UIF | ANNUAL REPORT 2020/21

UNEMPLOYMENT BENEFITS

REDUCED-WORK TIME BENEFITS

MATERNITY BENEFITS

PARENTAL BENEFITS

ADOPTION BENEFITS

ILLNESS BENEFITS

DEATH BENEFITS

employment & labour
Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

UIF
WORKING FOR YOU

UIF | ANNUAL REPORT 2020/21

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Facebook (@UIFZA)
Twitter (@UIFBenefits)
Instagram (@UIF_Benefits)
YouTube (UIF Benefits)

"It is my priviledge and honour to submit to you the Annual Report of the Unemployment Insurance Fund for the period 1 April 2020 to 31 March 2021, in terms of the Public Finance Management Act, 1999."

T Maruping
UIF Commissioner

B Moloi
Deputy Minister

T Nxesi
Minister

T Lamati
Director-General

UIF ADVISORY BOARD

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UIF Commissioner

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Mr Takalani Musekwa

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GENERAL INFORMATION

Website: www.labour.gov.za
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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 185, 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 www.ufiling.co.za
External Auditors	Auditor General 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

2. LIST OF ABBREVIATIONS/ACRONYMS

ABBREVIATIONS/ ACRONYMS	DESCRIPTIONS
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DG	Director-General
DPSA	Department of Public Service and Administration
ERP	Enterprise Resource Planning
ICMS	Integrated Claims Management System
MoU	Memorandum of Understanding
MP	Member of Parliament
MTEF	Medium Term Expenditure Framework
PIC	Public Investment Corporation
RAC	Regional Appeals Committees
SAC	Single Adjudication Committee
SARS	South African Revenue Service
SCM	Supply Chain Management
SMEs	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
UIA	Unemployment Insurance Act
UIC	Unemployment Insurance Commissioner
UICA	Unemployment Insurance Contributions Act
UIF	Unemployment Insurance Fund
UIFB	Unemployment Insurance Fund Board
SAC	Single Adjudication Committee
SACCI	South African Chamber of Commerce and Industry
SCOPA	Standing Committee on Public Accounts
SCM	Supply Chain Management
TERS	Temporary Employer/Employee Relief Scheme
TLS	Training Lay-off Scheme
TOU	Training of the Unemployed
USSD	Unstructured Supplementary Service Data
UIC	Unemployment Insurance Commissioner
UICA	Unemployment Insurance Contributions Act
UIF	Unemployment Insurance Fund

3. ACCOUNTING AUTHORITY'S FOREWORD

The Unemployment Insurance Fund as one of the Department of Employment and Labour's labour market instruments, plays a key role in assisting the Department to fulfil its mandate of creating employment and preserving jobs. Indeed, UIF has stepped up to the plate with the COVID-19 Temporary Employer/Employee Relief Scheme (TERS) that formed part of the R 500 billion stimulus package announced by President Ramaphosa as one of government's interventions to ameliorate the harmful effects of the COVID-19 pandemic to the economy.

The COVID-19 TERS benefit is widely acknowledged as one of the most successful government interventions which saw billions of rands being disbursed to benefit a huge number of workers affected by Covid-19 lockdown regulations. In our view, the relief scheme has certainly helped to ensure that economic activity is not interrupted as the wage subsidisation enabled some workers to have cash to buy goods and pay their bills.

Despite COVID-19 TERS's great success, the implementation of the scheme has been fraught with many challenges, which drew criticism from various quarters. The lack of proper controls and weaknesses that were pointed out in the Auditor General's report issued in August 2020 exposed the scheme to fraud and corruption.

The Fund's Risk Management Unit working in collaboration with law enforcement agencies managed to have about fourteen individuals arrested and charged for defrauding the Fund. The arrests have assisted in motivating some employers to return funds that may have been erroneously paid, whiles others were forced to return the funds through our "follow the money" verification project.

The COVID-19 pandemic has negatively impacted on the investments portfolio, particularly the Socially Responsible Investments (SRI). Whilst thousands of jobs were previously sustained through this portfolio, the pandemic has created significant disruption to economic and financial sustainability of these businesses. This has resulted in most of them underperforming. This, together with the need for liquidity in the portfolio to fund COVID-19 relief payments has prompted us to take the tough decision to halt further investment in unlisted investments. This measure will be re-assessed once relief benefits payments are withdrawn.

The Fund has performed dismally during the 2020/2021 financial year; it has dropped from a high of 73% in the previous financial year to 33% in the year under review. During the years 2016/17 to 2019/20 the Fund's performance has been following an upward trend, steadily improving from 50% in 2016/17, 58% in 2017/18, 63% in 2018/19 to 73% in 2019/20.

However, the setting in of COVID-19 TERS pandemic during the first quarter of the 2020/21 financial year coupled with hard lock down restrictions had an impact in the implementation of our business plans.

This was further exacerbated by the doubling of key performance indicators from 15 to 30, and 20 (66.3%)

out of 30 targets were not achieved. Of the 20 unachieved targets, 12 (60%) were negatively impacted by COVID-19 TERS. The Fund's resources (human, financial and time) were mobilized towards the implementation of the COVID-19 TERS resulting in; new system and processes introduced for payment of the new benefit and training of staff on the new benefit scheme.

Whilst the dismal performance of the Fund is quite concerning, the Fund has put in place systems to strengthen performance review practices across business units in order to, among others track progress towards the achievement of quarterly targets, review implementation and operational processes, strengthen performance accountability and consequence management, and strengthen measures to track remedial action.

The Department has instituted a tight mechanism to monitor progress on both the performance on key indicators and audit action plans of the UIF. The Director-General working closely with the UIF advisory board and management will engage regularly to ensure audit action plans and remedial actions for non-performance are implemented.

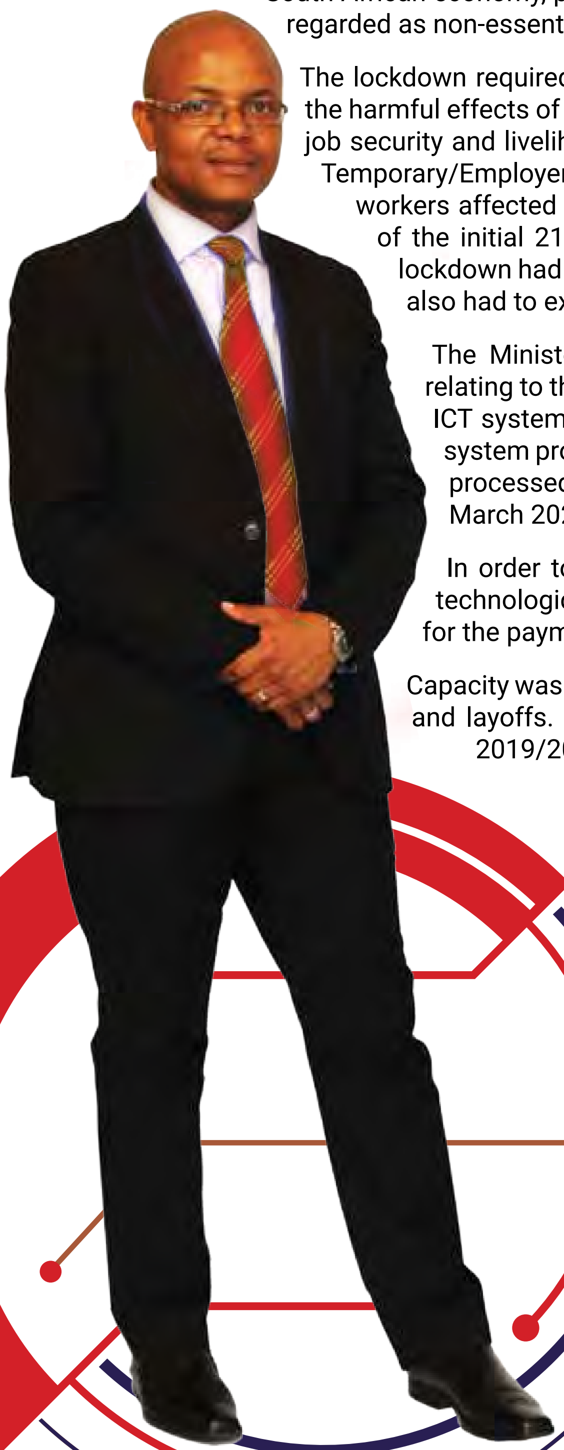
T.M LAMATI

DIRECTOR-GENERAL

4. COMMISSIONER'S OVERVIEW

The financial year 2020/2021 has been one of the most challenging year in South Africa and indeed the whole world as a result of the COVID-19 pandemic. Globally, we experienced the inevitable consequences of the slowing down of economic activities as a result of the restrictions on the movement of people as part of government's nationwide lockdown in a quest to flatten the COVID-19 curve.

Following the declaration of a State of Disaster by the Honourable President Ramaphosa, the country was put under a nationwide lockdown. The lockdown started from 26 March 2020 as one of the mechanisms to contain the spread of the Coronavirus. It was already anticipated that the decision was going to significantly impact on the South African economy, particularly employers and employees that operated in sectors that were regarded as non-essential.



The lockdown required a highly coordinated government response mechanism to ameliorate the harmful effects of the lockdown on the economy. To reduce the impact of the lockdown on job security and livelihoods, the Unemployment Insurance Fund (UIF) introduced a COVID-19 Temporary/Employer Employee Relief Scheme (COVID19TERS) to provide relief benefit to workers affected by lockdown. COVID19TERS was initially intended to run for a duration of the initial 21 days for which the national lockdown was announced. However, the lockdown had since been extended for a number of months which meant that the Fund also had to extend the relief it was providing to employees and employers.

The Minister of Employment and Labour issued a number of Policy Directives relating to the introduction, management and amendments of COVID19TERS. A new ICT system was developed to implement the COVID-19TERS project. The new ICT system provided a platform through which claims and payments were received and processed electronically. The scheme was successfully implemented and by 31 March 2021, close to R 55.8 billion was paid out to affected employees.

In order to implement the COVID-19TERS, the Fund mobilised human, financial, technological and time resources. A new system and processes were introduced for the payment of the new relief scheme and staff were trained on the new system.

Capacity was also built to deal with claims volumes caused by massive retrenchments and layoffs. About R 14.6 billion of normal benefits were paid in 2018/19 and in 2019/20 this went down to R 8.9 billion.

In terms of Covid - 19 TERS benefits, the Fund spent about R 55.8 billion to cover wages of a significant number of employees affected by lockdown regulations. Notwithstanding this achievement, the Fund has consequently suffered massive financial outflows such that there is less left to pay for any COVID-19TERS at the half the cost of the financial resources spent towards COVID-19TERS.

Whilst the Fund, through the COVID-19TERS has positively impacted on the preservation of jobs and livelihoods, the performance of the Fund against its predetermined objectives suffered. The overall performance of the Fund dropped from the 2019/2020 performance rate of 73% to 33% in 2020-2021. The poor performance of the Fund was largely attributable to the focus and efforts that the Fund directed towards the COVID-19TERS.

At the height of COVID-19 hard lockdown, the Fund operated with limited staff capacity, and other worked from home. The tools of trade on the other hand largely remained the same/or limited. Of the 20 unachieved targets, 12 were negatively impacted by COVID-19. Furthermore, the 2020/21 FY coincided with the doubling of the Fund's indicators from 15 in 2019-2020 to 30 in 2020-2021. There was also management instability as almost half of the Fund's executive committee was put under suspension following the AGSA's audit of the COVID-19TERS. All these factors collectively impacted on the Fund's poor performance against its predetermined objectives.

Another notable concern is the limitation of scope that the 2020-2021 external audit process experienced in a number of areas. Going into the future, the Fund will need to strengthen its governance processes and record keeping in order to ensure that limitations of scope are addressed.

The following are the performance highlights of the financial year 2020/2021:

- **Unemployment benefits**

  A total of 984 500 valid claims with complete information were received through various Labour Centres, of which 855 082 claims were finalised within 15 working days. This translates to 87% against the target of 92% within 15 working days.

- **In-service benefits**

  A total of 105 189 valid claims with complete information were received through various Labour Centres, of which 90 119 claims were finalised within 10 working days. This translates to 86% against the target of 92% within 10 working days.

- **Death benefits**

  A total of 13 212 valid claims with complete information were received through various Labour Centres, of which 11 284 claims were finalised within 20 working days. This translates to 85% against the target of 92% within 20 working days.

- **Improved compliance (Registration of employers)**

  A total of 55 371 newly-registered employers were reported against the target of 80 000. The number was underachieved by 24 629.

  We could not meet our annual targets on the creation of jobs (through our funding and investments largely attributable to the impact of COVID-19 lockdown and restrictions), provision of SMMEs and cooperatives support. There were funding agreements towards the creation of jobs which could not be implemented owing to COVID-19 interruptions.

  The Fund had expected a surge in the number of new employer registrations in pursuit of the COVID-19TERS. Instead, a few registered. Many closed down, and retrenched employees. The Fund will implement collaborative strategies to identify non-registered employers with a view to make them comply.

  There was an increase in applications volumes through Online platforms whilst tools of trade and resources were limited or remained the same. Furthermore, Labour Centres were operating at half capacity to comply with COVID-19 regulations. These realities together with system downtimes have affected our claims turnaround times.

Tebogo Maruping

Unemployment Insurance Fund Commissioner

5. 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 the Auditor General of 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 E) have been prepared in accordance with the Generally Recognised Accounting Practise (GRAP) 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 2021.

Yours faithfully

T Maruping
Commissioner

T Lamati
Director-General

6. STRATEGIC OVERVIEW

6.1 Vision

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

6.2 Mission

Through multiple channels UIF will provide social insurance benefits and improve coverage to vulnerable workers and contributors. 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 labour market (as employees or as self-employed).

6.3 Values

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
Team Work	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

7. LEGISLATIVE AND OTHER MANDATES

7.1 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".

7.2 Legislative and policy mandates

7.2.1 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.

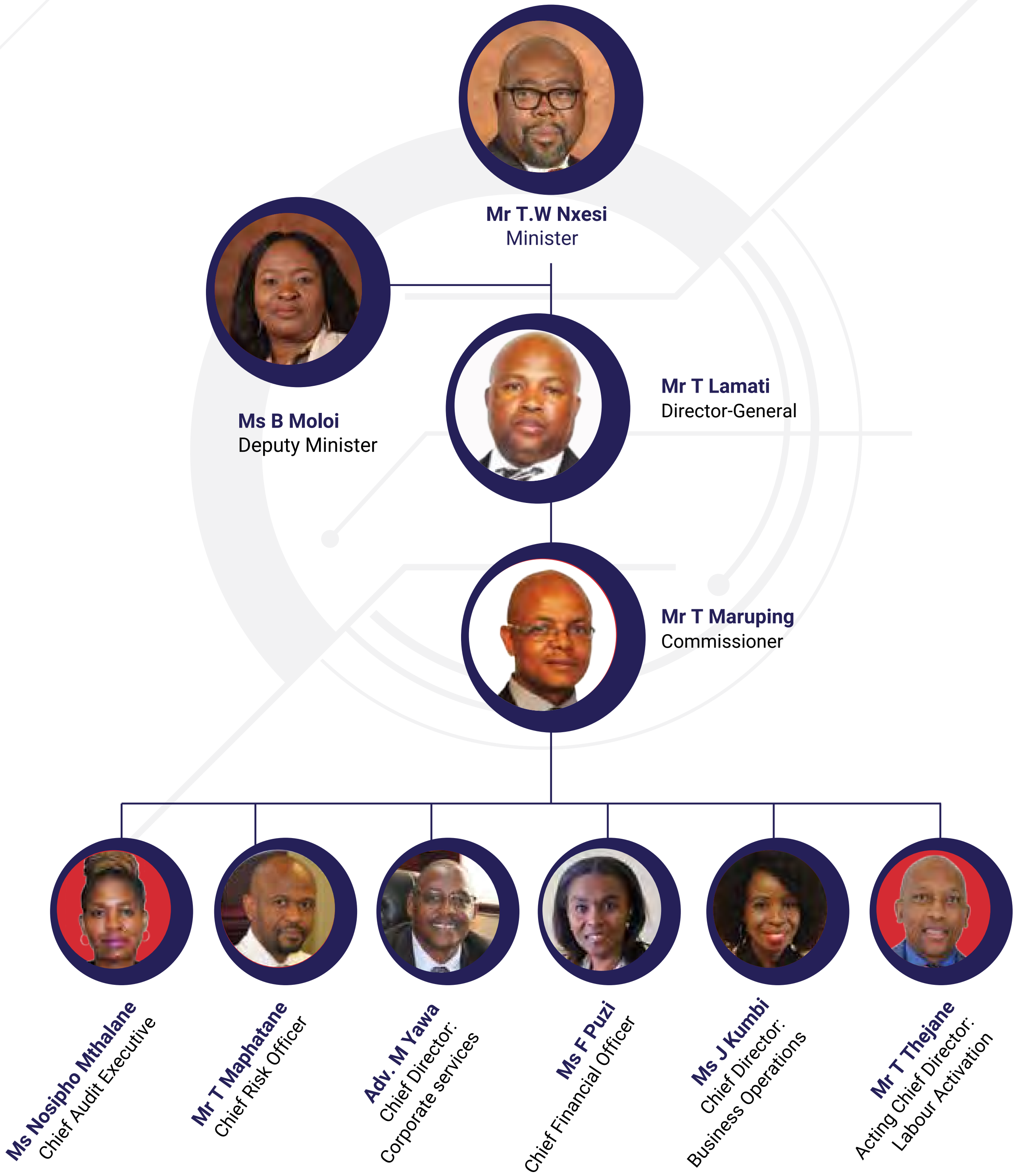
7.2.2 Policy Mandate.

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,
- 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.

8. ORGANISATIONAL STRUCTURE



PART B

PERFOMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under report on the audit of the Annual Performance Report section of the auditor's report.

Refer to **page 99** of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment- Outputs

- **Unemployment benefits**
  A total of 984 500 valid claims with complete information were received through various Labour Centres, of which 855 082 claims were finalised within 15 working days as per the Fund's service standard. This translates to 87% claims finalised within 15 working days against the target of 92% outlined in the Fund's Annual Performance Plan (APP).

- **In-service benefits**
  A total of 105 189 valid claims with complete information were received through various Labour Centres, of which 90 119 claims were finalised within 10 working days as per UIF's service standard. This translates to 86% claims finalised within 10 working days against the annual target of 92% stated in the UIF's (APP).

- **Death benefits**
  A total of 13 212 valid claims with complete information were received through various Labour Centres, of which 11 284 claims were finalised within 20 working days as per the Fund's service standard. This translates to 85% claims finalised within 20 working days against the annual target of 92% stated in the Fund's (APP).

- **Improved compliance (Registration of employers)**
  A total of 55 371 newly-registered employers were reported against the target of 80 000. The number was underachieved by 24 629.

2.2 Challenges the UIF encountered and corrective measures

During the year under review, the UIF encountered a number of challenges relating to its performance. The table below outlines performance challenges with regard to services rendered directly to the public and the corrective measures to be taken to address them.

No	Performance indicator	Challenges	Action to be taken to resolve the problem
1	Number of jobs created through UIF Funding and Investment initiatives	There was a slow intake of recruits to participate in Labour Activation Programmes due to lockdown restrictions, and the lockdown also affected business activity which impacted on the Fund's investments	Funding agreements entered into before lockdown restrictions to be reviewed to focus on employment and implementation of training initiatives to be closely monitored. The Fund to revise the investment mandate and Service Level Agreement with the Public Investment Corporation to ensure and monitor job creation.
2	Number of newly registered employers	The Fund had expected a surge in the number of new employer registrations in pursuit of the COVID-19TERS. Instead, a few registered. Many closed down, and retrenched employees.	The Fund to continue with the implementation of the new Electronic Compliance Certificate system (eCC online system) which was newly introduced on 25 January 2021 to improve performance and service delivery.
3	Percentage of applications with complete, accurate and verified information issued with Compliance Certificates, tender letters or non-compliance letters within specified timeframes	After the announcement of the UIF COVID-19 TERS by the Minister in March 2020, the Compliance team's focus shifted more towards COVID-19TERS related matters with a view to assist clients who have applied for TERS.	The Fund to continue with the implementation of the new Electronic Compliance Certificate system (eCC online system) which was newly introduced on 25 January 2021 to improve performance and service delivery.
4	Percentage of valid claims (Unemployment benefit) with complete, verified and accurate information approved or rejected within specified time frames	• The Fund experienced an increase in application volumes through Online platforms whilst tools of trade and resources were limited or remained the same. • Offices operating at half capacity to comply with Covid-19 regulations • System downtimes	• Decentralisation of claims processing to ensure timeous response to claims queries. • Data Push from Virtual Office system to Siyaya system to reduce the time spent to finalise a claim • Increase capacity for processing Online Claims • Innovative Performance Management system
5	Percentage of valid claims (In-service benefits; Maternity, illness and adoption benefits) with complete, verified and accurate information approved or rejected within specified time frames	• The Fund experienced an increase in application volumes through Online platforms whilst tools of trade and resources were limited or remained the same. • Offices operating at half capacity to comply with Covid-19 regulations • System downtimes	• Decentralisation of claims processing to ensure timeous response to claims queries. • Data Push from Virtual Office system to Siyaya system to reduce the time spent to finalise a claim • Increase capacity for processing Online Claims • Innovative Performance Management system

No	Performance indicator	Challenges	Action to be taken to resolve the problem
6	Percentage of valid claims (Deceased benefit) with complete, verified and accurate information approved or rejected within specified time frames	• The Fund experienced an increase in application volumes through Online platforms whilst tools of trade and resources were limited or remained the same. • Offices operating at half capacity to comply with Covid-19 regulations • System downtimes	• Decentralisation of claims processing to ensure timeous response to claims queries. • Data Push from Virtual Office system to Siyaya system to reduce the time spent to finalise a claim • Increase capacity for processing Online Claims • Innovative Performance Management system
7	Number of youths participating on Public Employment Programmes	Recruitment was negatively impacted by COVID-19 restrictions and lockdown	Recruitment will commence in the next financial year once the COVID-19 situation has improved.
8	Number of UIF contributors provided with learning opportunities	Recruitment and training could not commence due to the COVID-19 lockdown regulations	Recruitment and training will commence in the next financial year when the COVID-19 situation has improved and learning institutions have re-opened.
9	Number of Cooperatives supported	Programme implementation was negatively affected by lockdown and COVID-19 restrictions	Cooperatives support will commence once the COVID-19 situation has improved and applicable restrictions lifted
10	Number of UIF contributors Number of SMMEs supported	Programme implementation was negatively affected by lockdown and COVID-19 restrictions	Cooperatives support will commence once the COVID-19 situation has improved and applicable restrictions lifted
11	Percentage of Temporary Employer Employee Relief Scheme (TERS) applications approved / rejected by the delegated authority within 15 working days.	The Single Adjudication Committee Rulings are issued with no Arrangement Letters and thus leading to delays	LAP will ensure that Single Adjudication Committee rulings include Arrangement Letters prior the issuing of the rulings.

2.3 Significant Developments

The following are the significant developments, external to the UIF, that have impacted either on the demand for the UIF services or on its ability to deliver services:

- On the 23 March 2020, the President announced a national lockdown for 21 days from 27 March 2020. The lockdown necessitated a highly coordinated government response mechanism through the National Command Council and the Inter-Ministerial Committee on COVID-19. These structures were supported by Non-governmental organisations. On 26 March 2020 the Minister of Employment and Labour announced the establishment of the National Disaster Fund to bring relief to workers whose income and earnings were going to be affected by the lockdown;
- The UIF established the COVID-19 Temporary Employer/Employee Relief Scheme (TERS) to assist employers with wage subsidisation during the lock down period;
- During the COVID-19 period, many companies closed down, retrenched employees and only a few new companies were established.

- Labour Centres and the Fund were operating at half capacity to comply with COVID-19 regulations. Arrangements were also made for some officials working with benefit claims to work overtime in order to reduce the backlog and expedite the timeous processing of COVID-19 claims.
- The Fund also had to liquidate some of its investments in order to pay COVID-19TERS relief benefits.
- The Fund had to relax some of its requirements such as the submission of the UI.6-A form which serves as means to confirm unemployment by a beneficiary who continues to receive the unemployment benefits.

2.4 Organisational Environment

Between September 2020 and October 2020 a number of top and senior management officials (the UIF Commissioner, Chief Financial Officer, Chief Operating Officer, Director: Supply Chain Management and Chief Director: Labour Activation Programme) were suspended due to transgressions related to Covid 19 TERS payments and Labour Activation Programmes. The Department of Employment and Labour moved swiftly to appoint replacements in acting capacities to ensure that the precautionary suspensions did not affect service delivery and the attainment of organisational objectives.

A real time COVID-19 Relief Package audit conducted by the Auditor-General of South Africa on the request of the President, uncovered governance and internal control challenges related to COVID-19TERS such incorrect calculation of benefits, payments of benefits to people below the legal age of employment, recipients of social grants, deceased and people working for government, overpayments, underpayments, duplicate payments and poor validation control. In response to the COVID-19 Relief Package Audit report, the Fund appointed a number of audit firms to conduct the post-verification audit through the 'Follow the money project'.

2.5 Key policy developments and legislative changes

On 23 March 2020, the President of the Republic of South Africa declared a State of National Disaster in terms of the National Disaster Management Act 57 of 2002. This declaration obligated various government departments to introduce measures to deal with Covid19 pandemic.

2.5.1 Department of Employment and Labour Policy Directives

The government's response to COVID-19 for employers and employees affected by the nation-wide lockdown resulted in the introduction of COVID-19TERS. Between the 25 March 2020 and 4 September 2020, the Minister of Employment and Labour issued 8 Policy Directives relating to the introduction, management and amendments of COVID-19TERS. This included the foregoing of several key legislative requirements stipulated in the Unemployment Insurance Act, 2001 (Act No.63 of 2001) in order to accommodate employers and employees that may have not qualified to benefit from COVID-19TERS.

The Director-General of the Department of Employment and Labour issued an instruction enabling UIF officials to be classified as performing essential services in order to ensure the implementation and management of COVID-19TERS project.

2.5.2 Department of Public Service Administration (DPSA) Directives

Between 16 March 2020 and 7 February 2021, the DPSA issued twenty-five (25) Directives relating COVID-19 pandemic in the Public Service. The Directives covered a wide range of human resources and occupational health and safety issues including (but not limited to) COVID-19 Containment measures, 'No shut down of critical government services', business continuity in the public service, working from home, leave for employees affected by COVID-19, Critical services vacancies, public service adjustments to risk adjusted levels, and Return to Work arrangements.

2.5.3 National Treasury Directives

The National Treasury issued a number of Instruction Notes. Instruction Note No.5 on Emergency Procurement in response to the State of the National disaster. The Instruction Note changed procedures to ensure rapid response towards meeting the procurement needs that arose as a result of COVID-19.

Additionally, National Government re-adjusted Budget allocations for the 2020-21 financial year in order to avail additional budget as part of government response to COVID-19 pandemic.

The UIF was directly responsible for the implementation of the Temporary Employer / Employee Relief Scheme (TERS). The scheme was meant to cover employees who were affected by the lockdown and experienced partial or total loss of income. This was successfully implemented. By 31 March 2021 close to 55.8 billion was paid out in benefits. A new ICT system was developed to implement the COVID-19TERS project. The new ICT system provided a platform through which claims and payments were received and processed electronically.

Due to lockdowns regulations and restrictions, staff had to work and think differently:

- Applied the Work from Home concept
- Greater use of technological tools of trades
- Holding of meetings and engagements through electronic platforms
- Building of capacity to deal with claims volumes caused by massive retrenchments and layoffs

2.6 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**	**2020/21 target**	**Progress**
Functional and Efficient UIF	Improved audit opinion obtained from the Auditor General	Clean audit opinion obtained by March 2024	100%	Target not achieved 50% (59/119) Internal Audit Findings: 30/51=59% AGSA findings: 29/68= 43%
	Wasteful, fruitless and irregular expenditures reduced	• 100% elimination of wasteful and fruitless expenditure	15%	Target not achieved -2.6% (R79 897 326.14 at January 2020 R82 019 848.70 for March 2021) (Increased)
		• 75% reduction of irregular expenditure by March 2024	10%	Target not achieved -6% (R92 777 116.13 at January 2020 R99 063 167.84 for March 2021) (Increased)

Impact statement : A labour market which is conducive to decent employment				
Outcome	**Outcome Indicators**	**Five year target**	**2020/21 target**	**Progress**
Functional and Efficient UIF	Improved turnaround time to pay suppliers	100% valid invoices paid 30 calendar days after receipt by March 2025	100% within 30 Calendar days	Target not achieved 99.9% (2036/2039) of invoices were paid within 30 days
	Improved resolution of reported incidents of Fraud and corruption	95% resolution of reported incidents of Fraud and corruption by March 2024	60% of cases finalized (simple cases finalized within 30 working days, complex cases within 90 working days and COVID-19 cases within 60 working days)	Target not achieved 31% of COVID-19 cases finalised within 60 days (71 / 227 COVID -19 within cases finalised within 60 days)
	COVID-19 interventions implemented	90% of COVID-19 TERS applications with valid, accurate and complete information paid within 5 working days after receipt by March 2021.	90% within 5 working days of receipt	Target achieved 100% of valid, accurate and complete applications were paid within 5 working days.
	COVID-19 TERS ICT system implemented	COVID-19 TERS ICT system developed and deployed by March 2021	COVID-19 TERS ICT system developed, deployed and daily reports produced.	Target achieved COVID-19TERS ICT system was developed and deployed, and daily reports produced.
	Identified COVID-19 cases verified.	100% of identified COVID19 cases verified by March 2021	100%	Target not achieved 2.5% COVID-19 cases verified. Number of cases allocated to companies:1 998 Total number of cases verified: 49
	Functional Ethics structure	Ethics committees established and 95% adherence to Terms of reference by March 2024	Ethics and Transformation Committee established and 2 reports on the functioning of the Committee produced and approved by UIC	Target not achieved Ethics and Transformation Committee not established and reports not produced

Impact statement : A labour market which is conducive to decent employment				
Outcome	**Outcome Indicators**	**Five year target**	**2020/21 target**	**Progress**
Financially sustainable UIF	Sustainable Administrative Expenditure.	≤15% by March 2025	≤ 20%	Target achieved 15% (R2 819 694 000 / R18 867 373 000
	Improved return on listed investments.	Percentage returns on listed investments ≥ the Benchmark by March 2025.	Percentage return on listed investments ≥ the benchmark	Target not achieved -1.2% return on investments (Benchmark: 28.62 & Actual performance:27.42)
Strengthened institutional capacity of the Fund.	Improved Human Resource Capacity	≤5% by March 2025.	Vacancy rate maintained at ≤10%	Target achieved Vacancy rate at the end of March 2021 was 7.1% (43 vacant Funded posts / 602 establishment)
More decent jobs created	% of Asset Unemployment Insurance Fund (UIF) Assets Under Management (AUM) Funds set aside to Fund Employment Creation Schemes	10% set aside by March 2025.	1.6%	Target achieved R 611 078 652,72/ R 2 755 535 416,32 x 100 = 22%
An inclusive an responsive social security coverage	% Integrated claims management System (ICMS) implemented, support and maintenance provided	Support and maintenance of the Integrated Claims Management System by March 2023.	100% of SAP Financial Accounting system developed and tested	Target not achieved There were contractual issues that delayed handover and system testing processes

Impact statement : A labour market which is conducive to decent employment				
Outcome	**Outcome Indicators**	**Five year target**	**2020/21 target**	**Progress**
An inclusive an responsive social security coverage	Improved social security coverage	4 600 000 newly registered employees by March 2025.	860 000	Target achieved 924 680
		450 000 newly registered employers by March 2025	80 000	Target not achieved 55 371 employers registered
		100% of new companies created with registration document (UI54) within 5 working hours by March 2024.	95% within 1 working day	Target achieved 99% within 1 working day (54 842/55 371)
		100% of applications with complete, accurate and verified information issued with compliance certificates, tender letters or non-compliance letters within 48 working hours by March 2024	90% within 10 working days	Target not achieved Applications with complete information = 6 682 Applications issued within 10 working days = 2496 Percentage achieved = 37%
		98% of Unemployment benefit claims with complete, accurate and verified information approved or rejected within 8 working days by March 2022.	92% within 15 working days	Target not achieved 87% within 15 working days (851 195/984 500)
		98% of In-service benefits; Maternity, illness and adoption benefit claims with complete, accurate and verified information approved or rejected within 5 working days by March 2022.	92% within 10 working days	Target not achieved 86% within 10 working days (90 119/105 189)
		98% of deceased benefit claims with complete, accurate and verified information approved or rejected within 10 working days by March 2022	92% within 20 working days	Target not achieved 85% within 20 working days (11 284/13212)
	Improved social security coverage	99% of complete, accurate and verified benefit payment documents created after receipt within 3 working after receipt days by March 2022.	95% within 5 working days	Target achieved 99% within 5 working days (3 069 077/3 106 426)

Impact statement : A labour market which is conducive to decent employment				
Outcome	**Outcome Indicators**	**Five year target**	**2020/21 target**	**Progress**
Equal opportunities, inclusion and redress	Improved representation of the designated groups across occupational levels	≥ 75% of Africans in middle and senior management level by March 2024.	≥75%	Target achieved 87.8% representation of African in Senior and Middle Management level by the end of 31 March 2021 (65 / 74 filled posts)
		≥ 2.5% of persons with disabilities between the age of 15 and 65 employed in line with Employment Equity Act by March 2024	≥2%	Target achieved 2.86% of persons with disabilities employed by the end of 31 March 2021 (16 officials / 559 filled)

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 Programme 1: Administration

Purpose: To provide management, strategic and administrative support to the Fund.

