Benefits payable provision - RBNA

Claims Reported But Not Approved (RBNA) are received at reporting date but not approved yet.

Benefits payable provision - IBNR

Incurred But Not Reported claims have not yet been received but the incident date occurred at the reporting date.

Benefits payable provision - COVID-19 TERS

These are the COVID-19 TERS relief benefit claims Reported But Not Approved yet and/or Incurred But Not Reported yet.

Benefits payable provision - WABU

Destroyed, affected or looted workplaces: Temporary Financial Relief Scheme Direction, 2021.

"This directive was signed on 6 August 2021, governing provision form UIF funds of temporary financial relief to vulnerable employees who because of closure of a workplace, as a result of unrest, are not being paid remuneration either in full or in part. These payments are still being paid and an estimate had to be made in terms of the future value that will be paid."

COVID-19 Temporary Employee/Employer Relief Scheme (TERS)

On 15 March 2020 the President declared a national state of disaster in South Africa in terms of the Disaster Management Act, 2002, following the declaration of the global COVID-19 pandemic by the World Health Organisation. Government had to act swiftly to minimise the economic impact of the pandemic. On the 23 March 2020, the President announced a national lockdown for 21 days from 27 March 2020.

On 25 March 2020 the Minister of Employment and Labour issued a Directive in terms of Regulation 10 (8) of the regulations issued by the Minister of Corporative Governance and Traditional Affairs in terms of Section 27 (2) of the Disaster Management Act 2002, to implement steps in respect of the administration of the COVID-19 through the COVID-19 Temporary Employee/Employer Relief Scheme to prevent escalation of the COVID-19 infections funded through the National Disaster Benefit.

The Fund was mandated to create a special benefit as per the COVID-19 Temporary Employee/Employer Relief Scheme (COVID-19 TERS).

Directive 1 signed on 26 March 2020: The introduction of the National Disaster Benefit to be used for social security during the lockdown period meant to assist employers and employees that suffer financial distress as a direct result of COVID-19 pandemic.

Directive 2 signed on 6 April 2020: The amendment of Directive No 1 to enhance the COVID-19 TERS benefit and clarification of sliding scale (38%-60%) and R 3 500 (absolute) minimum wage.

Directive 3 signed on 9 April 2020: The amendment of Directive No 1 and 2 after consultation with Social Partners to legalise and compel employers to apply on behalf of their employees.



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Directive 4 signed on 26 April 2020: The amendment of Directive No 1, 2 and 3 to remove section 12 on calculation of COVID-19 TERS benefits to top up the salaries of employees who received income from their employers.

Directive 5 signed on 30 April 2020: Make provision for employees to apply for COVID-19 TERS for themselves if their employer is unable to or refuses to apply for them.

Directive 6 signed on 25 May 2020: To define a contributor; or an employee as defined by the UI Act who should have received benefits under this Directive.

Directive 7 signed on 11 August 2020: To extend the COVID-19 TERS benefit effective from 01 July 2020 until 15 August 2020.

Directive 8 signed on 04 September 2020: To extend the COVID-19 TERS effective from 16 August 2020 and shall remain in operation for as long as the declaration of the COVID-19, as a national disaster subsists or until withdrawn by the Minister, whichever comes first.

Disaster Management Act: Directions: Coronavirus COVID-19 Temporary Employee/Employer Relief Scheme: Withdrawal published on 27 November 2020: withdrawal of Temporary Employee/Employer Relief Direction with effect from 15 October 2020.

Capped leave

Capped leave is based on employees that retained all audited leave credits accrued prior to 1 July 2000.

The number of accrued leave days is converted in accordance with a prescribed formula by the Department of Public Service and Administration utilising the net leave entitlement at reporting date multiplying it with the employee's remuneration (levels 1-10 and Middle Management Service the annual basic salary only).

Pay-outs in respect of such leave credits are only made in the event of death, retirement or medical boarding.

The Fund changed its leave policy in 2002 due to the new dispensation. The Fund capped all employees' unused leave from the previous years prior to June 2000, limiting employees to take such leave during their working life at the Fund under specific conditions. Capped leave is payable, based on the salary notch at the date of termination, which is only applicable if the termination of service is as a result of retirement, ill-health, death or specific leave conditions.

The liability is recalculated on an annual basis as at 31 March based on the employee's current salary and number of capped leave days. Employees' salaries increase annually with a pay progression in the event that the employee performed above expectation.



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16. BENEFITS PAYABLE

Benefits payable - Normal benefits - approved

Opening balance	99,741	38,212
Claims approved	14,632,212	15,191,486
Payments made	(14,676,709)	(15,129,957)
	55,244	99,741

Benefits payable - COVID-19 TERS benefits - approved

Opening balance	277	276
Claims approved	274,791	449,588
Payments made	(274,578)	(449,587)
	490	277

Benefits payable - Workers Affected By Unrest Benefit - approved

Claims approved	370	7,657
Payments made	(370)	(7,657)
	-	-

Benefits payable - Total benefits - approved

Opening balance	100,018	38,489
Claims approved	14,907,372	15,648,731
Payments made	(14,951,656)	(15,587,202)
	55,734	100,018

Benefits payable consists of Vouchers that are Open and not paid as of 31 March 2024 and COVID-19 TERS payables (refunds). The total amounts to R55 million (2023: R100 million).

17. TECHNICAL RESERVE

The accumulated surplus reflects the net financial position of the Fund and is the difference between the assets and liabilities recognised in the Statement of Financial Position.

The Fund's benefit structure is such that contributions received in one year entitles employees to earn benefits Contributions over a four-year period assuming enhanced benefits as per the UI Amendment Act, 2016

The Fund must maintain sufficient technical reserves to cover these future benefit claims and associated expenses that it expects to pay in future. The amount for the technical reserve is determined annually by the Fund's external independent actuaries. The technical reserve is made up of the Unexpired Premium Reserve (UPR), Unexpired Risk Reserve (URR) and Additional Unexpired Risk Reserve (AURR).



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The Unearned Premium Reserve is the proportion of the salaries that provide entitlement for future financial periods which is determined for each of the past 48 months' salaries (derived from applying the known contribution rate to the monthly contributions received by The Fund). The portions that provide cover for the period post-valuation date is the Unearned Premium Reserve.

The Premium Inadequacy Reserves consist of the Unexpired Risk Reserve (URR) which allows for the extent to which claims are expected to be different to the UPR and the Additional Unexpired Risk Reserve (AURR) which is determined where it is expected that future premiums (yet unearned and therefore distinct from the UPR) will be insufficient.

For this valuation, based on recent experience, it was assumed that the UPR would be sufficient to cover claims and expenses with the consequence that both the URR and AURR were zero.

The technical reserve created from the accumulated surplus:

Unexpired Premium Reserve (UPR)	47,480,344	45,697,746
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18. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2024

Financial Assets	At fair value	At amortised cost	Total
Listed equity	38,627,393	-	38,627,393
Unlisted equity	867,575	-	867,575
Bonds	84,517,007	-	84,517,007
Bills and NCD's	476,876	-	476,876
Fixed deposits	-	8,047,137	8,047,137
Unlisted financial instruments	41,247	9,083,459	9,124,706
Investment income receivable	-	11,753	11,753
Cash and cash equivalents	-	3,063,332	3,063,332
Debtors - sundry	-	349	349
Debtors - rental	-	5,715	5,715
Interest and dividends receivable	-	1,090,021	1,090,021
	124,530,098	21,301,766	145,831,864

Financial Liabilities	At amortised cost	Total
Deposits received	68,519	68,519
Payables	611,815	611,815
Uncleared deposits	22,239	22,239
	702,573	702,573



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2023			
Financial Assets	At fair value	At amortised cost	Total
Listed equity	28,756,007	-	28,756,007
Unlisted equity	937,789	-	937,789
Bonds	81,457,127	-	81,457,127
Bills and NCD's	98,809	-	98,809
Fixed deposits	-	6,616,852	6,616,852
Unlisted financial instruments	41,168	8,913,731	8,954,899
Investment income receivable	-	38,770	38,770
Cash and cash equivalents	-	2,563,666	2,563,666
Debtors - sundry	-	318	318
Debtors - rental	-	3,127	3,127
Interest and dividends receivable	-	398,834	398,834
	111,290,900	18,535,298	129,826,198
Financial Liabilities		At amortised cost	Total
Deposits received		67,156	67,156
Payables		431,867	431,867
Uncleared deposits		25,983	25,983
		525,006	525,006

19. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Contributions received	24,564,528	23,342,545
Interest received	130,579	121,853
Penalties received	186,056	186,903
	24,881,163	23,651,301

Revenue from non-exchange transactions consists of unemployment insurance contributions, interest and penalties from registered employers in terms of the UI Contributions Act (Act No.4 of 2002). Contributions received is net of refunds to employers to the amount of R1.3 million (2023: R3.4 million). The portion of SARS contributions collected amounted to R24,414 million (2023: R23,162 million) and the Non-SARS contributions collected amounted to R466 million (2023: R489 million).

Transitional Provisions and Application of Directive 6

The Fund has adopted the Standards of GRAP in accordance with Directive 6, issued by the Accounting Standards Board. The purpose of Directive 6 is to allow entities a transitional period to comply with certain recognition, measurement, and disclosure requirements under the Standards of GRAP.



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Compliance with Directive 6

As permitted by Directive 6, the Fund has elected to apply transitional provisions for the following standards:

- GRAP 23 - Revenue from non-exchange transactions
- GRAP 108 - Statutory receivables

During the transitional period, the Fund has not fully complied with all the recognition, measurement, or disclosure requirements of these standards. The transitional provisions are applied to ensure an orderly and systematic adoption of GRAP.

Nature and Extent of Exemptions

Directive 6 allows exemptions from the full application of certain GRAP standards during the transitional period. The Fund has applied the following exemptions:

- Recognition Exemptions: Revenue from non-exchange transactions and Statutory receivables have not been recognised in the financial statements as required under GRAP 23 and GRAP 108 respectively
- Measurement Exemptions: Revenue from non-exchange transactions and Statutory receivables are measured using transitional provisions rather than the prescribed methods in GRAP 23 and GRAP 108 respectively
- Disclosure Exemptions: Full disclosure requirements under GRAP 23 and GRAP 108 have not been met

In line with Accounting Standards Board, Directive 6 effective 01 April 2012. The Fund as an affected Fund is required to disclose the progress made to date.

Progress Towards Full Compliance

The Fund is in the process of assessing the impact of the transitional provisions on its financial statements and implementing the necessary systems and controls for full compliance. The following progress has been made during the current reporting period:

- UIF has engaged the Director General on the prospects of increasing capacity of the inspectorate to enforce compliance, as at 31 March 2024 this has not been formalised but will be conceptualised in the following financial year
- The Fund has appointed employer auditors to enforce compliance of UI legislation in all provinces
- Development of SAP ERP to allow the matching of registration, declaration and contributions
- There is a process in place to build an automated employer application system to process declarations
- An Amendment of the UI Act to include the mandatory compliance certificate for companies the Fund conducts business with
- A formal collaboration with SARS is underway to share detailed information in relation to registration, declarations and contribution data



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Expected Completion of Transitional Period

The transitional period for applying Directive 6 is continuously being evaluated by the Fund and where there is no change will be re-evaluated again on 31 March 2026. Once successful the Fund will fully comply with all recognition, measurement, and disclosure requirements under the applicable Standards of GRAP and retrospectively apply accrual accounting in accordance with GRAP.

Impact of Transitional Provisions on Financial Statements

The following impacts on the financial statements are noted due to the application of Directive 6:

- Revenue from non-exchange transactions may be understated or omitted due to the application of recognition exemptions.
- Measurement methods may not reflect the fair value as required under GRAP.
- Comparative information is not fully aligned with the current period's GRAP-compliant figures.

Assurance of Consistency and Future Compliance

The Fund is committed to achieving full compliance with GRAP standards in a systematic and consistent manner by the end of the transitional period. Measures are in place to address the gaps identified during the transitional phase.

20. OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

Other receipts from non-exchange transactions - COVID Ters	138,467	140,186
Other receipts from non-exchange transactions - Overpayments	22,266	21,095
Other receipts from non-exchange transactions - Interest received	3,203	3,791
	163,936	165,072

Other revenue from non-exchange transactions consist of Acknowledgement of debts, recoveries of bad debt previously written off, and interest accrued relating to Covid19 TERS transactions.

21. BENEFIT PAYMENTS

Benefit payments - WABU	370	7,657
Benefit payments - COVID-19 TERS	274,578	449,588
Benefit payments - Reduced Work Time	59,385	321,200
Benefit payments - Parental Paternity	3,261	3,353
Benefit payments - unemployment	12,357,518	12,417,075
Benefit payments - illness	386,528	395,953
Benefit payments - maternity	1,426,898	1,503,524
Benefit payments - adoption	451	416
Benefit payments - dependents	442,667	549,966
	14,951,656	15,648,732



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Changes in benefits payable		
Provision for COVID-19 TERS benefits	(341,186)	1,240,973
Provision for WABU	(33)	3,901
Change in provision for normal benefits	(590,263)	(357,407)
	(931,482)	887,467

Calculation of benefits

Section 13(3) of the UI Act states: "... a contributor's entitlement to benefits in terms of the Chapter accrues at a rate of one day's benefit for every completed five days of employment as a contributor is subject to a maximum accrual of 365 days benefit in the four-year period immediately preceding the date of application for benefits in terms of the Chapter, less any days of benefits received by the contributor during the period."

"Regulation No. 98 Government Notice No. 29594" issued by the Minister of Labour, published on 5 February 2007, entrenched the annual capping principles used by the Fund in the calculation of credit days and the processing of benefit claims in the SIYAYA Operational System.

COVID-19 TERS benefits

The Fund was mandated to create a special benefit as per the COVID-19 Temporary Employee/Employer Relief Scheme (COVID-19 TERS). Refer to Note 15 - Benefits payable, for further detail on these benefits.

Creation and maintenance of database

Section 57 of the UI Act prescribes that the Fund has to maintain a database of contributors. The Fund recognises the importance of the information captured on the database as it forms the basis for payment of unemployment insurance claims. Apart from the system controls by way of the various business rules built into the application, the Fund implemented various other controls. Declarations received are screened by the team leaders in the Employee Declaration Section (EDS).

- Employer record is verified to ensure that the address matches the master record
- Information on the form is verified to ensure that it is properly and correctly completed and dates and other fields meet business rule requirements
- Declarations captured at Fund headquarters are subjected to random sampling by the supervisors in the section and errors identified are corrected
- Declarations are updated directly from extracts of auditable payrolls of employers
- Identity numbers captured are validated against the population register

The Fund implemented a process to validate the declarations through basic electronic validation on claims and verification with U19 declarations received, to obtain a level of comfort regarding the completeness, accuracy and validity of the data captured on the database. The Fund validated the declarations on which the current year claims were based on before validating previous years due to the volume of declarations.

Consistent investigations are done to look at options to enhance business processes regarding the collection and maintenance of declaration data.



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22. UNEMPLOYMENT ALLEVIATION SCHEMES

Training and social plan funding	615,074	336,902
Temporary Employer/Employee Relief Scheme	58,575	9,683
	673,649	346,585

23. OTHER REVENUE FROM EXCHANGE TRANSACTIONS

Rental income	5,115	5,794
Proceeds on disposals	4	5
	5,119	5,799

24. AUDITORS REMUNERATION

Fees	25,041	14,295
Expenses	663	570
	25,704	14,865

25. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

Computer software	3,329	3,196
Furniture and fixtures	312	347
IT equipment	13,071	3,007
Leasehold improvements	593	590
Motor vehicles	73	59
Office equipment	88	89
Telecom equipment	179	545
Right-to-lease	193	193
	17,839	8,027

26. EMPLOYEE COSTS

Basic	1,573,067	1,513,000
Housing benefits and allowances	62,503	57,304
Long-service awards	1,301	2,433
Other short term costs	1,184	1,686
Overtime payments	34,571	30,410
	1,672,626	1,604,833

Government Employee Pension Fund

Employees of the Fund are members of Government Employee Pension Fund (GEPF) which is a defined benefit fund that has to adhere to strict regulations governing its financial liability to members and pensioners. GEPF, as a defined benefit fund is different from defined contribution funds.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
27. ADMINISTRATIVE COSTS		
Bank charges	13,262	14,471
Bad debts written off	144,679	268,510
Computer expenses	173,712	143,313
Commission paid to SARS for the collection of contributions	366,217	347,432
Printing and stationery	9,702	9,748
Advertising, marketing and exhibitions	15,367	4,508
Fuel cost	8,902	9,517
Consulting fees - Internal Audit	2,591	3,190
Fees for services - Board Members	4,642	3,297
Legal fees	7,140	6,067
Training and staff development	6,132	3,808
Other	10,371	8,726
	762,717	822,587

Included in bad debts written off are the following:

Allowance for impairment

Rent receivable	2,056	4,033
Sundry receivables	29	(2)
Transactions under investigation	37,914	131,410
Disallowances on overpayments	(1,130)	13,247
Legal claims	575	(2,562)
COVID-19 TERS	(11,131)	6,830
Amounts written off		
Disallowances and overpayment debt	115,127	111,790
Legal claims	1,245	3,764
Other	(6)	-
	144,679	268,510

28. OPERATING EXPENSES

Computer services - U-filing	27,079	26,097
Consulting fees - administration and support	145,597	110,704
Consulting fees - contractors and special services	369,308	130,124
Lease rentals on operating lease	165,954	171,801
Investment portfolio - management fees	220,279	226,223
Investment portfolio - administration fees	41,323	35,658
Investment portfolio - transaction cost	32,664	18,370
Municipal services	32,856	34,918
Other operational costs	21,328	17,719
Telephone and fax	91,389	50,233
Travel and subsistence	109,132	89,089
	1,256,909	910,936



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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29. INVESTMENT REVENUE

Interest revenue

Bank	697,084	670,525
Interest received - other	1,224,594	961,164
Listed financial assets	8,406,127	7,533,259
Other financial assets	1,496,748	1,060,507
	11,824,553	10,225,455

Investment revenue earned on financial assets by category

Interest earned on financial assets at fair value	9,077,849	7,533,259
Dividends earned on financial assets at fair value	1,386,673	1,060,507
Interest earned on financial assets at amortised cost	1,360,031	1,631,689
	11,824,553	10,225,455

Rates of interest

	Fixed or floating rate	Effective weighted average rate 2024	Effective weighted average rate 2023
Cash and cash equivalents	Floating rate	7.75 %	7.75 %
Financial bonds	Fixed rate	9.39 %	8.22 %
Fixed deposits - First National Bank	Floating rate	8.49 %	3.84 %
Fixed deposits - PIC	Floating rate	9.53 %	7.71 %
Government bonds	Fixed rate	6.14 %	5.96 %
Manufacturing bonds	Fixed rate	- %	8.21 %
Manufacturing bonds	Floating rate	8.79 %	- %
Parastatal bonds	Fixed rate	6.11 %	6.31 %
Parastatal bonds	Floating rate	9.00 %	- %
Service bonds	Fixed rate	- %	8.62 %
Treasury bills	Fixed rate	- %	8.15 %



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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30. FAIR VALUE ADJUSTMENTS

Investment property (Fair value gain/(loss))	(81,013)	(78,785)
Other financial assets		
• Investments at fair value (gain/(loss))	(4,154,421)	(3,430,072)
• Gains/(Losses) from foreign exchange differences	480,495	1,880,018
	(3,754,939)	(1,628,839)

Fair value per asset category

Listed equity	(799,915)	(440,599)
Bonds	(5,692,287)	(2,427,794)
Bills	563	468
Unlisted investment instruments	(47,965)	177,182
Foreign instruments	2,865,678	1,140,689
Investment property	(81,030)	(78,768)
	(3,754,956)	(1,628,822)

Breakdown of foreign portfolio fair value adjustments into components

Fund movement	2,385,183	(739,329)
Forex movement	480,495	1,880,018
	2,865,678	1,140,689

Independent valuations of all the Social Responsible Investments were performed at 31 March 2024 and all the market values adjusted.