Office of the Commissioner
Provide strategic leadership and overall management regarding the administration and overall operations of the Fund.

Risk Management
Enterprise Wide Risk management; and Fraud investigations.

Internal Audit
Independently focus on reviewing internal controls of the Fund; Reviewing risk management, governance processes and programs of the Fund

Corporate Services
To provide support and an enabling environment for the Fund to meet its strategic objectives through placing the right people at the right time.

Human Resource Management and Development
Training and development of staff; Maintaining sound labour relations; Promoting equality in the Fund; Recruitment and selection; and Provision of service condition and benefits.

Communications
Provision of communication services; Provision of marketing services; and Advertising, branding and publications.

Organisational Effectiveness
Job design and evaluation; Change Management; and Business Process development and mapping.

Information and Communication Technology
Manage the Fund’s projects; and Develop and implement ICT governance model.

Policy Development, Strategic Planning, Monitoring, Evaluation
To manage the development and implementation of fund strategic planning monitoring and evaluation processes and manage research and policy development.

Legal Services
To provide efficient and effective legal Services to the fund

Board Service, Governance and Security Management
To manage Board services information, physical security and ensure effective code of good governance.

Chief Financial Officer
Provide financial governance on financial management and accounting services of the Fund.

Investment Management and Actuarial Services
To co-ordinate Investment management and Actuarial Services for the fund

Supply Chain Management
Enhance supply chain management processes and systems to be in line with the regulatory framework and governance best practices. Provision of integrated financial administration and supply chain Imanagement services records Management; and Assets facilities management.

Budget, Expenditure and Bank Reconciliation Creditor and expenditure management
Claims payments; Reconciliation of bank accounts; and Integrated budget planning and management.

Financial Reporting
Compilation and submission of the Annual Financial Statements and Auditor-general as well as publication of AFS in the annual report. Management of financial reporting; and Provision of financial systems support.

Income Management
Management of revenue and debt collection processes; and Management of payroll audits and enforcement..

3.2 Programme 2: Business Operations

Purpose: To collect contributions and pay benefits.

Chief Directorate: Operations
To collect contributions and pay benefits.

- Management and administration of benefits payments;
- Management and administration of declaration processes;
- Monitoring of provincial office performance;
- Provision of Call Centre services; and
- Registration of employers.

3.3 Programme 3: Labour Activation Programme

Purpose: To enhance employability.

Chief Directorate: Labour Activation Programme
Provide strategic leadership and guidance on the implementation of the Labour Activation Programmes.

- Develop strategies and policies to guide the monitoring of Labour Activation Programmes.
- Maintain partnership and network with relevant stakeholders involved in Labour Activation Programmes.
- Provide funding to the institutions identified with the responsibility of executing Labour Activation Programmes.

- Institutional outcomes that each programme contributes towards according to the Annual Performance Plan

Programme	Institutional Outcome
Administration.	• Functional and Efficient UIF • Financially sustainable UIF • Strengthened institutional capacity of the Fund. • More decent jobs created. • Equal opportunities, inclusion and redress
Business Operations	• An inclusive an responsive social security coverage
Labour Activation Programme	• More decent jobs created.

4. OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

Table 2.4.4.1:

A report against the originally tabled Annual Performance Plan until date of re-tabling (In the instance where a public entity has re-tabled an Annual Performance Plan in the financial year under review)

*Actual achievement must be reported in relation to the performance information reflected in the originally tabled Annual Performance Plan until date of re-tabling (In the instance where a public entity has re-tabled an Annual Performance Plan in the financial year under review).

Programme 1: Administration.									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**	**Audited Actual Performance 2019/2020**	**Planned Annual Target 2020/2021**	***Actual Achievement 2020/2021 until date of re-tabling**	**Deviation from planned target to Actual Achievement 2020/2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs / Output indicators / Annual Targets**
Functional and Efficient UIF	Resolved incidents	% of fraud & corruption cases finalized within 90 working days frames.	No target	No target	95% within 90 working days	**Target achieved** 100% (25/25) fraud COVID 19 cases finalised within 60 working days	Target exceeded by 5%	The ease of availability of investigation information enabled timeous finalisation of information	The target was reduced to 60% due to: • Travelling restrictions. • Focus on COVID19 cases.
Financially sustainable UIF	Administrative expenditure (excluding CAPEX) as compared to revenue maintained	Percentage of Administrative expenditure	13% (2 457 311/ 19 565 207)	12.6% (2 713 278 / 20 548 628)	≤ 15%	**Target achieved** 13% (550 629 000 / 4 201 707 000)	None	None. The target requires any % that is equal or less than 15%	The target was increased to 20% due to COVID-19 expenses incurred on: • Communications /Media • ICT systems • Sanitisers • Disinfection of the UIF offices. • Consultants.

Programme 2: Business Operations									
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**	**Audited Actual Performance 2019/2020**	**Planned Annual Target 2020/2021**	***Actual Achievement 2020/2021 until date of re-tabling**	**Deviation from planned target to Actual Achievement 2020/2021**	**Reasons for deviations**	**Reasons for revisions to the Outputs / Output indicators / Annual Targets**
Comprehensive Social Security Coverage	Improved compliance UI legislation	Number of newly registered employers	64 577	59 984	73 000	Target not achieved 18 311	Target missed by 54 689	There were less than expected new companies registered as a result of the lockdown. (Performance measured against annual target)	Target increased to 80 000. It was anticipated that many new employers will be registered to claim COVID-19 TERS benefits.
		Number of newly registered employees	838 922	797 563	700 000	Target not achieved 320 734	Target missed by 379 266	The first quarter achievement is measured against the annual target.	Target increased to 860 000. It was anticipated that more new employees will be registered to claim COVID-19 TERS benefits

Programme 3: Labour Activation Programme

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021 until date of re-tabling	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
More decent jobs created	Increase in the number of Youths participating on Public Employment Programmes for enhanced employability	Number of youths participating on Public Employment Programmes	No target	No target	12 210	Target not achieved 0	Target missed by 12 210	Training could not commence due to the COVID-19 lockdown regulations	Target was reduced to 6000 due lock down restrictions that negatively affected the achieved of the higher planned target.
	UIF contributors retained at work or re-introduced back to employment	Number of UIF contributors provided learning with opportunities	3 823	36 198	40 700	Target not achieved 0	Target missed by 40 700	Recruitment could not commence due to COVID-19 restrictions	Target was reduced to 27000 due lock down restrictions due lock down restrictions that negatively affected the achieved of the higher planned target .

Table 2.4.4.2:

To be used for a report against the originally tabled Annual Performance Plan (In the instance where a public entity did not re-table the Annual Performance Plan in the financial year under review) OR Report against the re-tabled Annual Performance Plan

Programme 1: Administration								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2018/2019**	**Audited Actual Performance 2019/2020**	**Planned Annual Target 2020/2021**	***Actual Achievement 2020/2021**	**Deviation from planned target to Actual Achievement 2020/2021**	**Reasons for deviations**
More decent jobs created	Reduced unem-ployment rate	% of Asset Under Management Funds set aside to fund Employment Creation Schemes	No target	No target	1.6%	Target achieved R 611 078 652,72/ R 2 755 535 416,32 x 100 = 22%	Target exceeded by 20.4%	More funds were set aside and utilised after the hard lockdown
		Number of jobs created through UIF Funding and Investment initiatives	No target	No target	5000	Target not achieved 150	Target missed by 4850	There was a slow intake of recruits due to lockdown restrictions. The payment of relief benefits were funded from the investment portfolio.

Programme 1: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Functional and Efficient UIF.	Reduced wasteful and fruitless expenditure	% of wasteful and fruitless expenditure	No target	No target	15%	Target not achieved -2.6% (R79 897 326.14 at January 2020 R82 019 848.70 for March 2021) (Increased)	Target missed by 12.4%	The resolution, recovery or writing off of these expenditures was dependent on the outcome of disciplinary processes that delayed
	Reduced irregular expenditure	% of irregular expenditure	No target	No target	10%	Target not achieved -6% R92 777 116.13 at January 2020 R99 063 167.84 for March 2021) (Increased)	Target missed by 4%	The resolution, recovery or writing off of these expenditures was dependent on the outcome of disciplinary processes that delayed
	Unqualified audit opinion	% of Internal and External audit findings resolved	No target	No target	100%	Target not achieved 50% (59/119) Internal Audit Findings: 30/51=59% AGSA findings: 29/68= 43%	Target missed by 50%	External Audit was only finalised in April 2021, hence the delay in the implementation of action plans
	Covid-19 fraud cases and ordinary fraud cases investigated	Percentage of Fraud cases finalised within specified time frames.	No target	No target	60% of cases finalised (simple cases finalised within 30 working days, complex cases within 90 working days and COVID-19 cases within 60 working days)	**Target not achieved** 31% of COVID-19 cases finalised within 60 days (71 / 227 COVID -19 within cases finalised within 60 days)	Target missed by 29%	Fraud cases handled were generally complex, multi-layered and related to COVID-19 TERS.

Programme 1: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Functional and Efficient UIF.	Functional structure	Ethics and Transformation Committee established and quarterly reports produced within 30 working days after end of Quarter	No target	No target	Ethics and Transformation Committee established and reports produced	**Target not achieved** Ethics and Transformation Committee not established and reports not produced	Ethics and Transformation Committee not established and reports not produced	The committee could not be established as resources were prioritised to deal with COVID-19 fraud cases.
Financially sustainable UIF	Administrative expenditure (excluding capex) as compared to revenue maintained	Percentage of Administrative expenditure	13% (2 457 311/ 19 565 207)	12.6% (2 595 222/20 548 628)	≤ 20%	**Target achieved** 15% (R2 819 694 000 / R18 867 373 000)	None	None. The target requires any % that is equal or less than 20%

Programme 1: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Functional and Efficient UIF.	Suppliers paid within 30 Calendar days	% of valid invoices paid within 30 Calendar days after receipt	100% of valid invoices were paid within 30 calendar days after receipt by the Fund	99.9% (6 654 / 6 655).	100% within 30 Calendar days	Target not achieved 99.9% (2036/2039) of invoices were paid within 30 days	Target missed by 0.1%	There were delays with the timeous processing of one invoice.
	COVID-19 TERS applications paid within 5 working days of receipt.	% of COVID-19 TERS applications with valid, accurate and complete information paid within 5 working days of receipt	No target	No target	90% within 5 working days of receipt	Target achieved 100% (273/273)	Target exceeded by 10%	A lot of resources were directed towards COVID-19TERS
	Ease of doing business	COVID-19 TERS ICT system developed and deployed	No target	No target	COVID-19 TERS ICT system developed, deployed and daily reports produced.	Target achieved COVID-19TERS ICT system was developed, deployed and daily reports produced.	None	None
Financially sustainable UIF	Return on listed investment ≥ the benchmark	Percentage return on listed investments.	No target	2.63% Benchmark (-10.88) Performance (-8.25) return on listed investments.	Percentage return on listed investments ≥ the benchmark	Target not achieved The benchmark outperformed the portfolio's return on investment by 1.20% over a 12 month rolling period. Benchmark: 28.62% UIF Portfolio performance: 27.42%	Target missed by 1.2%	The Fund liquidated bond and equity positions to ensure liquidity in the investment portfolio for the payment of COVIDTERS benefit payments and thus negatively impacted on the portfolio's ability to generate return.

Programme 1: Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Strengthened institutional capacity of the Fund	Reduced vacancy rate	Percentage of vacancy rate	13.3 (80 / 602X100)	7.1% (43 posts/ 602) 602= establishment 559 = filled post 43= vacant posts	Vacancy rate maintained at ≤10%	Target achieved Vacancy rate at the end of March 2021 was 7.1% (43 vacant Funded posts / 602 establishment	None	None The target requires any % that is equal or less than 10%
Equal opportunities, inclusion and redress	Increased of persons with disabilities employed	% of persons with disabilities employed in line with Employment Equity Act.	No target	No target	≥2%	Target achieved 2.86% of persons with disabilities employed by the end of March 2021 (16 officials / 559 filled)	None	None. The target requires any % that is equal or higher than 2%.
	Representation of Africans in Senior and middle management levels maintained	% representation of Africans in Senior and middle management levels maintained in line with Employment Equity Act	No target	No target	≥75%	Target achieved 87.8% representation of African in Senior and Middle Management level by the end of March 2021 (65 / 74 filled posts)	None	None. The target requires any % that is equal or higher than 75%.
An inclusive an responsive social security coverage	Ease of doing business	% of integrated claims management System (ICMS) implemented.	Development, testing and deployment of release 1 reports not done	Request for handover submission has been approved by the National Treasury.	100% of SAP Financial Accounting system developed and tested	Target not achieved There were contractual issues that delayed handover and system testing processes	100% of SAP Financial Accounting system not developed and tested	Contractual issues delayed handover and system testing.

Programme 2: Business Operations

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
An inclusive and responsive social security coverage	Improved compliance UI legislation	Number of newly registered employers	64 577	59 984	80 000	Target not achieved 55 371 New employers registered	Target missed by 24 629	The Fund had expected a surge in the number of new employer registrations in pursuit of the COVID-19TERS. Instead, a few registered. Many closed down, and retrenched employees.
		Number of newly registered employees	838 922	797 563	860 000	Target achieved 924 680	Target exceeded by 64 680	Covid – 19 TERS benefit scheme resulted in many employees being registered to claim for the benefit.
	Improved turnaround time to create a registration document (UI54)	Percentage of new companies with complete, accurate and verified information created with registration document (UI 54) within specified timeframes	99% within 2 working days (UI54).	96% (57 394/59 984) within 1 working day.	95% within 1 working day	Target achieved 99% within 1 working day (54 842/55 371)	Target exceeded by 4%	Digital and electronic Innovations such as fax, e-mail, U Filing, and Biz Portal were used for the registration of new companies.

Programme 2: Business Operations

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
An inclusive and responsive social security coverage	Improved turnaround time to issue compliance certificates, tender letters or non-compliance letters.	Percentage of applications with complete information issued with compliance certificates, tender letters or non-compliance letters within specified timeframes	79%	93% (8098 / 8 677) within 10 working days.	90% within 10 working days	Target not achieved Applications with complete information = 6 682 Application issued within 10 days = 2496 Percentage = 37%	Target missed by 63%	After the announcement of the COVID19 TERS by the Minister the Compliance team's focus shifted more towards COVID-19TERS related matters with a view to assist clients who have applied for TERS.
	Improved turnaround time to create Benefit payment documents	Percentage of complete, accurate and verified benefit payment documents created after receipt within specified time frame	99% within 6 working days (2 715 078/2 750 601)	99% (3 287 380/3 309 029)	95% within 5 working days	Target achieved 99% within 5 working days (3 069 077/3 106 426)	Target exceeded by 4%	There were measures put in place to authorise payment without continuation forms and accepted through other non-traditional means, namely fax or mail system
	Improved turnaround time to approve or reject valid claims with complete information	Percentage of valid claims (Unemployment benefit) with complete, accurate and verified information approved or rejected within specified time frames	94% (628 807/67 1188) within 15 working days	93% (798 151/854 639) 15 working	92% within 15 working days	Target not achieved 87% within 15 working days (855 082/984 500)	Target missed by 5%	• Increase in application volumes through Online platforms whilst tools of trade and resources were limited or remained the same • Offices operating at half capacity to comply with COVID-19 regulations • System downtimes

Programme 2: Business Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
An inclusive an responsive social security coverage	Improved turnaround to approve or reject valid claims with complete information	Percentage of valid claims (In-service benefits; Maternity, illness and adoption benefits) with complete, accurate and verified information approved or rejected within specified time frames	92% within 10 working days (121 418/132 158)	92% (126 442/136 897) within 10 working days	92% within 10 working days	Target not achieved 86% within 10 working days (90 119/105 189)	Target missed by 6%	• Increase in application volumes through Online platforms whilst tools of trade and resources were limited or remained the same • Offices operating at half capacity to comply with COVID-19 regulations • System downtimes
	Improved turnaround to approve or reject valid claims with complete information	Percentage of valid claims (Deceased benefit) with complete, accurate and verified information approved or rejected within specified time frames	92% (13 179 / 14 397) within 20 working days	95% (14 539/15 337) within 20 working days.	92% within 20 working days	Target not achieved 85% within 20 working days (11 284/13 212)	Target missed by 7%	• Increase in application volumes through Online platforms whilst tools of trade and resources were limited or remained the same • Offices operating at half capacity to comply with COVID-19 regulations • System downtimes
Value for money on COVID-19 benefits	COVID-19 cases verified	Percentage of identified COVID-19 cases verified.	No target	No target	100% of identified COVID-19 cases verified.	Target not achieved 2.5% COVID-19 cases verified. Number of cases allocated to companies:1 998 Total number of cases verified: 49	Target missed by 97.5%	Delays in the appointment of Audit Firms to conduct the verification of cases

Programme 3: Labour Activation Programme

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	*Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
More decent jobs created	Increase in the number of Youths participating on Public Employment Programmes for enhanced employability	Number of youths participating on Public Employment Programmes	No target	No target	6000	Target not achieved 5 419 Participating in Public Employment Programmes	Target missed by 581	Recruitment was negatively impacted by COVID-19 restrictions and lockdown
More decent jobs created	Jobs preserved in distressed companies	Percentage of Temporary Employer Employee Relief Scheme (TERS) applications approved / rejected by the delegated authority within 15 working days.	100% (13/13 applications received (12 approved and 1 rejected) within 20 working days	92% (23/25) within 15 working days	90% within 15 working days	Target not achieved 23% (3/13) within 15 working days.	Target missed by 67%	The Single Adjudication Committee Rulings are issued with no Arrangement Letters and thus leading to delays. Majority of companies participating approved for normal TERS were not UIF compliant, and the protracted process to make them compliant also delayed the starting of projects.
	UIF contributors retained at work or re-introduced back to employment	Number of UIF contributors provided learning with opportunities	3 823	36 198	27000	Target not achieved 7962	Target missed by 19 038	Training and Recruitment were negatively impacted by COVID-19 restrictions and lockdown
More decent jobs created and sustained	Developed Enterprises	Number of Cooperatives supported	No target	No target	30	Target not achieved 20	Target missed by 10	Programme implementation was negatively affected by COVID-19 lockdown and restrictions
		Number of SMMEs supported	No target	No target	15	Target not achieved 0	Target missed by 15	-Programme implementation negatively affected by COVID-19 lockdown and restrictions.

The UIF performance summary per programme is as follows:

Programme	Indicators	Achieved	Not achieved	Achievement
1. Administration	16	7	9	44%
2. Business Operations	9	3	6	33%
3. Labour Activation Programme	5	0	5	0%
OVERALL ANNUAL PERFORMANCE	30	10	20	33%

5. STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The UIF intends to implement the following strategies to address under performance in the next financial year.

a) There will be a vigorous in-year monitoring and auditing of monthly reports in order to regularly advise management on issues that require urgent remedial actions and decision making.

b) There will be regular performance management sessions with the business units where:

- Tighter management controls to be put in place.
- Stricter implementation of policies on performance management.
- Integrate Employee Health and Wellness into organisational performance and productivity plans.
- Follow-ups on planned corrective actions on areas on non-achievement.
- Root causes analysis to be conducted on areas of poor performance.
- Hosting of regular performance reviews which will include comparisons between expenditures and performance.
- Implementation of consequence management, and
- Tightening of internal controls.

6. REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Programme/ Sub Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
TERS	Temporary relief to employers/ employees affected by COVID-19 lockdowns	National	R40bn (Original Budget)	R55.8 billion	The number of newly registered employees target of 860 000 was overachieved by 64 680 due to TERS scheme where most employers needed to register their employees in order to claim the TERS benefits.	Payment of R55.8 billion bringing relief to multitude of employees who would have suffered during lockdown due to lack of income.

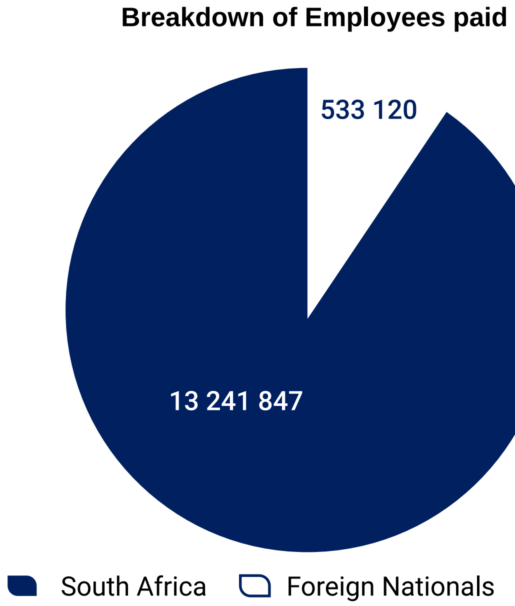
On the 23 March 2020, the President announced a national lockdown for 21 days from 27 March 2020. The national COVID-19 response was coordinated through the National Command Council and the Inter-Ministerial Committee on COVID-19, supported by non-governmental organisations. On 26 March 2020, the Minister of Employment and Labour announced the establishment of the National Disaster Fund to provide income relief to workers whose income and earnings were going to be affected by the lockdown. The Unemployment Insurance Fund established COVID-19 Temporary Employer/Employee Relief Scheme (TERS) to assist employers with wage subsidisation during the lockdown period.

The UIF ICT developed a new IT operational and financial system in order to establish the COVID-19TERS. The following ICT functionalities developed and implemented:

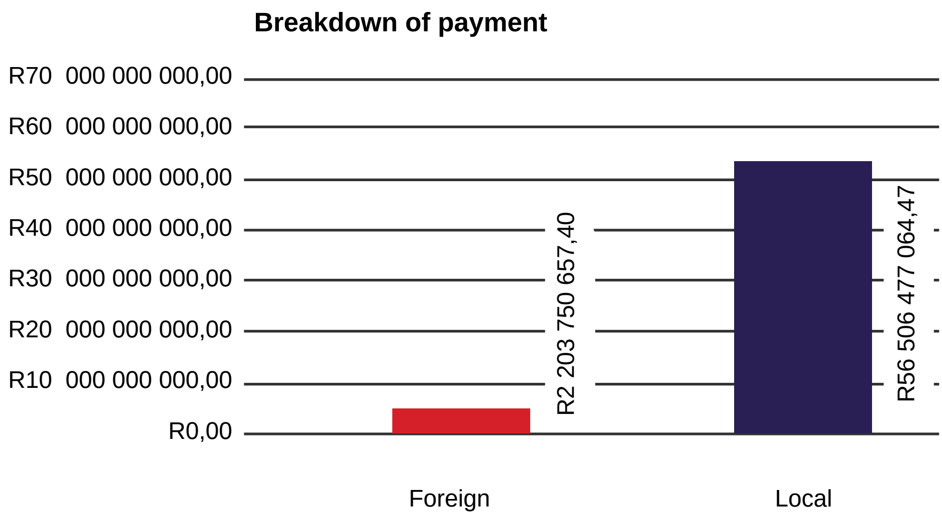
- Automated functionality for employers to see status of the claim and download the payment schedule;
- Automated functionality for employees to see how much they have been paid by UIF against what the employer paid them. Further, all companies paid are available on the website;
- Automated sending of spreadsheet containing payment breakdown of employees to be paid;
- Additional security measures (removing payment status for employer on the landing page, limit the changing of password and banking details) to minimise the alleged fraud claims;
- Additional functionality to verify all bank accounts for all employers/associations prior to payment where employers put the CIPC/company registration number;
- Automated the process for bank verification, which went live on 29 July 2020; and
- Identity numbers for applicants were verified against the databases of Department of Home Affairs, DPSA, SASSA and Correctional Services.

Between April 2020 and 31 March 2021, the UIF has paid out about R55,8 billion in terms of the TERS benefits as per the table below:

The Pie Chart below shows the breakdown of the COVID-19 TERS payments for South African and foreign nationals.



The Chart below shows the breakdown of the COVID-19 TERS payment expenditures for South African and foreign nationals.



7. COVID-19 FOLLOW-THE-MONEY AUDIT PROJECT

To address the challenges identified by the AGSA during the audit of COVID-19TERS, UIF appointed Audit and Accounting firms to conduct the post-verification audit through the Follow the Money project. The scope of the project includes:

Verification Team:

- Verify whether COVID-19 TERS Funds were used as intended;
- Confirm whether Funds reached the intended employees;
- Verify accuracy and validity of applications.

Support Team:

- Trace and track all untraceable employers;
- Assist with debt collection where needed;
- Assist with fraud investigation where needed.

A total of 49 identified payments with a combined value of R 1 492 283 548.16 were verified through the Follow the Money project. This constitutes 2.5% of the R55.8 billion that was paid out in COVID-19TERS benefits as at 31 March 2022.

Law enforcement agencies such as the Special Investigating Unit and the Hawks (SIU) are part of the Follow the Money team. Four cases of suspected fraud have already been referred to the Hawks for investigation and prosecution. The UIF has instituted a permanent and dedicated team that will assist appointed firms with their challenges.

8. LINKING PERFORMANCE WITH BUDGETS

The overall performance information of the Fund from 01 April to 31 March 2021 is at 33% of targets were achieved. 64% of the budget was spent for the financial year 2020/21

a) Summary of expenditure

	2020/2021			2019/2020		
Item	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Benefits payments	101 942 725	66 522 195	35 420 530	20 600 000	8 968 898	11 631 102
Change in benefits payable	16 876 524	12 010 861	4 865 663	12 166 176	4 863 991	7 302 185
Labour Activation Programmes	2 755 535	635 753	2 119 782	1 147 949	949 349	198 600
Administration	4321 095	2 835 005	1 486 090	3 539 303	2 702 358	836 945
Total	**125 897 146**	**83 765 240**	**42 131 906**	**37 454 688**	**17 527 361**	**19 927 327**

b) Summary of income

	2020/2021			2019/2020		
Item	Budget R'000	Actual Revenue R'000	(Over)/Under R'000	Budget R'000	Actual Revenue R'000	(Over)/Under R'000
Revenue collected	18 485 072	18 870 925	-385 853	20 566 068	20 548 165	17 903
Total	**18 485 072**	**18 870 925**	**-385 853**	**20 566 068**	**20 548 165**	**17 903**

c) Summary of other income

	2020/2021			2019/2020		
Item	Budget R'000	Actual Income R'000	(Over)/Under R'000	Budget R'000	Actual Income R'000	(Over)/Under R'000
Other income	7 477	27 222	-19 745	24 248	20 274	3 974
Income from equity accounted investments	0	89 068	-89 068	0	86 732	-86 732
Investment Revenue	4 575 644	6 731 437	-2 155 793	10 655 240	11 668 084	-1 012 844
Fair value adjustment	0	28 092 325	-28 092 325	0	-21 973 820	21 973 820
RealisedGains/ Losses on investments	0	-8 737 298	8 737 298	0	-37 532	37 532
Impairment on other financial assets	0	-970 705	970 705	0	-1 219 824	1 219 824
Impairment on investments in associates	**0**	**-940 968**	**940 968**	**0**	**-1 062 090**	**1 062 090**
Technical Reserve	5 394 015	0	5 394 015	-1 531 143	0	-1 531 143
TOTAL	9 977 136	24 291 081	-14 313 945	9 148 345	-12 518 176	21 666 521

Summary of financial Information

Summary of income, expenses and reserves

Item	2020/2021			2019/2020		
	Budget R'000	Actual R'000	(Over)/Under R'000	Budget R'000	Actual R'000	(Over)/Under R'000
Total revenue	18 485 072	18 870 925	-385 853	20 566 068	20 548 165	17 903
Other income	7 477	27 222	-19 745	24 248	20 274	3 974
Income from equity accounted investments	0	89 068	-89 068	0	86 732	-86 732
Administration expenditure	-4 321 095	-2 835 005	-1 486 090	-3 539 303	-2 702 358	-836 945
Benefit Expenditure	-101 942 725	-66 522 195	-35 420 530	-20 600 000	-8 968 898	-11 631 102
Change in benefits payable	-16 876 524	-12 010 861	-4 865 663	12 166 176	-4 863 991	17 030 167
Labour Activation Programmes	-2 755 535	-635 753	-2 119 782	-1 147 949	-949 349	-198 600
Fair value adjustment	0	28 092 325	-28 092 325	0	-21 973 820	21 973 820
RealisedGains/ Losses on investments	0	-8 737 298	8 737 298	0	-37 532	37 532
Transfer of IT assets to the Department	0	-369	369	0	-22 712	22 712
Investment Revenue	4 575 644	6 731 437	-2 155 793	10 655 240	11 668 084	-1 012 844
Impairment on other financial assets	0	-970 705	970 705	0	-1 219 824	1 219 824
Reversal of other financial assets	0	150 798	-150 798	0	0	0
Gain /losses on the disposal of property plant and Equipment	-1 267	-182	-1 085	-1 260	-20 053	18 793
Impairment on investments in associates	0	-940 968	940 968	0	-1 062 090	1 062 090
Technical Reserve	5 394 015	0	5 394 015	-1 531 143	0	-1 531 143
Net Surplus for the year	**-97 434 938**	**-38 691 561**	**-58 743 377**	**16 592 077**	**-9 497 372**	**26 089 449**

LINKING PERFORMANCE WITH BUDGET

The overall performance achievement of the Fund from 01 April to 31 March 2021 is at 33% of targets. 66% of the budget was spent for the financial year 2020/21

Programme 01 - Administration

The programme purpose is to provide management, strategic and administrative support services to the Fund. To carry out this objective Programme 01 spent 143% of the allocated budget for the financial year 2020/21 and achieved 44% of the set targets

	2020/2021			2019/2020		
	Budget R'000	Actual R'000	(Over)/Under R'000	BudgetV R'000	Actual R'000	(Over)/Under R'000
Programme 01 - Administration						
Improve Financial Management	2 047 521	2 925 979	-878 458	2 577 782	3 396 516	-818 734
Total	2 047 521	2 925 979	-878 458	2 577 782	3 396 516	-818 734

Programme 02 - Business Operations

The programme purpose is to collect contributions and pay benefits. To carry out this objective Programme 02 spent 65 % of the allocated budget for the financial year 2020/21 and achieved 33% of the set targets

	2020/2021			2019/2020		
Programme 02 - Business Operations						
Improve service delivery	104 215 325	68 191 595	36 023 730	23 090 780	10 596 917	12 493 863
Total	104 215 325	68 191 595	36 023 730	23 090 780	10 596 917	12 493 863

Programme 03 - Labour Activity Programme

The programmes is mandated to Fund Labour Activation schemes. To carry out this objective Programme 03 spent 23% of the allocated budget for the financial year 2020/21 and achieved 0% of the set targets.