Realised Gains/Losses on investments

Properties	-	-
Investments	2,582,174	(1,099,663)
	2,582,174	(1,099,663)

Realised Gains/Losses on investments per asset category

Listed equity	702,344	(324,336)
Bonds	1,880,239	(586,329)
Unlisted investment instruments	(469)	(188,923)
Foreign instruments	60	(75)
	2,582,174	(1,099,663)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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31. SHARE OF PROFIT/(LOSS) FROM EQUITY ACCOUNTED INVESTMENTS

Joint ventures

Matseke Medical Consultants CC	(10)	277
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Associates

Urban Lifestyle Investments (Pty) Ltd	(15,866)	(29,293)
Clinix Health Group (Pty) Ltd	499	(4,787)
Daybreak Farms (Pty) Ltd	(138,147)	(59,062)
Educor Property Holdings (Pty) Ltd	1,326	9,873
Grey Jade Trading and Invest 69 (Pty) Ltd	2,284	211
Naturecell Africa RF (Pty) Ltd	(6,412)	(5,617)
Razorite Health and Rehabilitation Fund En Commandite Partnership	240	(29,937)
Razorite Fund II En Commandite Partnership	49,864	22,237
Resultant Finance (Pty) Ltd	6,029	9,616
Southpoint Management Services (Pty) Ltd	33,628	(14,108)
The SA SME Fund Ltd	(4,854)	(680)
UIF Afgri Fund 1 en Commandite Partnership	8,910	(38,891)
	(62,509)	(140,162)

2024

Joint Ventures

	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-
Matseke Medical Consultants CC	(10)	-	(10)
	(10)	-	(10)

Associates

	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Resultant Finance (Pty) Ltd	6,029	-	6,029
South Point Management Services (Pty) Ltd	35,457	(1,829)	33,628
Daybreak Farms (Pty) Ltd	-	(138,147)	(138,147)
Razorite Fund 1	240	-	240
Educor Property Holdings (Pty) Ltd	-	1,326	1,326
UIF Agri-Fund 1	6,474	2,436	8,910
Clinix Health Group (Pty) Ltd	(5,365)	5,864	499
The SA SME Fund Limited	(4,854)	-	(4,854)
Razorite Fund 2	49,864	-	49,864
Naturecell Africa (Pty) Ltd	(6,411)	-	(6,411)
Grey Jade Trade & Invest	-	2,284	2,284
Urban Lifestyle: Share of P/L	-	(15,866)	(15,866)
	81,434	(143,932)	(62,499)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
		R'000
Income from Joint Ventures		(10)
Income from Associates		(62,499)
		<u>(62,509)</u>

2023

Joint Ventures	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-
Matseke Medical Consultants CC	(10)	287	277
	<u>(10)</u>	<u>287</u>	<u>277</u>

Associates	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Resultant Finance (Pty) Ltd	9,616	-	9,616
South Point Management Services (Pty) Ltd	(12,929)	(1,179)	(14,108)
Daybreak Farms (Pty) Ltd	(59,062)	-	(59,062)
Razorite Fund 1	(29,937)	-	(29,937)
Educor Property Holdings (Pty) Ltd	-	9,873	9,873
UIF Agri-Fund 1	(38,027)	(864)	(38,891)
Clinix Health Group (Pty) Ltd	(3,028)	(1,759)	(4,787)
The SA SME Fund Limited	(680)	-	(680)
Razorite Fund 2	22,237	-	22,237
Naturecell Africa (Pty) Ltd	-	(5,617)	(5,617)
Grey Jade Trade & Invest	-	211	211
Urban Lifestyle: Share of P/L	-	(29,293)	(29,293)
	<u>(111,810)</u>	<u>(28,628)</u>	<u>(140,439)</u>

		R'000
Income from Joint Ventures		277
Income from Associates		(140,439)
		<u>(140,162)</u>

32. IMPAIRMENT OF OTHER FINANCIAL ASSETS

Impairments

Other financial assets	693,379	1,141,870
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Reversal of impairments

Other financial assets	(126,296)	(626,710)
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Total impairment losses recognised	<u>567,083</u>	<u>515,160</u>
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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33. FINANCE COSTS

Amounts for interests paid as per closing balances were on various UIF FNB bank accounts. Mainly the Fund's bank charges accounts have unfavourable balances monthly due to the fact that the charges are levied after the bank accounts were swept. Bank charges transactions levied are paid on the 1st of each month. Total interest expense, calculated using the effective interest rate, on bank balances that were in overdraft on the 1st of April 2024 relating to 31 March 2024 amounted to R0.00 (2023: R71.59).

34. CASH GENERATED FROM OPERATIONS

Surplus/(Deficit)	15,873,334	10,179,046
Adjustments for:		
Depreciation and amortisation	17,839	8,027
Profit(loss) on sale of property, plant and equipment	7	17
Impairment of investments in associates and joint ventures	769,455	240,710
Fair value adjustments	4,235,434	3,508,857
Gains/(Losses) from foreign exchange differences	(480,495)	(1,880,018)
Impairment of debtors	29,525	152,956
Impairment of other financial assets	693,379	1,141,870
Dividends received	(1,496,748)	(1,060,507)
Realised gains/losses on investments	(2,582,174)	1,099,663
Share of profit/(loss) from equity accounted investments	62,509	140,162
Reversal of impairment of other financial assets	(126,296)	(626,710)
Bad debts written off	115,128	111,790
Interest from other financial assets	(1,224,594)	(961,174)
Interest received from investing activities	(8,406,127)	(7,533,259)
Changes in working capital:		
Receivables from exchange transactions	(4,671)	(5,484)
Receivables from non-exchange transactions	(57,314)	(60,708)
Statutory receivables	(93,805)	(184,514)
Prepayments	(6,039)	246,985
Movement in lease liability	(228)	194
Movement in provisions current	(931,089)	887,467
Movement in provisions long-term	(1,786)	(671)
Movement in interest receivable from operations	(26,560)	7,662
Payables from exchange transactions	159,318	(60,150)
Benefits payable	(44,284)	61,526
	6,473,718	5,413,737



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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35. COMMITMENTS

Already contracted for but not provided for Unemployment Alleviation Schemes

• Temporary Employer/Employee Scheme	6,823	9,610
• Employability	1,305,768	5,915,283
• Business Turnaround and Recovery	-	41,308

IT Enablement

• Baraka IT Solutions	54,698	59,762
• Interfile	11,649	31,903

Actuarial Services

• True South	19,230	20,832
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Professional Services

• Maine Management and Chartered Accountants	989	3,527
• Nexia SAB&T	-	1,927

Other Commitments

• GEN2 Enterprise Software	7,647	12,373
• Hassler Business System	22	52
• Medaco	458	756
• Metrofile	1,691	3,159
• Nashua Communications/Plus 1 Communications	2,317	5,311
• Powerful Cleaning and Project	-	1,040
• Predicate Logistics	-	279
• Faranani Doctec (Pty) Ltd	47,963	48,209
• The Mineral Water Man	338	11
	1,459,593	6,155,342

The PIC manages all the Fund's properties. This service includes (but is not limited to) acquisition of property, outsourcing contracts to partners, brokerage of agreements, collection of rent, refurbishment, property development and facility management. Capital expenditure commitments are not presented to the Fund for approval neither does the Fund sign these commitments. The PIC internal procurement and approval processes are followed in rendering this service to the Fund. The Fund pays PIC a management fee for this service.

Operating leases

Operating leases - as lessee (expense)

Minimum lease payments due

Opening balance	523	329
Deferral rental - current year lease liability	(228)	194
	295	523



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand				2024 R'000	2023 R'000
2024	Buildings and other fixed structures R'000	Machinery and equipment R'000	Mobile Busses R'000	Total R'000	
Not later than 1 year	-	912	2,426	3,338	
Later than 1 year and not later than 5 years	-	744	-	744	
	-	1,656	2,426	4,082	
2023	Buildings and other fixed structures R'000	Machinery and equipment R'000	Mobile Busses R'000	Total R'000	
Not later than 1 year	-	1,597	10,939	12,536	
Later than 1 year and not later than 5 years	-	167	2,426	2,593	
	-	1,764	13,365	15,129	

Operating lease payments represent rentals payable by the Fund for buildings, parking, busses, machinery and equipment.

The building lease was extended for 12 months, which thereafter will be on a month-to-month basis. There were no payment escalations as the lease was over a 12-month period.

The parking lease was extended for 12 months, which thereafter will be on a month-to-month basis.

The machinery and equipment lease was extended for 12 months, which thereafter will be on a month-to-month basis. There were no payment escalations as the lease was over a 12-month period.

The lease for busses is for a period of 36 months and ends in June 2024. The payments escalate annually with 4.4%. The

2021/2022 bus lease portion for commitments was reinstated as a consequence of the accounting for 8 busses instead of 3.

No contingent rent is payable for any of the leases.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	1,172	3,211
- in second to fifth year inclusive	7,110	6,676
- later than five years	1,855	3,461
	10,137	13,348

At reporting date, the Fund had one investment property that was generating rental income namely Portion 5 (remainder extent) of Erf 43, Thohoyandou. The lease agreement for Portion 5 (remainder extent) of Erf 43, is non-cancellable and is for a period of 9 years and 11 months. There are no contingent rents receivable.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
36. CONTINGENCIES		
Contingent liabilities		
Normal benefits	846	884
COVID-19 benefits	1,047	25,350
Normal TERS benefits	13,790	46,738
Contractual disputes	57,767	53,807
Other	8	8
	73,458	126,787
Contingent assets		
Recovery of amounts paid	236,014	235,519
	236,014	235,519

Litigation overview

There were hundred and two (102) contingency cases of which ninety-eight (98) were against the Fund and four (4) for action taken by the Fund during the financial year ending 31 March 2024 including cases carried over that were still pending against the Fund during the financial year ended 31 March 2023. The cases include disputes for the payments of UIF benefits, COVID-19 TERS, contractual disputes, Normal TERS, Refund of the amount paid in error to the Fund and paid to the applicants for Covid-19 benefits, Labour Relations Dispute, Legislative compliance, specific performance and the Promotion to Access of Information Act (PAIA).

Four (4) cases were instituted by the Fund for the recovery of amounts paid.

Contingent liability - Cases against the Fund

UIF Benefits

Sixty-nine (69) of the cases relate to UIF normal benefits. Sixty-four (64) of the cases relate to unemployment benefits to the amount of R771,816.24. Four (4) cases to the amount of R83,103.17 relate to death benefits. One (1) case, of which the amount could not be determined relate to an illness benefit.

Included in the sixty-nine (69) cases which relate to UIF normal benefits, twenty-five (25) of the cases' amounts are yet to be determined.

COVID-19 TERS Benefits

Nine (9) of the cases relate to COVID-19 TERS benefits of which four (4) amount to R1,046,512.60 and the amounts of five

(5) cases are yet to be determined.

Normal TERS Benefits

Two (2) of the cases relate to Normal TERS benefits amounting to R13,790,009.12.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Contractual disputes

Four (4) cases relate to contractual disputes to the amount of R57,766,958.29.

Labour disputes

Four (4) cases relate to labour disputes of which the amounts are yet to be determined.

Other

Eleven (11) cases relate to an application transfer to the amount of R7,680.00, specific performance and PAIA.

SIU

During the financial year, the SIU rendered special investigating and collection services on behalf of the Fund relating to

Covid TERS amounts, no expense has not been raised in this regard as the amount, timing and obligation are uncertain.

Litigation Overview

On 22 August 2020 the Minister of Employment and Labour referred allegations relating to irregularities on the Unemployment Insurance Fund to the SIU. The Minister requested the SIU to review the AGSA Report on findings relating to the TERS paid during Covid-19 as only one matter relating to the Covid 19 Awareness Campaign by UIF fell within the ambit of the Covid-19 PPE Proclamation R. 23 of 2020, the SIU commenced with an investigation in terms of a secondment agreement to review the information / records relating to the TERS payments.

The Secondment Agreement was entered into between the Department of Employment and Labour and the SIU 5 September 2020.

The SIU was able to secure sufficient evidence during the secondment investigation in support of a National UIF Proclamation. Proclamation, R.8 of 2021, was signed on 1 April 2021.

Contingent assets - Cases in favour of the Fund

Four (4) cases were instituted by the Fund to recover amounts to the value of R236,014,076.68.

COVID-19 TERS Benefit Payments - Contingent Asset

Proclamation R08 of 2021, granted the Special Investigating Unit permission to investigate maladministration in the affairs of UIF in relation to the payment of COVIDTERS and to recover any losses, damage or actual or potential prejudice suffered by the UIF.

The follow the money firms identified potential overpayment from the COVIDTERS payments and directed the employers to sign an acknowledgment of debt on those overpayments, however the employers refused to sign the AOD's. These transactions were handed over to the SIU for further assessment and investigation.

Un-signed AOD's amounted to R1,626,851,888.06 which are potential receivables/refunds that will depend on the recovery process to be conducted by the Special Investigating Unit under the proclamation.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Contingent Assets – COVID-19 TERS Cases

The Fund reports suspected fraud and corrupt activities to the law enforcement agencies specifically the South African Police Service (SAPS). The COVID-19 TERS matters are referred to the Fusion Centre by SAPS for intervention. The Fusion Centre was conceptualised as an operational hub to address priority financial crimes effectively and efficiently through a four-pronged approach consisting of prevention, detection, investigation, and resolution.

As at 31 March 2024, there are eighty-nine (89) pending COVID-19 TERS fraudulent cases to a total amount of R305 279 998,92 pursued for recovery through the interventions from the Fusion Centre. The Fusion Centre has twenty-seven (27) cases in Court and sixty-two (62) cases are still under investigation by law enforcement agencies.

37. RELATED PARTIES

Relationships

Joint ventures	Refer to note 12
Associates	Refer to note 13
Controlling entity	Department of Employment and Labour
Other related party	Productivity South Africa
Other related party	Commission for Conciliation Mediation and Arbitration (CCMA)

Related parties for the Fund are Government Institutions and all receivables from and payables to these institutions arise from services rendered in pursuit of the mandate of the Fund. Due to the Public Service nature of the relationship between the Fund and its Related Parties, amounts owed to or owed by the Fund are not secured. Consequently, no guarantees are given or received and no provision is made for doubtful debts on outstanding amounts. No bad or doubtful debts were recorded in respect of Related Party balances.

Entities under the control of the Department of Employment and Labour

The Director-General of the Department of Employment and Labour is the Accounting Authority of the Fund that forms part of the Department's Programme 5: Social Insurance.

Other entities under the control of the Department of Employment and Labour:

- Supported Employment Enterprises (SEE)
- National Economic Development and Labour Council (NEDLAC)
- Compensation Fund (CF)
- Commission for Conciliation Mediation and Arbitration (CCMA)
- Productivity South Africa



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand

2024	2023
R'000	R'000

Productivity South Africa

The Social Plan is implemented in partnership with Productivity South Africa to implement the Business Turnaround and Recovery ("BT&R") Programme. Productivity South Africa provides support to enterprises facing economic distress in order to prevent job losses. This services has been extended to companies that apply for assistance through the Temporary Employer-Employee Relief Scheme that they may also benefit from the Business Turnaround and Recovery Programme.

CCMA

The Temporary Employer-Employee Relief Scheme aimed at distressed companies is funded by the Unemployment Insurance Fund (UIF). The scheme's first entry point is the Commission for Conciliation, Mediation and Arbitration (CCMA) that does administration of the scheme application and adjudication process. The UIF pays the CCMA for the administration of the scheme.

Department of Employment and Labour

The Fund shares various resources with the Department of Employment and Labour. Cost incurred by the Department of Employment and Labour on behalf of the Fund in executing its mandate in accordance with the UI Act is recovered from the Fund in according to the agreement between the Fund and the Department.

Department of Employment and Labour incurs expenditure on behalf of the Unemployment Insurance Fund daily on an ongoing basis. In this regard, the Fund pays an advance to the Department to cover expenditure estimated at approximately two months taking into consideration the time required for processes relating to claiming and settlement of the claim.

The Accounting Officer (Director-General) appointed an ICT advisory committee that is constituted of external ICT experts, to provide ICT advice on matters of ICT, to the entire Department (inclusive of the Funds – UIF and Compensation Fund). The funding model for the committee is 40/40/20 split of costs and the UIF carries and discloses its 40% expenditure share.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Related party balances		
Amounts included in prepayments regarding related parties		
Productivity South Africa	7,197	-
Amounts included in payables from exchange transactions regarding related parties		
Department of employment and Labour	105,769	12,689
Related party transactions		
Amounts included in Administrative cost regarding related parties		
Department of Employment and Labour	609,514	450,151
Amounts included in Employee cost regarding related parties		
Department of Employment and Labour	1,674,843	1,577,981
Amounts included in Operating expenses regarding related parties		
Department of Employment and Labour	15,816	37,252
Amounts included in Unemployment Alleviation Schemes regarding related parties		
Productivity South Africa	34,111	-
CCMA	1,174	129
Amounts included in Commitments - Contracted for but not provided for		
Productivity South Africa	-	41,308

Directors emoluments 2024

Name	Appointment date	Basic salary R'000	Expense allowances R'000	Long-term service award R'000	State contribution Medical R'000	State contribution Pension R'000:	Total R'000
Aderibigbe HA (Director: Budgets, Expenditure and Bank Recons)	1 March 2005	1,181	25	-	16	103	1,325
Briedenhann L (Director: Reporting)	1 October 2008	1,213	1	-	-	103	1,317
Duma P (Director: Labour Activation Programmes)	1 February 2018	1,045	6	-	-	105	1,156
Fololo Z (Director: Income and Accounts Receivable)	1 December 2013	940	147	-	17	110	1,214
Fourie ASC (Director: Treasury, Investments and Actuarial Services)	1 June 2014	967	76	-	33	106	1,182
Makweya KR (Director: ICT)	1 November 2022	1,048	21	-	-	105	1,174
Kumbi J (Chief Director: Operations)	1 March 2012	1,135	163	-	23	107	1,428
Makgamatho MR (Director: Compliance)	1 November 2014	1,050	30	-	16	109	1,205
Maphatane TI (Director: Risk Management)	1 March 2018	988	82	-	-	105	1,175
Maruping TS (UI Commissioner)	1 December 2016	1,486	16	-	-	149	1,651
Mathabela AC (Director: Organisational Effectiveness)	1 February 2018	1,041	26	11	23	106	1,207
Mconywa NB (Chief Director: Labour Activation Programmes)	1 March 2013	1,273	89	-	9	114	1,485
Mkhonto LD (Adv) (Director: Legal Services)	1 October 2020	1,018	15	-	36	105	1,174
Shabangu TG (Director: Executive support)	Contract ended	572	-	-	-	-	572
Mokgahla TME (Director: SP and M&E)	1 April 2021	658	41	-	-	70	769
Mthalane TN (Director: Internal Audit)	1 July 2021	1,048	12	-	-	105	1,165
Hattingh TS (Director: Communications)	1 November 2022	1,034	20	-	-	105	1,159
Naicker S (Director: Call Centre)	1 June 2019	1,048	16	-	-	105	1,169
Nape MW (Director: Labour Activation Programmes)	1 April 2016	1,076	14	-	-	108	1,198
Puzi TS (Chief Financial Officer)	1 April 2016	1,235	152	-	40	137	1,564
Ragavaloo PA (Director: Provincial Support)	1 July 2016	1,002	135	-	-	111	1,248
Ramoshaba M (Director: Supply Chain Management)	1 December 2017	1,015	9	-	-	102	1,126
Roux P (Director: Human Resource Management)	1 April 2016	1,044	44	-	8	108	1,204
Van Wyk L (Director: Office of the UIC)	1 September 2015	881	245	-	-	111	1,237
Yawa EM (Adv) (Chief Director: Corporate Services)	1 April 2019	1,126	274	-	-	134	1,534
Zungu SF (Director: Labour Activation Programmes)	1 April 2016	1,069	1	-	17	108	1,195
		27,193	1,660	11	238	2,731	31,833