	2020/2021			2019/2020		
Programme 03 - Labour Activation Programme						
Labour Activation Programmes	2 757 776	635 753	2 122 023	1 151 093	951 851	199 242
Total	2 757 776	635 753	2 122 023	1 151 093	951 851	199 242
Total Administrative budget	109 020 622	71 753 327	37 267 295	26 819 655	14 945 284	11 874 371

9. REVENUE COLLECTION

	2020/2021			2019/2020		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
Revenue	18 081 233 000.00	18 502 668 995.16	-421 435 995.16	20 179 106 000.00	20 155 495 241.26	23 610 758.74
Penalties	221 446 999.00	219 429 999.55	2 016 999.45	223 119 000.00	216 974 558.30	6 144 441.70
Interests	182 392 000.00	150 782 849.39	31 609 150.61	163 843 000.00	177 949 857.95	-14 106 857.95
Refunds	-	-1 957 354.32	1 957 354.32	0	-2 255 087.78	2 255 087.78
TOTAL	18 485 071 999.00	18 870 924 489.78	-385 852 490.78	20 566 068 000.00	20 548 164 569.73	17 903 430.27

Reasons for over collection of revenue

Revenue from non-exchange budget was exceeded by 2% reasons being that the focus on the debt collection strategy was redefined, whereby companies who benefited from the COVID-19 TERS, while defaulting on UIF contributions were prioritized resulting in 7% increase on NON-SARS revenue as compared to the previous financial year. Statistics South Africa reported economic growth of 1.1% in the first quarter of 2021 (Jan – Mar) translating in increase working-age population by 144 000. The economy of the country also improved in the fourth quarter of 2020/21, as reported by Statistics SA. The improvement resulted in higher contributions than what was anticipated in the adjusted budget.

10. CAPITAL INVESTMENT

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's internal procurement and approval processes are followed in rendering this service to the Fund. The Fund pays PIC a management fee for this service. All the Fund's properties are classified as Investment Properties.

Infrastructure projects Buildings	31 March 2021							
	Purchase Price	Additions	Refurbishment	Acc depr	Impairments	Carrying Amount	Fair Value Adjustments	Valuation
Erf 895 (a portion of erf 252) Bisho	41 350,00	23 255 920,42	-	-	-	23 297 270,42	- 7 297 270,42	16 000 000,00
Portion 5 (remainder extent) of erf 43, Thohoyando	1 939 890,36	-	27 300 000,00	-	-	32 712 044,23	- 14 112 262,02	18 599 782,21
Erf 1112, Marshalltown, City of Johannesburg	-	-	-	-	-	74 897 609,90	- 4 197 609,90	70 700 000,00
Erf 222, Annadale, Polokwane (Baobab)	-	-	115 568,04	-	-	10 233 772,56	3 340 941,25	13 574 713,81
Erf 7339, Bendor, Extension 86, Polokwane	4 060 328,47	-	864 968,01		-	4 925 296,48	- 500 296,48	4 425 000,00
Portion 67 (a portion of portion 21) on Farm Syferkuil (Unilim)	-	-	5 749 788,44	-	-	5 749 788,44	1 375 211,57	7 125 000,01
WF Nkomo Building	7 875 000,00	41 615 635,81	-	-	-	-	47 158 252,02	-
Sunnyside Campus	-	-	153 300 000,00	-	-	-	82 000 000,00	-
Total	153 010 596,25	64 871 556,23	314 943 917,08		-	532 826 069,56	- 57 001 648,43	475 824 421,13

Infrastructure projects Buildings	31 March 2020 - Restated							
	Purchase Price	Additions	Refurbishment	Acc depr	Impairments	Carrying Amount	Fair Value Adjustments	Valuation
Erf 895 (a portion of erf 252) Bisho	41 350,00	-	-	-	-	23 297 270,42	- 10 797 270,42	12 500 000,00
Portion 5 (remainder extent) of erf 43, Thohoyando	1 939 890,36	-	27 300 000.00	-	-	29 337 343,74	- 20 137 343,74	9 200 000,00
Erf 1112, Marshalltown, City of Johannesburg	-	-	-	-	-	74 897 609,90	- 15 697 609,90	59 200 000,00
Erf 222, Annadale, Polokwane (Baobab)	-	-	-	-	-	10 118 204,52	- 4 128 490,71	5 989 713,81
Erf 7339, Bendor, Extension 86, Polokwane	4 060 328,47	-	-	-	-	4 060 328,47	- 2 585 328,47	1 475 000,00
Portion 67 (a portion of portion 21) on Farm Syferkuil (Unilim)	-	-	5 610 289.19	-	-	5 610 289,19	-	5 610 289,19
WF Nkomo Building	7 875 000,00	-	15,700 000.00	-	-	65 241 718,42	- 13 241 718,42	52 000 000,00
Sunnyside Campus	-	-	134 006 064.78	-	-	-	- 139 200 000,00	48 800 000,00
Total	153 010 596,25	64 871 556,23	182 764 889.96	-	-	400 647 042,44	- 205 872 039,44	194 775 003,00

ERF 895 (a portion of erf 252), Bisho - 2 February 1985

The building has been newly renovated to “B” grade office standards. The property is fully occupied by a single tenant, the Department of Roads and Public Works on a five-year lease which commenced on 1 January 2019. The current gross rental is R125.01/m², escalating at 6.5% per annum. The agreed rental is lower than the proposed rental being considered at the time of the previous valuation, which was at a rental of R141.36/m². A gross monthly market rental of R 142.00/m² was assumed in the valuation.

Portion 5 (remainder extent) of erf 43, Thohoyandou - 2 July 1991

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 existing building required extensive redevelopment to bring the building to appropriate standards. The building has been redeveloped to “B” Grade office standards. Practical completion of this redevelopment was achieved on 15 October 2020. During the amalgamation process Portion 4 and 5 of Erf 43 Thohoyandou reflected on the audited AFS of the Fund, however only the physical title deed for Portion 5 of Erf 43 Thohoyandou could be obtained. The property is a multi-tenanted investment property. A gross monthly market rental of R 1 052/m² was assumed in the valuation.

Erf 1112, Marshalltown, City of Johannesburg 4 June 2018

This property is an old office building, offering basement parking with offices above, in Johannesburg CBD. The building requires extensive redevelopment which is still in the initial stages. The subject property is fully vacant. The property has been valued as is. The valuers elected to apply the Discounted Cash Flow Method, as the primary method, in order to determine the value. A gross monthly market rental of R 90/m² and basement parking rental of R 700 per parking bay was assumed in the valuation.

Erf 222, Annadale, Polokwane (Baobab Manor)

This property has been improved with six three-storey residential blocks currently utilised as student accommodation. The improvements as a whole have been predominantly above average condition and in a well-maintained condition. There is currently a lease in place with the Tshwane University of Technology to use the property as student accommodation for its students. This development is estimated for completion during June 2022. The Fund has a 25% share in this property. The direct comparable sales approach was applied by the valuers for the land value and a Discounted cash flow analysis for the future income generated by the property. A gross monthly market rental of R 239 /m² was assumed in the valuation.

Erf 7339, Bendor, Extension 86, Polokwane (Bendor Park)

This property has a single storey residential block currently accommodating a total of seven townhouse units with garages. These town houses are vacant and will be demolished and replaced with student accommodation. This development is estimated for completion during June 2022. The property is planned to be improved with two three-storey residential blocks utilised as student accommodation. The subject property is vacant residential land and was valued as such. The direct comparable sales approach was applied to the valuation. The valuers applied a conservative rate of R 1 450/bulk m². This application calculates a value of R17.8 million. The valuers opted to allow for an additional demolishment cost of R0.1378 million. Subtracting this amount, a total value of R17.7 million rounded was calculated. The Fund has a 25% share in the property.

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

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 is currently vacant land. This development is estimated for completion during July 2023. The valuers were instructed to value the servitude registered for the purpose of the development of student accommodation.

WF Nkomo - Erf 3384, Pretoria, Reg. Div. J.R. Gauteng.

The property is currently being developed with an eight-storey commercial office building to enable the accommodation of various tenants. 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. This development is estimated for completion during end of December 2021. The valuers elected to apply the Discounted Cash Flow Method, as the primary method, in order to determine the value. A gross monthly market rental of R 125/m² and basement parking rental of R 800 per parking bay was assumed in the valuation. The comparison approach was adopted in assessing the land value and the residual approach to determine the contributory value of the existing office shell in the prior year.

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

Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside comprises of four stands which form a unit for future

consolidation and development. On the date of the valuation the property is vacant with fences for security purposes to

prevent illegal squatting.

Erf 834 portion 50, Sunnyside compromise a vacant corner stand located in the north/south commercial corridor of Trevenna.

The site is vacant with a perimeter fence. Due to the fact that the property comprises vacant land and is thus undeveloped, the property was valued using the direct comparable approach, where the valuers have located recent sales of other vacant land properties, taking into account direct and indirect factors which would influence the market value. The Fund bought the properties which are adjacent to each other to develop a 55,000m² "Labour Campus" to accommodate the Fund, Compensation Fund and the Department of Employment and Labour. The Compensation Fund has expressed interest in acquiring their tower in the planned Sunnyside Labour Campus development. National Treasury has granted approval for the Compensation Fund to participate. A letter of introduction was sent to the Department of Employment and Labour, however the process has not been concluded. This development is estimated for completion at the end of June 2024.


OBEY

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, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run 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 ensuring that there is sound corporate governance.

2. PORTFOLIO COMMITTEES

During the 2020/21 financial year, the UIF was requested to appear before the Portfolio Committees and Select Committees as reflected in the table below:

DATE	COMMITTEE	BRIEFING/ TOPIC
22 April 2020	Portfolio Committee on Labour jointly with Select Committee	On experiences, challenges and future plans with regards to the COVID-19 during the extended lockdown period and going forward
20 May 2020	Portfolio Committee on Labour	Presentation of UIF APPs and Strategic Plans
26 June 2020	Standing Committee on Public Accounts	Briefing by UIF on disbursement of Funds during COVID-19 pandemic
03 July 2020	Portfolio Committee on Labour jointly with Select Committee	Briefing on UIF Fraudulent Claims Submitted
08 July 2020	Portfolio Committee on Labour	Briefing on Budget Adjustments
26 Aug 2020	Portfolio Committee on Labour	Presentation of 2019/20 Quarter 3 and 4 Performance Reports
4 Sept 2020	Portfolio Committee on Labour	Briefing on COVID-19 related matters, especially on procurement pertaining to health and safety goods and services purchased to protect and fight off the Coronavirus.
30 Oct 2020	SCOPA & Portfolio Committee on Labour	Oversight Visit to UIF
16 Feb 2021	Portfolio Committee on Labour	Briefing on Precautionary suspensions at the UIF

3. EXECUTIVE AUTHORITY

The Minister of Employment and Labour, through NEDLAC (social partners) nominations, appointed eight new members and re-appointed three members for continuity in the new term of the Advisory Board ("the Board"). The re-appointed members were initially appointed on 01 November 2017 and was for a three-year period ending on 31 October 2020. Their appointment was extended to 30 April 2021. The extension was due to delays in the finalisation of the nomination and process of approval through Cabinet. The UIF Board Chairperson was re-appointed in 2019 for a three-year term which was to end on 31st October 2021.

Regrettably, the Chairperson passed away in January 2021. His contribution and legacy during his tenure has yielded results such as improved benefits through the amended UIF Act and the establishment of Project Development Partnership Fund (PDP Fund) and launching 46 training partnerships for the Training Of the Unemployed programme. In his place, Mr.Thulani Tshefuta, one of the board members who was the Committee chairperson of the Labour Activation was appointed Acting Chairperson from January 2021 to April 2021.

In 2019, one new member representing the state was appointed from the South African Revenue Services for a three-year term which ends on 31st October 2021. However, the member has since resigned in February 2020. The Board is appointed to advise the Minister of Employment and Labour on issues related to administration of the UIF as a social security instrument. The Minister held regular meetings with the UIF Board during the 2020/21 financial year, amongst others, to discuss the COVID-19TERS, general UIF matters which included discussions around social responsibility investments and the responsibilities of the board.

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

The strategic plan is only submitted once every 5 years as per the new Department of Planning, Monitoring and Evaluation and National Treasury (NT) guideline.

- UIF strategic plan was recommended and submitted to the Honourable Minister: DEL on 31 January 2020. The strategic plan covered 2020/21 to 2023/24.
- The APP is submitted once yearly by 31 January to the Minister. The APP that was recommended by the UIF board was submitted on 31 January 2021.
- The MTEF Budget for the period 01 April 2020 to March 2021 was recommended and submitted for the Minister of Employment and Labour for approval on 30 September 2020 and approved on the 16 October 2020;
- The 2020/21 Adjusted Budget was recommended by the UIF Board and submitted to the Minister on 16 February 2021 and approved on 10 March 2021.

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 and Organised Community) must be represented by three members and three state representatives on the Board. During the 2020/21 reporting year, the Board constituted of 14 members, a Chairperson and the Acting Chairperson in the last four months of the term of office.

UIF board key highlights/achievements

- Advise the Minister on COVID19TERS implementation.
- The UI Board participated in the launching and visits to LAP projects nationally to fully understand the operation, assess implementation, impact to society and benefits of unemployment LAP projects for purpose of advising the Minister.
- Carried out oversight visits to some of the companies where UIF has invested through the PIC.
- Board Constitution and Committee Charters were approved by the Delegated Authority
- Implementation of new Governance Framework

- Advised and monitored the implementation of UI Act promulgation.
- Joint Boards, Investment Committees(IC) and EXCO with the Public Investment Corporation, were held in order to address relevant strategic outcomes and to advice the Minister on matters of concern.
- Maintained and monitored stakeholder management (SETAs workshop, conducted LAP and PIC visit throughout the country)

5.1 The role of the Board is a follows

In terms of section 48 of the Unemployment Insurance Act, the role of the Board is to advise the Minister on—

- 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 on policy on unemployment or policy on unemployment insurance, and
- Perform any other function, which may be requested by the Minister for purposes of giving effect to this Act.

The powers and duties of the Board must be exercised and performed subject to—

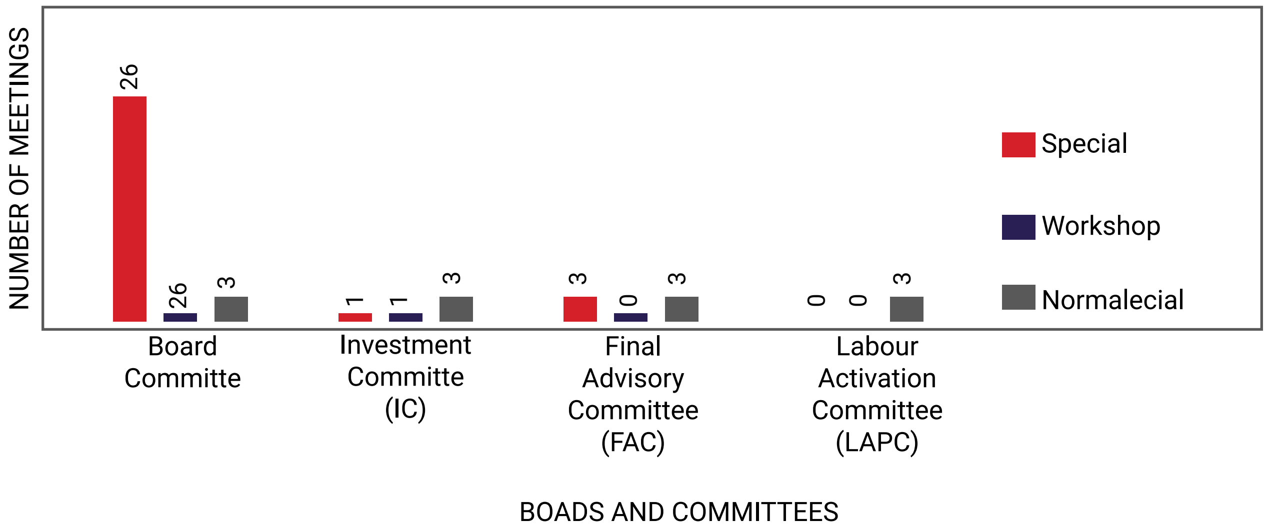
- The provisions of the Unemployment Insurance Act and its constitution contemplated in section 50;
- Any directions issued by the Minister of Labour; and
- Any guidelines determined by the Director-General of Labour.

5.2 Board Charter

The Board Charter outlines the main corporate governance practices that are in place for the Unemployment Insurance Fund Board and to which the Board, committees and management are collectively committed. The conduct of the Board is also governed by the Constitution. The Charter sets out the role, responsibilities, structures and processes of the Board. Governance processes are continuously improving, with the Board Charters and the Board Constitution setting out responsibilities implemented and adhered to in order to achieve the highest standards of corporate governance. The reviewed charters adopted in 2020/21 included the work plans for the Board and all committees. The Board and Committees' compliance to its constitution and charters was monitored through quarterly evaluations which were conducted by UIF's Board and Governance Directorate.

The UIF Board and Governance Directorate facilitate the internal yearly assessment and produce the respective report of the Board and its Committees. The Board and Committee Charters are aligned and compliant with the Unemployment Insurance Act and Board Constitution. The main objective of the Board Governance and Compliance functions was to assist the Board and its Committees in adopting the most appropriate governance standards for the Fund. The Board held three (3) quarterly meetings during the 2020/21 financial year. Twenty-six (26) special meetings and one (1) workshop were held during lockdown in order to enable the board to be in a position to facilitate the provision of advice to the Minister of Employment and Labour on matters and decisions concerning COVID-19TERS.

BOARDS AND COMMITTEES 2020/21



The following is a summary of the all Board and Committee meetings held during 2020/21:

COMPOSITION OF THE BOARD

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Dr Welcome Nzimande	Former and the Late Board Chairperson	01-Feb-19	N/A	Honorary PhD (visual &performing arts), B Admin MDP (Management Development Programme)-UKZN LDP (Leadership Development Programme)-GIBS	Management and Leadership	N/A. Passed away in January 2021	N/A	N/A	N/A	Former & Late Board Chair-person	N/A	25	-	-	-	-	25

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Mondli Mchunu	Business Constituency	01-Nov-17	30-Apr-21	Bachelor of Laws (LLB Law), Admitted Attorney of the High Court of South Africa, Certificate -International Leadership Development Programme Certificate (ILDP) Gordon Institute of Business Science (GIBS), Certificate - Executive Education - GIBS (ILDP) Leonard N. Stern School of Business New York University Certificate of Proficiency in Translation - University of KwaZulu-Natal (Howard College)	Business Leadership; Employee Relations; Labour Laws in South Africa, Lesotho, Eswatini, Botswana, Namibia, Zambia, Ghana, Kenya and Nigeria. Pension/ retirement Funds.	Mr Price Foundation (director)	Chair-person	Mem-ber	N/A	Mem-ber	Mem-ber	30	5	6	3	-	44

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Adv Msuthu Matshani	Business Constituency	01-Nov-17	30-Apr-21	Baccalaureus Luris (B. Luris); Bachelor of Laws; Certificate Programme in Industrial Relations; Master of Laws (LLM. Labour Law)	Law	Phakisa Holdings	Member	N/A	N/A	Member	Member	25	-	4	3	-	32
Adv Msuthu Matshani	Business Constituency	01-Nov-17	30-Apr-21	Baccalaureus Luris (B. Luris); Bachelor of Laws; Certificate Programme in Industrial Relations; Master of Laws (LLM. Labour Law)	Law	Phakisa Holdings	Member	N/A	N/A	Member	Member	25	-	4	3	-	32

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Adv Eric Nwedo	Business Constituency	01-Nov-17	30-Apr-21	Admitted Advocate of the High Court of South Africa & Accredited Mediator: Master's in Labour Law and Employment Relations (RAU), BA Honours in Labour Relations (BA Hons) (RAU); Bachelor of Laws Degree (LLB), (UNISA), B.Proc (Univen); Certificate in Negotiation Dynamics & Lobbying, Wits Business School, Certificate in the ILO Decent Work Programme, International Institute of Labour Studies (Geneva, Switzerland), Certificate in handling disciplinary hearings (IMSSA),	Law, General Litigation, Mediation, Governance and Risk, Employee benefits and Pensions fund law	no other Board mem-bership anywhere else	N/A	Mem-ber	Mem-ber	Mem-ber	N/A	25	5	-	-	5	35

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
				Certificate in presenting CCMA arbitration cases (GIMT), Certificate in Resolving Workplace Disputes through Mutual-Gains Approach (Conflict Dynamics), Certificate in Mediation Course Arbitration Foundation of Southern Africa (AFSA)													

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr David Maphoto	Labour Constituency	01-Nov-17	30-Apr-21	Primary teacher's Diploma (Junior); Certificate in Project Management for the Public Sector; Certificate in Business Writing Skills; Certificate in Project Management; Emerging Management Development Programme; Public Financial Management for Non-Financial Managers; Certificate in Monitoring and Evaluation	Grant Manage-ment; Develop-ment Support; Financial Manage-ment; Negotiation Skills; Project manage-ment and M&E management	No other Board mem-bership anywhere else	N/A	Mem-ber	N/A	Mem-ber	Mem-ber	21	2	-	0	-	23

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Jan Mahlangu	Labour Constituency	01-Nov-17	30-Apr-21	Certificates CCMA, Certificate in Basic-Advance Trustee Training, Certificate Introduction to Investment and Finance, Certificate in Financials and Financial Accounting & Certificate in Principles of Economics	Financial Management, Investment; Negotiation Skills, Leadership & Governance Skill. Retirement & other Workers' benefits	Member of JB Marks Trust Fund, Principal Officer of COSATU Provident Fund, Impact Investing South Africa, Financial Sector Transformation Council	Member	Chairperson	N/A	Member	Member	30	5	6	3	-	44

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Tony Franks	Labour Constituency	01-Nov-17	30-Apr-21	Legal Labour Law Certificate, IMMSA Arbitration Certificate, CCMA Certificate, HRM Certificate. Project Management Training	Labour Law; Project Management and Human Resources Manage-ment	Bus Industry Restructuring Fund	Mem-ber	N/A	N/A	Mem-ber	N/A	8	-	2	-	-	10
Ms Laura Kganyago	Community Constituency	01-Nov-17	30-Apr-21	Project Management	Community Dev. Programmes & Training	Proudly South Africa; APRM; Credit Ombaats,	Mem-ber	N/A	Mem-ber	Mem-ber	Mem-ber	28	-	5	3	7	43

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Thulani Tshefuta	Community Constituency Board Acting Chairperson	01-Nov-17	30-Apr-21	Certificate in Effective Stakeholder Management from University of Pretoria; Post-Graduate Diploma inn International Executive Development Programme with GIBS and Crammer Graduate School of Business at Rollins University - USA; Post-Graduate Diploma in Public Development and Management specializing in Monitoring and Evaluation with Wits University; Currently studying Master of Governance & Management in Monitoring and Evaluation with Wits University	Leadership and Governance, Strategic Management, Stakeholder Relations and Strategic Partnerships, Programme and Project Management, Skills Development, Labour Market, Economic Development, Social Policy Monitoring and Evaluation,	Proudly South African PSETA, Solidarity Fund	N/A	Mem-ber	N/A	Acting Board Chair-person	Chair-NTSG person	29	3		3	-	35

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Dumisani Mthalane	Community Constituency	01-Nov-17	30-Apr-21	Matric	Experience in management, evaluation and knowledge management, monitoring and evaluation. Good analytical skills and knowledge in planning. Strong financial accounting and management.	APRM; Proudly South Africa; ECOSOC;WTO;SANCO Development Institute; Trade and Industry Special Economic Zone.	Mem-ber	Mem-ber	N/A	Mem-ber	N/A	22	4	3		-	29

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Mvuyisi Macikama	State Repre-sentatives	01-Nov-17	30-Apr-21	B. Com: Accounting (UWC) Postgrad Diploma in Tax Law (UCT)	Financial and Tax Manage-ment; Payroll Manage-ment; Social Develop-ment; Public Finance Manage-ment (CFO of a Provincial Depart-ment); Strategic Manage-ment of National Skills Fund	Asele Investments: Reg. Number: K2018312730	Mem-ber	Mem-ber	N/A	Mem-ber	Mem-ber	26	3	5	3	-	37

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Takalani Musekwa	State Repre-sentatives	08-Nov-18	30-Apr-21	BA Honours in Psychology; Master of Business Leadership (University of KwaZulu Natal and South Africa respectively); Completed Management of Change (Organisation Development) Programme - Louw Du Toit and Associates in association with Pepperdine University, USA.	Business Leadership, General Business Manage-ment, Compen-sation Manage-ment, Human Resources Manage-ment, Customer Services.	None	Mem-ber	Mem-ber	N/A	Mem-ber	Mem-ber	26	4	6	0	-	36

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Mr Cameron Morajane	State Representatives	01-Mar-19	Resigned	Bachelor Juris, LLB degree, LLM (masters in law) degree, Diploma in Alternative Dispute Resolution (cum laude) from the Arbitration Foundation of Southern Africa (AFSA), Postgraduate Diploma in Corporate Law. Admitted as Attorney of the High Court in 2003. Admitted as an Advocate of the High Court in May 2018.	Business Leadership, Labour Law, Labour Relations Conciliation, Mediation and Arbitration Dispute resolution	N/A. Resigned	Resigned	Resigned	Resigned	Resigned	Resigned	-	-	-	-	-	-

UIF BOARD MEMBERS DETAILS							MEMBERS PER COMMITTEE					MEETINGS ATTENDED					TOTAL MEETINGS ATTENDE
NAME	REPRESENTATIVE	APPOINTMENT DATE	TERMINATION DATE	QUALIFICATIONS	COMPETENCES OR AREA OF EXPERTISE	BOARD DIRECTORSHIP(LIST THE ENTITIES)	FAC	IC	AC	BOARD MEETING	LAP C	BOARD	IC	FAC	LAPC	AC	
Ms Marsha Bronkhorst	Acting UI Commissioner	03-Sep-20	30-Apr-21	BA Honours. Master of Arts Degree (MA)	Operations Management	Product-ivity SA Board (member)	Mem-ber	Mem-ber	Mem-ber	Mem-ber	Mem-ber	8	2	3	2	4	19

Remuneration of Board members

How remuneration of Board members is determined

- 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 Finance Minister 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 in order to compensate for the use of data for purposes of attending the Board and its Committee meetings for the period of 2020/21 financial year. The rate of the data cost is R80.00 per hour for the full duration of the meeting limited to the hours per meeting as prescribed by National Treasury TR20.2.2

- The two UIF board members who were 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 were eligible to claim travelling costs and data costs for the period of 2020/21 financial year. However, they were not paid for the attendance of meetings as they did not claim their travelling costs from UIF.

- Audit Committee and Risk Committee members are paid at the rate which is approved by the Accounting Authority. The SAICA rates are the base of the approved rates for the Audit Committee. The Audit Chairperson is paid at the approved rates of Audit committee during his attendance of the Board Committees.

Below is the table of the remuneration of UIF Board and all Committees:

Non-Executive Board Member (past and present) fees as at 2020/21							
		2020-2021			2019-2020		
		Fees for services	Expense allowances	Total	Fees for services	Expense allowances	Total
Kganyago L	Board	234 169.29	6 894.93	241 064.22	114 000	-	114 000
Mahlangu J	Board	75 629.26	10 460.00	86 089.26	76 000	9 000	85 000
Mthalane D	Board	3 888.00	-	3 888.00	85 000	30 000	115 000
Nwedo E	Board	140 504.36	7 760.00	148 264.36	159 000	10 000	169 000
Nzimande WM	Board Chair	47 036.68	3 396.00	50 432.68	71 000	-	71 000
Tshefuta T	Board	80 469.94	12 611.84	93 081.78	85 000	67 000	152 000
Maphotho D	Board	-	2 680.00	2 680.00	45 000	7 000	52 000
Matshani M	Board	31 512.24	3 060.00	34 572.24	51 000	4 000	55 000
Mchunu M	Board	97 522.38	9 518.00	107 040.38	87 000	-	87 000
Musekwa T	Board	-	-	-	-	-	-
Macikama	Board	-	-	-	-	-	-
TOTAL		R 710 732.15	R 56 380.77	R 767 112.92	R 773 000	R 127 000	R 900 000

AUDIT COMMITTEE							
CF Terhoeven	Audit	148 000.00	-	148 000.00	140 000	1 000	141 000
Dala P	Audit Chairperson	599 495.50	6 093.65	605 589.15	528 000	3 000	531 000
Nkosi J	Audit	143 299.50	400.00	143 699.50	-	-	-
TOTAL		R 868 967.46	R 6 493.65	R 875 461.11	R 668 000	R 4 000	R 672 000

RISK COMMITTEE							
Skeepers N	Risk Chair-person	377 974.50	6 720.00	384 694.50	369 000	6 000	375 000
De Kock C	Risk	75 700.00	400.00	76 100.00	197 000	10 000	207 000
TOTAL		R 453 674.50	R 7 120.00	R 460 794.50	R 566 000	R 16 000	R 583 000

APPEALS COMMITTEE							
Barichievy BA	Regional	1 982.88	-	1 982.88	12	0	12
Boboko A	Regional	-	-	-	4	4	8
Bokaba E	Regional	-	-	-	3	0	3
Booi M	Regional	-	-	-	4	1	5
Brandmuller AP	Regional	-	-	-	3	0	3
Diraditsile MV	Regional	-	-	-	2	0	2
Makapela MNC	Regional	-	-	-	2	0	2
Maleki MK	Regional	-	-	-	10	3	13
Mapena M	Regional	-	-	-	6	0	6
Maribe BM	Regional	-	-	-	3	0	3
Mleve S	Regional	-	-	-	18	4	22
Mofolo TM	Regional	-	-	-	4	1	5
Mokhobo M	Regional	-	-	-	6	0	6
Mokoena T	Regional	1 458.00	-	1 458.00	9	3	12
Mpulu N	Regional	2 187.00	-	2 187.00	8	1	9
Ngqaneka A	Regional	4 617.00	-	4 617.00	10	0	10
Oelofse E	Regional	-	-	-	5	0	5
Olivier J	Regional	-	-	-	0	0	0
Seabi SM	Regional	-	-	-	4	2	6
Tibane M	Regional	1 458.00	-	1 458.00	5	1	6
Tsubane MA	Regional	-	-	-	1	0	1
Williams T	Regional	2 916.00	-	2 916.00	15	0	15
Kula N	Regional	1 458.00	-	1 458.00	4	14	18
Moiloanyane M	Regional	-	-	-	4	2	6
Mabuza TS	Regional	29 526.00	333.52	29 859.52	21	3	24
TOTAL		**45 602.88**	**333.52**	**45 936.40**	**163**	**39**	**202**
AGGREGATE TOTAL		2 100 886.99	70 327.94	2 171 214.93	2 178	178	2 356

6. RISK MANAGEMENT

- The UIF has a risk management policy and strategy. The Fund is committed to continuously strengthen compliance, manage risks and uphold good governance within the risk, control and governance environment. This is fundamental to the management of public finance and the provision of assurance that the utilisation of UIF resources is effective, efficient and realises optimum value for money. This in turn further enables the Fund to deliver on its mandate.
- UIF conducted risk assessments to determine the effectiveness of its risk management strategy and to identified new and emerging risks. The UIF has an approved Risk Management Strategy and Risk Management policy. Risk assessments were facilitated by the Risk Management Unit in line with the Approved Risk Management Policy.
- Business Continuity Management governance has been prioritised in a concerted effort to improve the UIF's ability to recover from business disruptions. COVID-19 Business Continuity Plan was in place to ensure that the Fund continued its services during the pandemic.
- The UIF Risk Management Committee advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. Risk Management Unit is responsible for Risk Management as well as Fraud and Corruption. Risk management Unit focused on Fraud and Corruption due to the Covid19Ters that was implemented by the Fund. As a result of limited capacity and increase of fraud cases referred during the financial year, limitation of scope was observed on audits performed on risk management.
- The Audit Committee advises the UIF on risk management and independently monitors the effectiveness of the system of risk management.
- The UIF has not progressed in the management of risks in the current financial year, management has undertaken to improve risk management processes in the UIF.

Fusion Centre

The Fusion centre comprises of Financial Intelligence Centre, the Independent Police Investigative Directorate, the National Prosecuting Authority, the Directorate for Priority Crime Investigation (the Hawks), the Special Investigating Unit (SIU), the State Security Agency, as well as the South African Revenue Service.

The objective of the Fusion Centre is to cultivate collaboration among public bodies in the criminal justice cluster and to bring greater efficiency in investigations on corruption, fraud, abuse of power, or maladministration. The multi-disciplinary initiative has focused on Covid 19 initiatives and relieve schemes including Covid19Ters managed by Department of Employment and Labour - Unemployment Insurance Fund (UIF). The UIF and the Department has collaborated with the Fusion Centre and referred suspected fraud and corruption matters to the hub for processing. The collaboration has seen the preservation and recovery of funds, arrest and conviction of suspects.

7. INTERNAL CONTROL UNIT

The Fund does not have an Internal Control Unit. However, the Fund has implemented the Probity process where all procurement transactions are reviewed. Probity services has two types: Live Probity is when probity auditors advises management on each and every stage of the tender process. Desktop Probity is when probity auditors reviewed finalised tenders and issue a report on any control deficiencies. This process assist management to enhance control environment on all processes. Probity Auditors also conduct compliance verification and recommend any improvements required. Fraud in the procurement area is prevented by ensuring implementation of Supply Chain Management prescripts including Treasury Instructions, Guidelines and Practice Notes.

8. INTERNAL AUDIT AND AUDIT COMMITTEES

- **Key activities and objectives of the internal audit**
  Internal Audit (IA) is an independent, objective assurance and consulting activity designed to add value and improve UIF's operations. The objective of the IA function is to assist the UIF to accomplish its objectives by

bringing a systematic and disciplined approach to evaluate and improve the effectiveness of internal controls, risk management, and governance processes. The function renders an independent appraisal function as a service to UIF by examining and reviewing the effectiveness of internal controls in order to assist management in effectively discharging its responsibilities.

The internal audit activity evaluates risk exposures relating to the organization's governance, operations and information systems regarding the following:

- Safeguarding of assets;
- Compliance with laws, regulations, policies, procedures and contracts
- Achievement of the organization's strategic objectives
- Reliability and integrity of financial and operational information;
- Economical and efficient use of resources;

According to the approved quarterly audit plans, internal audit completed 25 audits by 31 March 2021.

- **Summary of the audits completed**

TYPE OF AUDITS	REPORTS ISSUED	NUMBER
Financial Audits	Yes	2
Regulatory/ Operational Audits	Yes	2
Compliance Audits	Yes	9
Performance Information	Yes	4
ICT Reviews	Yes	2
Cyclical Audits	Yes	2
Follow up Audits	Yes	4
TOTAL	Yes	25

- 92% (25/27) of the Internal Audit reports were presented to management and signed off by the Head of Internal Audit by 31 March 2021. The internal audit plan was approved with 28 audits. The emergency procurement review was cancelled and 27 audits remained in the plan. Internal Audit did not manage to complete two audits by 31 March 2021.

The table below provides reasons for the audits that were not completed.

No	Audit Area	Constraints/Challenges	Comments
1.	Internal Financial Controls	The audit was put in the plan as a result of a resolution of the audit committee and the available resources were already allocated to other activities. Due to its complexity and the workload it carries, the project could not be completed within the scheduled timeframe.	The audit was concluded in quarter 1 of 2021/22 financial year and the outcome will be reported in the 2021/22 Annual Internal Audit Report
2.	Follow up on Internal Audit Findings	The audit matrix was not ready at the time that was scheduled to commence the audit.	The audit was concluded in quarter 1 of 2021/22 financial year and the outcome will be reported in the 2021/22 Annual Internal Audit Report
3.	Emergency Procurement Review	This audit was approved as part of quarter 3 activity plan, however it could not be executed as the emergency procurement was terminated by National Treasury.	The audit was cancelled as emergency procurement was terminated by National Treasury.

OVERALL INTERNAL CONTROL ASSESSMENT

The reviews performed were in terms of the 2020/21 approved Annual 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.

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.

Overall Conclusion on Control environment: Legends

Audit Rating	Definition
Needs improvement	**Design** - Design of controls only partially addresses the key risks. **Documentation and communication -** Documentation and/or communication of controls/policies/procedures is incomplete, unclear, inconsistent or out-dated. **Operation/implementation -** Controls are not operating consistently and/or effectively or have not been implemented in full **Compliance -** Breaches of legislative requirements and/or departmental policies and guidelines have occurred. **Risk management -** Risks are not being effectively managed which could result in failure to ensure section objectives are met Efficiency, economy and effectiveness - section runs over budget and achieves minimal expected outcomes and/or section programs are not run in a cost effective manner and/or section finances are not effectively managed. **Findings/deficiencies -** Some high-rated and/or medium-rated findings were identified.
Unsatisfactory	**Design** - Design of controls is ineffective in addressing the key risks (i.e. does not address key Risks). **Documentation and communication** - Non-existent documentation and/or communication of controls/policies/procedures. **Operation/implementation -** Controls are not in operation or have not yet been implemented. **Compliance -** Significant breaches of legislative requirements and/or departmental policies and guidelines. **Risk management** - Risks are not being managed Efficiency, economy and effectiveness - School runs significantly over budget and does not achieve any of the expected outcomes and/or section programs are not run in a cost effective manner and/or section finances are not effectively managed. **Findings/deficiencies -** Most findings were rated as critical and/or high and urgent corrective actions are necessary.

8.1 Internal Controls

The opinion is based on an accumulative view of audits performed as allocated during the 2020/21 financial year. In our opinion, the overall internal control environment of UIF needs improvement due to the internal controls not fully managing the key risks, non-compliance with the policies and procedures, recurring audit findings and risks which are not managed effectively.

The following key controls deficiencies as a result of the audit engagements in the areas listed below were reported to management for their attention:

COVID 19 TERS

- Inadequate governance of COVID- 19 TERS benefits application and payment processes;
- Inadequate COVID 19 TERS Action Plans;
- No evidence of implementation of the resolutions taken for fraud cases;
- Inadequate risk management of the COVID 19 TERS benefit applications and payment process;
- Inadequate COVID 19 TERS fraud risk register;
- Inconsistent calculation of the COVID 19 TERS benefit;
- Ineffective verification processes for the online applications for COVID 19 TERS benefit;
- Incorrect payment value noted on the public COVID 19 TERS portal for individual employees;
- System Development Life cycle documents not fully developed;
- No formal change management process.

Emergency Procurement phase 1

- Details of legal requirement to be deviated from not outlined;
- Purchase orders issued to suppliers for the same campaign not the same;
- Patient masks bought as part of COVID 19 not in line with Instruction note;
- Preferred Bidder not compliant with Bid Specifications;
- Local content requirements not specified on bid documents.

Annual Financial Statements

- Limitation of scope
- Overstatement of the Provisions figure on the 2020/21 Annual Financial Statements;
- Variances between Annual Financial Statements and supporting schedules;
- Incomplete disclosure if Accounting Policies applicable to the 2020/21 Annual Financial Statements;
- Discrepancies noted during the High Level Review of the 2020/21 Annual Financial Statements;
- Variances between 2019/20 audited figures and comparatives disclosed on the 2021/22 Annual Financial Statements.

Provincial Operations:

- Inadequate and ineffective queue management processes;
- Receiving of manual applications process not documented;
- Inadequate and Ineffective Enquiry Management Processes;
- Claims not processed within the set turnaround time;
- Inadequate and ineffective processes relating to payment of beneficiary claims;
- Reduction of backlog process/plan not formally documented and monitored systematically within the Labour Centre;
- No evidence (appointment letters and training certificate) that the Labour Centre has appointed OHS representatives and Compliance officer;
- Inconsistency in the prioritising of vulnerable clients;
- Claims with complete information not finalised within the set turnaround time;

- Reduction of backlog not adequate and constantly monitored;
- No evidence that the labour centre has formally appointed OHS representatives and provided training;
- Inconsistency in following social distancing regulations;
- Non-adherence to wearing masks at the Labour Centre.

Performance Information

- Variances noted in quarter 1 Performance Information Report;
- Duplicate ID numbers noted on the reported figures in the Quarterly Performance Report;
- Ineffective monitoring and validation process by Monitoring and Evaluation;
- Inadequate corrective measures for targets that were not achieved;
- Reported progress against set quarter 2 performance targets not substantiated by supporting documentation;
- Sum of quarterly targets does not agree to Annual target;
- Progress against performance target under Labour Activation Programme under reported;
- Corrective measures not provided for non-achieved target;
- Ineffective monitoring of reported quarterly performance information;
- Inadequate Technical Indicator description;

Information Technology

Firewall Configurations and Rules

- Lack of firewall security standards
- Inadequate periodic review of logs

Web Application Privacy

- Lack of web application security standards, policies and procedures
- Lack of POPI clauses on the web application

Follow Up on Cyber Security Governance Review

- Lack of policy/procedure/strategy/framework and Risk Management plan for implementation of POPI Act.
- Inadequate Data Classification Policy.

8.2 Risk Management

In terms of section 51(1) of the Public Finance Management Act 1999, (Act No. 1 of 1999) (as amended) (PFMA), the Accounting authority must ensure that the public entity develops and maintains effective, efficient and transparent systems of financial and risk management and internal control. The Fund established a risk management committee during the current financial year.

The opinion is based on an accumulative view of audits performed as allocated during the 2020/21 financial year in relation to risk management. In our opinion, risk management within the UIF is unsatisfactory due to ineffective controls in addressing the key risks facing an organisation,

- **Implementation of Risk Management Processes**
  - No evidence that risk assessment on COVID 19 was adequately conducted;
  - Risk assessment was not conducted on some of the critical areas:
  - Emergency procurement;
  - Financial Risk (Investment sustainability);
  - Information security risk;
  - Communication strategies on COVID 19 disaster benefit
  - Poor implementation of previously raised Internal Audit findings;
  - Inadequate risk management processes;
  - Inadequate review of risk registers;
  - Information not submitted for review – Limitation of scope.

8.3 Governance

The opinion is based on an accumulative view of audits performed as allocated during the 2020/21 financial year in relation to governance processes. In our opinion, governance processes within the UIF needs improvement. The following key controls deficiencies in relation to governance processes were reported to management for their attention:

- **Governance Structures**
  - Some governance documents are in draft and there are significant delays in approving them;
  - Ineffective oversight structures;
  - Inadequate governance of COVID - 19 TERS benefits application and payment processes.
- **Risk Governance**
  - Non Implementation of the Combined Assurance Framework;
  - No evidence that the Risk Management Policy was reviewed and approved;
  - Risk appetite and tolerance limits still in a draft format;
  - Risk Committee Members serving without appointment letters;
  - No evidence of Strategic Register approval.
- **ICT Governance**
  - Ineffective ICT steering Committee;
  - Lack of policy/procedure/strategy/framework and Risk Management plan for implementation of POPI Act;
  - Some ICT Policies are still in a draft.

8.4 Limitation of Scope

Internal audit 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 Acting Commissioner with a specific focus on ICT, risk management, Annual Financial Statements and performance information.

Overall Conclusion of the Control Environment

To formulate the overall conclusion on the control environment we aggregated results of the completed projects as follows:

- 22 of 27 completed projects (81%) concluded that the control environment needs improvement;
- 3 of 27 completed projects (11%) relating to Risk Management, COVID-TERS and Annual Financial Statements concluded that the control environment was unsatisfactory and considered the significant matters already discussed above. This overall opinion is based only on the work performed based on the audit scope and objectives.

In our opinion, the control environment within the areas audited is rated as needs improvement due to the 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.

Key activities and objectives of the Audit Committee

The Audit Committee is an advisory body that reports and makes recommendations to the Accounting Authority, however the Accounting Authority retains responsibility for implementing such recommendations. The Committee provides independent assurance to the Accounting Authority with regard to control, governance and risk management. The Committee, in executing its mandate will ensure compliance with sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act as well as Treasury Regulation 27.1 will provide oversight in relation to the following aspects in executing its oversight responsibilities:

- Functional reporting of the Internal Audit function - Internal Audit Charter, budget, activities, staffing, skills and organizational structure of the Internal Audit;
- Review the external auditors' proposed audit scope, approach and audit fees for the year;
- Enterprise risk management (risk management, combined assurance, compliance, business continuity management as well as anti-corruption and fraud);
- Adequacy and effectiveness of the internal control system and governance;
- Quarterly financial and non-financial (performance information) reporting;
- Information technology and cyber security;
- Human resource management and legal matters;
- Internal and external audit reports; and
- Annual financial statements and annual report (annual performance information).

Membership and Attendance

In terms of membership, the AC is currently comprised of three external independent members (Including the Chairperson of the Risk Management Committee) and two additional members from the UIF Board. For the financial year, the AC convened seven times. A list of the members and their respective qualifications as well as a record of their attendance is provided below:

The tabled below discloses relevant information on the audit committee members:

Name of Member	Qualifications	Internal or external	Date Appoint-ment	Date Resigned/ End of Term	No. of Meetings Attended
Dr. P. Dala	PhD (IT), M.IT, BSc Hons in Computer Science, B.IT, CISA, CISM, CISSP, CRISC, CGEIT, CEH, CHFI and LA27001.	Independent Member from February 2017 to November 2018. Independent Acting Chairperson from Dec 2018 to May 2020. Independent Chairperson from June 2020 to Jan 2023.	Feb 2017 to Jan 2020 (First Appoint-ment) Feb 2020 to May 2020 (Extension of Term) Jun 2020 to Jan 2023 (Re-appoint-ment)	N/A	7 of 7

Name of Member	Qualifications	Internal or external	Date Appointment	Date Resigned/ End of Term	No. of Meetings Attended
Adv. E. Nwedo	Admitted Advocate of the High Court of South Africa, AFSA Accredited Mediator, Masters in Labour Law and Employment Relations (RAU), BA Honours in Labour Relations (BA Hons) (RAU), Bachelor of Laws Degree (LLB) (UNISA), B.Proc (Univen), Certificate in Negotiation Dynamics & Lobbying, Wits Business School, Certificate in the ILO Decent Work Programme, International Institute of Labour Studies (Geneva, Switzerland), Certificate in handling disciplinary hearings (IMSSA), Certificate in presenting CCMA arbitration cases (GIMT), Certificate in Resolving Workplace Disputes through Mutual-Gains Approach (Conflict Dynamics), Certificate in Mediation Course Arbitration Foundation of Southern Africa (AFSA) and Certificate in Pension Funds Law.	Member Nominated by the UIF Board from November 2017 to April 2021	Nov 2017 to Oct 2020 Nov 2020 to Apr 2021 (Extension of Term)	Apr 2021	5 of 7
Ms. L. Kganyago	Project Management.	Member Nominated by the UIF Board from November 2017 to April 2021	Nov 2017 to Oct 2020 Nov 2020 to Apr 2021 (Extension of Term)	Apr 2021	7 of 7
Ms. O. Gaarekwe**	B Com, CMA	Member Nominated by the UIF Board from May 2021.	May 2021 to Apr 2024	N/A	0 of 0

Name of Member	Qualifications	Internal or external	Date Appointment	Date Resigned/ End of Term	No. of Meetings Attended
Ms. L. Specht**	LLB, MBA, Certificate in HRM.	Member Nominated by the UIF Board from May 2021.	May 2021 to Apr 2024	N/A	0 of 0
Dr. N. Skeepers	PhD (Engineering Management), M.Phil. HIV/AIDS Management, MSc in Health Safety and Environment and B Tech Environmental Health.	Independent Member and Risk Management Committee Chairperson from March 2018.	Mar 2018 to Feb 2021 Apr 2021 to Aug 2021 (Extension of Term) Sept 2021 to Sept 2024 (Re-appointment)	N/A	7 of 7
Mr. C. Terhoeven	M.Com (Taxation), CA(SA) and RA.	Independent Member from May 2019.	May 2019 to Jan 2020 (First Appointment) Feb 2020 to May 2020 (Extension of Term) June 2020 to Jan 2023 (Re-appointment)	N/A	7 of 7
Ms. J. Nkosi	B Compt. Accountancy, Higher Diploma in Computer Auditing, CIA and CISA.	Independent Member from July 2020.	June 2020 to Jan 2023 (First Appointment)	N/A	4 of 4

***Note: New Advisory Board Members who were appointed to the Audit Committee commenced duty on 01/05/2021 and formed part of the Audit Committee during the review of the 2020/21 unaudited annual financial statements and annual report in May 2021 and September 2021.*

9. COMPLIANCE

10. 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 is tasked with the responsibility to perform risk assessments, evaluate risk prevention plans and monitor the implementation of the plans throughout the financial year. 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.

11. 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 investigation including; amongst others:

- 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.
  - The UIF received 10 and finalised 3 normal investigations. COVID-19TERS fraud related matters, 154 cases were finalised out of 187 cases (82%) that were allocated for investigation. The UIF is working with law enforcement agencies including Fusion Centre on all criminal cases related to COVID19TERS.
  - The Fund has a case management register where reported and known corruption cases are recorded and monitored. Once a corruption case is reported, a preliminary investigation is conducted and then followed by a referral for further investigation where appropriate. 5 out of 6 matters were finilised which were referred for Forensic Investigations.

12. 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 to 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.

13. 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 and 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, identifies roles and responsibilities in the execution of activities and outline matters pertaining to non-compliance to the policies.

14. 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 on a regular basis and reports are presented to management and to the Health and Safety Committee of the Fund. The Health, Safety and Environmental issue that impacted most on the UIF during the 2020/21 financial year was the onset of the COVID-19 pandemic. In order to protect the health and safety of our employees and clients, several measures were implemented for example workforce management strategies and strict adherence to health and safety protocols.

15. COMPANY /BOARD SECRETARY (IF APPLICABLE).

In terms of the UI Act (2001, as amended) section 51, the Commissioner is responsible for administering the affairs of the Board. In order 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 under the guidance of the Chief Director Corporate Services and the ultimately the Unemployment Insurance Commissioner.

16. SOCIAL RESPONSIBILITY

The Fund's participation in job creation and job retention is achieved through various investment activities undertaken through the Public Investment Corporation (PIC). The investment instruments that contribute to this objective consist of 33% invested in bonds, 34% in listed equity, 21% in cash and cash equivalents, and 12% in unlisted instruments. Social Responsible Investments is a theme across all asset classes and could be listed or unlisted instruments. The UIF's investment strategy encompass Economic infrastructure, Social infrastructure, Agriculture, and Environmental infrastructure.

17. AUDIT COMMITTEE REPORT

The Unemployment Insurance Fund (UIF) Audit Committee (AC) is pleased to present its report for the financial year ended 31 March 2021.

Audit Committee Responsibility

The AC reports that it has complied with its responsibilities arising from Sections 51(1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA) as well as Treasury Regulation 27.1. Furthermore, the AC has adopted an AC Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control, Risk Management and Governance

An assessment of the findings identified by the Internal Audit (overall assessment of the control environment) as well as the management and audit reports presented to the AC by Auditor-General South Africa (AGSA), reveals that the control environment has not improved and requires improvement.

Risk management within the UIF requires significant improvement with a focus on adequately and effectively executing the entire enterprise risk management mandate (risk management, anti-corruption and fraud, business continuity management, compliance and combined assurance).

In terms of governance, there was a regression given the scope limitations experienced by various assurance providers (internal and external audit) including the AC and Risk Management Committee (RMC) as well as the lack of an effective ICT Steering Committee.

An audit action plan was in place, however, all the recommendations provided by Internal Audit and the AC were not implemented in relation to the audit action plan. The Management structures (Clean Audit Forum) setup to monitor the progress on audit findings was ineffective, as independent assurance by internal and external auditors identified that specific audit findings were not adequately resolved.

The overall state of the internal control environment, risk management and governance are primarily as a result of not adequately and timeously addressing the root cause of the findings identified by the internal and external auditors as well as the non-implementation of specific recommendations provided by governance oversight structures and further compounded by the instability at leadership level, poor record keeping and lack of accountability.

Accordingly, the AC can report that the system of internal control, risk management and governance was generally inadequate and ineffective and has identified the following key areas of concern that should be addressed:
- Overall financial and non-financial performance;
- Scope limitations experienced by internal management structures (clean audit forum), independent assurance providers (internal and external audit) as well as oversight structures (AC, RMC and the ICT Steering Committee);
- Quality of the annual financial statements and performance information (material misstatements);
- Processing and reconciliations;
- Capacity and skills within the Finance department;
- Investments - associates as well as investment properties (due diligence, disclosure, valuations, impairments, adequacy and effectiveness of analytical reviews, service level agreement monitoring and enforcement, technical reserves, fair value adjustments of investment properties and compliance);
- Financial viability;
- Material impairments and write-offs;
- Supply chain and contract management;
- Fruitless, wasteful and irregular expenditure;
- Asset management;
- Policies and procedures;
- Record keeping;
- Contingencies;
- ICT and cyber security;
- Delays in the implementation of the SAP system as well as ineffective project governance and management;
- Enterprise risk management (risk management, anti-corruption and fraud, business continuity management, compliance and combined assurance);
- COVID-19 Temporary Employee Relief Scheme and Workers Affected by Unrest (processes, control deficiencies, payments, recoveries, impact on the liquidity and solvency of the Fund);
- Unemployment alleviation schemes;
- Non-compliance;
- Governance;
- Audit action not addressing the root causes and ineffective monitoring thereof leading to repeat audit findings; and
- Lack of consequence management.

The AC is satisfied with the work performed by Internal Audit in terms of control, governance and risk management as per the approved risk-based audit plan. At the end of the financial year, 92% of the approved risk-based audit plan was reported as complete.

In-Year Management and Monthly/Quarterly Reports

UIF has reported to the National Treasury in accordance with the requirements of the PFMA. However, due to the scope limitation imposed by Management, the AC was not able to execute its oversight responsibilities relating to the Q2 financial and non-financial information. The instability at executive level revealed the lack of depth and expertise within UIF and it was reflected in the quality of the financial reporting which regressed as well as the overall performance of the Fund. However, the AC as well as assurance providers provided Management with recommendations to improve the quality of quarterly financial and performance information reporting.

Evaluation of Financial Statements

The AC has:

- Reviewed the unaudited financial statements with due consideration of the Management assurance provided. However, Internal Audit experienced a limitation of scope and was only able to provide limited assurance. During the review in May 2021, the AC expressed serious concern with the overall quality of the unaudited financial statements, high risk of recurring audit findings, unlisted investments (reliance on a deviation from the GRAP standards despite not fulfilling all the requirements and additional disclosure due to the lack of reliable information as well as the significant increase in impairments associated with the unlisted investments) for which Management was also not in a position to provide assurance, high risk of scope limitations due to lack of supporting documentation, the scope limitation experienced by IA, no Generally Recognised Accounting Practice (GRAP) review and the risk areas identified by the AGSA were not adequately mitigated by Management. Four months later, in September 2021, the AC once more expressed concerns with the unaudited financial statements given the scope limitations by AGSA during the status of records review and once more by IA, the high risk of repeat findings remained, lack of any adequate audit file (supporting documentation and data integrity to system) to support the disclosures that may result in scope limitations as well as a high risk of non-improvement in the audit outcome and even potential regression given that there were issues relating to unlisted investments that remain unresolved, including reliance on a deviation from the GRAP standards despite not fulfilling all the requirements;
- Reviewed the unaudited information on predetermined objectives, with due consideration of the assurance provided by Management and Internal Audit;
- Reviewed changes in accounting policies and practices;
- Reviewed the AGSA management and audit reports;
- Reviewed compliance with legal and regulatory provisions; and
- Reviewed and discussed the audited financial statements and information on predetermined objectives to be included in the annual report, for any significant adjustments resulting from the audit report, with Management and reported to the Accounting Authority.

Auditor-General's Report

The AC notes with concern the qualified audit opinion by the AGSA, which does not come as a surprise given the concerns the AC highlighted prior to the submission of the financial statements, the scope limitations experienced by assurance providers as well as oversight structures, instability at leadership and executive level as well as the overall state of internal control, risk management and governance at the UIF during the 2020/21 financial year. The audited annual financial statements may be read together with the audit report of the AGSA.

Way Forward

The return of the Commissioner and key executives is welcomed to provide the much-needed stability and lead interventions to improve the overall internal control, governance and risk management of the UIF, which will contribute significantly to the achievement of an improved audit outcome. The turnaround strategy should at least focus on the aspects listed below and most importantly be underpinned by effective implementation and driven by a culture of accountability:

- Extensive root cause analysis to guide the development of the audit action plan to address all the control deficiencies identified with a specific emphasis on all the qualification and non-compliance aspects;
- Strengthening of the control environment, risk management and governance;
- Effective clean audit forum to monitor progress of the audit action plan implementation;
- Capacitation of the Finance function;
- Improving the quality of quarterly and annual financial and non-financial information reporting;
- Improving the overall performance of the institution and implementing consequence management in the event of non-performance;
- Adequate and effective records management; and
- Allow the assurance providers (internal and external audit) and governance structures (AC, RMC ICT Steering Committee and the Advisory Board) to effectively execute their respective mandates and ensure timeous implementation of the recommendations provided.

P.Dala

Dr. P. Dala
Audit Committee Chairperson

18. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The UIF has not developed its own incentive and preferential policies. It follows the National Treasury PPPFA/BBBEE policies, guidelines and practice notes.


RIP

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 UIF to enable the Fund to fulfil its mandate. This is achieved through the implementation of initiatives and interventions aimed at continuously developing the organisation, managing change, providing relevant human capital, optimising employee well-being, managing performance, maintaining processes, managing harmonious employer-employee relations as well as the enhancement of employees' skills.

1.1 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 and implementing diversity management programmes.
- Implementing change management and employee engagement initiatives.
- Management of business processes and standard operating procedures.
- Implementing organisational development and design interventions.
- Management of performance.

1.2 Staff establishment

At the end of March 2021, the establishment of the Fund comprised of 602 permanent posts. The percentage of posts filled was 92.9% and 7.1% was vacant. The Fund placed a high value on employment equity in support of government transformation initiatives. 53.7% employees on the UIF establishment were women, whilst 46.3% were men. About 55% of senior management posts were filled by women. People with disability represented 2.8% of the total number of employees.

1.3 Organisational Effectiveness

The Directorate Organisational Effectiveness (OE) implemented the Employee Engagement Strategy, which included the on-boarding of newly appointed employees, as well as conducting interviews for exiting employees in order to find the reasons behind staff turnover. The feedback obtained assist the UIF to reposition itself to be the employer of choice. The objective is to ensure that the UIF employees remain engaged and committed so that the Fund does not lose on its human capital investment and institutional memory. The Directorate also facilitated the implementation of the performance management system aimed at aligning the key deliverables of employees to the strategic objectives of the Fund. Lastly, the Directorate OE supported the Fund with the development and streamlining of business processes, the development of standard operating procedures, as well as the provision of organisational development and design interventions.

1.4 Performance Management

Due to the impact of COVID-19 pandemic and the subsequent extensions granted by the Department of Public Service and Administration relating to the finalisation of performance management processes, the individual employees' performance rewards for the financial year 2019/20 were not paid. However, in the financial year 2020/21, only two officials were paid their performance rewards, but these payments were outstanding payments for the 2018 /2019 financial year. The amounts paid to the two officials are reflected in the Human Resources Oversight Statistics table.

1.5 Skills Development

The UIF implemented learning and development opportunities for all employees as part of the Human Resources Development Strategy for the 2020/21 financial year. As part of this process, a total number of 221 employees were trained in skills programmes through the implementation of the Workplace Skills Plan and other training initiatives. Furthermore, the UIF appointed 106 Interns on a 24 months UIF Internship Programme that came to an end in January 2021.

1.6 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 2020/21 financial year, eight (8) grievances were received of which 100% were resolved. A total of seven (7) disciplinary cases were referred to Employee Relations to institute disciplinary action. One (1) disciplinary case was finalised and six (6) disciplinary cases are in progress. During the reporting period, a further six (6) progressive disciplinary sanctions were implemented.

1.7 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 collaboration with health and other professional institutions.

1.8 Key challenges

- Impact of COVID-19 pandemic on all human resource management activities.
- Finalisation of grievance and misconduct cases within stipulated timeframe.
- Challenges related to the on-line performance management system.
- Non-adherence to stipulated timeframes for the submission of performance agreements and assessments.

1.9 Key strategic focus for 2020/21

- 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.
- Promoting sound labour relations.
- Promoting employee health and wellness and implementing diversity management programmes.
- Implementing change management and employee engagement initiatives.
- Management of business processes and standard operating procedures.
- Implementing organisational development and design interventions.
- Management of performance.

2. Human Resources Oversight Statistics

The personnel cost reflected in the following two tables, is an oversight of the total cost for the employees on the UIF's Head Office establishment, staff members in provincial offices and officials paid a split percentage.