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Unemployment Insurance Fund
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Directors emoluments 2023

Name	Appointment date	Basic salary R'000	Expense allowances R'000	Long-term Service Award R'000	State contribution Medical R'000	State contribution Pension R'000	Total R'000
Aderibigbe HA (Director: Budgets, Expenditure and Bank Recons)	1 March 2005	1,118	17	-	16	96	1,247
Briedenhann L (Director: Reporting)	1 October 2008	1,187	-	-	-	97	1,284
Buthelezi GM (Director: Communications)	Resigned	397	2	-	2	43	444
Duma P (Director: Labour Activation Programmes)	1 February 2018	1,027	6	-	-	99	1,132
Fololo Z (Director: Income and Accounts Receivable)	1 December 2013	963	148	-	17	108	1,236
Fourie ASC (Director: Treasury, Investments and Actuarial Services)	1 June 2014	937	74	-	33	100	1,144
Hattingh TS (Director: Communications)	1 November 2022	474	-	-	-	39	513
Makweya KR (Director: ICT)	1 November 2022	479	-	-	-	42	521
Kumbi J (Chief Director: Operations)	1 March 2012	1,096	172	-	23	101	1,392
Makgamatho MR (Director: Compliance)	1 November 2014	1,027	60	-	16	103	1,206
Maphatane TI (Director: Risk Management)	1 March 2018	967	65	-	-	99	1,131
Maruping TS (UI Commissioner)	1 December 2016	1,400	17	-	-	138	1,555
Mathabela AC (Director: Organisational Effectiveness)	1 February 2018	1,019	33	-	23	100	1,175
Mconywa NB (Chief Director: Labour Activation Programmes)	1 March 2013	1,242	73	-	9	108	1,432
Mkhonto LD (Adv) (Director: Legal Services)	1 October 2020	986	17	-	36	99	1,138
Shabangu TG (Director: Executive Support)	1 November 2022	468	2	-	-	-	470
Mthalane TN (Director: Internal Audit)	1 July 2021	1,027	16	-	-	99	1,142
Naicker S (Director: Call centre)	1 June 2019	1,025	15	-	-	98	1,138
Nape MW (Director: Labour Activation Programmes)	1 April 2016	1,057	18	-	-	102	1,177
Mokgahla TME (Director: SP and M&E)	1 April 2021	1,026	6	-	-	99	1,131
Puzi TS (Chief Financial Officer)	1 April 2016	1,366	158	-	34	126	1,684
Ragavaloo PA (Director: Provincial Support)	1 July 2016	1,035	124	-	-	109	1,268
Ramoshaba M (Director: Supply Chain Management)	1 December 2017	918	-	-	-	92	1,010
Roux P (Director: Human Resource Management)	1 April 2016	1,013	40	22	8	93	1,176
Tshabalala N (Director: Executive Support)	Resigned	176	-	-	-	-	176
Van Wyk L (Director: Office of the UIC)	1 September 2015	857	243	-	-	103	1,203
Yawa EM (Adv) (Chief Director: Corporate Services)	1 April 2019	976	270	-	-	117	1,363
Zungu SF (Director: Labour Activation Programmes)	1 April 2016	1,069	1	-	17	100	1,187
		26,332	1,577	22	234	2,510	30,675



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Figures in Rand Thousand		2024 R'000	2023 R'000	
Non-executive Board Members fees				
2024	Appointment date	Fees for services R'000	Expense allowances R'000	Total R'000
Board Members				
Gaarekwe O	Appointed: 1 May 2021	-	2	2
Josopu T	Appointed: 1 May 2021	49	1	50
Luswazi Z	Appointed: 3 May 2021	72	15	87
Mfulo T	Appointed: 1 June 2021	73	40	113
Miya V	Appointed: 1 May 2021	38	4	42
Ntsinde D	Appointed: 1 May 2021	63	9	72
Specht L	Appointed: 1 May 2021	88	-	88
Thobejane EM	Appointed: 1 May 2021	110	11	121
Sibeko B	Appointed: 1 May 2021	-	2	2
Ngcongong BS	Appointed: 5 August 2022	62	9	71
Audit Committee				
Mzizi P	Appointed: 1 May 2023	184	-	184
Mangquku L	Appointed: 3 March 2023	390	8	398
Nkosi J	Appointed: 1 February 2023	645	10	655
Risk Committee				
Skeepers N	Appointed: 21 September 2021	588	12	600
Weapond JC	Appointed: 21 July 2022	421	-	421
Magan V	Appointed: 8 August 2022	19	-	19
Mkhize SF	Appointed: 4 April 2022	348	9	357
Appeals Committee				
Leyden S	Regional	5	-	5
Nkosi BQ	Regional	7	1	8
Saku EM	Regional	8	-	8
Van der Hannok I	Regional	1	-	1
Zwane T	Regional	16	-	16
Arendse NR	Regional	2	-	2
Nchabeleng M	Regional	1	1	2
Wessels IJ	Regional	5	1	6
Dlepu P	Regional	9	1	10
Mashabane CN	Regional	11	-	11
Netshidzivhani L	Regional	1	-	1
Kunene L	Regional	7	1	8
Makhado F	Regional	8	1	9
Nzimande M	Regional	1	-	1
Mamabolo MJ	Regional	4	-	4
Nkosi AN	Regional	3	1	4
Dedeza T	Regional	2	-	2
Mndayi ZI	Regional	5	1	6
ICT Committee				
Ndlangisa M	DEL Governance Structure	252	-	252
Arends JB	DEL Governance Structure	215	-	215
Sithhole IJ	DEL Governance Structure	262	-	262
Patel SA	DEL Governance Structure	253	-	253
Maseko ED	DEL Governance Structure	277	-	277
		4,505	140	4,645



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Figures in Rand Thousand		2024 R'000	2023 R'000	
2023				
	Appointment date	Fees for services R'000	Expense allowances R'000	Total R'000
Board Members				
Gaarekwe O	Appointed: 1 May 2021	(2)	-	(2)
Josupu T	Appointed: 1 May 2021	88	1	89
Luswazi Z	Appointed: 3 May 2021	165	-	165
Mfulo T	Appointed: 1 June 2021	102	2	104
Miya V	Appointed: 1 May 2021	51	1	52
Ntsinde D	Appointed: 1 May 2021	64	1	65
Specht L	Appointed: 1 May 2021	13	-	13
Thobejane EM	Appointed: 1 May 2021	96	1	97
Ngcongco BS	Appointed: 5 August 2022	35	-	35
Audit Committee				
Magan V	Appointed: 8 August 2022	13	-	13
Dala P	Appointed: 23 June 2020	146	-	146
Mangquku L	Appointed: 3 March 2023	27	-	27
Nkosi J	Appointed: 23 June 2020	309	7	316
Risk Committee				
Skeepers N	Appointed: 21 September 2021	465	6	471
Terhoeven CF	Appointed: 23 June 2020	69	-	69
Weapond JC	Appointed: 23 June 2020	96	1	97
Appeals Committee				
Leyden S	Regional	5	-	5
Nkosi AN	Regional	6	-	6
Saku EM	Regional	6	-	6
Sethusa L	Regional	2	-	2
Zwane T	Regional	4	-	4
Makhado F	Regional	8	1	9
ICT Committee				
Mkhize F	Appointed: 22 July 2022	207	3	210
Ndlangisa M	DEL Governance Structure	256	-	256
Mashabane CN	DEL Governance Structure	51	-	51
Arends JB	DEL Governance Structure	203	-	203
Sithole	DEL Governance Structure	278	-	278
Patel SA	DEL Governance Structure	251	-	251
Maseko	DEL Governance Structure	264	-	264
		3,278	24	3,302



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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38. IRREGULAR EXPENDITURE AND FRUITLESS AND WASTEFUL EXPENDITURE

Irregular and Fruitless and wasteful expenditure

Irregular expenditure	-	45,864
Fruitless and wasteful expenditure	13	6,931
	13	52,795

39. RISK MANAGEMENT

Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Fund's continuing sustainability and management has the primary responsibility for the day-to-day management of risk. The Fund is exposed to a variety of risks: operational risk, regulatory and legislative risk, litigation risk, insurance risk and financial risk (including: market risk, price and interest rate risk, credit risk and liquidity risk) as well as model / valuation risks and concentration risk.

Risk management structure

The Accounting Authority is ultimately responsible for identifying and controlling risks, however there are separate bodies and business units responsible for managing and monitoring risks, as per section 51(1)(a) (i) of the PFMA.

Unemployment Insurance Board (UI Board)

The Fund's Board recommends the principles for overall risk strategy, as well as policies covering specific risk areas, such as operational risk, insurance risk, market risk (price and interest rate risk), liquidity risk and credit risk, use of derivative financial instruments and investment of excess liquidity to management and the Accounting authority for approval. The Fund's Board appointed sub-committees such as the Finance and Risk Advisory Committee (previously the Finance Advisory Committee) to oversee special areas of risk.

Investment Committee (Sub-committee of the UI Board)

The Investment Committee provides oversight on investment management of the Fund's investment portfolio by considering all investment performance and management reports to be presented to the UI Board. The Investment Committee also makes recommendations to both the UI Board and management with regards to the investment policy statement and asset allocation strategy. The Committee contributes to risk mitigation by reviewing risk management policies, including the review of the level of risk and appropriate risk measures for each asset class by recommending the investment mandate which is based on an asset and liability modelling study.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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Audit and Risk Committee

The committee has oversight of risk capacity, risk appetite allocation and strategies for managing risk. The committee assists the board in carrying out its functions relating to the safeguarding of assets, the operation of adequate risk management and control processes and the preparation of financial statements in compliance with all applicable legislation and regulations as well as the oversight of the external and internal audit appointments and function. The committee does not assume the functions of management nor provides relief to board members for their joint and several responsibilities regarding their fiduciary duties and they must continue to exercise due care and judgment following their legal obligations.

Investment risk

Monitoring and controlling investment risks are primarily performed based on investment objectives expressed in an investment mandate, informed by an actuarial asset and liability modelling study. The managing of this mandate include (but not limited to) factors such as portfolio size, risk parameters, strategic asset allocation, diversification and performance benchmark tracking. This mandate is presented and explained to the UI Board that makes the necessary recommendations to the Accounting Authority for approval.

Capital management

Approach to capital management

The Fund seeks to optimise the structure and source of capital to ensure a sustainable organisation which can meet its unemployment insurance obligations as per the UI Act and consistently strives to improve benefits to its stakeholders. The Fund's approach to managing capital involves managing assets, liabilities and risks in a coordinated way.

Regulatory framework

The Fund had no significant changes in its policies and processes to its capital structure during the past year. The capital structure of the Fund consists of net debt (benefits payable detailed in Note 16 offset by cash and cash equivalents as detailed in Note 8) and equity of the Fund (comprising of the Technical reserve and Accumulated surplus).

Asset Liability Management (ALM) framework

The main risk the Fund faces is that unemployment insurance benefit claims as per the UI Act, will be higher than its assets invested to meet expected benefit claim payments. The Fund manages this risk through an investment mandate with the PIC that is informed by Asset and Liability Modelling (ALM) studies. The Fund's Investment Committee commission regular Asset and Liability Modelling studies to ensure an appropriate investment policy and mandate is in operation.

The principle technique of the Fund's ALM is to match assets to the liabilities arising from administering the UI Act.



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Figures in Rand Thousand	2024 R'000	2023 R'000
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Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform; operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Fund cannot eliminate operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the Fund is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff education and assessment processes, including the use of a risk management section and internal audit that review the effectiveness of the control environment and external insurance policies. Business risks such as a change in environment and technology are monitored through the Fund's strategic planning processes.

Insurance risk

The Fund provides unemployment-, illness-, maternity-, adoption- and dependant benefits as prescribed by the UI Act. For unemployment claims, the most significant risk arises from changes in the employment market. The insurance risk covers a four-year period based on the fact that benefits accrue to a maximum of 238 days in the four-year period immediately preceding the date of the application of benefits.

The Fund's risk is limited through the UI Act, that allows a maximum accrual of 238 days' benefit in a four-year period, calculating the benefit payable to a contributor, based on the daily rate of remuneration of the contributor, subject to the prescribed maximum. Further, strict claim review policies to assess all new and ongoing claims in the operational system, that apply numerous controls based on external verification. Regular detail review of the claims handling procedures and ongoing investigation of possible fraudulent claims are some of the policies and procedures put in place to reduce the risk exposure of the Fund. The Fund maintains a fully funded position to mitigate its insurance risk. The financial funding position of the Fund is determined by comparing the Fund's accumulated surplus against an actuarial determined Capital Requirement, which is derived per the Financial Soundness basis as prescribed by the South African Reserve Bank for insurance companies, that would have applied to the Fund had it been a short-term insurer and subject to the Insurance Act.

Financial Soundness Basis	R'million
Total assets	138,394
Non-actuarial liabilities	(13,366)
Claims liability and provision	(19,854)
TERS liability and provision	(3,436)
Unrest provision	(43)
Technical provisions: premiums	(47,480)
Risk margin	(1,809)
Accumulated surplus	52,405
Capital requirement	32,211
Financial soundness ratio (accumulated surplus/capital requirement)	1.63



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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The Risk Margin is an actuarial estimate calculated by determining the cost of providing capital necessary to support the insurance obligations over their lifetime. The rate used in the determination of this cost is referred to as the "cost-of-capital" rate. This cost-of-capital rate is estimated at 6%. The Capital Requirement is a risk-based measure of the capital required to ensure that assets will continue to exceed liabilities at a 99.5% level of certainty over an one-year time horizon.

Solvency Capital Requirement	31 March 2024 R'million	31 March 2023 R'million
Solvency capital requirement - Market	20,300	17,132
Solvency capital requirement - Non-life	17,734	17,130
Diversification benefit	(7,924)	(7,175)
Basic solvency capital requirement	30,110	27,087
Solvency capital requirement - Operational risk	2,102	2,080
Solvency capital requirement	32,212	29,167

Market risk

Market risk represents the potential loss due to adverse movement in the market value of assets. The financial services industry is influenced by various unpredictable factors that include: economic conditions, monetary and fiscal policies, market liquidity, cost and availability of capital, political events, acts of terror, national disasters and investor sentiment.

Any change to these factors may result in volatility in interest rates, exchange rates, equity and commodity prices, credit spreads and foreign exchange rates.

Exposure to market risk is formally managed through a diverse investment portfolio in accordance to the risk parameters and limits agreed with the asset manager in a formal investment mandate. Adherence to mandate requirements such as a tracking error limit relative to a chosen benchmark and liquidity needs assures market risk management. The following benchmarks are set out in the Fund's mandate and tracked by the asset manager:

Asset class	Benchmark
Cash & money markets	STEFI Composite
Equities	FTSE/JSE Capped SWIX
Foreign equity	MSCI All Country World Index
Inflation linked bonds	CILI
Listed property	J253
Nominal bonds	All Bond Index (ALBI)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
For the Fund, the market risk consists of the following components and is estimated at:		
Component	31 March 2024 R'million	31 March 2023 R'million
Interest rate risk	9,165	9,071
Equity risk	13,147	9,871
Property risk	931	831
Currency risk	3,787	2,927
Spread and default fraud risk	1,774	2,284
Concentration risk	7,709	5,784
Diversification benefit	(16,213)	(13,636)
Market risk (SCR Market)	20,300	17,132

Equity Risk

The volatility of the domestic equity portion of the portfolio will not be more than 1% above the average total risk of the benchmark volatility. This tracking error maximum ensures that the Fund does not take excessive risk relative to the benchmark. The tracking error on the domestic equity portion of the portfolio is split between equities internally managed by PIC at a maximum tracking error of 1%, externally managed equities set at a maximum tracking error of 2% and listed property equities' tracking error set at 1% relative to the benchmarks.

The foreign equity portfolio will not be more than 2% above the average total risk of the benchmark for both the developed and emerging market equity portfolios. Equity risk is calculated as follows:

Equity class	31 March 2024			31 March 2023		
	Market value R'million	Equity Risk R'million	As % of market value	Market value R'million	Equity Risk R'million	As % of market value
Domestic (listed)	22,858	8,458	37 %	16,185	6,959	43 %
Foreign (listed)	12,623	5,554	44 %	9,757	3,512	36 %
Other	-	-	-	-	-	-
Diversification benefit	-	(865)	-	-	(601)	-
Total	35,481	13,147	37 %	25,941	9,871	38 %

Market Risk: Concentration risk

Concentration risk is the risk of losses arising due to poor diversification within an investment class. Excessive concentration in a particular or correlated asset class, sector, issuer, term structure or financial instrument type can result in undesirable risk exposures. The Fund manages this risk in accordance with the investment mandate, which dictates the level of concentration in an asset class.



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Figures in Rand Thousand	2024 R'000	2023 R'000
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Below are the largest exposures to single counterparties and the associated capital charge:

Counterparty	31 March 2024		31 March 2023	
	Exposure R'million	Concentration risk R'million	Exposure R'million	Concentration risk R'million
RSA Government	75,274	-	72,834	-
Robecco Fund	12,623	7,697	9,757	5,779
Firststrand	5,028	425	3,625	109
Eskom	4,915	77	4,832	220
Standard Bank	-	-	2,298	-
ABSA	-	-	-	1,782
Independence credit	-	(490)	-	(324)
Total		7,709		5,784

In order to avoid excessive concentration of risk, the Fund's policies and procedures maintain a well-diversified portfolio.

Concentration and Movement of Risk per asset class

Asset class	2024	2023	Movement
Total cash and money market	8.60 %	7.77 %	0.83 %
Cash (Settlement Accounts)	1.38 %	2.14 %	(0.76)%
Standard Bank	0.94 %	1.31 %	(0.37)%
First Rand	0.44 %	0.84 %	(0.40)%
Money Markets (Term Investments)	7.22 %	5.62 %	1.60 %
ABSA	1.14 %	1.19 %	(0.05)%
First Rand	2.23 %	1.14 %	1.09 %
Nedbank	1.26 %	1.03 %	0.23 %
Standard Bank	1.23 %	0.95 %	0.28 %
Investec	1.00 %	1.23 %	(0.23)%
Treasury	0.35 %	0.08 %	0.27 %
Capital Markets	62.73 %	68.17 %	(5.44)%
Government Bonds	32.79 %	31.38 %	1.41 %
Parastatals/SOE	2.98 %	3.59 %	(0.61)%
Corporate Bonds	0.90 %	1.30 %	(0.40)%
Inflation-linked Bonds	24.59 %	31.90 %	(7.31)%
Floating Rate Bonds	1.47 %	- %	1.47 %
Domestic & Foreign Equity Holding	28.67 %	24.07 %	4.60 %
	100.00 %	100.00 %	

Market risk: Interest rate risk

Interest rate risk arises when the market value of assets is sensitive to changes in market yield curves or interest rate volatilities. This includes both the nominal and real yield curves. The Fund has the following exposure to interest-rate sensitive assets as at 31 March 2024:



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Figures in Rand Thousand	2024 R'000	2023 R'000
Market value	31 March 2024 R'million	31 March 2023 R'million
Government bonds (fixed interest)	44,326	37,488
Government bonds (index-linked)	30,438	35,256
Corporate bonds (fixed interest)	4,713	5,817
Corporate bonds (index-linked)	2,593	2,897
Short term instruments (banks)	510	6,665
Short term instruments (government)	11,163	90
Total interest-rate sensitive assets	93,743	88,213

Nominal interest rate risk can be split into real interest rate risk and inflation risk. The inflation portion of the interest rate risk is minimised by investing a significant mix of inflation linked bonds.

The sensitivity to interest rate movement is also managed by managing the duration of fixed interest exposure. Such duration is managed relative to an appropriate benchmark. To manage the duration, the asset manager utilises a combination of instruments to get closer to the benchmark duration.