Personnel Cost by programme

Programme	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	82 004 364	1 487 782	1.81	3 562	418

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)
Top Management	1 591	0,11	1	1 591
Senior Management	41 038	2,76	33	1 244
Professional qualified	295 174	19,84	367	804
Skilled	469 609	31,56	974	482
Semi-skilled	671 160	45,11	2 087	322
Unskilled	9 211	0,62	100	92
TOTAL	**1 487 782**	**100,00**	**3 562**	**418**

The information contained in the following tables, provides an oversight of human resources statistics pertaining to the employees on 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	No of employees (excluding interns)	Number of employees rewarded per level	Expenditure for performance rewards
Top Management	1	0	0
Senior Management	22	0	0
Professional qualified	136	0	0
Skilled	193	1	37 526
Semi-skilled	198	1	27 775
Unskilled	9	0	0
TOTAL	**559**	**2**	**65 301**

Training Costs

Programme// activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
UIF	1 487 782	4 545	0.31	221	20 565

Employment and vacancies

Programme/ activity/objective	2019/20 No. of Employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 Vacancies	% of vacancies
UIF	559	602	559	43	7.1

Programme/ activity/objective	2019/20 No. of Employees	2020/21 Approved Posts	2020/21 No. of Employees	2019/20 Vacancies	% of vacancies
Top Management	1	1	1	0	0.0
Senior Management	23	24	22	2	0.3
Professional qualified	146	159	136	23	3.8
Skilled	186	201	193	8	1.3
Semi-skilled	194	208	198	10	1.7
Unskilled	9	9	9	0	0.0
TOTAL	**559**	**602**	**559**	**43**	**7.1**

The Fund has maintained the vacancy rate at an acceptable level of 7.1%. Efforts were made to ensure that posts were filled within 4 months, however recruitment and selection processes were greatly impacted by the COVID-19 pandemic.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management (SR15)	1	0	0	1
Senior Management (SR13-14)	23	1	2	22
Professional qualified (SR9-12)	146	0	10	136
Skilled (SR7-8)	186	11	4	193
Semi-skilled (SR4-6)	194	6	2	198
Unskilled (SR1-3)	9	0	0	9
Total	**559**	**18**	**18**	**559**

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	5.5
Resignation	10	55.6
Dismissal	0	0.0
Retirement	4	22.2
Ill health	0	0.0
Promotion/Transfer out of the Fund	3	16.7
Total	**18**	**100**

The majority of officials (55.6%) resigned, citing better remuneration as the main reason for the resignation.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	4
Final Written warning	3
Dismissal	0
Disciplinary action in process	6

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current %	Target %	Current %	Target %	Current %	Target %	Current %	Target %
Top Management	100	44.6	0.0	2.0	0.0	1.8	0.0	7.1
Senior Management	34.8	44.6	0.0	2.0	4.3	1.8	0.0	7.1
Professional qualified	45.6	44.6	0.0	2.0	2.5	1.8	3.8	7.1
Skilled	40.9	44.6	0.8	2.0	0.3	1.8	1.1	7.1
Semi-skilled	55.7	44.6	0.0	2.0	1.3	1.8	1.3	7.1
Unskilled	0.0	44.6	0.0	2.0	0.0	1.8	0.0	7.1
AVERAGE	**46.2**	**44.6**	**0.1**	**2.0**	**1.4**	**1.8**	**1.0**	**7.1**

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current %	Target %	Current %	Target %	Current %	Target %	Current %	Target %
Top Management	0.0	36.2	0.0	1.5	0.0	1.2	0.0	5.6
Senior Management	43.5	36.2	0.0	1.5	4.3	1.2	13.0	5.6
Professional qualified	34.2	36.2	3.8	1.5	1.3	1.2	8.9	5.6
Skilled	41.2	36.2	1.8	1.5	1.6	1.2	12.4	5.6
Semi-skilled	39.2	36.2	1.3	1.5	0.0	1.2	1.3	5.6
Unskilled	0.0	36.2	0.0	1.5	0.0	1.2	0.0	5.6
AVERAGE	**26.4**	**36.2**	**1.2**	**1.5**	**1.2**	**1.2**	**2.9**	**5.6**

Levels	Staff with disabilities		
	Male	Female	Target %
	Current %	Current %	
Top Management	0.0	0.0	2.8
Senior Management	0.0	0.2	2.8
Professional qualified	0.4	0.0	2.8
Skilled	0.5	0.7	2.8
Semi-skilled	0.5	0.5	2.8
Unskilled	0.0	0.0	2.8
TOTAL	**1.4**	**1.4**	**2.8**

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

FINANCIAL INFORMATION

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	The Unemployment Insurance Fund is classified as a Schedule 3 National Public Entity in terms of section 48 of the Public Finance Management Act (Act No. 1 of 1999).
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	Director-General Department of Employment and Labour: T Lamati
Auditors	The Auditor-General of South Africa
Legislated fund manager	Public Investment Corporation

Unemployment Insurance Fund
Audited Annual Financial Statements for the year ended 31 March 2021

Index

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

AFS	Annual Financial Statements
ASB	Accounting Standards Board
GRAP	Generally Recognised Accounting Practice
IFRS	International Financial Reporting Standards
IFRS for SME	International Financial Reporting Standards for Small and Medium-Sized Entities
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LAP	Labour Activation Programme
NRF	National Revenue Fund
PFMA	Public Finance Management Act (Act No. 1 of 1999)
PIC	Public Investment Corporation
SARS	South African Revenue Service
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 Responsibilities and Approval

The Accounting Authority is required by the PFMA, to maintain adequate accounting records and is responsible for the content and integrity of the AFS and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the AFS 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 AFS and was given unrestricted access to all financial records and related data.

The AFS have been prepared in accordance with Standards of GRAP including any interpretations, guidelines and directives issued by the ASB.

The AFS 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 Fund'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 The Fund. 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 AFS. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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 ability of the Fund to continue as a going concern is dependent on several factors. These factors are included in note 41 of the AFS.

The AFS set out on pages 96 to 251, which have been prepared on the going concern basis, were signed by the Accounting Authority on 30 September 2021.

T Lamati
Director-General
Department of Employment and Labour

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Unemployment Insurance Fund set out on pages 112 to 250 which comprise the statement of financial position as at 31 March 2021, 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 the 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 Unemployment Insurance Fund as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the South African 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 properly account COVID-19 Temporary Employer/Employee Relief Scheme (TERS) benefit payments in accordance with GRAP 1, *Presentation of financial statements* due to inadequate accounting records. I was unable to determine the extent of the misstatement on benefit payments for COVID-19 TERS stated at R55 828 323 000 in note 20 to the financial statements as it was impracticable to do so. In addition, I was unable to obtain sufficient appropriate audit evidence for benefit payments for COVID-19 (TERS) as the public entity did not implement effective systems of internal control to maintain proper accounting records and information. As a result, I could not confirm the benefit payments by alternative means as the public entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments were necessary to benefit payments for COVID-19 TERS and benefits payable for COVID-19 TERS stated at R55 828 323 000 in note 20 and R 57 025 000 in note 16 to the financial statements respectively.

Receivables from non-exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence that all receivables from non-exchange transactions resulting from overpayments on COVID-19 TERS benefit claims in the current year had been accounted for. The public entity did not implement effective systems of internal control to identify overpayments relating to COVID-19 TERS benefit payments. I could

not confirm the balance of receivables from non-exchange transactions by alternative means as the entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments were necessary to receivables from non-exchange transactions stated at R856 000 in note 5 to the financial statements.

Changes in benefits payables

5. I was unable to obtain sufficient appropriate audit evidence for changes in benefit payables as the public entity did not implement effective systems of internal control to maintain proper accounting records. I could not confirm the amount of changes in benefits payable by alternative means as the public entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments were necessary to changes in benefits payable stated at R12 010 861 000 in note 20 to the financial statements.

Payables from exchange transactions

6. The public entity did not correctly account for benefits payables in accordance with GRAP 1, *Presentation of financial statements*. The public entity incorrectly accounted for benefits payable relating to COVID-19 TERS benefit claims as payables from exchange transactions. As a result, the benefits payable are understated by R351 010 000 and payables from exchange transactions are overstated by R351 010 000 in the financial statements.

Investments in associates, interest in joint ventures and other financial assets

7. The public entity did not equity account for investments as required by GRAP 36, *Investments in associates and joint ventures*. This was due to inadequate processes of financial management to ensure that all supporting evidence relating to investments is obtained and maintained. The public entity incorrectly applied the requirements of GRAP 1, *Presentation of financial statements* relating to the impracticability of applying a requirement of the accounting standards.

8. In addition, I was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as income from equity accounted investments and interests 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 and interests by alternative means as the public entity's records did not permit the application of alternative audit procedures.

9. In addition, I was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as unlisted financial instruments, interest in joint ventures and investments in associates, disclosed in notes 3, 12 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, interests in joint ventures, unlisted financial instruments and the resultant impairment losses. The public entity's records did not permit the application of adequate alternative audit procedures.

10. The public entity did not correctly account for impairment on investments in associates in accordance with GRAP 36, *Investment in associates and joint ventures* and GRAP 104, *Financial instruments* as the public entity impaired investments in associates without first applying equity accounting as required by the standards. I was unable to determine the extent of the misstatement as it was impracticable to do so.

11. Consequently, I was unable to determine whether any adjustments were necessary to the following items, stated in notes 03,12 and 13 to the financial statements:

- Unlisted investments, stated at R7 522 041 000 (2020: R5 837 371 000)
- Unlisted equity, stated at R517 098 000 (2020: R417 585 000)
- Unlisted financial instruments, stated at R82 300 000 (2020: R90 000 000)
- Interests in joint ventures, stated at R64 945 000 (2020: R67 718 000)
- Investments in associates, stated at R4 865 139 000 (2020: R5 486 198 000)

12. I also could not confirm by any alternative means whether any adjustments were necessary to the impairment of investments in notes 12, 13 and 31, and to income from equity accounted investments and interests in note 30, stated in the financial statements as it was impractible to do so:

- Impairment of interests in joint ventures, stated at R2 773 000 (2020: R43 877 000)
- Impairment of investments in associates, stated at R938 195 000 (2020: R1 018 213 000)
- Impairment of other financial assets, stated at R970 705 000 (2020: R1 219 824 000)
- Income from equity accounted investments and interests, stated at R89 068 000 (2020: R86 732 000)

13. In addition, there were differences between the prior period adjustment on impairment on investment in associates and interest in joint ventures and the underlying supporting evidence. This was as a result of inadequate controls over the accounting records in relation to impairment on investment in associates and interest in joint ventures. Consequently, the comparative amount for impairment on investment in associates and interest in joint ventures and the prior period error adjustment in notes 12, 13 and 43 of the financial statements was understated by R235 059 974. Additionally, there was an impact on the deficit for the prior year and on the accumulated surplus.

14. The public entity did not correctly account for promissory notes in compliance with GRAP 104, *Financial instruments* as the public entity did not measure promissory notes at reporting date at fair value as required by the standard. I was unable to determine the extent of the misstatement on promissory notes and fair value adjustments on promissory notes stated at R990 035 000 and (R6 898 000) in note 3 and 29 to the financial statements respectively, as it was impracticable to do so.

15. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions as management did not implement effective systems of internal control to maintain proper accounting records. The public entity did not provide supporting evidence for the reclassification of other financial assets to receivables from exchange transactions for the prior year. I could not confirm the reclassification by alternative means as the public entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments were necessary to other financial assets and receivables

from exchange transactions stated at R88 423 058 000 (2020: R141 883 042 000) and R399 215 000 (2020: R581 025 000) in the financial statements.

Unemployment alleviation schemes

16. The public entity did not correctly account for unemployment alleviation schemes in compliance with GRAP 1, *Presentation of financial statements*. The public entity accounted for unemployment alleviation schemes that occurred in the prior year as expenditure in the current year. Consequently, unemployment alleviation schemes was overstated by R178 278 892 in the current year and understated by the same amount in the prior year. Consequently, payables from exchange transactions was understated in the prior year by the same amount in the financial statements. Additionally, there was an impact on the deficit for both the current period and prior period and on the accumulated surplus for the prior period.

17. Furthermore, the public entity did not account for all unemployment alleviation schemes expenditure that occurred in the current year in compliance with GRAP 1, *Presentation of financial statements*. This was as a result of inadequate controls over proper record keeping. Consequently, unemployment alleviation schemes was understated by R272 085 209 and payables from exchange transactions understated by the same amount in the financial statements. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

18. I was unable to obtain sufficient appropriate audit evidence for unemployment alleviation schemes due to unexplained differences between the underlying records and supporting schedules to the financial statements. Consequently, I was unable to determine whether any adjustments were necessary to unemployment alleviation schemes stated at R635 753 000 in note 21 to the financial statements.

Prepayments

19. The public entity did not correctly account for prepayments in compliance with GRAP 1, *Presentation of financial statements*. The public entity accounted for payments related to unemployment alleviation schemes expenditure that occurred in the current year as prepayments. Consequently, prepayments were overstated by R270 435 084 and unemployment alleviation schemes understated by the same amount in the financial statements. Additionally, there was an impact on the deficit for the period and on the accumulated surplus.

Lease rentals on operating lease

20. I was unable to obtain sufficient appropriate audit evidence for lease rentals on operating lease included in operating expenses as management did not implement effective systems of internal control to maintain proper accounting records. I could not confirm the amount of lease rentals on operating lease by alternative means as the public entity's records did not permit the application of alternative audit procedures. Consequently, I was unable to determine whether any adjustments were necessary to lease rentals on operating lease stated at R160 788 000 in note 27 to the financial statements.

Investment property

21. During 2020, the public entity did not correctly account for fair value adjustments on investment property in compliance with GRAP 16, *Investment property*. The fair value adjustment on the investment property was calculated in the prior year based on the preceding years values rather than the current year values, which resulted in investment property, disclosed in note 9 of the financial statements, being misstated. I was unable to determine the extent of the misstatement on investment property stated at R194 775 000 as it was impracticable to do so. My audit opinion on the financial statements for the period ended 31 March 2020 was modified accordingly. My opinion on the current year financial statements is also modified because of the effect of this matter on the comparability of the investment property for the current period. Due to the opening balance of investment property being misstated, this will have a consequential impact on the fair value adjustment in the current year which is also misstated. I was not able to determine the full extent of the misstatement to the fair value adjustment stated at R28 092 325 000 (2020: R21 973 820 000 loss) in note 29 of the financial statements as it was impracticable to do so.

Cash flow statement

Net cash flows from operating activities and investing activities

22. The public entity did not correctly prepare and disclose the net cash flows from operating activities as required by GRAP 2, *Cash flow statements* as the public entity incorrectly included non-cash items in determining cash flows from operating activities. In addition, the opening balance for pre-payments used in the calculation of cash flows from operating activities did not agree to the underlying accounting records. I was not able to determine the full extent of the errors in the net cash flows from operating activities stated at R50 405 851 000 as it was impracticable to do so. Furthermore, since benefit payments, receivables from non-exchange transactions, unemployment alleviation schemes and operating expenses balances are included in the determination of net cash flows from operating activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from operating activities stated at R50 405 851 000 in the financial statements.

23. In addition, the public entity incorrectly classified interest from investments and dividends received as cash flows from operating activities. Consequently, net cash flows from operating were overstated by R6 306 358 730 and net cash flows from investing activities were understated by the same amount in the financial statements. Furthermore, since investment property, investments in associates, interest in joint ventures and other financial assets balances are included in the determination of net cash flows from investing activities reported in the statement of cash flows, I was unable to determine whether any adjustments were necessary in the cash flows from investing activities stated at R70 018 311 000 in the financial statements.

Context for the opinion

24. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

25. 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.

26. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Responsibilities of the accounting authority for the financial statements

27. 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.

28. 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.

Auditor-general's responsibilities for the audit of the financial statements

29. 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.

30. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

31. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

32. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in

the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

33. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 2: Business Operations	33 to 35

34. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

35. The material findings on the usefulness and reliability of the performance information of the selected programmes are as follows:

Programme 2: Business Operations

Various Indicators

36. For the indicators listed below, the achievements reported in the annual performance report materially differed from the supporting evidence provided:

Indicator Description	Reported achievement
Percentage of valid claims (Unemployment benefit) with complete information approved or rejected within specified time frames	87% within 15 working days
Percentage of valid claims (In-service benefits; Maternity, illness and adoption benefits) with complete information approved or rejected within specified time frames	86% within 10 working days
Percentage of valid claims (Deceased benefit) with complete information approved or rejected within specified time frames	85% within 20 working days

Percentage of applications with complete information issued with compliance certificates, tender letters or non-compliance letters within specified time frames

37. I was unable to obtain sufficient and appropriate audit evidence for the achievement (37% of applications with complete information issued with compliance certificates, tender letters or non-compliance letters within 10 days) of the reported target (90% of applications with complete information issued with compliance certificates, tender letters or non-compliance

letters within 10 days) in the annual performance report for the above indicator due to lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Percentage of identified COVID-19 cases verified

38. The method of calculation for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, I was unable to audit the reliability of the achievement of 2.5% COVID-19 cases verified reported against target 100% of identified COVID-19 cases verified in the annual performance report.

Other matters

39. I draw attention to the matters below.

Achievement of planned targets

40. Refer to the annual performance report on pages 14 to 49 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 36 to 38 of this report.

Adjustment of material misstatements

41. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2: Business Operations. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

42. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

43. The material findings on compliance with specific matters in key legislation are as follows:

Annual Financial Statements

44. Financial statements were not submitted for auditing within two months' after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

45. The financial statements submitted for audit were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements in fair value adjustments and realised gains and losses and principal-agent relationships identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Consequence management

46. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were- taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

47. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against some of the officials who had permitted irregular expenditure amounting to R93 149 000 in prior years, as required by section 51(1)(e)(iii) of the PFMA.

48. Disciplinary hearings were not held for confirmed cases of financial misconduct committed by some of the officials, as required by treasury regulation 33.1.1.

Expenditure management

49. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R 128 718 000, as disclosed in note 39 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 expenditure incurred on software license fees.

50. Prepayments were made before services were received, in contravention of treasury regulation 31.1.2(c).

51. Resources of the public entity were not utilised economically, as required by section 57(b) of the PFMA.

Procurement and contract management

52. In some instances, the prices of COVID 19 Personal Protective Equipment items were higher than prescribed prices on Annexure A of National Treasury instruction note 5 of 2020/21 in contravention of paragraph 4.3 of same instruction note.

Other information

53. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information 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 in this auditor's report.

54. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

55. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

56. 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 misstatement therein, I am required to communicate the matter to those charged with governance and request that the other 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

57. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

58. The public entity did not ensure that the financial statements and annual performance report were adequately reviewed and supported by complete and accurate supporting documents, resulting in material misstatements being identified during the audit.

59. The public entity developed an audit action plan to address the internal control deficiencies; however, the plan has not been adequately monitored to ensure that there is effective implementation of corrective measure to address the internal control deficiencies. As a result, there were recurring and significant new findings with similar root causes as those were previously reported.

60. The public entity did not implement proper record keeping to ensure that complete, relevant and accurate information was accessible and available in a timely manner to support financial and performance reporting. This resulted in unnecessary delays in completing the audit.

61. The public entity did not implement adequate controls relating to daily and monthly processing and reconciliation of transactions. The controls that management put in place to ensure regular, accurate and complete financial reports did not always detect prevent and/or detect material misstatements in annual financial statements and annual performance report.

62. 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.

Other reports

63. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. 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.

64. Various investigating bodies or institutions have undertook investigations relating to Covid-19 TERS benefit claims. As at the time of issuing this report, the investigations were ongoing. The date by when the investigations will be finalised and the related reports issued is currently not known.

Auditor-General

Pretoria

01 April 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. 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 programme and on the public entity's compliance with respect to the selected subject matters.

Financial statements

65. 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 by the accounting authority
- conclude on the appropriateness of the accounting authority's 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 Unemployment Insurance Fund 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

66. 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.

67. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to 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.

Unemployment Insurance Fund
Audited Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

	Note(s)	2021 R'000	2020 Restated R'000
Assets			
Current Assets			
Other financial assets	3	52 815 615	60 792 417
Receivables from exchange transactions	4	399 215	581 025
Receivables from non-exchange transactions	5	856	10 796
Statutory receivables from non-exchange transactions	6	1 680 699	1 895 789
Prepayments	7	305 008	134 479
Cash and cash equivalents	8	23 110 554	3 498 090
		78 311 947	**66 912 596**
Non-Current Assets			
Investment property	9	475 824	194 775
Property, plant and equipment	10	33 779	49 707
Intangible assets	11	92 601	92 759
Interests in joint ventures	12	64 945	67 718
Investments in associates	13	4 865 139	5 486 198
Other financial assets	3	35 607 443	81 090 625
		41 139 731	**86 981 782**
Total Assets		**119 451 678**	**153 894 378**
Liabilities			
Current Liabilities			
Operating lease liability	33	3 424	2 556
Payables from exchange transactions	14	1 190 182	740 243
Provisions	15	12 032 101	9 329 672
Benefits payable	16	100 810	22 744
Benefits payable - Outstanding claims liability	16	10 015 339	8 993 365
Bank overdraft	8	14	13
		23 341 870	**19 088 593**
Non-Current Liabilities			
Provisions	15	21 340	25 755
Total Liabilities		**23 363 210**	**19 114 348**
Net Assets		**96 088 468**	**134 780 030**
Technical reserve	17	59 482 141	81 055 555
Accumulated surplus	17	36 606 327	53 724 475
Total Net Assets		**96 088 468**	**134 780 030**

Statement of Financial Performance

	Note(s)	2021 R'000	2020 Restated R'000
Revenue from non-exchange transactions	19	18 870 925	20 548 165
Benefit payments	20	(66 522 195)	(8 968 898)
Changes in benefits payable	20	(12 010 861)	(4 863 991)
Unemployment Alleviation Schemes	21	(635 753)	(949 349)
Gross (deficit) surplus		**(60 297 884)**	**5 765 928**
Other revenue from exchange transactions	22	27 222	20 274
Auditors remuneration	23	(17 256)	(12 271)
Depreciation, amortisation and impairments	24	(21 920)	(53 718)
Employee costs	25	(1 487 782)	(1 461 633)
Administrative costs	26	(684 317)	(569 878)
Operating expenses	27	(623 729)	(604 858)
Operating (deficit) surplus		**(63 105 666)**	**3 083 845**
Investment revenue	28	6 731 437	11 668 084
Transfer of IT assets to the Department of Employment and Labour	10	(369)	(22 712)
Losses on the disposal of property, plant and equipment	10	(182)	(20 053)
Fair value adjustments	29	28 092 325	(21 973 820)
Income from equity accounted investments and interests	30	89 068	86 732
Reversal of impairment of other financial assets	31	150 798	-
Impairment of other financial assets	31	(970 705)	(1 219 824)
Realised Gains/Losses on investments	29	(8 737 298)	(37 532)
Impairment of investments in associates and interest in joint ventures	12&13	(940 968)	(1 062 090)
Surplus / (deficit) for the year		**(38 691 560)**	**(9 497 371)**

Statement of Changes in Net Assets

	Technical reserve R'000	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	42 760 087	112 156 853	154 916 940
Adjustments			
Prior year adjustments/Change in Accounting Policies (refer note 43)	(7 582 013)	(10 639 539)	(18 221 552)
Balance at 01 April 2019 as restated*	**35 178 074**	**101 517 314**	**136 695 388**
Changes in net assets			
Transfer to technical reserve	38 295 468	(38 295 468)	-
Transfer to provisions	7 582 013	-	7 582 013
Net income (losses) recognised directly in net assets	45 877 481	(38 295 468)	7 582 013
Deficit for the year	-	(9 497 371)	(9 497 371)
Total recognised income and expenses for the year	45 877 481	(47 792 839)	(1 915 358)
Total changes	45 877 481	(47 792 839)	(1 915 358)
Opening balance as previously reported	81 055 555	53 718 691	134 774 246
Adjustments			
Prior year adjustments	-	5 784	5 784
Restated* Balance at 01 April 2020 as restated*	**81 055 555**	**53 724 475**	**134 780 030**
Changes in net assets			
Transfer to accumulated surplus	(21 573 414)	21 573 414	-
Net income (losses) recognised directly in net assets	(21 573 414)	21 573 414	-
Surplus for the year	-	(38 691 560)	(38 691 560)
Total recognised income and expenses for the year	(21 573 414)	(17 118 146)	(38 691 560)
Total changes	(21 573 414)	(17 118 148)	(38 691 562)
Balance at 31 March 2021	**59 482 141**	**36 606 327**	**96 088 468**

Unemployment Insurance Fund

Audited Annual Financial Statements for the year ended 31 March 2021

Cash Flow Statement

	Note(s)	2021 R'000	2020 Restated R'000
Cash flows from operating activities			
Receipts			
Cash receipts from contributors		18 870 925	20 548 165
Interest income from banks		201 575	87 317
Other receipts		-	-
Other cash item		34	444
		19 072 534	20 635 926
Payments			
Employee costs and other compensation		(1 487 784)	(1 461 632)
Suppliers		(1 468 406)	(1 638 204)
Benefit payments		(66 522 195)	(8 968 898)
		(69 478 385)	(12 068 734)
Net cash flows from operating activities	32	**(50 405 851)**	**8 567 192**
Cash flows from investing activities			
Property, plant and equipment	10	9 223	30 495
Investment property	9	(306 260)	19 356
Intangible assets	11	(13 567)	21 270
Investment in joint ventures		4 620	150 121
Investments in associates		485 523	(2 028 833)
Investments in other financial assets		63 086 884	(19 098 186)
Dividends		946 085	2 054 344
Interest received on investments		5 805 803	9 565 471
Net cash flows from investing activities		**70 018 311**	**(9 285 962)**
Net increase/(decrease) in cash and cash equivalents		**19 612 460**	**(718 770)**
Cash and cash equivalents at the beginning of the year		3 498 077	4 216 846
Cash and cash equivalents at the end of the year	8	**23 110 540**	**3 498 077**

Statement of Comparison of Budget and Actual Amounts

Budget on Zero Basis

Figures in Rand Thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Revenue from exchange transactions						
Revenue from non-exchange transactions	21 208 240	(2 723 168)	**18 485 072**	18 870 925	**(385 853)**	45.1
Other revenue from exchange transactions	489 534	(482 057)	**7 477**	27 222	**(19 745)**	45.2
Investment revenue	10 375 466	(5 799 822)	**4 575 644**	6 731 437	**(2 155 793)**	45.3
Total revenue from exchange transactions	**32 073 240**	**(9 005 047)**	**23 068 193**	**25 629 584**	**(2 561 391)**	
Expenditure						
Benefit payments	(56 100 000)	(45 842 725)	**(101 942 725)**	(66 522 195)	**(35 420 530)**	45.4
Changes in benefits payable	(332 485)	(16 544 039)	**(16 876 524)**	(12 010 861)	**(4 865 663)**	45.5
Unemployment Alleviation Schemes	(2 549 411)	(206 124)	**(2 755 535)**	(635 753)	**(2 119 782)**	45.6
Auditors remuneration	(16 200)	(7 500)	**(23 700)**	(17 256)	**(6 444)**	
Depreciation, amortisation and impairments	(223 656)	869	**(222 787)**	(21 920)	**(200 867)**	45.7
Employee cost	(1 904 151)	191 500	**(1 712 651)**	(1 487 782)	**(224 869)**	45.8
Administrative costs	(842 679)	27 572	**(815 107)**	(684 317)	**(130 790)**	45.9
Operating expenses	(2 057 788)	510 939	**(1 546 849)**	(623 729)	**(923 120)**	45.10
Reversal of impairments of other financial assets	-	-	-	150 798	**(150 798)**	
Finance costs	(3)	1	**(2)**	-	**(2)**	
Total expenditure	**(64 026 373)**	**(61 869 507)**	**(125 895 880)**	**(81 853 015)**	**(44 042 865)**	
Operating deficit	**(31 953 133)**	**(70 874 554)**	**(102 827 687)**	**(56 223 431)**	**(46 604 256)**	
Transfer of IT assets to the Department of Employment and Labour	-	-	-	(369)	**369**	
Gains/losses on disposal of Property, plant and equipment	1 005 302	(1 006 569)	**(1 267)**	(182)	**(1 085)**	
Fair value adjustments	-	-	-	28 092 325	**(28 092 325)**	
Realised gains/losses on investments	-	-	-	(8 737 298)	**8 737 298**	
Income from equity accounted investments	-	-	-	89 068	**(89 068)**	
Impairment of other financial assets	-	-	-	(970 705)	**970 705**	
Impairment losses/Reversal of impairments	192 862	(192 862)	-	-	-	
Impairment of investments in associates and interest in joint ventures	-	-	-	(940 968)	**940 968**	45.13
Technical reserve	(1 794 584)	7 188 598	**5 394 014**	-	**5 394 014**	45.12
	(596 420)	**5 989 167**	**5 392 747**	**17 531 871**	**(12 139 124)**	
Surplus/(Deficit) for the year	**(32 549 553)**	**(64 885 387)**	**(97 434 940)**	**(38 691 560)**	**(58 743 380)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Zero Basis

Figures in Rand Thousand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual amount on comparable basis as presented in the budget and actual comparative statement	**(32 549 553)**	**(64 885 387)**	**(97 434 940)**	**(38 691 560)**	**(58 743 380)**	
Reconciliation						
Basis difference						
Impairment on investments in associates and interests from joint ventures				940 968		45.13
Transfer of IT assets to the Department of Employment and Labour				369		
Reversal of impairment of other financial assets				(150 798)		45.11
Fair value adjustments				(28 092 325)		45.11
Realised gains/losses on investments				8 737 298		
Income from Equity accounted investments				(89 068)		
Impairment of other financial assets				970 705		
Actual amount in the statement of financial performance				**(56 374 411)**		

Accounting Policies

1. Presentation of AFS

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

The AFS have been prepared in accordance with the Standards of GRAP, issued by the ASB in accordance with Section 91(1) of the PFMA.

These AFS 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 are disclosed below.

These accounting policies are consistent with the previous period, except as otherwise indicated in Note 43 of the AFS.

1.1 Going concern assumption

These AFS have been prepared based on the expectation that The Fund will continue to operate as a going concern and that the Fund will continue in operation and meet its statutory obligations for the foreseeable future.

Additional information is included in Note 41.

1.2 Significant judgments, estimates and assumptions

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.

Outstanding benefits recognised in the technical reserve

The ultimate cost of incurred benefits is estimated using actuarial techniques, namely the Chain-Ladder and Bornhuetter-Ferguson techniques. The principle assumption of these techniques is that the Fund's past claims experience in terms of average claims, reporting delays and settlement delays provides a reasonable guide to future such experience. The provision was increased to allow for the enhanced benefits in the UI Amendment Act, 2016. Allowance is made for future rates of claims inflation, but since this is the same assumption used for discounting, the combined impact on the provision is zero.

Premium reserves recognised in the technical reserve

Contributions are assumed to be earned uniformly over a four-year period assuming enhanced benefits as per the UI Amendment Act, 2016.

Unexpired risk liabilities and assumptions used

The average claim amount paid in the 2021 financial year is approximately R15 282 (2020: R15 164). The average salary used for benefit purposes (i.e. capped at a maximum value) of these claimants is R7 576 (2020: R6 930) per month. Claims Handling Expenses (CHE) are approximately 11.14% (2020:11.14%) of the value of a claim.

The Pay-As-You-Go rate is set at an average of 4.43% (2020:4.11%) of which 4.1% (2020:3.81%) allows for the cost of benefits and 0.301% (2020:301%) for claims handling expenses. This rate of 4.43% is effective up to 30 June 2021 due to the continuing abnormal level of unemployment claims expected as a result of the COVID-19 pandemic. Thereafter it is forecasted to decrease each quarter returning to previous levels of 2.248% in the 2023 financial year.

The run-off pattern of claims is assumed to remain stable. The explicit assumption about claims inflation was made since the inclusion of an explicit inflation assumption stabilises development patterns. The claims development experience of the Fund has been very stable over the period considered. The requirement for further stabilisation was therefore considered to be negligible.

The development of claims is considered quarterly from the 2013 financial year.

Accounting Policies

Provisions - 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.

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

<u>**Financial assets and financial liabilities at fair value**</u>

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.

Bills and promissory notes were designated at fair value due to the money market curve valuation method that is used to value these financial assets. This is consistent with prior years.

Accounting Policies

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. 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.

Accounting Policies

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 investment.

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
- 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.

Accounting Policies

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 income in the Statement of Financial Performance.

Sundry receivables

Sundry receivables are 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 income 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 income in the Statement of Financial Performance.

1.5 Receivables from non-exchange transactions

Disallowances (benefits paid in error / overpayments)

Accounting Policies

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 income 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.

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 income 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

Accounting Policies

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 transactions 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 income in the Statement of Financial Performance.

1.6 Statutory receivables from non-exchange transactions

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.

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).

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.

1.8 Investment property (continued)

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.

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 Fund separately discloses expenditure to repair and maintain investment property in the notes to the AFS (see note 9).

The Fund 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 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).

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 Fund; 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.

1.9 Property, plant and equipment (continued)

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 and any impairment losses.

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 - 14 years
IT equipment	Straight-line	3 - 12 years
Leasehold improvements	Straight-line	9 - 15 years
Motor vehicles	Straight-line	5 - 7 years
Office equipment	Straight-line	6 - 11 years
Telecom equipment	Straight-line	5 - 9 years

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 Fund assesses at each reporting date whether there is any indication that the Fund'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 Fund 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 Fund separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the AFS (see note 10).

The Fund 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 Fund 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 Fund and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the Fund intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Fund 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 Fund; and
- the cost or fair value of the asset can be measured reliably.

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.

Accounting Policies

1.10 Intangible assets (continued)

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

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.

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.

Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

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 Fund 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 Fund estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the Fund 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.

An impairment loss is recognised immediately in surplus or deficit.

Reversal of an impairment loss

The Fund 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 Fund 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.

Accounting Policies

The most recent available audited AFS of the joint ventures are used by the Fund in applying the equity 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 impractical to do so. In such a case management accounts of investees are utilised in applying the equity method and may be subject to estimations 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.