The table below shows the assets above split per duration, and includes the corresponding contribution to interest rate risk. As would be expected, assets at longer durations are more sensitive to interest rate movements:

Asset duration (months)	31 March 2024			31 March 2023		
	Market value R'million	Interest rate risk R'million	As % of market value	Market value R'million	Interest rate risk R'million	As % of market value
< 3 years	43,763	4,501	10	16,228	669	4
3 - 6 years	27,913	4,165	15	25,035	3,577	14
6 - 9 years	7,908	1,428	18	28,662	5,511	19
9 - 12 years	5,738	1,361	24	4,516	1,036	23
12 - 15 years	3,805	1,156	30	3,195	944	30
15 - 18 years	4,615	1,531	33	4,487	1,439	32
>18 years	-	-	-	-	-	-
Liabilities	-	(2,741)	-	-	(2,132)	-
Diversification benefit	-	(2,236)	-	-	(1,974)	-
	93,742	9,165	10	82,123	9,070	11

Market risk: Property

Property risk arises when the market value of assets and liabilities are sensitive to changes in the level of market prices of property. Property risk for the Fund was calculated as follows:

	31 March 2024			31 March 2023		
	Market value R'million	Property risk R'million	As % of market value	Market value R'million	Property risk R'million	As % of market value
Total property exposure	3,725	931	25	3,326	831	25%



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Figures in Rand Thousand	2024 R'000	2023 R'000
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Market risk: Currency risk

Currency risk arises when the market value of assets and liabilities are sensitive to changes in currency exchange rates.

The Fund holds units in a foreign equity unit trust. If the Rand appreciates against foreign currencies, the value of this investment becomes lower in Rand terms. So, the Fund is exposed to currency risk, which is calculated as follows:

	31 March 2024			31 March 2023		
	Market value R'million	Currency risk R'million	As % of market value	Market value R'million	Currency risk R'million	As % of market value
Total foreign exposure	12,623	3,787	30%	9,757	2,827	30%

Currency risk can also lead to an adverse impact on the valuation of foreign denominated investments. The Fund manages its currency risk exposure through the following interventions:

1. The Fund's currency risk exposure is primarily managed through the asset allocation prescribed in the Investment

Management Agreement, i.e. through the asset allocation to Non-South African markets.

2. Ongoing exposure to foreign currencies is monitored and reported on a frequent basis. The hedging of currencies is occasionally implemented by taking into account short and long term macro-economic views on foreign exchange rates if and when required.

Foreign exchange accounting: The offshore portfolios are USD denominated, converted into ZAR using the IRESS closing FX rates and reported on a Gross Asset Value (GAV) method.

The underlying Asset Managers use currency derivatives to ensure the portfolio is protected against all non-USD exposures and that the portfolio is always only exposed to exchange rate movements between the USD (the denominated currency) and ZAR (the reporting currency).

Market risk: Spread and default risk

Spread risk arises when the market value of assets is sensitive to change in credit spreads over the risk-free interest rate term structure. Default risk arises from potential losses due to credit default events, such as the default of the counterparty or issuer of a financial instrument held by an insurer. All assets that are subject to movements in credit spreads were included in the below calculation of exposure to market spread and default risk:

For the Fund default risk is split into three categories:

- Type 1 default risk covers exposures where the counterparty or issuer of the instrument may be rated;
- Type 2 exposures cover where the counterparty or issuer of the instrument is likely to be unrated;
- Type 3 exposures are exclusively for cash held at banking institutions



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	31 March 2024			31 March 2023		
	Market value R'million	Risk charge R'million	% of market value	Market value R'million	Risk charge R'million	% of market value
Default risk: Type 1	-	-	-	-	-	-
Default risk: Type 2	3,310	496	15	2,675	401	15
Default risk: Type 3	1,863	81	4	2,564	112	4
Spread risk	93,742	1,196	1	87,568	1,771	2
Total	98,915	1,773	2	92,807	2,284	3

Liquidity risk

Liquidity risk arises when there are insufficient liquid capital assets (cash and readily convertible securities) available to meet the financial obligations on a timely basis.

Liquidity is held primarily in the form of money market instruments such as bonds, fixed deposits, listed shares and promissory notes as well as liquid debt issues from government, municipalities and other approved issuers.

The Fund's investment mandate stipulates the strategic asset allocation percentage of the total holdings that must comprise of liquid assets (cash and money markets). A significant portion of assets is held in cash and near-cash (money market).

Liquidity risk is also managed by investing a large portion of assets in instruments (money market, bonds and equities) that trade actively in efficient and liquid markets.

The below investment mandate was effective from 1 April 2023 until 31 March 2024. The investment structure was as follows:

Asset Class	Minimum Range	Proposed Strategic Asset Allocation (SAA)	Maximum Range	Benchmark
Cash and money market	-%	7.00%	20.00%	STEFI Composite
Local Nominal Bonds	22.00%	32.00%	42.00%	ALBI
Local Inflation Linked Bonds	12.00%	22.00%	32.00%	CILI
Domestic equity	-%	15.00%	20.00%	JSE CAPPED SWIX
International Equity	-%	10.00%	15.00%	MSCI World Index
Domestic Listed Property	-%	2.00%	5.00%	J253
Domestic Unlisted Property	-%	1.00%	5.00%	IPD Index
Domestic Unlisted Debt and Equity	-%	11.00%	17.00%	CPI
		100.00%		

The above investment mandate was implemented from 1 January 2023, applying a phased-in approach best suited for the Fund, allowing the Fund to still capture opportunities in the market but attempting to realise minimal losses in the portfolio during the transition period. This mandate was fully implemented by 1 April 2023.



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Figures in Rand Thousand	2024 R'000	2023 R'000
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The Fund halted all further investments in unlisted investment instruments due to a combination of higher liquidity constraints since the payment of COVID-10 TERS and WABU benefits and a lower risk appetite subsequent to the prior years' COVID-19 TERS payments made from the portfolio.

Even though the new mandate's strategic asset allocation indicated a reduction in the unlisted debt and equity investments, these assets are highly illiquid and can only be exited according to prescripts. Any reduction in this asset class will be done in a responsible manner not to contribute further towards the unemployment rate.

Portfolio compliance

Financial Assets 2024	Value R'000	Actual Asset allocation
Cash and Money Markets	11,599,096	8.00 %
Local Nominal Bonds	49,416,493	34.00 %
Local Inflation-linked and Floating Rate Bonds	35,100,514	24.00 %
Listed Domestic Equity	22,858,331	16.00 %
Listed Domestic Property Equity	3,146,457	2.00 %
Unlisted Property	573,124	-%
Unlisted Debt and Equity Instruments	9,992,281	7.00 %
International Equity	12,622,605	9.00 %
Total value of Fund's portfolio	145,308,901	100.00 %

In addition to holding a minimum level of liquidity in the form of cash and near cash equivalents, the Fund also applies daily cash flow management and maturity profile allocation to assess and monitor its liquidity requirements and risk levels.

Maturity profile on financial assets

2024 R'000	Receivable on demand	0 - 12 months	1 - 3 years	3 - 7 years	>7 years	Total
Capital market	-	199,406	2,984,057	23,956,982	57,376,562	84,517,007
Cash and cash equivalents	3,063,330	-	-	-	-	3,063,330
Listed equity	-	38,627,393	-	-	-	38,627,393
Money market	11,753	8,524,013	-	-	-	8,535,766
Unlisted Investments	-	-	-	-	9,992,281	9,992,281
Debtors - sundry	349	-	-	-	-	349
Debtors - rental	5,715	-	-	-	-	5,715
Interest and dividends receivable	1,090,021	-	-	-	-	1,090,021
	4,171,168	47,350,812	2,984,057	23,956,982	67,368,843	145,831,862



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand		2024	2023				
		R'000	R'000				
2023 R'000	Receivable on demand	0 - 12 months	1 - 3 years	3 - 7 years	>7 years	Total	
Capital market	-	7,363,522	5,350,979	18,885,976	49,856,650	81,457,127	
Cash and cash equivalents	2,563,666	-	-	-	-	2,563,666	
Bills and NCD's	98,809	-	-	-	-	98,809	
Listed equity	-	28,756,007	-	-	-	28,756,007	
Money market	-	6,616,852	-	-	-	6,616,852	
Unlisted investments	-	-	-	-	9,892,688	9,892,688	
Debtors - sundry	318	-	-	-	-	318	
Debtors - rental	3,127	-	-	-	-	3,127	
Interest and dividends receivable	398,834	-	-	-	-	398,834	
	3,064,754	42,736,381	5,350,979	18,885,976	59,749,338	129,787,428	

Maturity analysis on financial liabilities

The following table analyses the Fund's financial liabilities which will be settled on a gross basis:

2024 R'000	Payable on demand	Within 1 month	Within 12 months	Total
Bank overdraft	-	-	-	-
Deposits received	68,519	-	-	68,519
Payables from exchange transactions	-	111,322	500,493	611,815
Uncleared deposits	22,239	-	-	22,239
	90,758	111,322	500,493	702,573

2023 R'000	Payable on demand	Within 1 month	Within 12 months	Total
Deposits received	67,156	-	-	67,156
Payables from exchange transactions	-	33,035	398,832	431,867
Uncleared deposits	25,983	-	-	25,983
	93,139	33,035	398,832	525,006

Credit risk

This risk represents the risk that a counterparty or issuer fails to meet an obligation when it falls due.

The exposures may arise, for instance, from a deterioration in a counterparty's financial position, from a reduction in the value of securities held as collateral and from entering into contracts under which counterparties have long term obligations to repay.

Factors that influence credit decisions include credit rating agencies assessments of the general environment, the competitive market position of a counterparty or issuer, reputation, deal tenor as longer rated deals increase uncertainty of repayment, the level of volatility of earnings, corporate governance, risk management policies, liquidity and capital management.



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The Credit Risk Policy is the primary tool used to communicate credit limits and exposures by constraining the magnitude and tenor of exposures to counterparties and issuers. The approved Credit Risk Policy is a standard inclusion in the investment mandates.

Credit risk limits incorporate measures of both current and potential exposures and are set and monitored by broad risk type, product type and maturity. Credit mitigation techniques include, where appropriate, the right to be furnished with collateral or an equity injection by counterparties in unlisted investments. Mitigation techniques are deal dependent.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial instruments in notes 3 and 18.

At fair value through surplus or deficit	Carrying value 2024 R'000	Fair value 2024 R'000	Carrying value 2023 R'000	Fair value 2023 R'000
Listed equity	30,746,097	38,627,393	18,930,096	28,756,007
Unlisted equity	1,490,898	867,575	1,490,898	937,789
Bonds	83,910,394	84,517,007	76,672,189	81,457,127
Unlisted financial instruments	41,247	41,247	47,362	41,168
Bills and Negotiable Certificate of Deposits	464,377	476,876	94,843	98,809
	116,653,013	124,530,098	97,235,388	111,290,900

At amortised cost	Carrying value 2024 R'000	Carrying value 2023 R'000
Investment income receivable	11,753	38,770
Unlisted financial instruments	9,083,459	8,913,731
Fixed deposits	8,047,137	6,616,852
	17,142,349	15,569,353

Collateral risk

This is regarded as integral to credit risk; no collateral was held on the Fund for the period under review, which is consistent with previous periods.

Other financial risks

Model / valuation risk

This risk arises from the dependence on systems, models, algorithms and assumptions used to price instruments and structures. The asset manager utilises Bloomberg's, Reuters and INet, as well as internally developed models. This risk is managed by ensuring that only models from credible sources are used. Audits are done on models to ensure that they are accurate and reliable. Models developed by the asset manager are benchmarked against external sources to ensure accuracy and reliability.

Commodity price risk

No funds under management have direct or derivative exposure to commodities. Indirect exposure through equities is well diversified and managed using equity risk limits.



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Figures in Rand Thousand	2024 R'000	2023 R'000
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Regulatory and legal risk

Regulatory risk is the risk arising from a change in regulations in any legal (legal risk being the risk that the company will be exposed to contractual obligations which have not been provided for), taxation and accounting pronouncements or specific industry regulations that pertain to the business of the Fund, hence the financial instruments are exposed to these risks.

In accordance with chapter 6, paragraph 48 of the PFMA, the Fund is classified as a Schedule 3 National Public Entity.

In terms of section 55(1) of the PFMA, the Fund is required to prepare financial statements for each financial year in accordance with generally accepted accounting practice, unless the ASB approves the application of generally recognised accounting practice for the Fund.

The Fund received contribution revenue in accordance with the UI Contributions Act, 2002 and pays Unemployment Insurance benefits including the recovery of benefits in error in accordance with the UI Act.

The Fund is accordingly exposed to any changes in legislation and accounting pronouncements. The Fund is exceptionally vulnerable to the interpretation of legislation. In an attempt to mitigate the risk, management exercises a proactive approach where possible. With reference to the UI Act the Fund issues regulations in an effort to mitigate the risk of interpretation and complies with regulations issued regarding other applicable legislation.

Litigation risk

Legal proceedings could adversely impact the Fund's operating results and financial position for a particular period. The Fund has a well-established legal services team to deal with risks that may arise. Legal services instruct the State Attorney's Office to either defend or settle litigation against the Fund depending on the circumstances of the case and external lawyers are involved when required.

40. GOING CONCERN

The basis for the calculation of the Fund continuing to be a going concern is the Financial Soundness Basis.

To determine whether the Fund is in a financially sound position as at 31 March 2024, the financial position was determined as per the basis that would have applied to it had it been and insurer regulated by the South African Reserve Bank. For purposes of this assessment, this basis is referred to as the "Financial Soundness Basis".

The principles for determining the actuarial estimates as well as the methodology for calculating the Risk Margin is set out in a document published by the South African Reserve Bank entitled "Prudential Standard SF11 for financial soundness for insurers". The capital requirement (against which the accumulated surplus on the Financial Soundness basis is compared) is derived per the Financial Soundness basis as prescribed.

Based on the Fund's independent actuarial assessment of financial soundness/solvency as at 31 March 2024, the Fund's financial soundness ratio equated to 1.63% which is higher than the minimum capital requirement set at 1.25% per asset liability methodology supporting the Fund's sound financial position as at 31 March 2024.



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Following the going concern assessment, management is not aware of events or conditions that cast significant doubt on the Fund's ability to continue as a going concern for the 12 months after the reporting date, nor the period thereafter. The AFS have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following factors were assessed to support the view of management that the Fund will continue as a going concern.

- The Fund remains able to provide for the following in its cash flow projections for the 2024/2025 financial year:
 - Worker credits for the next 48 months (four years);
 - Expected benefit payments in the 12 months after the reporting date;
 - Commitments in line with Labour Activation Programmes; and
 - Top-up payments to be made as a result of the late implementation of the UI Amendment Act of 2016.
- As a result, the Fund's cash flow projections indicate that it has adequate reserves to cater for its cash flow needs in short and medium term.
- The actuarial valuation assessment for the current financial year indicated that the contributions are sufficient to pay claims and expenses, therefore an Unexpired Risk Reserve and an Additional Risk Reserve was not required.
- The Fund's actuaries assessed a projected financial soundness position for the next 10 financial years up to the 2033/2034 financial year on the basis that would have applied to if it had been an insurer regulated by the South African Reserve Bank. The projection indicates a consistent solvency ratio until 2034.
- The Fund is further undertaking budget austerity measures to align operation expenditure with its new financial reality to contribute towards strengthening the financial position.

The Fund's management is of the view that the aforementioned measures will be adequate to ensure the Fund is a going concern. Furthermore, support for the Fund in terms of the UI Act (No. 63 of 2001) Section 10(4) of this Act allows that where the Fund reflects a financial position that is insufficient or not increasing at a sufficient rate to meet payments for benefits that may be reasonably anticipated, the Director-General (Accounting Officer of the Fund) must report and make recommendations to the Minister of Employment and Labour. Section 10(4) of this Act allows that the Minister of Employment and Labour may request the Minister of Finance to adjust the national budget in Section 16 and 30 of the PFMA, to cover any deficit in the Fund. Section 16 of the PFMA allows that the Minister of Finance may authorise the use of funds from the NRF to defray expenditure of an exceptional nature which is currently not provided for and which cannot, without serious prejudice to the public interest, be postponed to a future parliamentary appropriation of funds. Section 30 of the PFMA allows that the Minister of Finance may table an adjustment budget in the National Assembly for any expenditure in terms of Section 16.



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41. EVENTS AFTER THE REPORTING DATE

The Fund, through the LAP Directorate, has a mandate to provide funding to institutions identified with the responsibility of executing Labour Activation Programmes. In keeping with this mandate, though specific to Employability, the Fund has entered into contracts to the value of R 1,054 billion with various Labour Activation Program Employability partners. These contracts were signed after 31 March 2024. Contracts entered into with these LAP partners are considered to be commitments which will give rise to obligations that will result in actual liabilities upon the fulfilment of specified conditions in the contracts. The value of contracts is expected to increase to R15 billion as the project continues. In keeping with the Fund's Accounting Policies; contractual commitments are obligations to the LAP partners. Expenditures to be made against these contracts will be included in the Statement of Financial Performance and the Statement of Financial Position in line with the fulfilment of the conditions specified in the contracts.

Thuja Capital Fund Project for Labour Activation Programme

The Fund has contractually committed R5 billion to this project, which has been suspended since the Minister of Employment and Labour instructed pending a full report on the matters raised in media reports. In September 2023, the Minister announced that he received an independent forensic investigation report on this matter and shared the report with the Office of the President. The litigation process was followed and on 19 April 2024, the Pretoria High Court judgment set aside the R5 billion Thuja contract and declared it invalid.

After the case was dismissed in favour of the Minister and the UIF, the respondents (Thuja and others) have applied to the Supreme Court of Appeal in Bloemfontein.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand 2024
R'000 2023
R'000

42. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Statement of Financial Position

Assets		Previously reported R'000	Correction R'000	Restated R'000
Current Assets				
Other financial assets	3	52,123,262	(8,954,899)	43,168,363
Receivables from exchange transactions	4	402,279	-	402,279
Receivables from non-exchange transactions	5	151,442	-	151,442
Statutory receivables from non-exchange transactions	6	2,054,411	-	2,054,411
Prepayments	7	25,771	(14,895)	10,876
Cash and cash equivalents	8	2,563,666	-	2,563,666
		57,320,831	(8,969,794)	48,351,037
Non-current Assets				
Investment property	9	511,049	(17)	511,032
Property, plant and equipment	10	21,619	-	21,619
Intangible assets	11	93,324	1	93,325
Interest in joint ventures	12	36,689	-	36,689
Interest in associates	13	3,525,136	-	3,525,136
Other financial assets	3	74,460,091	9,231,800	83,691,891
		78,647,908	9,231,784	87,879,692
Total Assets		135,968,739	261,990	136,230,729
Liabilities				
Current liabilities				
Operating lease liability	35	523	-	523
Payables from exchange transactions	14	770,753	(102,139)	668,614
Provisions	15	20,823,301	-	20,823,301
Benefits payable	16	116,306	(16,288)	100,018
		21,710,883	(118,427)	21,592,456
Non-current Liabilities				
Provisions	15	18,047	-	18,047
Total Liabilities		21,728,930	(118,427)	21,610,503
Net Assets		114,239,809	380,417	114,620,226
Technical reserve	17	45,697,746	-	45,697,746
Accumulated surplus		68,542,063	380,417	68,922,480
Total Net Assets		114,239,809	380,417	114,620,226



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand		2024 R'000	2023 R'000	
Statement of Financial Performance				
		Previously reported R'000	Correction R'000	Restated R'000
Revenue from non-exchange transactions	19	23,651,301	-	23,651,301
Other revenue from non-exchange transactions	20	165,072	-	165,072
Benefit payments	21	(15,648,732)	-	(15,648,732)
Changes in benefits payable	21	(887,467)	-	(887,467)
Unemployment Alleviation Schemes	22	(617,352)	270,767	(346,585)
Gross surplus		6,662,822	270,767	6,933,589
Other revenue from exchange transactions	23	5,799	-	5,799
Auditors remuneration	24	(14,865)	-	(14,865)
Depreciation, amortisation and impairments	25	(8,027)	-	(8,027)
Employee cost	26	(1,604,833)	-	(1,604,833)
Administrative costs	27	(822,444)	(143)	(822,587)
Operating expenses	28	(893,036)	(17,900)	(910,936)
Operating surplus		3,325,416	252,724	3,578,140
Investment revenue	29	10,225,575	(120)	10,225,455
Losses on the disposal of property, plant and equipment	10	(17)	-	(17)
Fair value adjustments	30	(1,905,722)	(1,603,135)	(3,508,857)
Gains/(Losses) from foreign exchange differences	30	-	1,880,018	1,880,018
Share profit/(loss) from equity accounted investments	31	(140,162)	-	(140,162)
Reversal of impairment of other financial assets	32	648,800	(22,090)	626,710
Impairment of other financial assets	32	(1,164,070)	22,200	(1,141,870)
Realised gains/(losses) on investments	30	(1,099,663)	-	(1,099,663)
Impairment of investments in associates and interest in joint ventures	12&13	(240,708)	-	(240,708)
Total net surplus/(deficit) for the year		9,649,449	529,597	10,179,046

Errors

The following prior period errors were corrected and amounts reclassified.

- Correction of error relates to Note 7. Prepayments, Note 14. Payables from exchange transactions, Note 22. Unemployment Alleviation Schemes, Note 28. Operating expenses, Note 37. Related parties and Note 47. Accounting between principals and agents.**

The Fund corrected prepayments that were overstated due to invoices received for services rendered that were not expensed. The Fund corrected the error retrospectively. Invoices relating to 2023 amounted to R3,05 million. The correction of the error resulted in a decrease in LAP prepayments and an increase in the unemployment alleviation schemes expenditure for the 2023 financial year, which affected the surplus of 2023.



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In addition the fund corrected unemployment alleviation schemes that were overstated due to invoices recorded in the incorrect financial year. The fund corrected the error retrospectively. There were invoices relating to 2023 and 2022. Invoices relating to 2023 amounted to R270 million and 2022 amounted to R54 million. The correction resulted in a decrease in unemployment alleviation schemes for 2023 and an increase in 2022 which resulted in an increase in accumulated surplus for 2023 and a decrease in 2022.

During the year under review, the Fund was notified by the Department of Employment and Labour, that an incorrect percentage was used in calculating municipal services that is reimbursed to the Department of Employment and Labour by the Fund. The correction of this error resulted in a decrease in prepayments with regards to the advance paid to the Department of Employment and Labour, an increase in operating expenditure and an increase in payables from exchange transactions.

During the year under review, the Fund corrected Board Member emoluments to J Nkosi which was recorded in the incorrect financial year to the amount of R144 thousand.

The errors were corrected as follow:

Statement of Financial Position - 31 March 2023	R'000
Assets	
Decrease in prepayments - LAP	(9,685)
Decrease in prepayments - Department of Employment and Labour	(5,211)
Liabilities	
Increase in payables from exchange transactions - Department of Employment and Labour	12,833
Decrease in payables from exchange transactions - LAP	(131,269)
Increase in payables from exchange transactions - Accruals	143
	103,397
Net assets	
Increase in accumulated surplus - 2023	252,723
Decrease in accumulated surplus - prior years	(149,183)
	103,540
Statement of Financial Performance - 31 March 2023	
	R'000
Decrease in Unemployment Alleviation Schemes	(270,767)
Increase in Operating expenses - Department of Labour	17,900
Increase in Administration expenses	143
Increase in net surplus	252,724
	-



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Figures in Rand Thousand	2024 R'000	2023 R'000
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1.1 Note 7 Prepayments

	Previously reported R'000	Correction R'000	Restated R'000
Prepayments			
Prepayments - LAP	11,620	9,685	1,936
Prepayments - Other	5,217	(5,211)	6
Net changes	16,837	4,475	1,942

1.2 Note 14 Payables from exchange transactions

	Previously reported R'000	Correction R'000	Restated R'000
Payables from exchange transactions			
Payables	555,089	(123,218)	431,873
Net changes	555,089	(123,218)	431,873

1.3 Note 22 Unemployment Alleviation Schemes

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
Training and social plan funding	595,854	(258,952)	336,902
Temporary Employer/Employee Relief Scheme	21,498	(11,815)	9,683
Net changes	617,352	(270,767)	346,585

1.4 Note 28 Operating expenses

	Previously reported R'000	Correction R'000	Restated R'000
Operating expenses			
Municipal services	17,019	17,899	34,918
Net changes	17,019	17,899	34,918

1.5 Note 37 Related parties

Department of Employment and Labour	Previously reported R'000	Correction R'000	Restated R'000
Related party balances			
Amounts included in receivables from exchange transactions regarding related parties			
Department of Employment and Labour	5,211	(5,211)	-
Amounts included in payables from exchange transactions			
Department of Employment and Labour	-	12,689	12,689



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Related party transactions		
Amounts included in Operating expenses regarding related parties	37,252	55,151

1.6 Note 47 Accounting by principals and agents

The Fund as the principal

Unemployment Alleviation Schemes

During the year the following transactions were made with regards to Unemployment Alleviation Schemes:

	Previously reported R'000	Correction R'000	Restated R'000
Tranche payments made for the Unemployment Alleviation Schemes (Note 22 Unemployment alleviation schemes)			
TERS	21,498	(11,815)	9,683
Employability	595,854	(258,952)	336,902
Net changes	617,352	(270,767)	346,585

Commitments raised for the Unemployment Alleviation Schemes were included in Note 35 relating to GRAP 109

	Previously reported R'000	Correction R'000	Restated R'000
Commitments raised for Unemployment Alleviation Schemes			
TERS	11,091	(1,481)	9,610
Employability	5,940,830	(25,547)	5,915,283
BT&RP	41,308	-	41,308
Net changes	5,993,229	(27,028)	5,966,201

Prepayments made towards the execution of Unemployment Alleviation Schemes included in Note 7 Prepayments

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
TERS	-	1,935	1,935
Employability	-	1	1
Net changes	-	1,936	1,936

Payables raised in terms of the Unemployment Alleviation Schemes included in Note 14 Payables from exchange transactions were:



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
	Previously reported R'000	Restated R'000
Unemployment Alleviation Schemes		
TERS	5,860	9,753
Employability	278,586	143,418
Net changes	284,446	153,171

Receivables raised in terms of Unemployment Alleviation Schemes included in Note 4 were:

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
TERS	990	(990)	-
Employability	14,965	-	14,965
Provision for bad debt	-	(14,965)	(14,965)
Net changes	15,955	(15,955)	-

Contingencies raised in terms of Unemployment Alleviation Schemes included in Note 36 were:

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
Employability	-	14,966	14,966
Net changes	-	14,966	14,966

2. Correction of error relates to Note 3. Other financial assets (Non-current) and Note 30. Fair value adjustments

During the year under review, the Fund corrected the incorrect calculated fair value adjustment of its investment in Trans African Concessions Pty Ltd. The correction resulted in an increase the surplus of the Fund, an increase in the fair value of the investment listed under Other financial assets (non-current assets) and subsequently an increase in the accumulated surplus of the Fund for the financial year ended 31 March 2023. In addition, the table disclosing the split between current and non-current other financial assets has been corrected and subsequently updated. This correction did not require the processing of a correctional journal, only the mapping of the posting accounts for Unlisted Financial Instruments were changed from Current Assets to Non-Current Assets in order to be correctly reflected on the Statement of Financial Position and Disclosure Note 3.

The error was corrected as follows:

Statement of Financial Position - 31 March 2023	R'000
Current Assets	
Decrease in Other financial assets (at amortised cost)	(8,913,731)
Decrease in Other financial assets (at fair value through surplus/deficit)	(41,168)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Non-current Assets		
Increase in Other financial assets (at amortised cost)		8,913,731
Increase in Other financial assets (at fair value through surplus/deficit)		41,168
Increase in Other financial assets (at fair value through surplus/deficit)		276,900
		276,900
Net Assets		
Accumulated surplus		276,900
		276,900

2.1 Note 3 Other financial assets

	Previously reported R'000	Correction R'000	Restated R'000
Other financial assets - designated at fair value			
Unlisted equity	660,889	276,900	937,789
Net changes	660,889	276,901	937,789

Non-current assets

	Previously reported R'000	Correction R'000	Restated R'000
At fair value	74,460,091	318,069	74,778,160
At amortised cost	-	8,913,731	8,913,731
Net changes	74,460,091	9,231,800	83,691,891

	Previously reported R'000	Correction R'000	Restated R'000
Current assets			
At fair value	36,553,909	(41,168)	36,512,741
At amortised cost	15,569,353	(8,913,731)	6,655,622
Net changes	52,123,262	(8,954,899)	43,168,363

Non-current assets	74,460,091	9,231,800	83,691,891
Current assets	52,123,262	(8,954,899)	43,168,363
Net changes	126,583,353	276,901	126,860,254

Fair value hierarchy of financial assets at fair value

	Previously reported R'000	Correction R'000	Restated R'000
Level 1			
Bonds	43,339,974	-	43,339,974
Listed equities	18,999,081	-	18,999,081
Unit trusts (foreign)	9,756,926	-	9,756,926
Net changes	72,095,981	-	72,095,981



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Figures in Rand Thousand	2024 R'000	2023 R'000	
Level 2			
	Previously reported R'000	Correction R'000	Restated R'000
Bills and negotiable certificates of deposits	98,809	-	98,809
Bonds	38,117,153	-	38,117,153
Net changes	38,215,962	-	38,215,962
Level 3			
Unlisted equity	660,889	276,900	937,789
Unlisted financial instruments	41,168	-	41,168
Net changes	702,057	276,900	978,957
Closing balance	111,014,000	276,900	111,290,900

2.2 Note 30 - Fair value adjustments

	Previously reported R'000	Correction R'000	Restated R'000
Other financial assets			
- Investments at fair value (gain/(loss))	(1,826,954)	276,900	(1,550,054)
Net changes	(1,826,954)	276,901	(1,550,054)

3. Correction of error pertains to Note 14. Payables from exchange transactions and Note 16. Benefits payable

During the year under review, the Fund corrected the allocation of Unallocated TERS recoveries that were incorrectly included in benefits payable. The allocation correction resulted in a decrease in benefits payable and an increase in payables from exchange transactions.

Statement of Financial Position - 31 March 2023	R'000
Payables from exchange transactions	16,288
Benefits payable	(16,288)
	-

3.1 Note 14 Payables from exchange transactions

	Previously reported R'000	Correction R'000	Restated R'000
Payables from exchange transactions			
Uncleared deposits	9,695	16,287	25,983
Net changes	9,695	16,287	25,983



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3.2 Note 16 Benefits payable

	Previously reported R'000	Correction R'000	Restated R'000
Benefits payable - COVID-19 TERS benefits - approved			
Opening balance	3,273	(2,997)	276
Claims approved	449,588	-	449,588
Payments made	(436,297)	(13,290)	(449,587)
Net changes	16,564	(16,287)	277

	Previously reported R'000	Correction R'000	Restated R'000
Benefits payable - Total benefits - approved			
Opening balance	41,486	(2,997)	38,489
Claims approved	15,648,731	-	15,648,731
Payments made	(15,573,911)	(13,291)	(15,587,202)
Net changes	116,306	(16,287)	100,018

4. Correction on the disclosure of operating expenditure relating to principal/agent transactions pertains to Note 28. Operating expenses and Note 47. Accounting by Principals and Agents.

During the financial year under review, the Fund disclosed operating expenditure incurred relating to the PIC separately from other operating expenditure. These transactions had no financial impact on the Fund.

The disclosure was corrected as follows:

4.1 Note 28 Operating expenses

	Previously reported R'000	Correction R'000	Restated R'000
Operating expenses			
Consulting fees - contractors and special services	334,613	(204,489)	130,124
Investment portfolio - management fees	57,391	168,832	226,223
Investment portfolio - administration fees	-	35,658	35,658
Net changes	392,004	-	392,004



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4.2 Note 47 Accounting between principals and agents

During the year, the following transactions were made with regards to the PIC:

	Previously reported R'000	Correction R'000	Restated R'000
Public Investment Corporation (Included in Note 28 Operating expenses)			
Investment portfolio management fees and transaction cost	280,251	(280,251)	-
Investment portfolio - management fees	-	226,223	226,223
Investment portfolio - administration cost	-	35,658	35,658
Investment portfolio - transaction cost	-	18,370	18,370
Net changes	280,251	-	280,251

5. Correction of error pertains to Note 37. Related parties with reference to the disclosure of Board Members Emoluments

During the year under review, the Fund corrected the presentation and disclosure of details incorrectly disclosed under Board Members emoluments.

	Fees for services R'000	Expense allowances R'000	Total R'000
Previously disclosed			
Board members			
Makhado F (Fees for services and expense allowances)	8	1	9
ICT Committee			
Magan V	13	-	13
	Fees for services R'000	Expense allowances R'000	Total R'000
Correct disclosure			
Appeals Committee - Regional			
Makhado F	8	1	9
Magan V	13	-	13

6. Correction of Note 38 Irregular Expenditure

During the financial year under review, the Fund corrected the amount disclosed under irregular expenditure.

	Previously reported R'000	Correction R'000	Restated R'000
Irregular expenditure	49,243	(3,379)	45,864
Net changes	49,243	(3,379)	45,864



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7. Correction of error pertains to Note 29. Investment revenue and Note 30. Fair value adjustments and Note 32. Impairment of other financial assets in the annual financial statements

During the financial year under review the calculation of the impairment loss to the amount of R22.2 million on the Fund's investment in Gurb was corrected. In addition, the calculation error on interest earned on Land Bank to the amount of R109.8 thousand was also corrected.

The errors were corrected as follow:

Statement of Financial Performance - 31 March 2023	R'000
Increase in reversal of impairment of other financial assets	(22,200)
Decrease in impairment of other financial assets	22,200
Decrease in investment revenue	(110)
Increase in reversal of other financial assets	110
	-

7.1 Note 29 Investment revenue

	Previously reported R'000	Correction R'000	Restated R'000
Interest revenue			
Bank	670,525	-	670,525
Interest received - other	961,174	-	961,174
Listed financial assets	7,533,369	(110)	7,533,259
Other financial assets	1,060,507	-	1,060,507
Net changes	10,225,575	(110)	10,225,465
Investment revenue earned on financial assets by category			
Interest earned on financial assets at fair value	7,533,369	(110)	7,533,259
Dividends earned on financial assets at fair value	1,060,507	-	1,060,507
Interest earned on financial assets at amortised cost	1,631,699	-	1,631,699
	20,450,930	(110)	10,225,465



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2024
R'000

2023
R'000

7.2 Note 30 Fair value adjustments

	Previously reported R'000	Correction R'000	Restated R'000
Investment property (Fair value gain/(loss))	(78,768)	-	(78,768)
Other financial assets- Investments at fair value (gain/(loss))	(1,826,954)	276,900	(1,550,054)
Net changes	(1,905,722)	276,900	(1,628,822)
Fair value per asset category			
Listed equity	(440,599)	-	(440,599)
Bonds	(2,427,794)	-	(2,427,794)
Bills	468	-	468
Social responsible investments	(99,718)	276,900	177,182
Foreign instruments	1,140,689	-	1,140,689
Investment property	(78,768)	-	(78,768)
	(1,905,722)	276,900	(1,628,822)

7.3 Note 32 Impairment of other financial assets

	Previously reported R'000	Correction R'000	Restated R'000
Impairments			
Other financial assets	1,164,070	(22,200)	1,141,870
Reversal of impairments			
Other financial assets	(648,800)	22,090	(626,710)
Net changes	515,270	(110)	515,160

8. Correction of error pertains to Note 20. Other revenue from non-exchange transactions in the annual financial statements

During the financial year under review, the Fund corrected the disclosure of other revenue from non-exchange transactions with regards to interest received relating to SIU transactions.

8.1 Note 20 Other revenue from non-exchange transactions

	Previously reported R'000	Correction R'000	Restated R'000
Other receipts from non-exchange transactions - COVID Ters	143,977	(3,791)	140,186
Other receipts from non-exchange transactions - Overpayments	21,095	-	21,095
Other receipts from non-exchange transactions - Interest received	-	3,791	3,791
Net changes	165,072	-	165,072



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9. Correction of error pertains to the disclosure of contingencies reported in Note 36. Contingencies in the annual financial statements

During the year under review the Fund restated the amount disclosed under Contingencies by excluding cases that have been finalised and withdrawn which was incorrectly included in Note 36 Contingencies for the financial year ended 31 March 2023. The disclosure note has subsequently been updated to ensure that only active and pending cases are disclosed in line with GRAP requirements.

9.1 Note 36 Contingencies

	Previously reported R'000	Correction R'000	Restated R'000
Contingent liabilities			
Normal benefits	975	(91)	884
COVID-19 benefits	29,158	(3,808)	25,350
Normal TERS benefits	48,438	(1,700)	46,738
Contractual disputes	54,303	(496)	53,807
Other	8	-	8
Restated total	132,882	(6,095)	126,787

10. Disclosure note correction on Note 11. Intangible assets in the annual financial statements

During the year under review the Fund corrected the incorrect classification of SAP under intellectual property to computer software.

	Previously reported R'000	Correction R'000	Restated R'000
Computer software	9,636	69,230	78,866
Intellectual property	83,948	(69,230)	14,718
Net changes	93,584	-	93,584

Intangible assets in the process of being developed

	Previously reported R'000	Correction R'000	Restated R'000
Opening balance	1,195	69,230	70,425
Net changes	1,195	69,230	70,425

11. Correction on the disclosure of Related Parties pertaining to Note 37. Related Parties

During the year under review the note on Related Parties were updated to include entities under the control of the Department of Employment and Labour previously omitted. The contractual commitment amounts were corrected as follow:



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Entities under the control of the Department of Employment and Labour

The Director-General of the Department of Employment and Labour is the Accounting Authority of the Fund that forms part of the Department's Programme 5: Social Insurance.

Other entities under the control of the Department of Employment and Labour:

- Supported Employment Enterprises (SEE)
- National Economic Development and Labour Council (NEDLAC)
- Compensation Fund (CF)
- Commission of Conciliation Mediation and Arbitration (CCMA)
- Productivity South Africa

Productivity South Africa

The Social Plan is implemented in partnership with Productivity South Africa to implement the Business Turnaround and Recovery ("BT&R") Programme. Productivity South Africa provides support to enterprises facing economic distress in order to prevent job losses. This service has been extended to companies that apply for assistance through the Temporary Employer-Employee Relief Scheme that they may also benefit from the Business Turnaround and Recovery Programme.

Commission of Conciliation Mediation and Arbitration (CCMA)

The Temporary Employer-Employee Relief Scheme aimed at distressed companies is funded by the Unemployment Insurance Fund (UIF). The scheme's first entry point is the Commission for Conciliation, Mediation and Arbitration (CCMA) that does administration of the scheme application and adjudication process. The UIF pays the CCMA for the administration of the scheme.

	Previously reported R'000	Correction R'000	Restated R'000
Related party balances			
Amounts included in prepayments regarding related parties			
Productivity South Africa	-	-	-
Related party transactions			
Amounts included in Unemployment Alleviations			
Schemes regarding related parties			
Productivity South Africa	-	-	-
CCMA	-	129	129
Amounts included in Commitments			
Contracted for but not provided for			
Productivity South Africa	-	41,308	41,308



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12. Disclosure on Material Losses, Note. 48

In the past financial years the Fund omitted to disclose material losses as required by Section 55(2)(b)(l) and (iii) of the PFMA. The Fund corrected this omission in the current year in line with GRAP 1 with regards to fair presentation and the legislative requirements of the PFMA.

The material losses are as a result of fraudulent COVID-TERS claims that were identified where payments were made by the Fund.