The Fund makes every reasonable effort to obtain complete and accurate financial information in order to apply the equity method, but in some instances, no, or inadequate, financial information is received from jointly controlled entities. In these instances, the Fund cannot apply the equity method, since the amount to be determined for its share in post-acquisition surpluses or deficits cannot be reliably determined. Details on such departure from GRAP 36 Investments in Associates and Joint Ventures are treated in terms of GRAP 1 Presentation of Financial Statements and are disclosed in note 12.

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. In circumstances where shareholding is less than 20% but significant influence is present, entities are also classified as associates. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

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 method. When the reporting dates of the Fund and the associate are different, the associate prepares, for the use of the Fund, AFS as of the same date as the AFS of the Fund, unless it is impractical to do so. In such a case management accounts of investees are utilised in applying the equity method and may be subject to estimations in the calculation of the annual figures to be used.

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 complete and accurate financial information in order to apply the equity method, but in some instances, no, or inadequate, financial information is received from associates. In these instances, the Fund cannot apply the equity method, since the amount to be determined for its share in post-acquisition surpluses or deficits cannot be reliably determined. Details on such departure from GRAP 36 Investments in Associates and Joint Ventures are treated in terms of GRAP 1 Presentation of Financial Statements and are disclosed in note 13.

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 straight-line basis over the lease term, except where it is immaterial in relation to the total lease income.

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.

Accounting Policies

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 Unemployment insurance technical reserve and benefit liabilities

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 dependants 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.

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 dependants 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.

The nature of unemployment insurance comprises of:

- Unearned Premium Reserve - an Unearned Premium Reserve (UPR) represents the portion of past income earned in respect of future benefits. The UIF benefit structure is such that contributions received in one year entitles employees to earn benefits over a four-year period. Beneficiaries accumulate credit for the contributions they have paid in the subsequent months of payment for forty-eight months.
- A portion of contributions received (the UPR) "belongs" to future exposure periods.
- 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) will also be determined where it is expected that future premiums (yet unearned and therefore distinct from the UPR) will be insufficient.
- 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 two components:

- Approved But Not Fully Paid (ABNP) - the incident occurred, the claim was received and approved by the Fund, but the claim is not yet paid to the beneficiary. Only this portion is recognised as a benefit liability.
- Incurred But Not Approved Claims (IBNA) - the incident occurred, but the claim was not yet approved by the Fund.

The IBNA is further divided into:

- Incurred But Not Reported Claims (IBNR) - the incident occurred, but the claim was not received by the Fund to be paid to any beneficiary; and
- Reported But Not Approved Claims (RBNA) - the claim was received by the Fund, but not yet approved for payment.

Accounting Policies

Technical reserve

The technical reserve is set aside to cover the cost of future benefit payments in respect of contributions collected as at the reporting date and incidents which occurred before the reporting date, but have not been approved by the reporting date. Based on actuarial valuation, a portion of the accumulated surplus is allocated to the technical reserve on an annual basis.

The technical reserve comprises of the following which is determined based on an actuarial valuation:

- Unearned Premium Reserve (UPR)
  - This represents the portion of past income earned in respect of future benefits.

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

- Additional Unexpired Risk Reserve (AURR)
  - The AURR is required to allow for the expected insufficiency of future (yet to be earned) premiums.

Claims handling expenses

The Claims Handling Expenses (CHE) are taken into account and allowed for explicitly for the following:

- Premium reserve; and
- Incurred But Not Approved Claims (IBNA).

The IBNA and claims handling expenses are discounted.

1.17 Benefit payments

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 for the Fund when the claim received by the Fund is approved for payment. 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.

1.18 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 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.

Accounting Policies

1.19 Contribution revenue - revenue from non-exchange transactions

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

The Fund's revenue is recognised when it is measurable and probable that economic benefits will flow to the Fund. In certain circumstances measurability and probability cannot be determined until the consideration has actually been received.

Contribution revenue is measured at the fair value of the consideration received / receivable in the period in which measurability and probability can be determined with certainty and / or the consideration has actually been received and banked in the Fund's bank accounts and / or the NRF.

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.

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.

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 are required to determine measurability and probability to facilitate the invoicing of contributions payable.

The employee remuneration information gap is significant to the extent that if revenue is recognised on available information the financial position of the Fund will not be fairly represented.

In terms of revenue recognition the accrual basis has not been achieved. Revenue contributions received from SARS and the Fund are recognised when measurability and probability can be determined with certainty and / or the considerations have actually been received and banked in the Fund's bank accounts and / or the NRF.

Accounting Policies

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
• Cash and cheques (UI 7)

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.

Contributions receivable are accordingly not measurable and the probability cannot be determined.

1.20 Revenue from exchange transactions

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. 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

1.21 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.

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.

Accounting Policies

1.22 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. 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.

Accounting Policies

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 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.

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.

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

1.23 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 2020 to 31 March 2021.

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.

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.

Accounting Policies

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).

1.24 Commitments and Contingencies

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.

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 34 - Contingencies.

1.25 Accounting by principals and agents

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 Fund 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 Fund is the principal or the agent requires the Fund 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 Fund 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.

Accounting Policies

1.25 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

The Fund 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.

Where the inverse of all three above criteria are met, the Fund is the principal.

Where the Fund 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 is an agent. The Fund applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the Fund is an agent.

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 and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

For details on fruitless and wasteful expenditure, refer to note 39 - Fruitless and wasteful expenditure.

1.27 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.

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.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end, is recorded in the register and disclosed in the notes to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, disclosed as such in the note to the financial statements and updated accordingly in the register.

For details on irregular expenditure, refer to note 38 - Irregular expenditure.

Accounting Policies

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 43 to the financial statements where applicable.

1.29 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 Fund, including those charged with the governance of the Fund 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 Fund.

The Fund 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 Fund 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 Fund 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 Fund's financial statements to understand the effect of related party transactions on its audited annual financial statements.

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

The Fund 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.

1.31 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 47 - Comparative figures.

Accounting Policies

1.32 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.

Operating costs and an 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.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Fund has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 38: Disclosure of interests in other entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Fund has adopted the standard for the first time in the 2020/2021 AFS.

The impact of the standard is not material.

GRAP 36: Investments in associates and joint ventures

The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Fund has adopted the standard for the first time in the 2020/2021 AFS.

The impact of the standard is not material.

GRAP 37: Joint arrangements

The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

To meet this objective, the Standard defines joint control and requires an entity that is a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and to account for those rights and obligations in accordance with that type of joint arrangement.

The effective date of the standard is for years beginning on or after 01 April 2020

The Fund has adopted the standard for the first time in the 2020/2021 AFS.

The adoption of this standard has not had a material impact on the results of The Fund, but has resulted in more disclosure than would have previously been provided in the AFS.

GRAP 34: Separate financial statements

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

The effective date of the standard is for years beginning on or after 01 April 2020.

The Fund has adopted the standard for the first time in the 2020/2021 AFS.

The impact of the standard is not material.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and Interpretations early adopted

The Fund has not chosen to early adopt any standards and interpretations as at 31 March 2021.

2.3 Standards and interpretations issued, but not yet effective

The Fund has not applied the following standards and interpretations, which have been published and are mandatory for the Fund's accounting periods beginning on or after 01 April 2021 or later periods:

GRAP 104 (amended): Financial instruments

The revisions to the Standard of GRAP on Financial instruments are to better align the Standards of GRAP with recent international developments. The amendments will result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:
- financial guarantee contracts issued;
- loan commitments issued;
- classification of financial assets;
- amortised cost of financial assets;
- impairment of financial assets; and
- disclosures.

The effective date of the amendment is not yet set by the Minister of Finance.

The Fund expects to adopt the amendment for the first time when the Minister sets the effective date.

The impact of this amendment is currently being assessed.

iGRAP21: The effect of past decisions on materiality

Materiality is assessed and applied during a reporting period and at each reporting date based on all facts and circumstances that exist at the time of assessment. GRAP 3 allows entities to not apply the accounting policies outlined in the Standards of GRAP when the effect of applying them is immaterial. This means that the application of materiality and alternative accounting treatments are not errors and are not departures from the Standards of GRAP. In applying materiality, it is possible for an error to occur. Where an error has occurred, it is corrected using the principles in GRAP 3.

This Interpretation shall be applied prospectively.

The Fund expects to adopt the Interpretation for financial periods beginning on or after 1 April 2023.

The impact of this Interpretation is currently being assessed.

GRAP 25 (amended): Employee benefits

The revisions to the Standard of GRAP on Employee benefits are to better align the Standards of GRAP with recent international developments. The amendments provide clarity regarding specific definitions and terminology and removes guidance regarding composite social security programmes.

The most significant changes to the Standard include:
- removal of guidance on composite social security programmes as these do not exist in South Africa;
- amendments to definitions, specifically the inclusion of social benefits;
- amendments to distinction between defined contribution plans and defined benefit plans;
- additional guidance on components of post-employment benefits;

The effective date of the amendment is not yet set by the Minister of Finance.

The Fund expects to adopt the amendment for the first time when the Minister sets the effective date.

Notes to the Audited Annual Financial Statements

2. New standards and interpretations (continued)

The impact of this amendment is currently being assessed.

IGRAP 7 (amended): The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions

The revisions to the Interpretation of The Standard of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions are to better align the Interpretation with recent international developments.

The most significant changes to the Standard include:

- clarifying the treatment of prepayments of future contributions when there is a minimum funding requirement;
- amendments to definitions;
- additional guidance on third party and employee contributions.

The effective date of the amendment is not yet set by the Minister of Finance.

The Fund expects to adopt the amendment for the first time when the Minister sets the effective date.

The impact of this amendment is currently being assessed.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000
3. Other financial assets		
At fair value througn surplus or deficit		
Bills	-	3 863 295
Bonds	38 833 610	84 032 144
Listed equity	40 477 513	35 050 376
Unlisted equity	517 098	417 585
Promissory notes	990 035	1 293 510
Unlisted financial instruments	82 300	90 000
	80 900 556	**124 746 910**
At amortised cost		
Fixed deposits	-	11 298 761
Investment income receivable	461	-
Unlisted investments	7 522 041	5 837 371
	7 522 502	**17 136 132**
Total other financial assets	**88 423 058**	**141 883 042**
Non-current assets		
At fair value	35 607 443	81 090 625
Current assets		
At fair value	45 293 113	43 656 285
At amortised cost	7 522 502	17 136 132
	52 815 615	**60 792 417**
Non-current assets	35 607 443	81 090 625
Current assets	52 815 615	60 792 417
	88 423 058	**141 883 042**

The Land Bank defaulted on payment of the matured PNs to the Fund on 23 April 2020. All maturities with the Land Bank were repaid in total up to this first date of default. The default on payments is due to the Land Bank experiencing financial difficulties. The Land Bank issued a notice of the event of default on 24 April 2020 setting out inter alia the following:

"Noteholders and potential investors are advised to exercise caution when dealing in the Land Bank's notes and securities. The Land Bank is currently experiencing a liquidity shortfall and the Land Bank is accordingly engaging with various stakeholders with a view to addressing this challenge especially in regard to financial obligations falling due with a request that these obligations be deferred."

The PIC and the Fund is negotiating with the Land Bank via National Treasury on how to restructure agreements to collect the outstanding balance. The negotiation process commenced in May 2020, but a conclusion has not been reached. It is expected that the Land Bank will default on the payments of the remaining promissory notes after the reporting date. The default amount is R990,035,052.09 and the Fund has received interest from Landbank on the outstanding default in the amount of R53,270,253.78. The Fund will continue to receive the monthly interest on the outstanding default amount until the default is remedied.

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.

Notes to the Audited Annual Financial Statements

3. Other financial assets (continued)

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).

Level 3 applies inputs which are not based on observable market data.

	2021 R'000	2020 R'000
Level 1		
Bonds	15 900 029	41 324 826
Listed equities	32 318 234	28 707 000
Unit trusts (foreign)	8 159 279	6 343 377
	56 377 542	**76 375 203**
Level 2		
Bills and negotiable certificates of deposits	-	3 863 295
Bonds	22 933 581	42 707 317
Promissory notes	990 035	1 293 510
	23 923 616	**47 864 122**
Level 3		
Unlisted equity	517 098	417 585
Unlisted financial instruments	82 300	90 000
	599 398	**507 585**
	80 900 556	**124 746 910**

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: Discount CashFlow (DCF) valuation techniques used by the external valuators

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.

Negotiable Certificate of Deposits: (same as Bills)

Promissory Notes: (same as Bills)

Unlisted Financial Instruments: Discount CashFlow (DCF) valuation techniques used by the external valuators for the shareholder loans

The PIC and the Fund is negotiating with the Land Bank via National Treasury on how to restructure agreements to collect the outstanding default balance from Landbank in the amount of R990,035,052.09. The negotiation process commenced in May 2020, but a conclusion has not been reached.

Renegotiated terms

None of the carrying amounts of financial assets that would otherwise be past due or impaired were renegotiated.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

3. Other financial assets (continued)

Allowance account for credit losses

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

The following factors are considered by the external valuators in determining whether the financial assets are impaired:
- The counterparty is experiencing significant financial difficulties.
- There has been a breach of contract, such as a default.
- The Fund has, for economic or contractual reasons relating the 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 R971 million for 2021 (2020: R1 220 million).

4. Receivables from exchange transactions

	2021 R'000	2020 R'000
Rent receivable	2 144	521
Allowance for impairment - Rent receivable	(389)	(389)
Sundry receivables	210	85
Allowance for impairment - Sundry receivables	(49)	(21)
Interest and dividends receivable	397 299	580 829
	399 215	**581 025**

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 2021, R397.6 million (2020: R580.8 million) were past due but not impaired.

The amounts past due but not impaired are as follows:

	2021 R'000	2020 R'000
Interest and dividends receivable	397 299	580 829

Receivables from exchange transactions impaired

As of 31 March 2021, rent receivables from exchange transactions of R2.1 million (2020: R0.5 million) were impaired and an allowance raised.

The amount of the allowance was R0.4 million as of 31 March 2021 (2020: R0.4 million).

The ageing of these receivables is as follows:

	2021 R'000	2020 R'000
Rent receivable		
0 to 3 months	1 623	-
More than 6 months	521	521
	2 144	**521**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

4. Receivables from exchange transactions (continued)

As of 31 March 2021, sundry receivables from exchange transactions of R0.2 million (2020: R0.09 million) were impaired and provided for.

The amount of the allowance for impairment was R0.05 million as of 31 March 2021 (2020: R0.02 million).

The ageing of these receivables is as follows:

	2021 R'000	2020 R'000
Sundry receivables		
0 to 3 months	126	1
More than 6 months	84	84
	210	**85**

Reconciliation of allowance for impairment of receivables from exchange transactions

	2021 R'000	2020 R'000
Opening balance	410	420
Allowance for impairment	28	(10)
	438	**410**

The creation and release of the allowance for impaired receivables have been included in administrative expenditure in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The allowance for impairment was only made 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 results from customer collectability assessments on outstanding debt.

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

5. Receivables from non-exchange transactions

	2021 R'000	2020 R'000
Transactions under investigation debt	11 036	11 041
Allowance for impairment - transactions under investigation debt	(10 982)	(10 987)
Disallowances and overpayments debt	219 928	129 844
Allowance for impairment - disallowances and overpayments debt	(219 127)	(119 106)
Legal claims - contributions debt	10 506	9 399
Allowance for impairment - legal claims debt	(10 505)	(9 395)
	856	**10 796**

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.

Disallowances and overpayments debt

Disallowances and overpayments debt balance increased from R130 million in 2020 to R220 million in 2021.

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:

	2021 R'000	2020 R'000

5. Receivables from non-exchange transactions (continued)

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 timely employee information compromises controls to prevent employees claiming whilst in employment.

Mitigation of the risk of paying benefits in error

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.

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 R99 million in total; in set offs, R96 million and bank deposits R3 million. For the financial year ended 31 March 2020 the Fund collected R84 million in total; in set offs R80 million and bank deposits of R4 million.

A bank account verification process was implemented. This prevented overpayments raised due to incorrect bank details (capturing errors).

Notes to the Audited Annual Financial Statements

5. Receivables from non-exchange transactions (continued)

Reconciliation of allowance for impairment of receivables from non-exchange transactions

	2021 R'000	2020 R'000
Allowance for impairment of transactions under investigation		
Opening balance	10 987	12 639
Amounts written off as uncollectable	(5)	(1 652)
	10 982	**10 987**

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. The actual amount written off for transactions under investigation as presented under bad debts written off in the Statement of Financial Performance was R0 million (2020: R1 million).

	2021 R'000	2020 R'000
Allowance for impairment of disallowances and overpayments debt		
Opening balance	119 106	116 101
Movement in prior year allowance	2 859	(2 155)
Amounts written off as uncollectable	(35 360)	(59 375)
Disallowances and overpayments cancelled	(166)	(233)
Disallowances and overpayments recovered	(13 803)	(11 945)
New allowances for impairment	146 491	76 713
	219 127	**119 106**

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. The actual amount written off for disallowances and overpayments as presented under bad debts written off in the Statement of Financial Performance was R44 million (2020: R65 million). Refer note 26 for detail.

	2021 R'000	2020 R'000
Allowance for impairment of legal claims contribution debt		
Opening balance	9 395	8 335
Movement in prior year allowance	2	(13)
Amounts written off as uncollectable	(404)	(752)
Contribution debt recovered	(157)	(331)
New allowance for impairment	1 669	2 156
	10 505	**9 395**

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. The actual amount written off for legal claims as presented under bad debts written off in the Statement of Financial Performance was R0.4 million (2020: R1 million).

Allowance for disallowances / overpayments

Factors considered for impairment are based on 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), whether the overpayments are older than 270 days and whether the receivable is a South African citizen or not.

Legal claims

Factors considered for impairment are based on historical evidence of recoverability and non-recoverability of legal claims.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

6. Statutory receivables from non-exchange transactions

Funds held at National Treasury

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 R148.

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:

	2021 R'000	2020 R'000
National Treasury	1 680 699	1 895 789

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.

7. Prepayments

	2021 R'000	2020 R'000
Prepayments	305 008	134 479

Prepayments relate to advance payments made to the following government agencies for communication, marketing and training of officials:

- Government Communication and Information System (GCIS)
- National School of Government (NSG)

Prepayments also 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. The remaining balance of advances made to Labour Activation Programmes (LAP) partners was R305 million at 31 March 2021 (R134 million at 31 March 2020).

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021 R'000	2020 R'000
Bank balances	21 510 554	3 198 649
Short-term deposits	1 600 000	299 441
Bank overdraft	(14)	(13)
	23 110 540	**3 498 077**
Current assets	23 110 554	3 498 090
Current liabilities	(14)	(13)
	23 110 540	**3 498 077**

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 R 23 110 540 (2020: R3 498 077).

Bank overdraft

Bank overdrafts are due to bank accounts on which after trading hours transactions were processed and only cleared the following banking date that is after the reporting date. The R14 000 overdraft amount (R13 000 at 31 March 2020) relates to bank charges processed on 31 March but only cleared from the bank charges account on 1 April. The Fund does not have approved overdraft facilities and accordingly there are no unused bank overdraft facilities.

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:

Credit rating		
zaAA	100%	100%

Agency	**Rating**	**Outlook**	**Date**
Standard & Poor's	BB-	Stable	30 April 2020
Fitch	BB-	Negative	20 November 2020
Moody's	Ba2	Negative	20 November 2020
Standard & Poor's	BB-	Stable	30 April 2020
Fitch	BB	Negative	03 April 2020
Moody's	Ba1	Negative	27 March 2020

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

9. Investment property

	2021 Cost / Valuation R'000	2020 Cost / Valuation R'000
Land and buildings	475 824	194 775

Reconciliation of investment property - 2021

	Opening balance R'000	Additions resulting from capitalised subsequent expenditure R'000	Fair value adjustments R'000	Total R'000
Land and buildings	194 775	164 115	116 934	475 824

Reconciliation of investment property - 2020

	Opening balance R'000	Additions R'000	Additions resulting from capitalised subsequent expenditure R'000	Transfers R'000	Fair value adjustments R'000	Total R'000
Land and buildings	153 011	64 872	186 824	(4 060)	(205 872)	194 775

Pledged as security

No investment property was pledged as security.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

9. Investment property (continued)

Investment property in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Investment property		
Investment property - Cost	-	32 419

Details of property

Erf 895 (a portion of Erf 252), Bisho		
Extent 826 m², Title deed number: T376/1985-CS		
- Purchase price: 1 December 2008	41	41
- Additions since purchase or valuation	23 256	23 256
- Capitalised expenditure	-	-
- Fair value adjustment	(7 297)	(10 797)
	16 000	**12 500**

The building has been newly renovated to "B" grade office standards. The property is fully occupied by a single tenant, the Department of Roads and Public Works on a five-year lease which commenced on 1 January 2019. The current gross rental is R125.01/m², escalating at 6.5% per annum. The agreed rental is lower than the proposed rental being considered at the time of the previous valuation, which was at a rental of R141.36/m². A gross monthly market rental of R142.00/m² was assumed in the valuation.

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.

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 11.0% (2020:10.5%)
- Exit Capitalisation Rate of 10.0% (2020:11.0%)
- Discount Rate of 16% (2020:15.5%)
- Escalation of new rental of 7% (2020:5%)
- Vacancy Rate of 2% (2020:0%)
- Expense Growth Rate of 6% (2020:7%)

Portion 5 (remainder extent) of Erf 43, Thohoyandou		
Extent of portion 5: 2 051 m², Title deed number : TG83891/2011PTA		
- Purchase price: 1 December 2008	1 940	1 940
- Capitalised expenditure	30 772	27 397
- Fair value adjustment	(14 112)	(20 137)
	18 600	**9 200**

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 existing building requires extensive redevelopment to bring the building to appropriate standards. The building is in the process of being redeveloped to "B" Grade office standards. During the amalgamation process Portion 4 and 5 of Erf 43 Thohoyandou reflected on the audited AFS of the Fund, however only the physical title deed for Portion 5 of Erf 43 Thohoyandou could be obtained. A legal firm has been appointed to obtain the title deed for Portion 4 of Erf 43 Thohoyandou from Thulamela Local Municipality and / or Department of Public Works. The previous valuation included the adjacent Portion 4 of Erf 43 Thohoyandou which has been excluded from this valuation due to the dispute with regards to the title deed. The former valuation conducted on the property utilised the residual valuation method, based on the Discounted Cash Flow Method of valuation with provision for costs to complete.

The subject property is a multi-tenanted investment property, therefore the valuators elected to apply the Discounted Cash Flow Method, as the primary method, in order to determine the value. A gross monthly market rental of R1,052/m² was assumed in the valuation.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

9. Investment property (continued)

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

- Discount Rate of 14.3% (2020:15.5%)
- Exit Capitalisation Rate of 11.5% (2020:10.5%)
- Escalation of new rental of 6% (2020:0%)
- Vacancy Rate of 2% (2020:3%)
- Expense Growth Rate of 3.8% (2020:6%)

Erf 1112, Marshalltown, City of Johannesburg
Extent 2 082 m², Title deed number: T37743/2018

	2021 R'000	2020 R'000
- Purchase price: 1 December 2008	74 899	74 899
- Additions since purchase or valuation	-	-
- Fair value adjustment	(4 199)	(15 699)
	70 700	**59 200**

This property is an old office building, offering basement parking with offices above, in Johannesburg CBD. The building requires extensive redevelopment which is still in the initial stages. The subject property is fully vacant. The property has been valued as is.

The valuators elected to apply the Discounted Cash Flow Method, as the primary method, in order to determine the value. A gross monthly market rental of R90/m² and basement parking rental of R700 per parking bay was assumed in the valuation.

The following valuation parameters were applied on the investment:

- Vacancy Rate of 5% (2020:2%)
- Discount Rate of 16.5% (2020:15.5%)
- Exit Capitalisation Rate of 11.5% (2020:0%)
- Escalation of new rental of 5% (2020:0%)
- Expense Growth Rate of 6.5% (2020:0%)

Erf 222, Annadale, Polokwane
Extent 2 855 m², Title deed number: T2409/2019

	2021 R'000	2020 R'000
- Purchase price: 1 December 2008	10 118	10 118
- Additions since purchase or valuation	-	-
- Capitalised expenditure	116	-
- Fair value adjustment	3 341	(4 128)
	13 575	**5 990**

This property has been improved with six three-storey residential blocks currently utilised as student accommodation. The improvements as a whole have been predominantly above average condition and in a well-maintained condition. 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 additions of R 5.610 million for Portion 67 (A portion of portion 12) of the farm Syferkuil 921, Limpopo was included in Erf 222, Annadale, Polokwane in the prior year. This is disclosed separately in the current year.

The direct comparable sales approach was applied by the valuators for the land value and a Discounted Cash-flow analysis for the future income generated by the property. A gross monthly market rental of R 239 /m² was assumed in the valuation.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

9. Investment property (continued)

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 11.5% (2020; 10.25%)
- Discount Rate of 14.6% (2020:15.25%)
- Vacancy Rate of 2% (2020; 3%)
- Cost to Sell of 2.5% (2020; 5%)
- Expense Growth Rate of 3.8% (2020; 6%)
- Escalation of new rental of 6% (2020; 6%)

Erf 7339, Bendor, Extension 86, Polokwane
Extent 6 819 m², Title deed number: 3656/2019T

	2021	2020
- Purchase price: 1 December 2008	4 060	4 060
- Capitalised expenditure	865	-
- Fair value adjustment	(500)	(2 585)
	4 425	**1 475**

This property has a single storey residential block currently accommodating a total of seven townhouse units with garages. These town houses are vacant and will be demolished and replaced with student accommodation. This development is estimated for completion during December 2021. The property is planned to be improved with two three-storey residential blocks utilised as student accommodation.

The subject property is vacant residential land and was valued as such. The direct comparable sales approach was applied to the valuation.

The valuators applied a conservative rate of R 1 450/bulk m². This application calculates a value of R17.8 million. The valuers opted to allow for an additional demolishment cost of R0.1378 million. Subtracting this amount a total value of R17.7 million rounded was calculated. The Fund has a 25% share in the property.

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng
Extent 8,454m², Title deed number: 8852/1992T

	2021	2020
- Purchase price: 13 February 1992	7 875	7 875
- Additions since purchase or valuation	41 616	41 616
- Capitalised expenditure	124 051	15 751
- Fair value adjustment	47 158	(13 242)
	220 700	**52 000**

The property is currently being developed with an eight-storey commercial office building to enable the accommodation of various tenants. 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 valuators elected to apply the Discounted Cash Flow Method, as the primary method, in order to determine the value. A gross monthly market rental of R125/m² and basement parking rental of R800 per parking bay was assumed in the valuation.

The comparison approach was adopted in assessing the land value and the residual approach to determine the contributory value of the existing office shell in the prior year.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

9. Investment property (continued)

The following valuation parameters were applied on the investment:

- Vacancy Rate of 5%
- Discount Rate of 16%
- Capitalisation Rate of 11 %
- Income Growth Rate of 5%
- Expense Growth Rate of 6.5%
- Cost to Sell of 5%

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

	2021 R'000	2020 R'000
- Purchase price: 29 October 2015 and 22 November 2017	54 078	54 078
- Capitalised expenditure	153 390	134 006
- Fair value adjustment	(82 768)	(139 284)
	124 700	**48 800**

Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside comprises of four stands which form a unit for future consolidation and development. On the date of the valuation the property is vacant with fences for security purposes to prevent illegal squatting.

Erf 834 portion 50, Sunnyside compromise a vacant corner stand located in the north/south commercial corridor of Trevenna. The site is vacant with a perimeter fence.

Due to the fact that the property comprises vacant land and is thus undeveloped, the property was valued using the direct comparable approach, where the valuators have located recent sales of other vacant land properties, taking into account direct and indirect factors which would influence the market value.

The Fund bought the properties which are adjacent to each other to develop a 55,000m² "Labour Campus" to accommodate the Fund, Compensation Fund and the Department of Employment and Labour. The Compensation Fund expressed interest in acquiring their tower in the planned Sunnyside Labour Campus development. National Treasury has granted approval for the Compensation Fund to participate. A letter of introduction was sent to the Department of Employment and Labour, however the process has not been concluded.

Portion 67 (A portion of portion 12) of the farm Syferkuil 921, Limpopo
Extent 5,007m², Title deed number: T337/2020

	2021 R'000	2020 R'000
- Capitalised expenditure	5 750	5 610
- Fair value adjustments	1 375	-
	7 125	**5 610**

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 is currently vacant land. The valuators were instructed to value the servitude registered for the purpose of the development of student accommodation.

The following valuation parameters were applied on the investment:
- Market Capitalisation Rate of 9.00%
- Discount Rate of 14.50%
- Vacancy Rate of 5%
- Expense Growth Rate of 30%

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

9. Investment property (continued)

At a macro level, the South African Property Market remains under pressure. Key drivers to the downturn in the property market is:
(1) lowered investor confidence (sentiment) largely due to political influences which are contributing to the de-valuing of the Rand against international currencies,
(2) policies which have caused a panic in the realm of young professionals of skilled labour, who are opting for "greener pastures" internationally causing a run on skilled workforce in South Africa,
(3) the global negative impact of the COVID-19 virus pandemic, and
(4) the downgrade of the South African economy.

Details of valuation

Erf 895 (a portion of Erf 252), Bisho

The effective date of the valuation is 31 March 2021. The market valuation was performed by Manna Holdings (Pty) Ltd, professional registered valuators. Manna Holdings (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. The discount rate applied is 16% (2020: 15.5%). Manna Holdings (Pty) Ltd certified that the market value of the property was R16 million as at 31 March 2021.

Portion 5 (remainder extent) of Erf 43, Thohoyandou

The effective date of the valuation is 31 March 2021. The market valuation was performed by Manna Holdings (Pty) Ltd, professional registered valuators. Manna Holdings (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. The discount rate applied is 14.3% (2020: 15.5%). Manna Holdings (Pty) Ltd certified that the market value of the property was R18.6 million as at 31 March 2021.

Erf 1112, Marshalltown, City of Johannesburg

The effective date of the valuation is 31 March 2021. The market valuation was performed by Spectrum Valuations and Asset Solutions (Pty) Ltd, professional registered valuators. 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. The discount rate applied is 16.5% (2020: 15.5%). Spectrum Valuations and Asset Solutions (Pty) Ltd certified that the market value of the property was R70.7 million as at 31 March 2021.

Erf 222, Annadale, Polokwane

The effective date of the valuation is 31 March 2021. The market valuation was performed by Manna Holdings (Pty) Ltd, professional registered valuators. Manna Holdings (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 direct comparable sales approach for the land and the discounted cash flow method together with market research in the direct vicinity of the property. The discount rate applied is 14.6% (2020: 15.25%). Manna Holdings (Pty) Ltd certified that the market value of the property was R13.5 million as at 31 March 2021.

Erf 7339, Bendor, Extension 86, Polokwane

The effective date of the valuation is 31 March 2021. The market valuation was performed by Manna Holdings (Pty) Ltd, professional registered valuators. Manna Holdings (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 direct comparable sales approach. Manna Holdings (Pty) Ltd certified that the market value of the property was R4.4 million as at 31 March 2021.

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng, extent 8 454 m^2

The effective date of the valuation is 31 March 2021. The market valuation was performed by Spectrum Valuations and Asset Solutions (Pty) Ltd, professional registered valuators. 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. The discount rate applied is 16% (2020: 0%). Spectrum Valuations and Asset Solutions (Pty) Ltd certified that the present day market value of the property was R220.7 million as at 31 March 2021.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

9. Investment property (continued)

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 2021. The market valuation was performed by Spectrum Valuations and Assets Solutions (Pty) Ltd, professional registered valuators. Spectrum Valuations and Assets 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 direct comparable approach together with market research in the direct vicinity of the property. Spectrum Valuations and Assets Solutions (Pty) Ltd certified that the present day market value of the property was R34 million as at 31 March 2021.

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 2021. The market valuation was performed by Spectrum Valuations and Asset Solutions (Pty) Ltd, professional registered valuators. 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 direct comparable approach 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 R90.7 million as at 31 March 2021.

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 2021. The market valuation was performed by Manna Holdings (Pty) Ltd, professional registered valuators. Manna Holdings (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 direct comparable approach together with market research in the direct vicinity of the property. Manna Holdings (Pty) Ltd certified that the market value of the property was R7.1 million as at 31 March 2021.

Maintenance of investment property

Amounts recognised in surplus or deficit

The following income and expenditure are included in the surplus / (deficit) of the Fund:

	2021 R'000	2020 R'000
Erf 222, Annadale, Baobab Manor, Polokwane		
Rent distribution received	1 042	562
Erf 895 (a portion of Erf 252), Bisho		
Rent received	2 721	3 184
Portion 5 (remainder extent) of Erf 43, Thohoyandou		
Rent received	926	441
Direct operating expenditure	-	(387)
	926	**54**

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

10. Property, plant and equipment

	2021			2020		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Furniture and fixtures	14 360	(12 105)	2 255	14 538	(10 999)	3 539
IT equipment	70 362	(43 561)	26 801	74 262	(34 537)	39 725
Leasehold improvements	10 105	(8 086)	2 019	10 105	(7 492)	2 613
Motor vehicles	1 898	(1 542)	356	2 349	(1 678)	671
Office equipment	1 974	(1 312)	662	2 061	(1 133)	928
Telecom equipment	7 473	(5 787)	1 686	7 473	(5 242)	2 231
Total	**106 172**	**(72 393)**	**33 779**	**110 788**	**(61 081)**	**49 707**

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance R'000	Additions R'000	Additions resulting from work-in-progress transferred R'000	Disposals R'000	Transferred to Department of Employment and Labour R'000	Transferred from work-in-progress R'000	Depreciation R'000	Total R'000
Furniture and fixtures	3 539	-	-	(29)	-	-	(1 255)	2 255
IT equipment	39 725	235	9 374	(55)	(369)	(9 356)	(12 753)	26 801
Leasehold improvements	2 613	-	-	-	-	-	(594)	2 019
Motor vehicles	671	-	-	(85)	-	-	(230)	356
Office equipment	928	21	-	(13)	-	-	(274)	662
Telecom equipment	2 231	-	-	-	-	-	(545)	1 686
	49 707	**256**	**9 374**	**(182)**	**(369)**	**(9 356)**	**(15 651)**	**33 779**

Reconciliation of property, plant and equipment - 2020

	Opening balance R'000	Additions R'000	Additions resulting from work-in-progress transferred R'000	Disposals R'000	Transferred to Department of Employment and Labour R'000	Transferred from work-in-progress R'000	Depreciation R'000	Total R'000
Furniture and fixtures	4 730	329	-	(16)	-	-	(1 504)	3 539
IT equipment	61 505	32 494	3 920	(15 054)	(22 712)	(3 920)	(16 508)	39 725
Leasehold improvements	3 396	95	-	-	-	-	(880)	2 613
Motor vehicles	1 005	-	-	(34)	-	-	(300)	671
Office equipment	7 116	322	-	(5 169)	-	-	(1 341)	928
Telecom equipment	2 953	-	-	(14)	-	-	(708)	2 231
	80 705	**33 240**	**3 920**	**(20 287)**	**(22 712)**	**(3 920)**	**(21 241)**	**49 707**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

10. Property, plant and equipment (continued)

Pledged as security

No items of property, plant and equipment were pledged as security.

Assets subject to lease (Net carrying amount)

Leasehold improvements	2 019	2 613

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	1 763	11 489

Reconciliation of work-in-progress 2021

	Included within IT equipment R'000	Total R'000
Opening balance	11 470	11 470
Correction of prior period error	18	18
Transferred to completed items	(9 725)	(9 725)
	1 763	**1 763**

Reconciliation of work-in-progress 2020

	Included within IT equipment R'000	Total R'000
Opening balance	26 632	26 632
Additions/capital expenditure	11 470	11 470
Transferred to completed items	(26 632)	(26 632)
	11 470	**11 470**

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	11 699	3 960
Sale of goods/Inventory	15	846
	11 714	**4 806**

	2021 R'000	2020 R'000

11. Intangible assets

	2021			2020		
	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000
Computer software	15 307	(12 141)	3 166	16 887	(8 075)	8 812
Intellectual property	83 947	-	83 947	83 947	-	83 947
Right-to-lease	5 600	(112)	5 488	-	-	-
Total	**104 854**	**(12 253)**	**92 601**	**100 834**	**(8 075)**	**92 759**

Reconciliation of intangible assets - 2021

	Opening balance R'000	Additions R'000	Transfers from work-in-progress R'000	Amortisation R'000	Total R'000
Computer software	8 812	529	(18)	(6 157)	3 166
Intellectual property	83 947	-	-	-	83 947
Right-to-lease	-	5 600	-	(112)	5 488
	92 759	**6 129**	**(18)**	**(6 269)**	**92 601**

Reconciliation of intangible assets - 2020

	Opening balance R'000	Additions R'000	Transfers from work-in-progress R'000	Amortisation R'000	Total R'000
Computer software	39 417	2 090	(218)	(32 477)	8 812
Intellectual property	83 947	-	-	-	83 947
	123 364	**2 090**	**(218)**	**(32 477)**	**92 759**

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		
Computer software	977	995

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 Audited Annual Financial Statements

	2021 R'000	2020 R'000

12. Interests in joint ventures

Name of company	Listed / Unlisted	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020	Fair value 2021	Fair value 2020
Kefolile Consumer Brands (Pty) Ltd	Unlisted	50,00 %	50,00 %	-	2 773	-	2 773
Matseke Medical Consultants CC	Unlisted	51,00 %	51,00 %	64 945	64 945	66 140	64 945
				64 945	67 718	66 140	67 718

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 valuators and the carrying amounts as at 31 March.

It should be noted that the fair values disclosed above for the 31 March 2021 reporting period are based on the draft valuation reports received, and that the fair values might change should the final reports be different from the draft reports.

Consequently, no fair value adjustments could be made to the carrying amounts of the investments for the 31 March 2021 reporting period.

2021

	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	2 773	-	-	(2 773)	-
Matseke Medical Consultants CC	64 945	-	-	-	64 945
	67 718	**-**	**-**	**(2 773)**	**64 945**

The Fund has the following jointly controlled entities that are equity accounted:

Company	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 %	66 140	30 June
			-		**66 140**	

12. Interests in joint ventures (continued)

2020

Company	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	68 442	(39 945)	-	(25 724)	2 773
Matseke Medical Consultants CC	81 912	1 186	-	(18 153)	64 945
	150 354	**(38 759)**	**-**	**(43 877)**	**67 718**

The Fund has the following significantly jointly controlled entities that are equity accounted:

Company	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 %	2 773	30 June
Matseke Medical Consultants CC	RSA	Health care	-	51 %	64 945	30 June
			-		**67 718**	

All figures are rounded to the nearest million.

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 and Matseke Medical Consultants CC will have 51% 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.

Summary of financial information:

Application of GRAP 36 Investments in Associates and Joint Ventures

The information received for the investees, via PIC, was deemed to be a relevant and faithful representation of the investee's financial information for the current year and prior year (where required) when the following was received:

Audited AFS with an unqualified audit opinion at 31 March 2021 / 2020; or

Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with draft AFS at 31 March 2021 / 2020 with supporting information that could be verified; or

Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with management accounts at 31 March 2021 / 2020 with supporting information that could be verified.

The Fund placed some reliance on information received for the investees, via PIC, when the following was received:

Audited AFS with a qualified audit opinion at 31 March 2021 / 2020; or

Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with draft AFS at 31 March 2021 / 2020; or

12. Interests in joint ventures (continued)

Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with management accounts at 31 March 2021 / 2020.

The information received was thereafter evaluated in terms of the methodology to ensure compliance with GRAP 36 Investments in Associates and Joint Ventures in terms of adjustments relating to prior periods, adjustments for differences in reporting frameworks and consequentially accounting policies, adjustments for differences in reporting dates and the thereafter application of the equity method.

The Fund's interest in the surplus / (deficit) for the current year of each respective investee was thereafter calculated and the relevant journals processed.

Impairment of the investments in the investees were considered and related calculations performed and journals processed.

The Fund provides the following detailed information per investee, accounted for as interests in joint ventures

Kefolile Consumer Brands (Pty) Ltd

Accounting classification

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.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the period ended 30 June 2019. The investee's auditors issued a disclaimer opinion in 2019 on the fair value adjustments made to the unlisted investment held in Bounty Brands (Pty) Ltd. Furthermore, the auditors concluded that the investee is insolvent due to the loss of R266 million that occurred in 2019.

The investee presented audited management accounts for the period 1 July 2019 up to 31 March 2020.

The investee did not present any supporting information to the audited management accounts for the period 1 July 2019 up to 31 March 2020.

The investee presented audited AFS to the Fund for the period ended 31 March 2021.The investee's auditors issued a disclaimer opinion on the basis that the company incurred a net loss of R136,381,292 (2020: R10,117,580) and as at that date the company's total liabilities exceeded its total assets by R214,633,248 (2020: R78,251,956) and the company's current liabilities exceeded its current liabilities by R1,377,168 (2020: R86,944). The fact that parent company, Kefolile Consumer Brands Holdings is insolvent and as such could activate a trigger event per the Preference Share Subscription agreement to which it is party to, whereby the subscriber to the Preference Share Subscription agreement has the right but not obligation to recall the loan at group level. The recalling of the loan at group level further triggers realisation of investments at group level, the impact of which will result in Kefolile Consumer Brands (Pty) Ltd not being a going concern. However, management of the investee does not believe that a technical insolvency situation casts significant doubt over the entity's ability to continue as a going concern because the related debt funding instruments are not due and payable within the next 12 months. The intention is to hold the investments to their maturity while working towards recovering their values. Management of the investee has no intention to liquidate or cease trading.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. 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.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

12. Interests in joint ventures (continued)

Equity accounting

No share in surplus/(deficit) was recognised in the current reporting period, since the investment was fully impaired. The share in surplus/(deficit) recognised in the prior reporting period is (R39 945).

The reader's attention is drawn to the fact that this information is from the audited AFS for 30 June 2019, the management accounts for 31 March 2020 and the audited AFS for 31 March 2021.

	31 March 2021 R'000	31 March 2020 R'000	30 June 2019 R'000
Current assets	1 149	2 058	4 031
Non-current assets	-	112 500	106 756
Current liabilities	(2 526)	(2 145)	(3 615)
Non-current liabilities	(213 256)	(190 665)	(175 307)
Net assets / (liabilities)	(214 633)	(78 252)	(68 134)
Revenue	-	88	11 673
Surplus / (deficit)	(136 381)	(79 890)	(266 153)

Impairment consideration

An impairment loss of R2.773 million (2020: R25.724 million) was recognised since the valuation of the investment is less than the carrying amount.

Matseke Medical Consultants (Pty) Ltd

Accounting classification

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.

Information received from investee and assurance thereof

The investee presented audited consolidated AFS to the Fund for the period ended 30 June 2019, the audit opinion was unqualified for the reporting period.

The investee presented reviewed consolidated management accounts for the period 1 July 2019 up to 31 March 2020.

The investee did not present any supporting information to the reviewed consolidated management accounts for the period 1 July 2019 up to 31 March 2020.

The investee presented audited consolidated AFS to the Fund for the period ended 30 June 2020, the audit opinion was unqualified for the reporting period.

The investee presented unaudited consolidated AFS for the period 1 July 2020 up to 31 March 2021.

The investee did not present any supporting information to the unaudited consolidated AFS for the periods 1 July 2020 up to 31 March 2021.

Reporting framework of investee

The investee applies IFRS for SMEs as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. Management accounts were used to calculate the Fund's share in surplus/(deficit) due to the different reporting dates. 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.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

12. Interests in joint ventures (continued)

Equity accounting

The Fund's share in surplus/(deficit) recognised is R0 (2020: R1.186 million).

The reader's attention is drawn to the fact that this information is from the audited consolidated AFS for 30 June 2019 and 30 June 2020 respectively and the unaudited consolidated management accounts for the 2020 and 2021 reporting periods respectively.

	31 March 2021 R'000	30 June 2020 R'000	31 March 2020 R'000	30 June 2019 R'000
Non-current assets	4 972	4 972	4 972	2 646
Non-current liabilities	(318)	(318)	(318)	(318)
Net assets / (liabilities)	4 654	4 654	4 654	2 328
Surplus / (deficit)	-	2 326	2 326	-

Impairment consideration

An impairment loss of R18 million was recognised in the prior period since the valuation of the investment is less than the carrying amount.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates

Name of entity	Listed / Unlisted	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020	Fair value 2021	Fair value 2020
Bright Glacier Trading (Pty) Ltd	Unlisted	40,00 %	40,00 %	-	-	-	-
Clinix Health Group (Pty) Ltd	Unlisted	20,00 %	20,00 %	200 915	194 477	200 915	194 477
Daybreak Farms (Pty) Ltd	Unlisted	33,33 %	33,33 %	370 070	358 960	661 558	812 000
Edcon Ltd	Unlisted	19,00 %	19,00 %	281 700	1 199 826	281 700	169 000
Educor Property Holdings (Pty) Ltd	Unlisted	42,00 %	42,00 %	239 365	227 493	276 914	227 493
Grey Jade Trade & Invest 69 (Pty) Ltd	Unlisted	33,00 %	33,00 %	53 558	53 558	68 602	66 232
Gurb Investments (Pty) Ltd	Unlisted	10,00 %	10,00 %	42 925	43 554	84 200	71 300
Kefolile Health Investment (Pty) Ltd	Unlisted	30,00 %	30,00 %	-	-	15 568	5 780
LA Crushers (Pty) Ltd	Unlisted	10,40 %	10,40 %	-	-	-	-
Musa Group (Pty) Ltd	Unlisted	15,00 %	15,00 %	-	-	-	-
Naturecell Africa RF (Pty) Ltd	Unlisted	35,00 %	35,00 %	13 266	17 793	41 291	40 398
Razorite Health and Rehabilitation Fund En Commandite Partnership	Unlisted	19,70 %	19,70 %	271 346	275 070	271 346	280 552
Razorite Health and Rehabilitation Fund II En Commandite Partnership	Unlisted	60,00 %	60,00 %	711 322	459 077	755 721	459 077
Resultant Finance (Pty) Ltd	Unlisted	15,00 %	15,00 %	984 630	970 439	1 045 372	1 054 238
South Point Management Services (Pty) Ltd	Unlisted	40,00 %	40,00 %	460 230	427 226	460 230	427 226
The SA SME Fund Limited*	Unlisted	21,94 %	22,96 %	268 493	270 676	268 493	270 676
UIF Agri Fund 1 En Commandite Partnership	Unlisted	100,00 %	100,00 %	480 553	495 723	493 130	518 830
Urban Lifestyle Investments (Pty) Ltd	Unlisted	42,00 %	42,00 %	486 766	492 326	798 948	706 918
				4 865 139	5 486 198	5 723 988	5 304 197

* The shareholding in The SA SME Fund Ltd decreased slightly from the the prior period to the current period. This was due to the dilution of the shares.

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 valuators and the carrying amounts as at 31 March.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

Movements in carrying value

2021

Company	Opening balance R'000	Acquisition R'000	Impairment R'000	Surplus/ (deficit) for the year R'000	Preference share acquisition R'000	Loan acquisition R'000	Loan disposal R'000	Dividends R'000	Total R'000
Clinix Health Group (Pty) Ltd	194 477	-	(385)	6 823	-	-	-	-	200 915
Daybreak Farms (Pty) Ltd	358 960	-	-	27 802	-	-	-	(16 692)	370 070
Edcon Ltd	1 199 826	-	(918 126)	-	-	-	-	-	281 700
Educor Property Holdings (Pty) Ltd	227 493	-	-	11 872	-	-	-	-	239 365
Grey Jade Trade & Invest 69 (Pty) Ltd	53 558	-	-	-	-	-	-	-	53 558
Gurb Investment (Pty) Ltd	43 554	-	-	(629)	-	-	-	-	42 925
Naturecell Africa RF (Pty) Ltd	17 793	-	-	(4 527)	-	-	-	-	13 266
Razorite Health and Rehabilitation Fund En Commandite Partnership	275 070	21 082	(4 789)	(20 017)	-	-	-	-	271 346
Razorite Fund II En Commandite Partnership	459 077	218 133	-	34 112	-	-	-	-	711 322
Resultant Finance (Pty) Ltd	970 439	-	-	8 646	-	6 635	-	(1 090)	984 630
South Point Management Services (Pty) Ltd	427 226	-	(13 238)	46 242	-	-	-	-	460 230
The SA SME Fund Ltd	270 676	-	(1 657)	(526)	-	-	-	-	268 493
UIF Agri-Fund 1 En Commandite Partnership	495 723	-	-	(15 170)	-	-	-	-	480 553
Urban Lifestyle Investments (Pty) Ltd	492 326	-	-	(5 560)	-	-	-	-	486 766
	5 486 198	**239 215**	**(938 195)**	**89 068**	**-**	**6 635**	**-**	**(17 782)**	**4 865 139**

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

The Fund has the following associates that are equity accounted for:

Normal shares in associates

Company	Principal place of business	Nature of business	Dividends R'000	Shareholding %	Fair value R'000	Financial year-end
Bright Glacier Trading (Pty) Ltd	RSA	Fast moving consumer goods	-	40 %	-	30 June
Clinix Health Group (Pty) Ltd	RSA	Healthcare	-	20 %	200 915	30 September
Daybreak Farms (Pty) Ltd	RSA	Agriculture	(16 692)	33 %	661 558	31 March
Edcon Ltd	RSA	Retail	-	19 %	281 700	31 March
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	-	42 %	276 914	31 December
Grey Jade Trade & Invest 69 (Pty) Ltd	RSA	Agriculture	-	33 %	68 602	31 March
Gurb Investment (Pty) Ltd	RSA	Special purpose vehicle for investment	-	10 %	84 200	31 March
Kefolile Health Investment (Pty) Ltd	RSA	Healthcare	-	30 %	15 568	30 June
LA Crushers (Pty) Ltd	RSA	Mining	-	10 %	-	Last day of February
Musa Group (Pty) Ltd	RSA	Financial services	-	15 %	-	Last day of February
Naturecell Africa RF (Pty) Ltd	RSA	Agriculture	-	35 %	41 291	Last day of February
Razorite Health and Rehabilitation Fund En Commandite Partnership	RSA	Healthcare	-	20 %	271 346	31 March
Razorite Fund II En Commandite Partnership	RSA	Healthcare	-	60 %	755 721	31 March
Resultant Finance (Pty) Ltd	RSA	Asset rentals	(1 090)	15 %	1 045 372	Last day of February
South Point Management Services (Pty) Ltd	RSA	Student accommodation	-	40 %	460 230	Last day of February
The SA SME Fund Ltd	RSA	Various	-	22 %	268 493	Last day of February
UIF Agri-Fund 1 En Commandite Partnership	RSA	Agriculture	-	100 %	493 130	31 December
Urban Lifestyle Investments (Pty) Ltd	RSA	Property development	-	42 %	798 948	31 December
			(17 782)		**5 723 988**	

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

Preference shares in associates

Company	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 %	81 015
Daybreak Farms (Pty) Ltd - Pref A	RSA	Agriculture	33 %	119 200
Daybreak Farms (Pty) Ltd - Pref B	RSA	Agriculture	33 %	551 200
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	42 %	145 000
Gurb Investment (Pty) Ltd	RSA	Special purpose vehicle for investments	10 %	84 200
Kefolile Health Investments (Pty) Ltd	RSA	Health Care	30 %	11 041
				991 656

All figures are rounded to the nearest million.

The Fund has preference shares issued by Clinix Health Group (Pty) Ltd valued at R81 million, interest plus margin compounded monthly. The preference shares are valued using the discounted cashflow method.

The Fund has non-cumulative redeemable participating "A" preference shares issued by Daybreak Farms (Pty) Ltd valued at R119 million.

The Fund has non-cumulative redeemable participating "B" preference shares issued by Daybreak Farms (Pty) Ltd valued at R542 million.

The Fund has callable redeemable "B" preference shares issued by Educor Property Holdings (Pty) Ltd valued at R145 million.

The Fund has preference shares issued by Gurb Investments (Pty) Ltd valued at R84 million. The preference shares are valued using the discounted cash flow method.

The Fund has preference shares issued by Kefolile Health Investments (Pty) Ltd valued at R11 million.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

Explanation of selected significant influence relationships

The Fund has significant influence over Edcon Ltd due to material transactions with the investee.

The Fund has significant influence over Gurb Investments (Pty) Ltd because it has significant voting rights.

The Fund has significant influence over Resultant Finance (Pty) Ltd due to material transactions with the investee.

The Fund did not have significant voting rights in UIF Agri-Fund 1 En Commandite Partnership. The significant voting rights are with Futuregrowth Agri-Fund South Africa - 1 GP (Pty) Ltd, therefore the investment has been classified as an associate.

The Fund did hot have significant voting rights in Razorite Fund I and II En Commandite Partnerships. The significant voting rights are with Razorite Fund Managers, therefore the investment has been classified as an associate.

Company	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
Clinix Health Group (Pty) Ltd	246 879	795 822	(359 857)	(382 173)	300 673	1 071 594	34 115
Daybreak Farms (Pty) Ltd	1 237 494	855 382	(348 757)	(193 778)	1 550 341	2 989 843	83 414
Educor Property Holding (Pty) Ltd	483 954	1 438 101	(208 533)	(1 057 019)	656 503	175 575	18 503
Gurb Investment (Pty) Ltd	1	145 000	(147 743)	-	(2 742)	-	(11 289)
Kefolile Health Investment (Pty) Ltd	678	28 161	(2 583)	(753 426)	(727 170)	58 149	(80 438)
LA Crushers (Pty) Ltd	38 677	17 710	(106 935)	(369 495)	(420 043)	320 802	(79 361)
Naturecell Africa RF (Pty) Ltd	19 649	96 484	(52 091)	(78 313)	(14 270)	-	(12 934)
Razorite Health and Rehabilitation Fund En Commandite Partnership	7 953	1 355 145	(177)	-	1 362 921	-	(102 286)
Razorite Fund II En Commandite Partnership	331 929	1 056 569	(358)	-	1 388 141	94 115	56 853
Resultant Finance (Pty) Ltd	225 234	92 129	(125 816)	(25 898)	165 648	88 924	57 638
South Point Management Services (Pty) Ltd	57 317	2 185 309	(170 876)	(828 315)	1 243 435	228 579	115 606
The SA SME Fund Ltd	848 762	483 661	(9 567)	(32 600)	1 290 256	71 814	(2 397)
UIF Afri Fund 1 en Commandite Partnership	59 036	437 108	(3 014)	-	496 144	34 911	(15 170)
Urban Lifestyle Investments (Pty) Ltd	303 141	1 520 748	(48 906)	(1 224 223)	550 761	89 256	(13 239)

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

Loans

Edcon - Tranche B1 Instruments

- The R1.2 billion The Fund's investment in Edcon was structured as a R617 million subscription in Ordinary Shares and a R583 million subscription in Convertible Notes referred to as Tranche B1 Instruments.
- The Tranche B1 Instruments are mandatorily convertible into ordinary shares when Edcon achieves an EBITDA of at least R1 000 million or are due in 2023 at nominal amount.
- However, upon an "Acceleration Event", such as the issuer (Edcon) filing for business rescue, as defined, the Tranche B1 Instruments will then become redeemable in cash at their nominal amount.
- The Tranche B1 Instruments were valued at their nominal amount of R282 million as at 31 December 2019.

Because the Tranche B1 Instruments held by the Fund rank *pari passu* with other downside Convertible Notes held by other co-shareholders, without reliance to business rescue processes, the recoverable amount on the Tranche B1 Instruments has not yet been fully assessed.

Edcon - Tranche B2 Instruments

The Tranche B2 instrument is a downside protection for the Fund in case an accelerated event occurs with the Edcon transaction, an event which occurred earlier this year. This clause allowed the Fund to have a claim of R306 million in the assets of Edcon. That value is represented by Tranche B2 instrument as per below.

- In addition to the R1.2 billion subscription in ordinary share and convertible notes, the Fund has also secured the rights embodied in the Tranche B2 Instruments.
- The Tranche B2 Instruments provides the Fund a R306 million Indirectly Secured Guarantee that is due, in cash settlement, upon an "*Acceleration Event*".

This brings the potential downside protection for the Fund to a total amount of R889 million that is claimable against Edcon during this business rescue process.

The Fund has a loan facility with Edcon Ltd valued at R282 million.

The Fund has a loan facility with Grey Jade Trade & Invest 69 (Pty) Ltd valued at R54 million.

The Fund issued a senior loan to Kefolile Health Investments (Pty) Ltd valued at R5 million.

The Fund has a loan facility with Naturecell Africa RF (Pty) Ltd valued at R41 million.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

The Fund has loan facilities with Resultant Finance (Pty) Ltd valued at R1 026 million.

The Fund has loan facilities with Urban Lifestyle Investments (Pty) Ltd valued at R 584 million.

2020

Company	Opening balance R'000	Acquisition R'000	Impairment R'000	Surplus/ (deficit) for the year R'000	Preference share acquisition R'000	Loan acquisition R'000	Loan disposal R'000	Dividends R'000	Total R'000
Bright Glacier Trading (Pty) Ltd	548 565	-	(548 565)	-	-	-	-	-	-
Clinix Health Group (Pty) Ltd	179 451	-	(10 786)	5 544	20 268	-	-	-	194 477
Daybreak Farms (Pty) Ltd	265 315	-	-	93 645	-	-	-	-	358 960
Edcon Ltd	-	616 976	-	-	-	582 850	-	-	1 199 826
Educor Property Holdings (Pty) Ltd	433 284	-	(216 729)	10 938	-	-	-	-	227 493
Grey Jade Trade & Invest 69 (Pty) Ltd	53 558	-	-	-	-	-	-	-	53 558
Gurb Investment (Pty) Ltd	45 426	-	-	(1 872)	-	-	-	-	43 554
LA Crushers (Pty) Ltd	85 628	-	(82 768)	(2 860)	-	-	-	-	-
Musa Group (Pty) Ltd	138 833	-	(138 833)	-	-	-	-	-	-
Naturecell Africa RF (Pty) Ltd	19 536	-	-	(14 274)	-	12 531	-	-	17 793
Razorite Health and Rehabilitation Fund En Commandite Partnership	237 666	40 088	-	(2 684)	-	-	-	-	275 070
Razorite Fund II En Commandite Partnership	75 720	366 199	(3 547)	20 705	-	-	-	-	459 077
Resultant Finance (Pty) Ltd	336 501	-	-	8 550	-	997 917	(371 459)	(1 070)	970 439
South Point Management Services (Pty) Ltd	413 000	-	(15 701)	29 927	-	-	-	-	427 226
The SA SME Fund Ltd	98 065	180 000	(1 284)	(6 105)	-	-	-	-	270 676
UIF Agri-Fund 1 En Commandite Partnership	504 072	-	-	(8 349)	-	-	-	-	495 723
Urban Lifestyle Investments (Pty) Ltd	-	-	-	(7 674)	-	500 000	-	-	492 326
	3 434 620	**1 203 263**	**(1 018 213)**	**125 491**	**20 268**	**2 093 298**	**(371 459)**	**(1 070)**	**5 486 198**

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

The Fund has the following associates that are equity accounted for:

Normal shares in associates

Company	Principal place of business	Nature of business	Dividends R'000	Shareholding %	Fair value R'000	Financial year-end
Bright Glacier Trading (Pty) Ltd	RSA	Fast moving consumer goods	-	40,00 %	-	30 June
Clinix Health Group (Pty) Ltd	RSA	Healthcare	-	20,00 %	120 806	30 September
Daybreak Farms (Pty) Ltd	RSA	Agriculture	-	33,00 %	142 000	31 March
Edcon Ltd	RSA	Retail	-	19,00 %	169 000	31 March
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	-	42,00 %	82 493	31 December
Grey Jade Trade & Invest 69 (Pty) Ltd	RSA	Agriculture	-	33,00 %	3 439	31 March
Gurb Investment (Pty) Ltd	RSA	Special purpose vehicle for investment	-	10,00 %	-	31 March
Kefolile Health Investment (Pty) Ltd	RSA	Healthcare	-	30,00 %	-	30 June
LA Crushers (Pty) Ltd	RSA	Mining	-	10,40 %	-	Last day of February
Musa Group (Pty) Ltd	RSA	Financial services	-	15,00 %	-	Last day of February
Naturecell Africa (Pty) Ltd	RSA	Agriculture	-	35,00 %	-	Last day fo February
Razorite Health and Rehabilitation Fund En Commandite Partnership	RSA	Healthcare	-	19,67 %	280 552	31 March
Razorite Fund II En Commandite Partnership	RSA	Healthcare	-	60,00 %	459 077	31 March
Resultant Finance (Pty) Ltd	RSA	Asset rentals	(1 070)	15,00 %	14 238	Last day of February
South Point Management Services (Pty) Ltd	RSA	Student accommodation	-	40,00 %	427 226	Last day of February
The SA SME Fund Limited	RSA	Various	-	22,96 %	270 676	Last day of February
UIF Agri-Fund 1 En Commandite Partnership	RSA	Agriculture	-	100,00 %	518 830	31 December
Urban Lifestyle Investments (Pty) Ltd	RSA	Property development	-	42,00 %	168 057	31 December
			(1 070)		**2 656 394**	

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

Preference shares in associates

Company	Principal place of business	Nature of business	Shareholding %	Fair value R'000
Bright Glacier Trading (Pty) Ltd	RSA	Fast moving consumer goods	40,00 %	-
Clinix Health Group (Pty) Ltd	RSA	Healthcare	15,00 %	73 671
Daybreak Farms (Pty) Ltd - Pref A	RSA	Agriculture	33,00 %	119 000
Daybreak Farms (Pty) Ltd - Pref B	RSA	Agriculture	33,00 %	551 000
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	42,00 %	145 000
Gurb Investment (Pty) Ltd	RSA	Special purpose vehicle for investment	10,00 %	71 300
All figures are rounded to the nearest million.				**959 971**

The Fund has preference shares issued by Bright Glacier Trading (Pty) Ltd of which the value is impaired.

The Fund has preference shares issued by Clinix Health Group (Pty) Ltd valued at R74 million, interest plus margin compounded monthly. The preference shares are valued using the discounted cashflow method.

The Fund has non-cumulative redeemable participating "A" preference shares issued by Daybreak Farms (Pty) Ltd valued at R119 million.

The Fund has non-cumulative redeemable participating "B" preference shares issued by Daybreak Farms (Pty) Ltd valued at R551 million.

The Fund has callable redeemable "B" preference shares issued by Educor Property Holdings (Pty) Ltd valued at R145 million.

The Fund has preference shares issued by Gurb Investments (Pty) Ltd valued at R71 million. The preference shares are valued using the discounted cash flow method.

Explanation of selected significant influence relationships

The Fund has significant influence over Edcon Ltd due to material transactions with the investee.

The Fund has significant influence over Gurb Investments (Pty) Ltd because it has significant voting rights.

The Fund has significant influence over Resultant Finance (Pty) Ltd due to material transactions with the investee.

The Fund did not have significant voting rights in UIF Agri-Fund 1 En Commandite Partnership. The significant voting rights are with Futuregrowth Agri-Fund South Africa - 1 GP (Pty) Ltd, therefore the investment has been classified as an associate.