Material losses through criminal conduct	Previously reported R'000	Correction R'000	Restated R'000
Theft	-	18,338	18,338
Other material losses	-	11	11
Less: recovered	-	-	-
Less: not recovered and written off	-	-	-
Total	-	18,349	18,349

Nature of material losses	Previously reported R'000	Correction R'000	Restated R'000
(Group major categories, but list material items) Fruitless and wasteful expenditure	-	11	11
Total	-	11	11

Change in accounting estimates

1. Property, plant and equipment - Note 10 to the annual financial statements

According to the accounting standard on property, plant and equipment (GRAP 17), the Fund is required to assess at each reporting date whether there is any indication that the Fund's expectation about the residual value and the useful life of an asset have changed since the preceding reporting date, and if any such indication exists, the Fund shall revise the expected useful life and/or residual value accordingly.

The following useful lives were changed during the year under review based on management's assessment:

Asset class	Estimated useful life	
	31 March 2024	31 March 2023
Furniture and fixtures	3 - 17 years	3 - 15 years
Telecom equipment	5 - 15 years	5 - 9 years
Motor vehicles	5 - 11 years	5 - 9 years
Office equipment	6 - 15 years	6 - 14 years

The depreciation calculated based on the revised estimated average useful lives of the asset classes listed are included in the line item Depreciation, amortisation and impairments (Note 25) in the Statement of Financial Performance. The impact of the revision has decreased the depreciation charges by R403 (R'000).

The amount of the effect in future periods is not disclosed due to the fact that it is impractical. The Fund procures, sells and write-off assets on an ongoing basis. Furthermore, assets (individual assets) within these asset classes will come to the end of their useful lives.



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43. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget deficit with the deficit in the Statement of Financial Performance:

Net surplus per the Statement of Financial Performance including transfers from technical reserves	14,090,736
Adjusted for:	
Revenue from non-exchange transactions	(236,360)
Other revenue from non-exchange transactions	1,983
Other revenue from exchange transactions	424
Investment revenue	(720,188)
Benefit payments	(1,353,890)
Changes in benefits payable	(4,411,432)
Unemployment Alleviation Schemes	(176,351)
Auditors remuneration	(154)
Depreciation, amortisation and impairments	(25,999)
Employee cost	(567,909)
Administrative cost	(417,547)
Operating expenses	(771,732)
Finance cost	(4)
Gains/(losses) on the disposal of property, plant and equipment	(5,523)
Impairment of other financial assets	693,379
Impairment of investments in joint ventures and associates	769,455
Fair value adjustments	3,376,164
Share of profit/(loss) from equity accounted investments	62,509
Realised gains/(losses) on investments	(5,146,322)
Reversal of impairment of other financial assets	(126,296)
Technical reserve	1,236,728
	6,271,671
Budget surplus as approved by the Minister	6,271,671
Capital expenditure	(1,156,526)
Net deficit per final budget	5,115,145

44. BUDGET DIFFERENCES

Material differences between budget and actual amounts

44.1 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions exceeded the budget due to 47,577 newly non-SARS registered employers and 5,271 newly SARS registered employers by the Fund that contributed to the increase in revenue received from non-exchange transactions for the year under review. The new employer registrations are attributed to the increase of 55,900 individuals in the working age population in quarter four for 2023 (Q4:2023) as compared to quarter four for 2022 (Q4:2022) according to the Statistics South Africa Labour Force Surve.



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44.2 OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS

The under-recovery of other revenue from non-exchange transactions was a result of projecting the budget for the year under review based on actual recoveries made in previous years.

44.3 OTHER REVENUE FROM EXCHANGE TRANSACTIONS

The under-recovery of other revenue from exchange transactions was a result of projecting the budget for the year under review based on actual recoveries made in previous years.

44.4 INVESTMENT REVENUE

The Monetary Policy Committee kept interest rates unchanged as at 31 March 2024 as opposed to lowering interest rates as initially anticipated at the time of budgeting. Also, although South Africa's annual inflation rate cooled down to 5.3% in March 2024 (from 5.6% in February 2024), a four-month high inflation rate were experienced increasing interest earned on all inflation linked instruments within the Fund's investment portfolio. The combination of these, and other, factors contributed to higher interest returns compared to the budget figure.

44.5 BENEFIT PAYMENTS

The Fund anticipated to implement the Reassessment of claims/Top-up project however due to the redirection of resources to TERS and WABU projects the reassessment of claims project could not be implemented. The reasons for the underspending on benefit payments compared to projections was due to attached TERS/WABU payment still outstanding and normal unpaid benefits. The project of re-assessment of New Act claims is still on hold. The COVID-Ters Follow the money payment/refund reconciliation is still receiving preference. A Developer and a Business Analyst have been assigned to the project from December 2022, The Project will resume. The estimated amount for Top-up payments remained unchanged at R7,3bn.

44.6 CHANGES IN BENEFITS PAYABLE

Changes in the economic climate between the time the provisions estimates are set for budgeting purposes and the actuarial valuation at the reporting date resulted in positive adjustments of provisions compared to the set budget. This meant much lower changes in benefits were actually recorded compared to the budget set in this regard.

44.7 UNEMPLOYMENT ALLEVIATION SCHEMES

Unemployment Alleviation Schemes Labour Activation Programmes were unable to roll out some of its projects due to funded entities struggling to open bank accounts in line with the terms of the funding agreements. In most cases funded entities submitted incorrectly calculated invoices where entities submitted claims for beneficiaries who were no longer participating in the specific programme for which they were funded for. These invoices were returned to the specific entities to correct resulting in budget amounts in the Fund reflecting as unspent. In other instances, entities would submit invoices without the complete set of supporting documentation as required by the funding agreement. Payments to entities were withheld in any and all instances where the terms of the funding agreement were not upheld by the said entities the Fund had entered funding agreements with.



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In addition, budget variances arose based on the identification of expenditure allocated to incorrect financial years which was corrected.

The Fund is expected to pro-actively budget for recommended projects which subsequently fail compliance which results in amounts budgeted for but not utilised.

44.8 DEPRECIATION, AMORTISATION AND IMPAIRMENTS

The underspending on depreciation is due delays in the procurement of office equipment and office furniture as a result of the delays in the finalisation of relocation project.

44.9 EMPLOYEE COSTS

The vacancy rate of the Fund by the end of quarter four of the year under review was 7.5%. The filling of vacancies were impacted by the directive on the implementation of control measures when creating and filling posts that was issued by the Minister of Public Service and Administration on 18 October 2023 in response to National Treasury's guidelines regarding costing and budgeting for compensation of employees.

44.10 ADMINISTRATIVE COSTS

Included in administrative costs:

Bad debts overpayments

The increase in actual bad debts over the amount budgeted for is due to the increase in new debtors from COVID-Ters payments/projects which increased the debtors balance and subsequently bad debts.

Computer Services - Sita Data Line

The upgrade of the current data-line bandwidth was delayed by the Department of Employment and Labour. SITA has already been appointed to upgrade the data-line however SITA has not completed the tasking and implementation.

Computer Services - Specialise Services

The tender UIF 4/2023 (ICT Resources) was cancelled and re-advertised in December 2023. The delays in finalisation of the three UIF tenders (ICT Resources, VO & U-filing Support and ICT KIOSKs) due to the non-availability of the BSC that is appointed by the Department.

Advertising

In the 2023/24 financial year the Fund transferred R14 million to GCIS for implementation of advertising campaigns and research, with the intention of transferring the remainder of funds allocated to this budget item upon expenditure. Due to the approval processes and delays from GCIS to implement campaigns the Fund under spent on advertising. The remaining budget will be utilised to implement advertising campaigns in the new financial year.



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44.11 OPERATING EXPENSES

Consulting Fees - Accountants and auditors

The budget for this item was specifically for the Follow-the-money project where audit firms were appointed to audit payments made to employers, based on claims submitted by employers during COVID. The delay in expensing against the budget was due to the refusal of employers to co-operate with the audit firms to conduct their verifications. This delayed the audit firms in finalising their verification processes and subsequently submitting their invoices for payment to the Fund.

Investment Management Fees

The Fund implemented a new investment mandate effective date 01 April 2023 halting investment into unlisted investment instruments. This strategic decision decreased management fees paid to the asset manager, PIC. The budget was prepared based on management fees payable on all asset classes including unlisted instruments hence the variance.

Operating leases

The funds budgeted for was based on the projected expenditure of the rental and copy charges of the lease multi-function photocopiers. The procurement of the 204 leased photocopiers was however only approved in the third quarter with the finalisation of the delivery of the machines in March 2024. The lease schedules for the photocopiers therefore only became effective from 1 April 2024.

Municipal services

Actual property expenditure with regards to municipal services is based on the consumption of water and electricity at the UIF HQ, ABSA Building. Municipal services with regards to the usage of water and electricity at the WF Nkomo Building are currently only utilised by construction workers, since the planned relocation to the WF Nkomo Building did not realise during the year under review.

Repairs and Maintenance

The Fund budgeted for maintenance, repairs and running cost with regards to the occupation of the WF Nkomo Building. The planned relocation did not realise during the year under review, resulting in under-utilisation of the budget for repairs and maintenance.

44.12 IMPAIRMENT OF INVESTMENTS IN ASSOCIATES AND INTEREST IN JOINT VENTURES

As at reporting date the Fund performs objective valuation assessments (carried out by external valuation experts) on all its unlisted financial investment instruments. If these valuation assessments indicate an impairment loss on an instrument, the amount of the loss is measured and processed in accordance with GRAP. The outcome of these valuation assessments at reporting date cannot be estimated prior to the reporting date since events such as economic conditions, significant financial difficulty, a breach of contract, a default or delinquency in interest or principal payments, legal action instituted against or by the obligator, the investee enters sequestration or other financial reorganization cannot be predicted. The Fund therefore does not budget for Impairment losses or Reversal of Impairment losses (which occur if, in a subsequent reporting period, the amount of the impairment loss decreases due to any unpredictable event, the impairment loss is reversed).



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44.13 IMPAIRMENT OF OTHER FINANCIAL ASSETS

As at reporting date the Fund performs objective valuation assessments (carried out by external valuation experts) on all its unlisted financial investment instruments. If these valuation assessments indicate an impairment loss on an instrument, the amount of the loss is measured and processed in accordance with GRAP. The outcome of these valuation assessments at reporting date cannot be estimated prior to the reporting date since events such as economic conditions, significant financial difficulty, a breach of contract, a default or delinquency in interest or principal payments, legal action instituted against or by the obligator, the investee enters sequestration or other financial reorganization cannot be predicted. The Fund therefore does not budget for Impairment losses or Reversal of Impairment losses (which occur if, in a subsequent reporting period, the amount of the impairment loss decreases due to any unpredictable event, the impairment loss is reversed).

44.14 FAIR VALUE ADJUSTMENTS AND REALISED GAINS/LOSSES

Fair value adjustments are based on the unpredictability of market movement fluctuations.

44.15 REALISED GAINS/(LOSSES) ON INVESTMENTS

Realised gains/(loss) on sale of investments are dependent on prevalent market conditions, market price fluctuations and changes in the economic environment which cannot be anticipated during budgeting process. The sale of bonds and domestic listed equities to achieve compliance with the investment mandate resulted in realised gains for the Fund on the sale date due to favourable market conditions.

44.16 TECHNICAL RESERVES

Changes in the economic climate between the time the Technical Reserves estimates are set for budgeting purposes and the actuarial valuation at the reporting date resulted in higher Technical Reserves required. This meant a higher transfer to Technical Reserves required compared to the budget set in this regard.

Contributions for 2023/2024 were 7% higher than 2022/2023. However, the combined ratio (claims + expenses incurred in year/premiums earned) decreased in the 2023/24 from 94.5% in the prior year to 92.6% in the current year resulting in the UPR for 2023/2024 increasing as follows:

	R'000
Opening UPR (31 March 2023)	45,697,746
Change in salaries	3,207,008
Change in combined ratio	(1,424,410)
Closing UPR as at 31 March 2024	47,480,344

This slight decrease in the combined ratio couldn't be anticipated during the budget process, leading to higher transfer to the technical reserve than budgeted for.



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45. CHANGES MADE FROM THE APPROVED BUDGET TO THE FINAL BUDGET

Revenue

The significant increase of R430 million in the revenue budget was based on the increase in contribution revenue as a result of the recovery in the economy in the country and the increase of compliance by employers. In addition the Fund anticipated an increase in new registrations from commercial and domestic employers.

Investment Revenue

The investment revenue budget was increased with R4.072 billion due to improved economic conditions in the country and globally subsequent to the pandemic.

Benefit Payments

The budget for benefit payments were revised down by R3.4 billion as it was anticipated that the Fund will mainly be processing claims for normal benefits and the re-assessment of claims based on the UI Amendment Act and less disaster- linked benefits.

Unemployment Alleviation Schemes

The significant decrease of R2.36 billion made to the Unemployment Alleviation Schemes is as a result of the delay in the contracting and implementation.

Employee Cost

The budget for employee cost was revised up by R90.4 million. The Fund is expected to finalise and implement an improved organisational structure both at Head Office and in Provinces. To implement the revised structure which includes the appointment of additional recourses the Fund increased the budget accordingly.

Administrative Costs

The administrative cost budget was revised up by R99.4 million to procure goods and services through multiple channels such as the upgrading of the call centre and the enhancement of the operations and financial systems (U-Filing, SIYAYA, SAP and Computron).

Operating Expenses

The operating expenses budget was revised up by R218.5 million in the implementation of the work from home policy thus increasing the communication costs cell phones by the roll-out of the Transversal contract in the supply of mobile devices for employees. The travelling costs increased due to the increase in travelling for operations of the Fund.

46. COMPARATIVE FIGURES

Certain comparative figures have been restated. Refer to note 42 for details on restated amounts relating to prior period errors. No retrospective changes were made with regards to changes in estimates and accounting policies.



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47. ACCOUNTING BY PRINCIPALS AND AGENTS

The Fund is a party to various principal-agent arrangements.

Details of the arrangements are as follows:

Unemployment alleviation schemes

The following schemes fall under these principal-agent arrangements:

- Temporary Employer-Employee Relief Schemes (TERS)
- Employability
- Business Turnaround and Recovery Programmes (BT&RP)

All the above schemes are aimed at individuals in distress due to economic conditions and workers who may be at risk of retrenchment that might become unemployment claimants. TERS focuses on the retention of employees into jobs while the employer is assisted with a payroll allowance for each day that the employees are participating in the scheme. Employability focuses on the upskilling and training of the unemployed for reintegration back into the employment environment.

The training is typically provided through various public and private training institutions. engaging in poverty or unemployment alleviation initiatives. Applications from potential employer, public and private training institutions to participate in facilitating training interventions go through a strict process before the Fund enters into funding agreements. Significant terms and conditions relating to the funding agreement stipulate amongst other, the responsibilities regarding the Fund's financial obligation to the scheme, selection of participants for training and monitoring of the project.

Funding is reliant on progress monitoring. The participating institutions' responsibilities in terms of the training selected for the participants, progress reports and attendance register submissions to the Fund are set out in the agreement with detail attached in annexures to the binding agreements. Funds committed to these schemes may not be utilised for any other purpose and any unused funds at the end of the arrangement are returned to the Fund. Any changes in learner numbers are to be communicated and agreed upon between the Fund and the participating training institutions. The duration of the training varies between 3 and 36 months.

Public Investment Corporation (PIC)

The Fund has a principal-agent relationship with the PIC, in terms of the Unemployment Insurance Act the Public Investment Corporation Limited (PIC) invests surplus funds on behalf of the Fund. Furthermore, there is a legally binding agreement between the UIF and PIC. PIC invests on behalf of the Fund within set parameters and guidelines in accordance with the Fund's investment mandate, which is reviewed annually and amended if required. The mandate sets investment objectives for the PIC to achieve.

The PIC is an expert asset manager. The Fund procures this asset management expertise from the PIC. In the execution of this service to the Fund the PIC as asset manager will effectively act on behalf of the Fund. The PIC is therefore regarded as an agent of the Fund.



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The Fund determines the significant terms and conditions of the transaction in the Fund's Investment Mandate as set out in the Strategic Asset Allocation as determined by the Fund.

The Fund provides the funds for investments according to the Strategic Asset Allocation.

Fund as Principal

The principal recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement.

The Fund recognises assets and liabilities arising from the principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Unemployment Alleviation Schemes

The Fund is the principal based on the following considerations:

The Fund determines the significant terms and conditions of the transaction in selecting the learners for training purposes and determines the training specification with the relevant institution providing the training. The Fund has the ability to utilise all of the resources that result from the transactions for its own benefit as they report on achievements of targets set in terms of the Shareholder Compact. The Fund provides the resources for the training provided by the relevant institution. Any fees not utilised by the training institution is paid back to the Fund. The Fund is exposed to unemployment claimants if the training is not completed. The Fund is also exposed to variability in the results of the transaction because it will under achieve if targets are not met.

The duration of the training interventions ranges from 3 to 36 months depending on the identified training needs. Management fees (if any) are included in the tranche payments and vary per agreement. The Fund provides the resources for the training provided by the relevant institution. Any fees not utilised by the training institution is paid back to the Fund.

No assets or liabilities are under custodianship of the agent.

During the year, the following transactions were made with regards to the Unemployment Alleviation Schemes and the PIC

Tranche payments made for the Unemployment Alleviation Scheme (Note 22 Unemployment alleviation schemes)

TERS	58,575	9,683
Employability	580,963	336,902
BT&RP	34,111	-

Public Investment Corporation (Included in Note 28 Operating expenses)

Investment portfolio - management fees	220,279	226,223
Investment portfolio - administration fees	41,323	35,658
Investment portfolio - transaction cost	32,664	18,370
	967,915	626,836



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Commitments raised for the Unemployment Alleviation Scheme were included in Note 35 relating to GRAP 109.		
Commitments raised for Unemployment Alleviation Schemes		
TERS	6,823	9,610
Employability	1,305,768	5,915,283
BT&RP	-	41,308
	1,312,591	5,966,201

Receivables raised in terms of Unemployment Alleviation Schemes and the PIC Investment Income Receivable included in Note 4 were:

Unemployment Alleviation Scheme		
Employability	14,966	14,965
Provision for bad debts	(14,966)	(14,965)
Public Investment Corporation		
Investment income receivable	1,090,021	398,834
	1,090,021	398,834

Prepayments made in terms of the Unemployment Alleviation Schemes included in Note 7 were:

Unemployment Alleviation Scheme		
Employability	9,497	1,936
	9,497	1,936

Contingent asset raised in terms of Unemployment Alleviation Schemes

Unemployment Alleviation Scheme		
Employability	14,996	14,996
	14,996	14,996

Payables raised in terms of the Unemployment Alleviation Schemes and PIC investment portfolio management and transaction fees included in Note 14 were:

Unemployment Alleviation Scheme		
TERS	11,846	9,753
Employability	188,464	143,418
Public Investment Corporation		
Investment portfolio management fees and transaction cost payable	42,986	164,436
	243,296	317,607

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

In the event where the agreement is terminated, any unused funds are to be returned to the Fund. Depending on the reason for termination, the Fund might need to find another training provider to perform the training of the learners resulting in further funding implications for the Fund.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand

2024	2023
R'000	R'000

In the event that the agreement with PIC is terminated, the PIC shall return all assets under management to the Fund and provide the Fund with a final statement of account to settle all outstanding receivables and payables. The PIC will then notify the Bank that its authority to act as the Fund's agent has ceased.

Contribution revenue from SARS

The Commissioner for SARS collects contributions from employers (registered in terms of the Fourth Schedule to the Income Tax Act) according to the UI Contribution Act. SARS shall pay all contributions, interest and penalties collected into the UIF as contemplated in section 9(3) of the UI Contribution Act.

The Fund is the principal in this arrangement and SARS is the agent in terms of the definition as per GRAP 109. SARS does not have the power to determine the significant terms and conditions of the transactions as it is mandated by UI Contributions Act, nor the ability to use the contributions collected for its own benefit. Furthermore, SARS is not exposed to variability in the results of transaction with contributors as the receive a fixed fee for collecting on behalf of the Fund.

The terms and condition of the arrangement is that there should be periodic reports, regarding:

- The contributions, interest and penalties collected as well as refunds made to employers.
- The performance by SARS of its obligations.
- Provision of information, as may be agreed upon, required by both parties to complete the relevant reports.

There are no resources under the custodianship of an agent.

In accordance with the UI Contribution Act, the compensation fee paid to SARS:

- One and a half percentage of the total amount collected or
- Where the actual expense exceeds one and half percent of that amount, the actual costs will be paid.

The purpose of this relationship is that SARS is established to administer the South African tax system including the Unemployment Insurance Contribution levy. SARS has access to all the employer-employee information from registered and operating companies in the country.

There are no significant risks related to this relationship based on the risk assessment done.

Fund as principal

The principal recognise revenue and expenses that arise from transactions with third parties in a principal-agent arrangement.

The Fund recognises assets arising from the principal-agent arrangements in accordance with the requirements of other standards of GRAP.

During the year, the following transactions were made with regards to SARS:

Revenue from non-exchange transactions

SARS contributions collected (Note 19)	24,414,476	23,162,161
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Administrative cost		
Commission paid to SARS for the collection of contributions (Note 27)	273,224	347,432
Year-end balances arising from the above transactions are included in Payables from exchange transactions (Note 14) and Statutory receivables from non-exchange transactions (Note 6):		
Statutory receivables from non-exchange transactions		
SARS	2,148,216	2,054,411
Payables from exchange transactions		
SARS commission payable	92,993	30,816

In the event where the arrangement is terminated, the Fund will have to rely on employers to provide them with the employee's details which may be cumbersome to the Fund. The Fund would have to have processes to identify and account for the unemployment insurance contributions for all employed people in South Africa.

Collection of Covid TERS by SIU

The Department of Employment and Labour and the SIU entered into a Letter of Engagement (LoE) on 14 July 2021 with regards to the UIF TERS investigations conducted by the SIU under the Presidential Proclamation R8 of 2021 dated 1 April 2021. As per the schedule to the Proclamation, the SIU is mandated to investigate:

- Maladministration in the affairs of the UIF in relation to the payment of Covid-19 TERS benefits to persons who – (a) were not entitled to receive such payments; or (b) submitted false, irregular, invalid or defective applications to the UIF, including the causes of such maladministration.
- Any unlawful or improper conduct by – (a) officials or employees of the UIF; or (b) any other person or entity, in relation to the allegations set out in paragraph 1 of this Schedule, including the causes of such unlawful or improper conduct and any losses, damage or actual or potential prejudice suffered by the UIF or the State.

Fund as Principal

The Fund bears the significant risk and rewards from the recoveries and determines the terms and conditions of the collection process and provides instructions to the SIU in collection of these amounts, The Fund also has the ability to utilise all of the resources that result from the Covid-TERS collections for its own benefit, the Fund is therefore a Principal.

The fund recognizes revenue from Covid-TERS recoveries made on behalf of the Fund by the SIU as part of Transactions Under Investigations, furthermore the Fund also recognizes a receivable from the confirmed/ signed AOD's from employers.

The Fund is liable to pay a fee to SIU in terms of the provision of the contract where SIU performs the Investigations, Recoupment and other service related to COVID-TERS and other benefits, the Fund therefore recognizes an expense for service provided in the Financial Statements.

No expense has been recognized in the current financial year as the invoice is in dispute. The details of the SIU invoice is disclosed under Note 36 Contingencies.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
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During the year the following transactions occurred with SIU:

Revenue from non-exchange transactions - other

Revenue from non-exchange transactions - other (SIU debtor)	56,373	71,844
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48. MATERIAL LOSSES

Disclosure with regards to material losses in terms of PFMA Section 55(2)(b)(i) &(iii)

Material losses through criminal conduct

Incident description

Fraudulent COVID-TERS claims were identified where payments were made by the Fund and as such the Fund suffered a financial loss	12,646	18,338
The Anti-Corruption and Investigation Management directorate conducted an investigation in relation to fruitless and wasteful expenditure for services rendered to the Fund that may be deemed as fruitless and wasteful expenditure	-	11
Total	12,646	18,349

Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct

Theft	12,646	18,349
Other material losses	-	11
Less: recovered	-	-
Less: not recovered and written off	-	-
Total	12,646	18,360

Details of other material losses

Nature of other material losses

(Group major categories, but list material items)	-	11
Fruitless and wasteful expenditure	-	-
Bribery	-	-
Total	-	11

Other material losses recovered

Nature of losses

(Group major categories, but list material items)	-	-
Total	-	-

Other material losses written off

Nature of losses

(Group major categories, but list material items)	-	-
Total	-	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand	2024 R'000	2023 R'000
Number of cases		
Opening number of cases as at 1 April (after restatement) Number of current year incidents	-	-
Number of prior year incidents discovered this year	3	10
Number of recoveries	-	-
Closing number of cases as at 31 March	3	10

Proclamation R08 of 2021, granted the Special Investigating Unit permission to investigate maladministration in the affairs of UIF in relation to the payment of COVIDTERS and to recover any losses, damage or actual or potential prejudice suffered by the UIF.

The "follow the money" firms identified potential overpayments from the COVIDTERS payments and directed the employers to sign an acknowledgment of debt (AOD) on those overpayments, however the employers refused to sign the AOD's. These transactions were handed over to the SIU for further assessment and investigation.

The Fund reports suspected fraud and corrupt activities related to COVID-19 TERS cases to law enforcement agencies specifically South African Police Services (SAPS). The COVID-19 TERS matters are referred to the Fusion Centre by SAPS for intervention.

The Fusion Centre was conceptualised as an operational hub to address priority financial crimes effectively and efficiently through a four-pronged approach consisting of prevention, detection, investigation, and resolution.

Nature of account

The fund suffers material losses due to fraud, criminal activities such as IT related fraud, interception of payments and payments being made into fraudulent bank accounts.

The fund established **Anti-Corruption and Investigation Management (ACIM)** to keep track of criminal allegations reported to it. ACIM investigates the allegations and recovers material losses caused by the criminal allegations.

Consequence management

The Fund implements criminal and disciplinary steps taken as a consequence of the material losses that occurred, as required by Section 55 (2) of the PFMA.

The Fund implements the following to combat losses:

- Disciplinary action is implemented against employees of the fund proven guilty of the allegations, as per the HR policies of the Fund, as a result of the investigation and legal proceedings.
- The Fund institutes criminal procedures to non-employees of the fund whom are proven guilty of the reported allegations as a result of the investigations.

ACIM recommends internal control improvements to the respective directorates to that ensure the incidents do not repeat and to minimize or eliminate the existing risks identified as a result of the reported allegations.



PART G

REPORT ON BUSINESS OPERATIONS

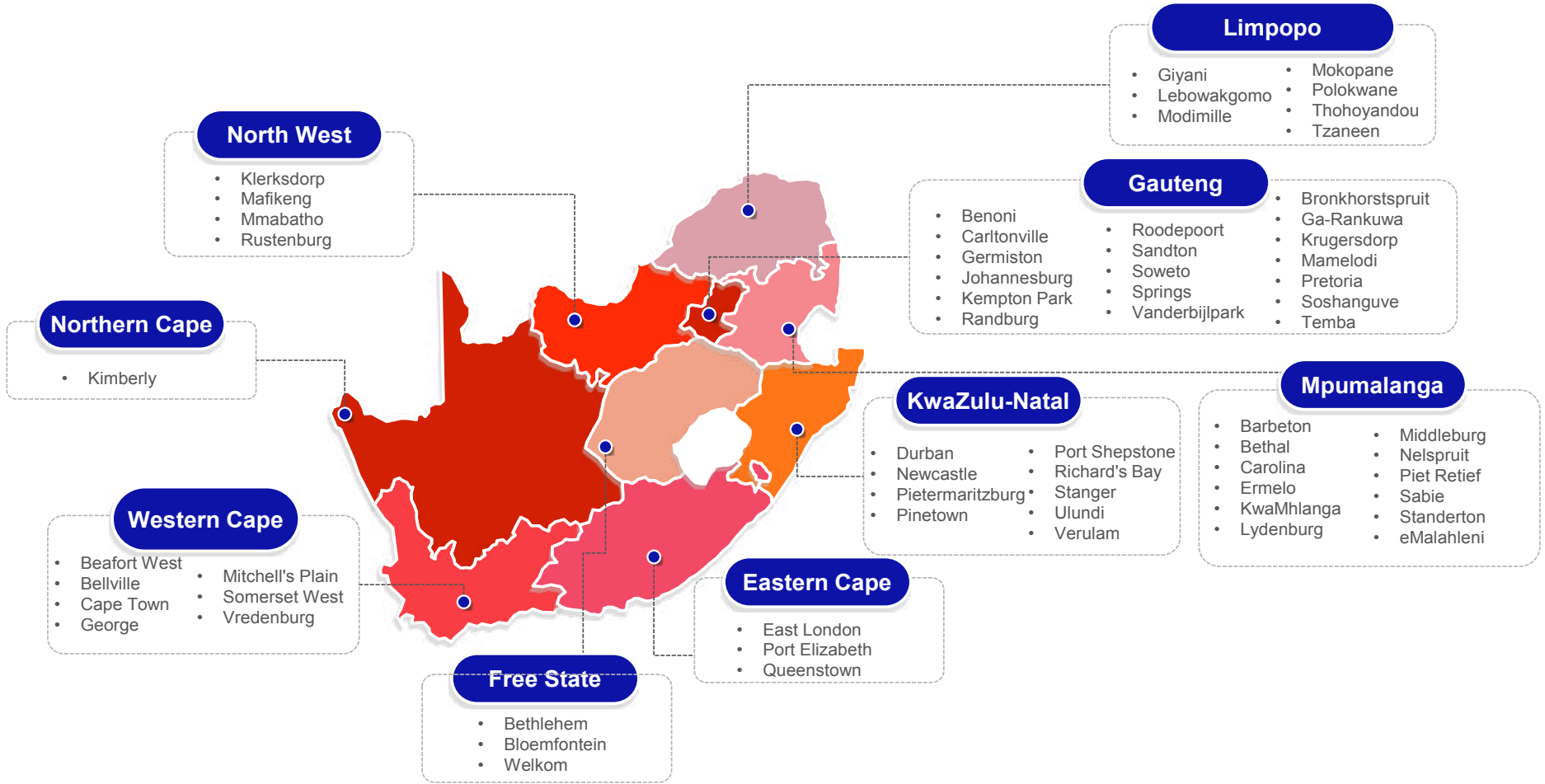


1. REPORT ON BUSINESS OPERATIONS

The Operations Directorate of the Fund continues to enable the Fund to fulfil its mandate through the provision of the following functions:

- Management and administration of the UIF database
- Management and administration of claims assessments and benefits payments
- Rendering assistance on UIF matters to Provincial offices, Labour Centre and service points
- Provision of Call Centre services
- Provision of operational system support for the business system, Siyaya
- User Functional Training
- Issuing, monitoring and maintaining of standard operating procedures
- Monitoring performance
- Making inputs on policy and related matters
- Systems administration (Operational systems administration) and role allocation.

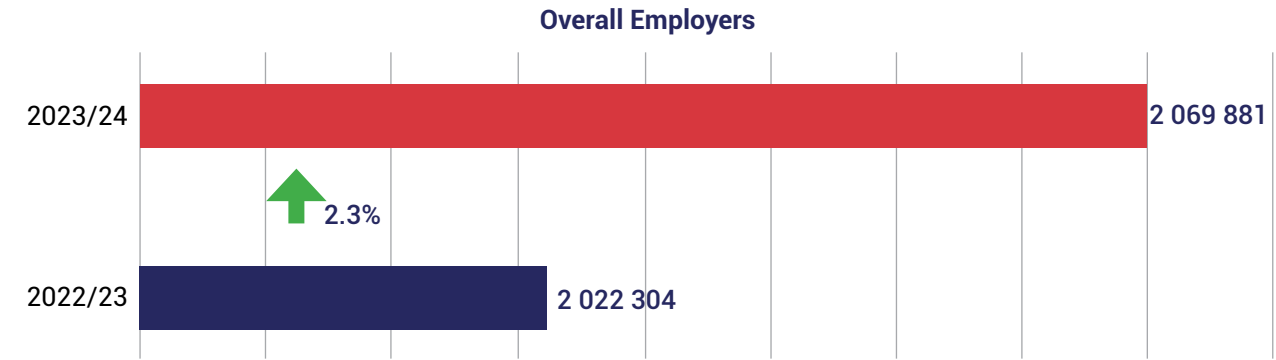
The operations of the Fund are delivered through the various Labour Centres, Satellite offices (visiting points) and Mobile units. There are currently 125 Labour Centres that members of the public can access for UIF services. These Labour Centres further service almost 823 visiting points within their geographical location. The table below reflects the centres which have processing of claims capacity within the various provinces.





LABOUR PROCESSING OFFICES

Figure 1.1: Number of registered Employers in the Fund's database



A total of 2,069,881 employers registered in the fund's database. These are categorised mainly as commercial employers, domestic employers and taxi employers. The bulk of the employers registered are in the commercial sector. The graph indicates a 2.3% increase for 2023/24 financial year.

Figure 1.2: Number of employers registered in the Fund's database

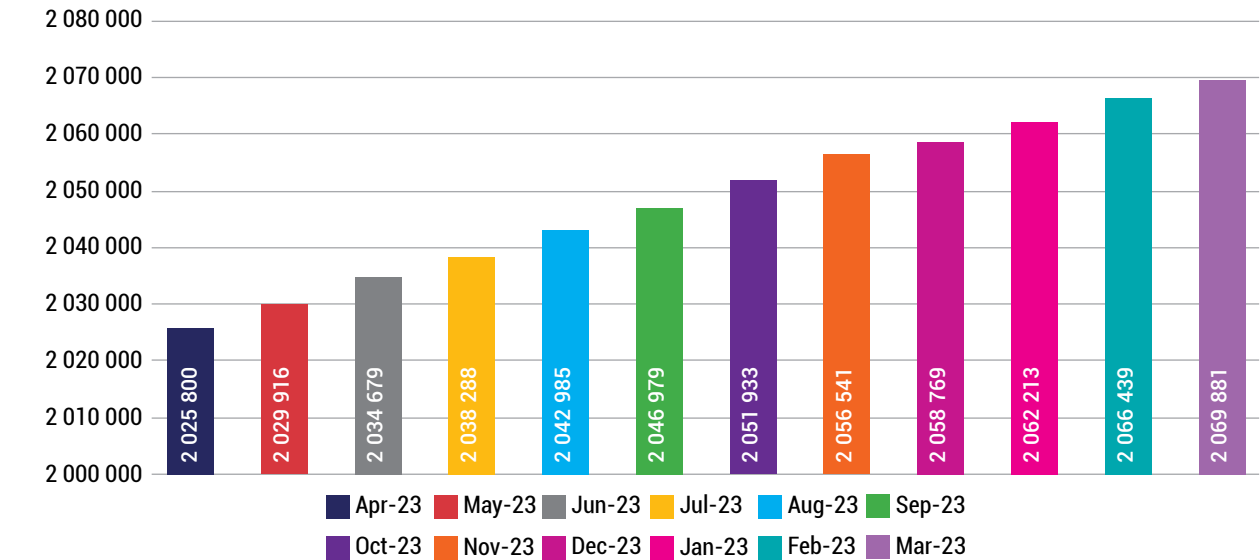


Figure 1.3: Number of domestic Employers in the Fund's database

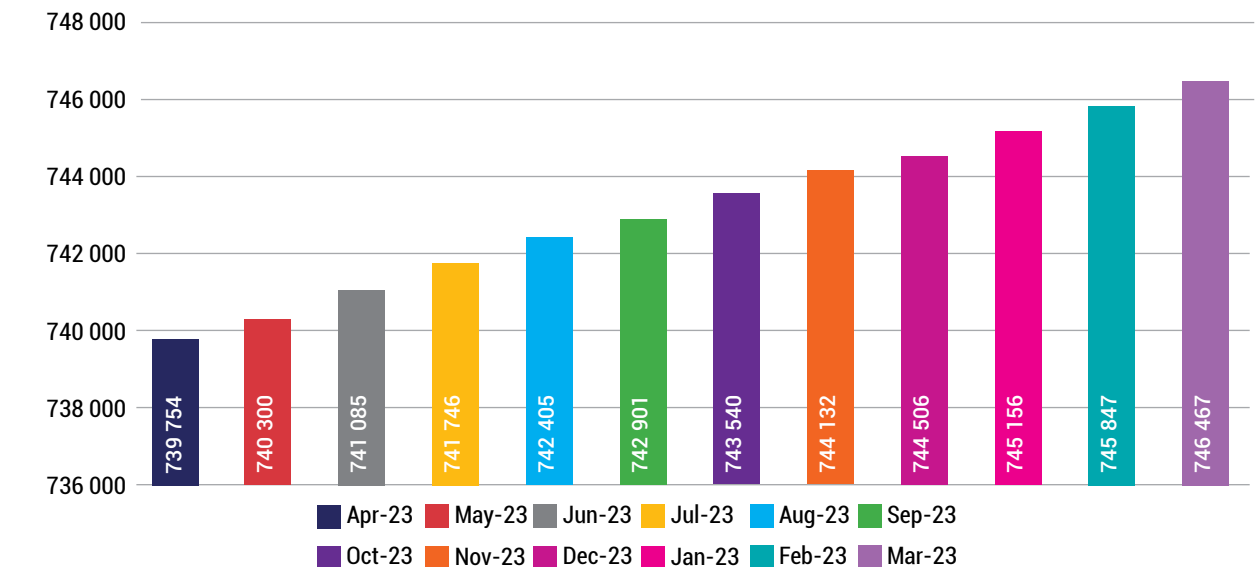




Figure 1.4: Number of Commercial Employers in the Fund's database

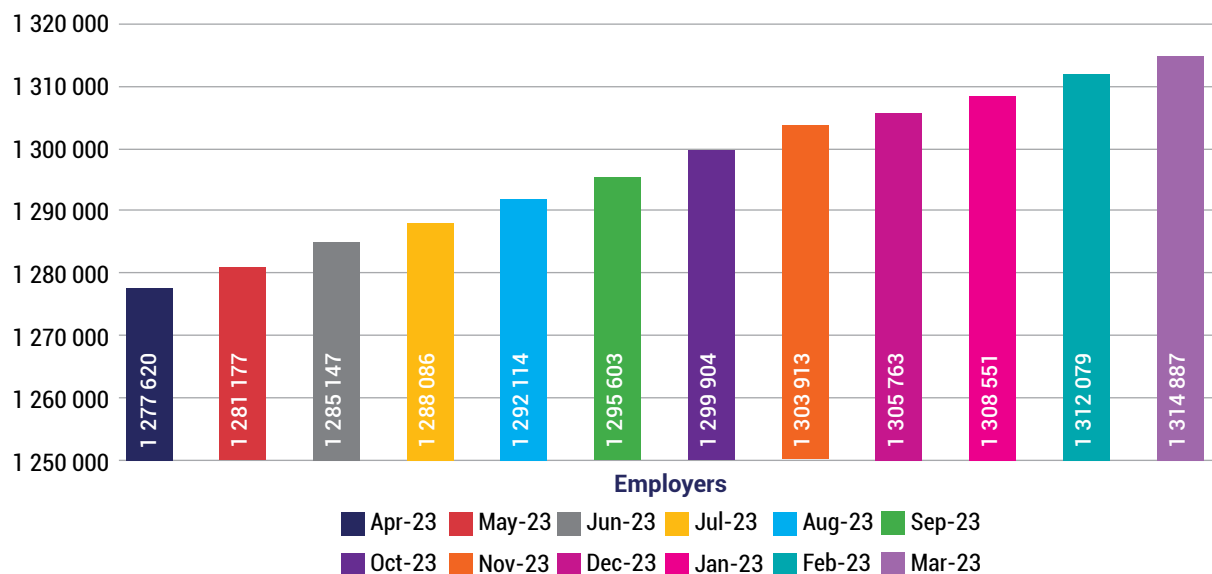


Figure 1.5: Number of Taxi Employers in the Fund's database

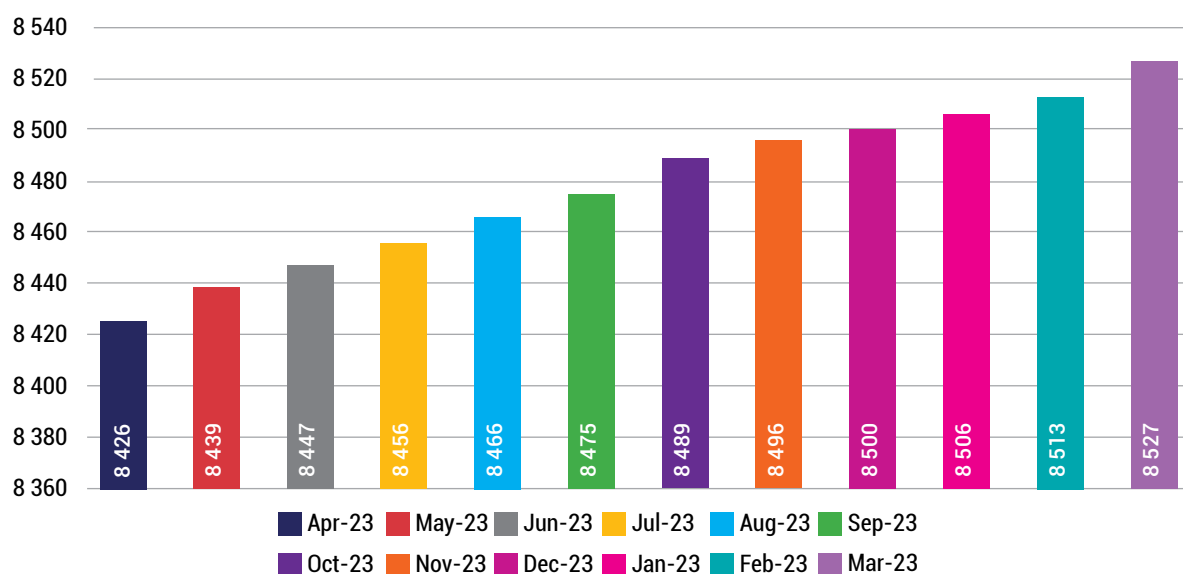


Table 1.1 Assessment of approved claims per benefit type

Benefit Types	2022/2023			2023/2024		
	Created	Approved	Approval Rate	Created	Approved	Approval Rate
Adoption Benefits	30	19	63%	39	24	62%
Dependant Benefits	10,499	10,498	100%	14,312	14,312	100%
Illness Benefits	16,838	13,175	78%	15,776	12,247	78%
Parental Benefits	1,880	1,482	79%	2,046	1,575	77%
Maternity Benefits	100,068	85,210	85%	99,945	80,403	80%
Unemployment Benefits	1,001,658	841,907	84%	992,138	781,584	79%
Reduced Time	38,315	31,315	82%	15,171	9,066	60%
Grand Total	1,169,288	983,606	84%	1,139,427	899,211	79%



Table 1.1 shows that there was a decrease in number of claims created in the new financial period. 1,139,427 claims were created in 2023/24 financial year compared to 1,169,288 created in the previous financial year. This reflects a decrease of 29,861 claims. A total of 899,211 claims were approved, which translates to 79% approval rate and 21% rejection rate.

Table 1.2 Number of Created Claims per financial year

Year	Unemployment	Illness	Maternity/Adoption/ Parental	Dependants	Total
2008/09	474,793	25,648	94,336	15,959	610,736
2009/10	628,595	24,720	104,529	21,760	779,604
2010/11	578,266	22,727	104,042	27,123	732,158
2011/12	555,969	20,966	104,407	24,513	705,855
2012/13	581,074	20,986	106,339	22,732	731,131
2013/14	618,293	19,670	105,021	19,670	762,654
2014/15	577,724	17,005	97,232	16,506	708,467
2015/16	568,408	15,918	90,562	16,468	691,356
2016/17	519,343	16,508	98,538	16,708	651,097
2017/18	653,741	17,612	110,745	16,500	798,598
2018/19	634,283	15,979	106,446	13,836	770,544
2019/20	801,302	16,330	109,150	15,336	942,118
2020/21	984,500	13,980	91,209	13,212	1,102,901
2021/22	1,131,787	19,095	114,449	15,516	1,280,847
2022/23	1,039,973	16,838	101,978	10,499	1,169,288
2023/24	1,007,309	15,776	102,030	14,312	1,139,427

Table 1.3 Total number of approved claims

Year	Unemployment	Illness	Maternity / Adoption/Parental	Dependants	Total
2008/09	474,793	25,648	94,336	15,959	610,736
2009/10	628,595	24,720	104,529	21,760	779,604
2010/11	578,266	22,727	104,042	27,123	732,158
2011/12	555,969	20,966	104,407	24,513	705,855
2012/13	581,074	20,986	106,339	22,732	731,131
2013/14	618,293	19,670	105,021	19,670	762,654
2014/15	577,724	17,005	97,232	16,506	708,467
2015/16	568,408	15,918	90,562	16,468	691,356
2016/17	519,343	16,508	98,538	16,708	651,097
2017/18	653,741	17,612	110,745	16,500	798,598
2018/19	634,283	15,979	106,446	13,836	770,544
2019/20	801,302	16,330	109,150	15,336	942,118
2020/21	816,623	10,425	78,656	13,212	918,916
2021/22	943,454	14,663	99,917	15,514	1,073,548
2022/23	873,222	13,175	86,711	10,498	983,606
2023/24	790,650	12,247	82,002	14,312	899,211



Figure 1.5: Unemployment claims approved

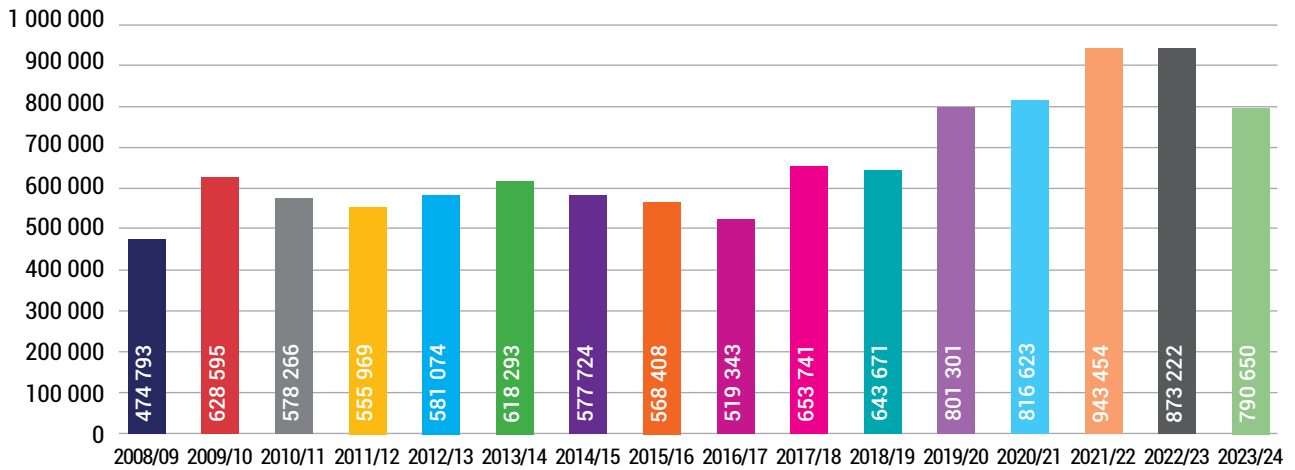


Table 1.5 shows a decrease in the number of unemployment claims approved. A total of **790,650** claims were approved in 2023/24 financial year, depicting a decrease of **82,572** in comparison to the previous year 2022/23.

Figure 1.6: Illness claims approved

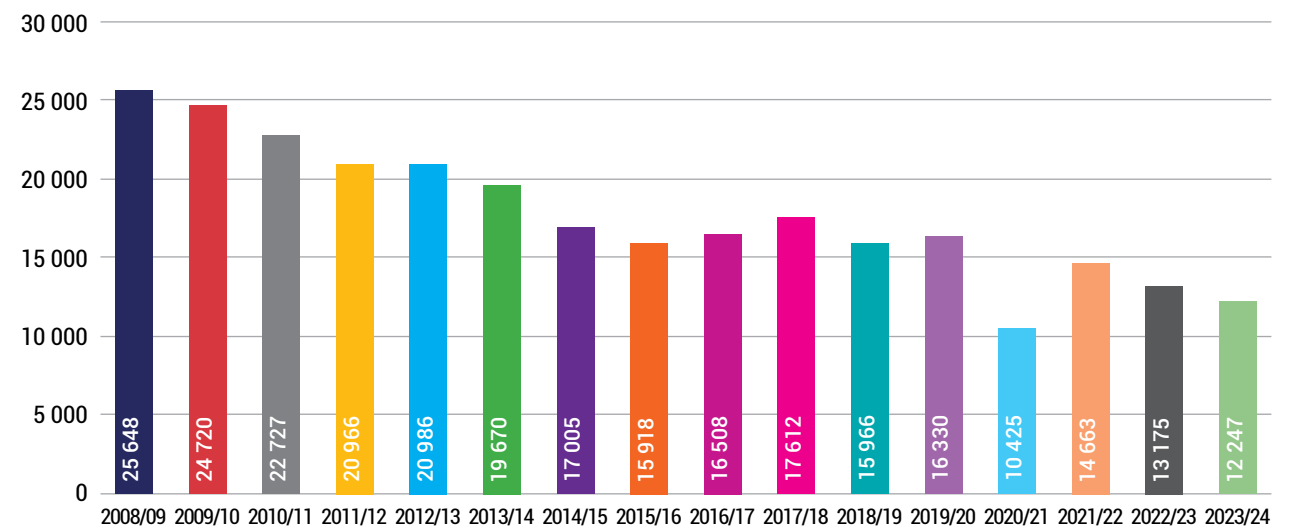


Table 1.6 The number of Illness benefits approved have decreased. A total number of **12,247** illness claims were approved in 2023/24 FY. The claims are below the average of 17,785 in the past 16 years.



Figure 1.7 Maternity, Adoption and Parental claims approved

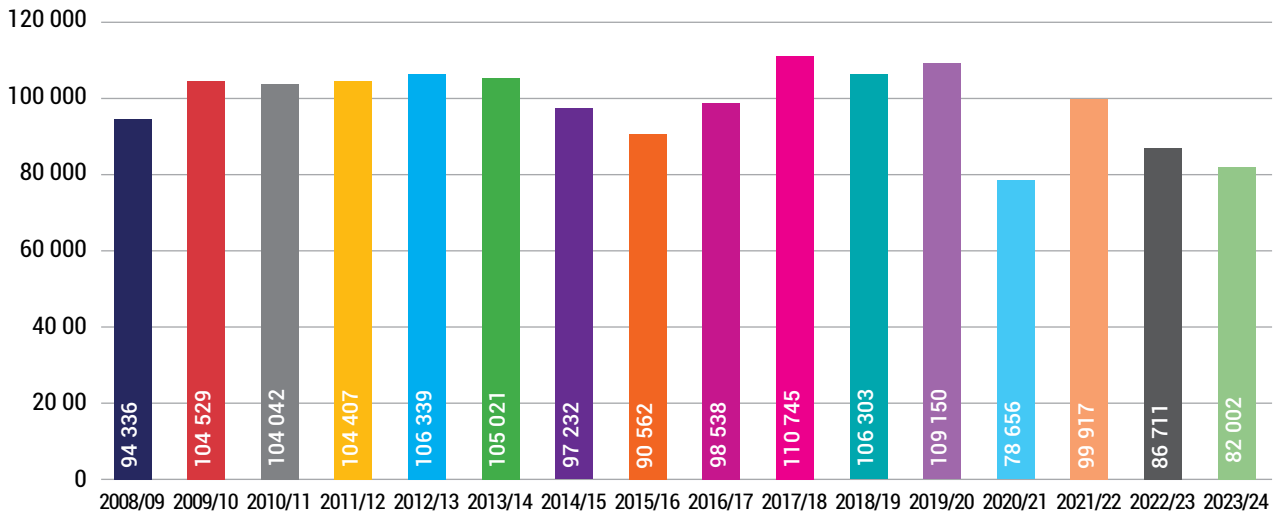


Table 1.7 A total of **82,002** Dependant claims were approved during 2023/24. The number of approved claims has decreased in comparison to the previous year 2022/23.

Figure 1.8 Dependant claims approved

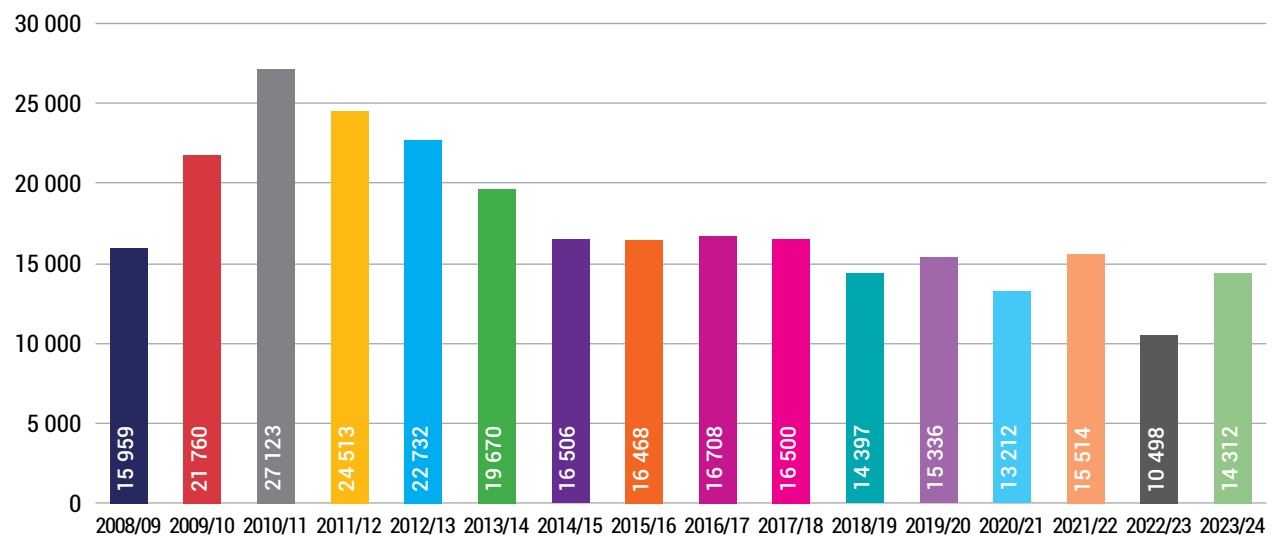
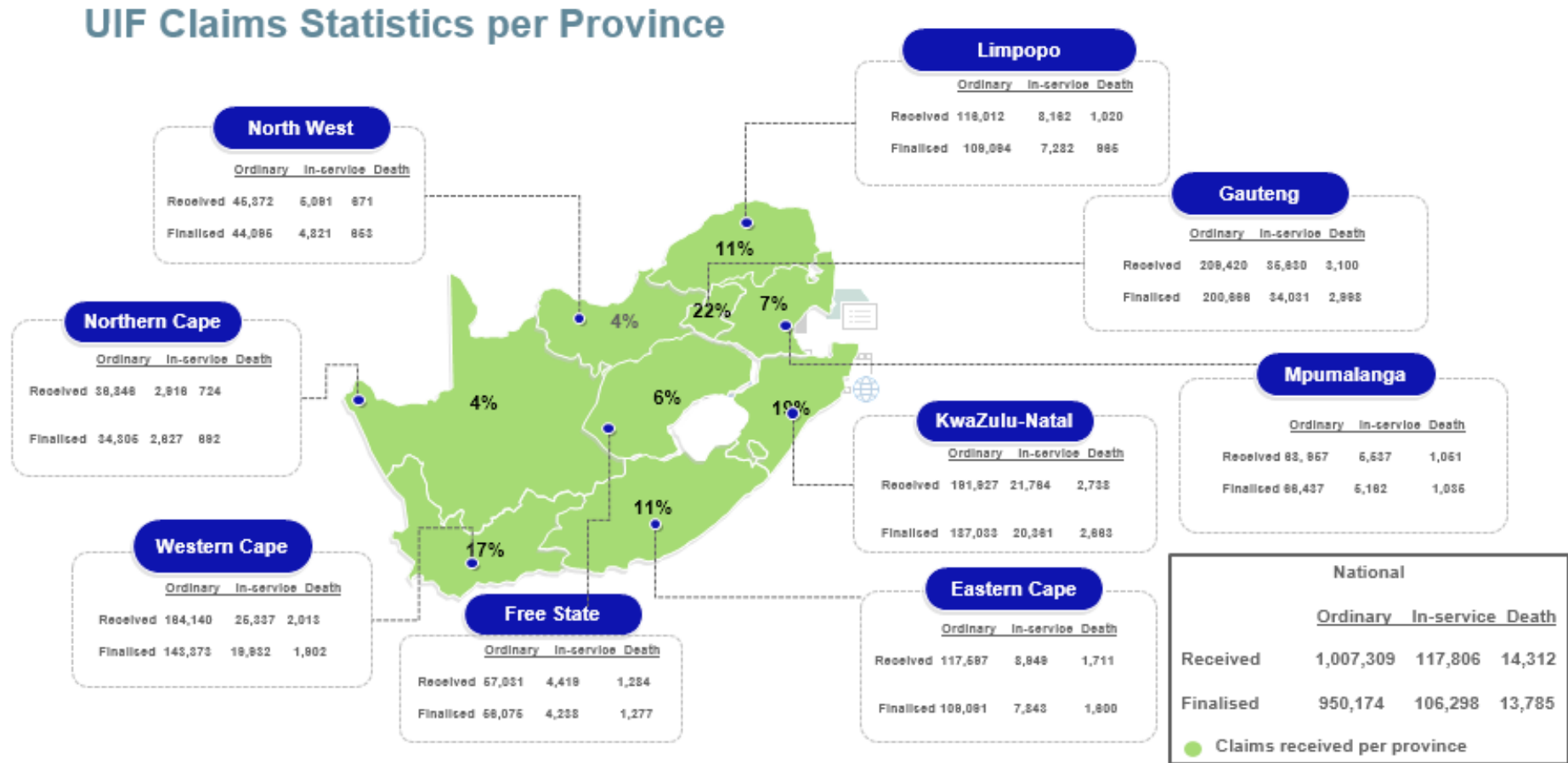


Table 1.8 A total of **14,312** dependant claims were approved in 2023/24 financial period. The number of dependant claims approved have increased in comparison to the previous financial year.

Figure 1.9 Number of Finalised claims per benefit type



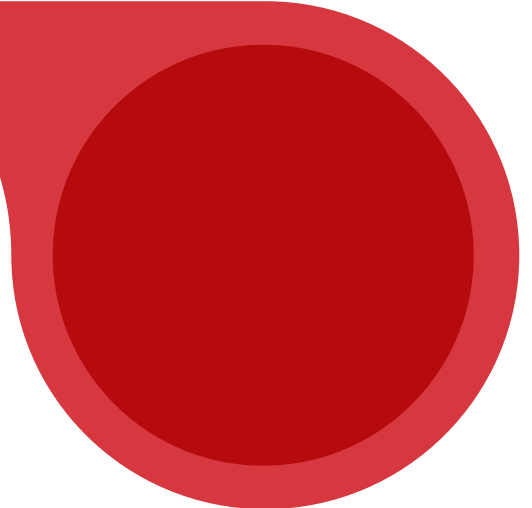


COVID-19 TERS Benefits

COVID-19 TERS Payments 2023/2024 FY

- Total Amount Paid Out: R274,081,937.75
- Total Number of Employees Paid Out: 54,767
- Total Number of Employers/BC Paid Out: 3,755

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