The Fund did hot have significant voting rights in Razorite Fund I and II En Commandite Partnerships. The significant voting rights are with Razorite Fund Managers, therefore the investment has been classified as an associate.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

13. Investments in associates (continued)

Summary of financial information

Company	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
Daybreak Farms (Pty) Ltd	1 190 556	871 292	(306 581)	(238 264)	1 517 003	2 980 251	283 772
Educor Property Holdings (Pty) Ltd	125 236	1 649 079	(169 257)	(967 059)	637 999	185 700	26 042
Gurb Investment (Pty) Ltd	3	140 000	(49 456)	(87 000)	3 547	-	(23 726)
Kefolile Health Investment (Pty) Ltd	30 905	27 363	(1 362 421)	(202 231)	(1 533 747)	52 535	(220 140)
LA Crushers (Pty) Ltd	53 334	158 069	(76 820)	(314 040)	(179 455)	258 383	(27 500)
Naturecell Africa (Pty) Ltd	78 110	53	(37 013)	(78 315)	(37 166)	48	(40 784)
Razorite Health and Rehabilitation Fund En Commandite Partnership	42 995	1 406 640	(12 086)	(1 437 549)	-	3 076	(13 624)
Razorite Fund II En Commandite Partnership	155 527	609 226	(172)	-	(764 581)	9 826	34 509
Resultant Finance (Pty) Ltd	236 704	57 863	(163 046)	(16 244)	115 279	98 248	57 001
South Point Management Services (Pty) Ltd	38 959	1 941 901	(106 370)	(746 661)	1 127 829	232 435	74 818
The SA SME Fund Ltd	986 437	271 911	(26 196)	(2 911)	1 232 152	55 231	(26 589)
UIF Agri-Fund 1 En Commandite Partnership	35 329	483 575	(2 830)	-	516 074	34 582	(1 040)
Urban Lifestyle Investments (Pty) Ltd	611 052	1 020 840	(157 175)	(904 339)	570 378	67 734	3 039

All figures are rounded to the nearest million.

Loans

The Fund has loan facilities with Edcon Ltd valued at R169 million.

The Fund has loan facilities with Grey Jade Trade & Invest 69 (Pty) Ltd valued at R63 million.

The Fund issued a senior loan to Kefolile Health Investments (Pty) Ltd valued at R6 million.

The Fund's loan facilities with LA Crushers (Pty) Ltd are impaired.

The Fund's loan with Musa Group (Pty) Ltd is impaired.

The Fund has a loan facility with Naturecell Africa RF (Pty) Ltd valued at R40 million.

The Fund has loan facilities with Resultant Finance (Pty) Ltd valued at R1 040 million.

The Fund has loan facilities with Urban Lifestyle Investments (Pty) Ltd valued at R539 million.

13. Investments in associates (continued)

Contingencies

The Fund has no share of any associate's contingent liabilities that it incurred jointly with other investors or that it is severally liable for.

Restrictions

There is no significant restrictions on the ability of any associate to transfer funds to the Fund.

Application of GRAP 36 Investments in Associates and Joint Ventures

The information received for the investees, via PIC, was deemed to be a relevant and faithful representation of the investee's financial information for the current year and prior year (where required) when the following was received:

- Audited AFS with an unqualified audit opinion at 31 March 2021 / 2020; or

- Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with draft AFS at 31 March 2021 / 2020 with supporting information that could be verified; or

- Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with management accounts at 31 March 2021 / 2020 with supporting information that could be verified.

The Fund placed some reliance on information received for the investees, via PIC, when the following was received:

Audited AFS with a qualified audit opinion at 31 March 2021 / 2020; or

Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with draft AFS at 31 March 2021 / 2020; or

Audited AFS with an unqualified audit opinion at the investee's most recent reporting date together with management accounts at 31 March 2021 / 2020.

The information received was thereafter evaluated in terms of the methodology to ensure compliance with GRAP 36 Investments in Associates and Joint Ventures in terms of adjustments relating to prior periods, adjustments for differences in reporting frameworks and consequentially accounting policies, adjustments for differences in reporting dates and the thereafter application of the equity method.

The Fund's interest in the surplus / (deficit) for the current year of each respective investee was thereafter calculated and the relevant journals processed.

Impairment of the investments in the investees were considered and related calculations performed and journals processed.

Daybreak Farms (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited consolidated AFS to the Fund for the years ended 31 March 2020 and 31 March 2021 respectively and the audit opinions were unqualified.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

	2021 R'000	2020 R'000

13. Investments in associates (continued)

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a surplus of R28 million (2020: R94 million).

Impairment consideration

No impairment loss was recognised for the investment.

Educor Property Holdings (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited consolidated AFS to the Fund for the years ending 31 December 2019 and 31 December 2020 respectively and the audit opinions were unqualified.

The investee presented unaudited consolidated management accounts to the Fund for the period 1 January 2021 to 31 March 2021.Due to only three month's difference in the reporting dates, the audited AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a surplus of R12 million (2020: R11 million).

Impairment consideration

An impairment loss of R217 million was recognised in the prior year since the valuation of the investment is less than the carrying amount.

Gurb Investments (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the year ended 31 March 2021 and 31 March 2020.

The investee's auditors issued unqualified audit opinions on these AFS.

Reporting framework of investee

The investee applies IFRS for SMEs as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. The Fund and the investee have the same reporting date, therefore no adjustments were necessary. The investee applied the same accounting policies from prior years and based on the analysis of the investee's accounting policies the following difference was noted.

Fair value adjustments taken to net assets: The differences in accounting policies resulted in an increase in the investment in associate of R5 million (2020: R5 million) and a corresponding increase in accumulated surplus of the Fund of R4.5 million (2020: R4.5 million) with a remaining increase of R0.5 million (2020: R0.5 million) in the share of surplus / (deficit).

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R0.6 million (2020: R2 million).

Impairment consideration

No impairment loss was recognised for the investment.

Kefolile Health Investments (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the year ended 30 June 2019, the audit opinion was unqualified.

During the 2020 financial year the directors of the investee resolved to change the year end from 30 June to 31 March. The resolution was effective before March 2020.

The investee presented audited AFS to the Fund for the year ended 31 March 2020. The investee's auditors issued an unqualified audit opinion on these AFS.

The investee presented audited AFS to the Fund for the year ended 31 March 2021.

The investee's auditors issued a disclaimed audit opinion on the basis that the company incurred a net loss of R80,183,772 (2020: R299,149,521) and as at that date the company's total liabilities exceeded its total assets by R726,917,430 (2020: R646,733,658) and the company's current liabilities exceeded its current liabilities by R1,652,106 (2020: R484,715). Furthermore, the parent company, Kefolile Health Investments Holdings is insolvent and as such it might activated a trigger event per the Preference Share Subscription agreement to which it is party to, whereby the subscriber to the Preference Share Subscription agreement has the right but not obligation to recall the loan at group level. The recalling of the loan at group level further triggers realisation of investments at group level, the impact of which will result in Kefolile Health Investments (Pty) Ltd not being a going concern.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

However, management of the investee does not believe that a technical insolvency situation casts significant doubt over the entity's ability to continue as a going concern because the related debt funding instruments are not due and payable within the next 12 months. The intention is to hold the investments to their maturity while working towards recovering their values. Management of the investee has no intention to liquidate or cease trading.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. 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.

Equity accounting

No further adjustments were necessary. The Fund did not recognised its share in the surplus/(deficit) of the investee since the investment is fully impaired.

Impairment consideration

No impairment loss was recognised for the investment.

LA Crushers (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the year ended 29 February 2020. The investee's auditors issued an unqualified audit opinion.

The investee presented unaudited AFS to the Fund for the year ended 28 February 2021. The board of the Company adopted a resolution on 14 May 2021 to voluntarily commence business rescue proceedings in accordance with the provisions of section 129(1) of the Companies Act 71 of 2008 (as amended) ("the Companies Act"). The commencement date of the business rescue proceedings of the Company is 18 May 2021.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

No retrospective adjustments were necessary. The investee's reporting date is one month earlier than that of the Fund. Due to only one month's difference in the reporting dates, the AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R0 million (2020: R3 million).The Fund did not recognised its share in the surplus/(deficit) in 2021 since the investment is fully impaired.

	2021 R'000	2020 R'000

13. Investments in associates (continued)

Impairment consideration

An impairment loss of R83 million was recognised in the prior year since the valuation of the investment is less than the carrying amount.

Naturecell Africa RF (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the years ended 28 February 2021 and 29 February 2020 respectively

The investee's auditors issued an unqualified audit opinion on the AFS.

Reporting framework of investee

The investee applies IFRS for SMEs as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. The investee's reporting date is one month earlier than that of the Fund. Due to only one month's difference in the reporting dates, the audited AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R5 million (2020: R14 million).

Impairment consideration

No impairment loss was recognised for the investment.

Razorite Healthcare and Rehabilitation Fund En Commandite Partnership

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the years ended 31 March 2021 and 31 March 2020 respectively.

The investee's auditors issued unqualified audit opinions on these AFS.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

13. Investments in associates (continued)

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. The Fund and the investee have the same reporting dates therefore no adjustments were necessary. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R20 mi lion (2020: R3 million).

Impairment consideration

An impairment loss of R5 million (2020: R0) was recognised since the valuation of the investment is less than the carrying amount.

Razorite Fund II En Commandite Partnership

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the years ended 31 March 2020 and 31 March 2021 respectively, both with unqualified audit opinions.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. The Fund and the investee have the same reporting date therefore no adjustments were necessary. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a surplus of R34 million (2020: R21 million).

Impairment consideration

An impairment loss of R4 million was recognised in the prior year since the valuation of the investment is less than the carrying amount.

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	2021 R'000	2020 R'000

13. Investments in associates (continued)

Resultant Finance (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the years ended 28 February 2021 and 29 February 2020 respectively

The investee's auditors issued an unqualified audit opinion on the AFS.

Reporting framework of investee

The investee applies IFRS for SMEs as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. The investee's reporting date is one month earlier than that of the Fund. Due to only one month's difference in the reporting dates, the audited AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a surplus of R9 million (2020: R9 million).

Impairment consideration

No impairment loss was recognised for the investment

South Point Management Services (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the years ended 28 February 2021 and 29 February 2020 respectively

The investee's auditors issued an unqualified audit opinion on the AFS.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. The investee's reporting date is one month earlier than that of the Fund. Due to only one month's difference in the reporting dates, the audited AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund. 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.

	2021 R'000	2020 R'000

13. Investments in associates (continued)

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a surplus of R46 million (2020: R29 million).

Impairment consideration

An impairment loss of R13 million (2020: R16 million) was recognised since the valuation of the investment is less than the carrying amount.

The SA SME Fund Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the year ended 29 February 2020 and 28 February 2021 respectively. The investee's auditors issued unqualified audit opinions for both years.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. The investee's reporting date is one month earlier than that of the Fund. Due to only one month's difference in the reporting dates, the audited AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R0.5 million (2020: R6 million).

Impairment consideration

An impairment loss of R1.6 million (2020: R1.2 million) was recognised since the valuation of the investment is less than the carrying amount.

UIF Agri-Fund 1 En Commandite Partnership

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the period ended 31 December 2020 and 31 December 2019 respectively. The investee's auditors issued unqualified audit opinions on these AFS.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

The investee presented unaudited draft management accounts for the period 1 January 2021 to 31 March 2021.

Due to only three month's difference in the reporting dates, the audited AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R15 million (2020: R8 million).

Impairment consideration

No impairment loss was recognised for the investment.

Urban Lifestyle Investment Holdings (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence. The investment was acquired during the 2020 reporting period.

Information received from investee and assurance thereof

The investee presented audited consolidated AFS to the Fund for the year ended 31 December 2020 and 31 December 2019 respectively. The investee's auditors issued unqualified audit opinions on these AFS.

The investee presented unaudited management accounts for the period 1 January 2021 to 31 March 2021.

Due to only three month's difference in the reporting dates, the audited AFS was used for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. 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.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R6 million (2020: R8 million).

Impairment consideration

No impairment loss was recognised for the investment.

Clinix Health Group (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited consolidated AFS to the Fund for the periods ended 30 September 2020 and 30 September 2019 respectively, the audit opinions were unqualified for these periods.

The investee presented unaudited consolidated management accounts for the period 1 October 2020 to 31 March 2021.

The investee did not present any supporting information for the unaudited consolidated management accounts.

The Fund used both the audited AFS and the unaudited consolidated management accounts for the period 1 October 2020 to 31 March 20201 for equity accounting purposes. No significant events occurred between the reporting date of the investee and that of the Fund.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Refer to the prior year adjustments note for retrospective adjustments made. 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.

Equity accounting

No further adjustments were necessary. The Fund proceeded to equity account for its share in the investee's surplus / deficit by recognising a deficit of R7 million (2020: R6 million).

Impairment consideration

An impairment loss of R0.3 million (2020: R11 million) was recognised since the valuation of the investment is less than the carrying amount.

Deviation from GRAP 36 Investments in Associates and Joint Ventures

In some cases the Fund deviated from the requirements of GRAP 36 Investments in Associates and Joint Ventures in terms of its ability to determine its share of the surplus / (deficit) of certain investees for the reporting period.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

Not all Associates and Joint Ventures of the Fund has the same financial year end as the Fund. The Associates and Joint Ventures of the Fund are regulated by the Companies Act and the Companies Act requires a company to prepare audit annual financial statements within six months after the end of its financial year. This legislated period within which companies are required to prepare their audited annual financial statements results in these final reports not being available to the Fund as at 31 March annually. The Companies Act supersedes agreements between the Fund, PIC, the Associates and Joint Ventures of the Fund. The Fund, through its asset manager can therefore only issue breach notices to companies should they exceed the prescribed 180 days within which to conclude their audited financial statements from the date of their financial year end. Should the company fail to remedy the breach identified the Fund will institute legal proceedings as per the agreements between the company and the Fund. However, while this process is unfolding the Fund will not have audited financial statements to determine its share of the surplus / (deficit) of certain investees for the reporting period.

Since the Fund has made every reasonable effort to obtain audited financial information from the company but are still unable to obtain such information or the company has been placed in Business Rescue or liquidation the Fund has no other alternative but to deviate from GRAP36 Investment in Associates and Joint Ventures

Even though the Fund had to deviate from GRAP 36 it still provides adequate information to the users of the Audited Financial Statements to appreciate and analyse the financial information disclosed. In these instances, the Fund applied the disclosure requirements of GRAP 1 paragraph 21 to 26 to achieve this objective.

The Fund's management concludes that the financial statements of the Fund still presents fairly the Fund's financial position, financial performance, cash flows and the information situation at the investees.

In the below mentioned instances the Fund finds itself in the position where every reasonable effort was taken to obtain the information from investees for the year ended 31 March 2021 and the year ended 31 March 2020 (where relevant) however all attempts has failed.

All figures are rounded to the nearest million

Bright Glacier Trading (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee presented audited AFS to the Fund for the year ended 30 June 2019. The auditors issued a disclaimer opinion on the valuation of the investment held in K2015388659 (Pty) Ltd. Furthermore, the auditors concluded that the investee is insolvent due to the loss of R1 280 million that occurred as at 30 June 2019.

The investee did not present unaudited management accounts for the period 1 July 2019 up to 31 March 2020.

The investee did not present audited AFS to the Fund for the year ended 30 June 2020.

The investee did not present unaudited management accounts for the period 1 July 2020 up to 31 March 2021.

As a result the Fund could not implement effective systems of internal control to determine the accuracy, validity and completeness of the financial position, financial performance and cash flows of the investee.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

The level of uncertainty contained in the results presented by the investee is so large that the relevance and faithful representativeness of the figures could not be confirmed.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

As a result the Fund was not able to:
- Determine its share in surplus / (deficit) for the current reporting period
- Determine if retrospective adjustments were required to previously recognised surpluses / (deficits)
- Determine the impact of the three months difference in reporting date of the investee of 30 June and that of the Fund
- Determine the impact of the difference in reporting framework

Equity accounting

In line with the determinations of The Conceptual Framework for General Purpose Financial Reporting paragraph 6.8 the Fund did not recognise its share of the investee's surplus / (deficit) as it is of the view that the qualitative characteristics of financial reporting will not be achieved.

The Fund discloses in line with GRAP 1 Presentation of Financial Statements paragraph 10 the following information for the investee to the extent available.

The reader's attention is drawn to the fact that this information is from the audited AFS for the 30 June 2019 period.

	30 June 2019 R'000
Current assets	21
Non-current assets	302 698
Current liabilities	(1 557 771)
Net assets / (liabilities)	(1 254 998)
Surplus / (deficit)	(1 279 908)

Should this information have been used, the Fund's share of surplus / (deficit) for the prior year would have been (R144 million).

Impairment consideration

An impairment loss of R549 million was recognised in the prior period since the valuation of the investment is less than the carrying amount.

Edcon Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence. The investment was acquired during the 2020 reporting period.

Information received from investee and assurance thereof

The investee is currently under business rescue. A letter was received from the business rescue practitioners dated 23 March 2021 which stated the following: *"In relation to the FY2020 AFS, it was previously confirmed that given the business rescue, we would not be able to obtain audited financial statements for 31 March 2020. In relation to the FY2021 AFS and where we are in the business rescue process, it does not seem appropriate to prepare a set of AFS."*

Consequentially no substantiated financial information for the 2021 and 2020 reporting periods were received.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

Retrospective adjustments, differences in reporting dates and differences in reporting framework

The Fund was not able to determine whether any adjustments were required as no financial information was received from the investee.

As a result the Fund was not able to:

- Determine its share in surplus / (deficit) for the current reporting period
- Determine the impact of the difference in reporting framework

Equity accounting

In line with the determinations of The Conceptual Framework for General Purpose Financial Reporting paragraph 6.8 the Fund did not recognise its share of the investee's surplus / (deficit) as it is of the view that the qualitative characteristics of financial reporting will not be achieved.

Impairment consideration

An impairment loss of R918 million (2020: R0) was recognised since the valuation of the investment is less than the carrying amount. The Fund will not recognise its share in the surplus/deficit in 2020 or 2021 for the investee since the investment is impaired to the recoverable amount of R282 Million as confirmed by the Business Rescue Practitioner.

Grey Jade Trade & Invest 69 (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee did not present audited AFS to the Fund for the year ended 31 March 2020.

The investee presented unaudited draft AFS to the Fund for the year ended 31 March 2020.

The investee did not present any supporting information to the unaudited draft AFS for the year ended 31 March 2020.

The investee did not present audited AFS to the Fund for the year ended 31 March 2021.

The investee did not present unaudited draft AFS or management accounts to the Fund for the year ended 31 March 2021.

The investee's auditors issued a preliminary qualified audit opinion on the AFS for the periods ending 31 March 2019 and 31 March 2020 respectively. This modified qualified opinions was based on the fact that the auditors were appointed late during 2019 and could not observe the counting of the physical inventory (livestock) at the beginning of that period. Since inventories affect the determination of the results of the operations for this investee, the auditors could not determine whether adjustments to the results of the operations and opening retained earnings balance might be necessary for 2019. Subsequently the AFS for the period ending 31 March 2019 was modified accordingly and this adjustment might possibly effect the comparability of the current year and precious year corresponding balances. Therefore, the audit opinion for the year ending 31 March 2020 was also modified. The Fund placed the investee in breach as per the Companies Act for the outstanding audited AFS.

As a result the Fund could not implement effective systems of internal control to determine the accuracy, validity and completeness of the financial position, financial performance and cash flows of the investee.

Reporting framework of investee

The investee applies IFRS for SMEs as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

The level of uncertainty contained in the results presented by the investee is so large that the relevance and faithful representativeness of the figures could not be confirmed.

As a result the Fund was not able to:
- Determine its share in surplus / (deficit) for the current and prior reporting period
- Determine if retrospective adjustments were required to previously recognised surpluses / (deficits)
- Determine the impact of the difference in reporting framework

Equity accounting

In line with the determinations of The Conceptual Framework for General Purpose Financial Reporting paragraph 6.8 the Fund did not recognise its share of the investee's surplus / (deficit) as it is of the view that the qualitative characteristics of financial reporting will not be achieved.

The Fund discloses in line with GRAP 1 Presentation of Financial Statements paragraph 10 the following information for the investee to the extent available.

The reader's attention is drawn to the fact that this information is from the unaudited draft AFS for the 2020 reporting period.

	31 March 2020 R'000
Current assets	75 564
Non-current assets	27 671
Current liabilities	(928)
Non-current liabilities	(107 001)
Net assets / (liabilities)	(4 695)
Revenue	143 977
Surplus / (deficit)	(9 091)

Should this information have been used, the Fund's share of surplus / (deficit) for the prior period would have been (R2 million).

Impairment consideration

No impairment loss was recognised for the investment.

	31 March 2020 R'000	**30 June 2019 R'000**
Current assets	30 905	6 508
Non-current assets	27 363	271 581
Current liabilities	(1 362 421)	(6 322)
Non-current liabilities	(202 231)	(619 352)
Net assets / (liabilities)	(1 533 747)	(347 585)
Revenue	40 117	48 939
Surplus / (deficit)	(366 275)	(517 954)

Musa Group (Pty) Ltd

Accounting classification

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having significant influence.

Information received from investee and assurance thereof

The investee did not present audited consolidated AFS to the Fund for the periods ended 28 February 2021 and 29 February 2020

13. Investments in associates (continued)

Musa Group (Pty) Ltd was placed under final liquidation on 10 February 2020. A letter was received from the liquidators dated 19 March 2021 which stated the following: *"As a result of the liquidation no audited financial statements will be prepared for the period ending 31 March, 2021, however a Liquidation and Distribution Account will be presented to the Master of the High Court in due course."*

A Liquidation and Distribution Account was up to date of preparation of the Fund's AFS not received.

As a result the Fund could not implement effective systems of internal control to determine the accuracy, validity and completeness of the financial position, financial performance and cash flows of the investee.

Reporting framework of investee

The investee applies IFRS as its reporting framework.

Retrospective adjustments, differences in reporting dates and differences in reporting framework

The level of uncertainty contained in the results presented by the investee is so large that the relevance and faithful representativeness of the figures could not be confirmed.

As a result the Fund was not able to:

- Determine its share in surplus / (deficit) for the current and prior reporting periods
- Determine if retrospective adjustments were required to previously recognised surpluses / (deficits)
- Determine the impact of the difference in reporting framework

Equity accounting

In line with the determinations of The Conceptual Framework for General Purpose Financial Reporting paragraph 6.8 the Fund did not recognise its share of the investee's surplus / (deficit) as it is of the view that the qualitative characteristics of financial reporting will not be achieved.

	28 February 2019 R'000
Current assets	280 897
Non-current assets	978 400
Current liabilities	(450 619)
Non-current liabilities	(1 405 270)
Net assets / (liabilities)	596 592
Revenue	701 701
Surplus / (deficit)	(252 392)

Impairment consideration

An impairment loss of R139 million was recognised in the prior period since the valuation of the investment is less than the carrying amount.

	29 February 2020 R'000
Current assets	986 437
Non-current assets	271 911
Current liabilities	(26 196)
Non-current liabilities	(2 911)
Net assets / (liabilities)	1 232 153
Revenue	55 231
Surplus / (deficit)	(26 589)

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

13. Investments in associates (continued)

	31 March 2021 R'000	31 December 2020 R'000	31 March 2020 R'000	31 December 2019 R'000
Current assets	59 036	62 084	66 807	35 329
Non-current assets	437 108	438 464	454 820	483 575
Current liabilities	(3 014)	(3 001)	(2 797)	(2 830)
Net assets / (liabilities)	496 144	497 547	518 830	516 074
Revenue	57 161	63 858	38 222	34 582
Surplus / (deficit)	536	(2 780)	(13 206)	(1 040)

14. Payables from exchange transactions

	2021 R'000	2020 R'000
Payables	748 934	635 638
Accrued bonus	42 667	43 605
Accrued leave pay	94 227	59 337
Deposits received	342	361
Uncleared deposits	304 012	1 302
	1 190 182	**740 243**

Payables
Payables are subject to normal trade credit terms and relatively short payment cycles.

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.

15. Provisions

Reconciliation of provisions for 2021	Opening Balance R'000	Adjustment provision for the year R'000	Utilised during the year R'000	Total R'000
Benefits payable provision - RBNA	2 660 839	2 236 328	(1 727 376)	3 169 791
Benefits payable provision - IBNR	4 161 376	4 275 662	(2 937 824)	5 499 214
Benefits payable provision - COVID-19 TERS	2 507 339	855 612	-	3 362 951
Capped leave	25 873	(4 270)	(118)	21 485
	9 355 427	**7 363 332**	**(4 665 318)**	**12 053 441**

Reconciliation of provisions for 2020	Opening Balance R'000	Adjustment provision for the year R'000	Utilised during the year R'000	Total R'000
Benefits payable provision - RBNA	1 885 149	2 411 165	(1 635 475)	2 660 839
Benefits payable provision - IBNR	8 792 664	(1 741 438)	(2 889 850)	4 161 376
Benefits payable provision - COVID-19 TERS	-	2 507 339	-	2 507 339
Capped leave	26 870	(803)	(194)	25 873
	10 704 683	**3 176 263**	**(4 525 519)**	**9 355 427**

	2021 R'000	2020 R'000
Non-current liabilities	21 340	25 755
Current liabilities	12 032 101	9 329 672
	12 053 441	**9 355 427**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

15. Provisions (continued)

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.

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.

16. Benefits payable

	2021 R'000	2020 R'000
Benefits payable - Normal benefits - approved		
Opening balance	22 744	14 499
Claims approved	19 001 396	16 159 705
Payments made	(18 980 355)	(16 151 460)
	43 785	**22 744**

	2021 R'000	2020 R'000
Benefits payable - COVID-19 TERS benefits - approved		
Opening balance	-	-
Claims approved	55 885 348	-
Payments made	(55 828 323)	-
	57 025	-

	2021 R'000	2020 R'000
Benefits payable - Total benefits - approved		
Opening balance	22 744	14 499
Claims approved	74 886 744	16 159 705
Prior year claims approved and paid	(8 286 484)	(7 182 562)
Payments made	(66 522 194)	(8 968 898)
	100 810	**22 744**

	2021 R'000	2020 R'000
Benefits payable - Outstanding claims liability		
Opening balance - ABNP	8 993 365	9 963 711
Payments made	(3 621 284)	(2 657 237)
Adjustment made	4 643 258	1 686 891
	10 015 339	**8 993 365**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

17. Accumulated surplus and reserves

Accumulated surplus

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.

Technical reserve

The technical reserve is created by the Fund to set money aside to pay the benefits when the claims are submitted. 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 actuaries and created out of accumulated surplus. The technical reserve is made up of the Unexpired Premium Reserve (UPR), Unexpired Risk Reserve (URR) and Additional Unexpired Risk Reserve (AURR).

The UPR represents the portion of past income earned in respect of future benefits. The UIF benefit structure is such that a portion of contributions received (the UPR) "belongs" to future exposure periods. Contributions received in one year entitles employees to earn benefits over a four-year period. Beneficiaries accumulate credit for the contributions they have paid in the subsequent months of payment for forty-eight months.

The URR and AURR are for situations where it is expected that the premiums yet to be earned will be insufficient. Under normal circumstances over the longer term, the contributions are expected to be sufficient to pay claims and expenses. However, during the period impacted by COVID-19 lay-offs, it is estimated that the normal 2% contribution will likely not be sufficient. The actuaries have therefore considered this future uncertainty to ensure that the Fund will be able to meet its mandate to pay out potential future claims.

The URR allows for the extent to which claims are expected to be different to the UPR. An AURR will also be determined where it is expected that future premiums (yet unearned and therefore distinct from the UPR) will be insufficient.

Ring-fenced technical reserve created from the accumulated surplus:		
Unexpired Premium Reserve (UPR)	44 233 305	44 725 054
Unexpired Risk Reserve (URR)	13 920 391	27 294 992
Additional Unexpired Risk Reserve (AURR)	1 328 445	9 035 509
	59 482 141	**81 055 555**

18. Financial instruments disclosure

Categories of financial instruments

2021

Financial Assets	**At fair value R'000**	**At amortised cost R'000**	**Total R'000**
Bonds	38 833 610	-	38 833 610
Cash and cash equivalents	-	23 110 554	23 110 554
Investment income receivable	-	461	461
Listed equity	40 477 513	-	40 477 513
Promissory notes	990 035	-	990 035
Receivables from exchange transactions	-	399 215	399 215
Unlisted equity	517 098	-	517 098
Unlisted financial instruments	82 300	7 522 041	7 604 341
	80 900 556	**31 032 271**	**111 932 827**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

18. Financial instruments disclosure (continued)

Financial Liabilities	At amortised cost R'000	Total R'000
Bank overdraft	14	14
Deposits received	342	342
Service bonus accrual	42 667	42 667
Trade and other payables from exchange transactions	748 934	748 934
Uncleared deposits	304 012	304 012
	1 095 969	**1 095 969**

2020

Financial Assets	At fair value R'000	At amortised cost R'000	Total R'000
Bonds	84 032 144	-	84 032 144
Cash and cash equivalents	-	3 498 090	3 498 090
Fixed deposits	-	11 298 761	11 298 761
Listed equity	35 050 376	-	35 050 376
Promissory notes	1 293 510	-	1 293 510
Receivables from exchange transactions	-	581 025	581 025
Unlisted equity	417 585	-	417 585
Unlisted financial instruments	90 000	5 837 371	5 927 371
Bills	3 863 295	-	3 863 295
	124 746 910	**21 215 247**	**145 962 157**

Financial Liabilities	At amortised cost R'000	Total R'000
Bank overdraft	13	13
Deposits received	361	361
Payables	635 637	635 637
Service bonus accrual	43 605	43 605
Uncleared deposits	1 302	1 302
	680 918	**680 918**

19. Revenue from non-exchange transactions

	2021 R'000	2020 R'000
Contributions received	18 870 925	20 548 165

Revenue consists of unemployment insurance contributions, interest and penalties from registered employers in terms of the UI Contributions Act (Act No.4 of 2002).

20. Benefit payments

Benefit payments to beneficiaries		
Benefit payments - COVID-19 TERS	55 828 323	-
Benefit payments - unemployment	9 462 327	7 269 376
Benefit payments - illness	109 328	199 102
Benefit payments - maternity	865 734	1 261 424
Benefit payments - adoption	245	55
Benefit payments - dependants	256 238	238 941
	66 522 195	**8 968 898**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

20. Benefit payments (continued)

Changes in benefits payable		
Provision for COVID-19 TERS Benefits	1 295 924	2 507 339
Change in provision for normal benefits	10 714 937	2 356 652
	12 010 861	**4 863 991**

Calculation of benefits

Section 13(3) of the UI Act - The UI Act, as amended and the UI Contributions Act (Act No. 4 of 2002) brought a complete change in the manner in which the Fund receives contributions and calculates the insurance benefits and liabilities.

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 16 - 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.

21. Unemployment Alleviation Schemes

Training and social plan funding	572 052	880 210
Temporary Employer/Employee Relief Scheme	63 701	69 139
	635 753	**949 349**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000
22. Other revenue from exchange transactions		
Rental income	3 766	3 748
Recovery on overpayment written off	23 422	16 083
Other recoveries	34	437
Proceeds on disposals	-	6
	27 222	**20 274**
23. Auditors remuneration		
Fees	17 256	11 590
Expenses	-	681
	17 256	**12 271**
24. Depreciation, amortisation and impairments		
Depreciation and amortisation		
Computer software	6 157	32 477
Furniture and fixtures	1 255	1 504
IT equipment	12 753	16 508
Leasehold improvements	594	880
Motor vehicles	230	300
Office equipment	274	1 341
Telecom equipment	545	708
Lease right: Unilim student village	112	-
	21 920	**53 718**
25. Employee costs		
Basic	1 394 501	1 375 903
Housing benefits and allowances	52 713	49 665
Long-service awards	2 153	1 781
Other short term costs	770	1 168
Overtime payments	37 645	33 116
	1 487 782	**1 461 633**

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.

	2021 R'000	2020 R'000
26. Administrative costs		
Bank charges	20 404	16 820
Bad debts written off	145 757	69 513
Computer expenses	186 059	120 156
Commission paid to SARS for the collection of contributions	275 932	301 508
Printing and stationery	7 908	14 713
Advertising, marketing and exhibitions	33 745	11 467
Fuel cost	4 413	5 747
Consulting fees - Internal Audit	1 159	2 021
Fees for services - Board Members	2 127	2 452
Legal fees	1 647	1 494
Training and staff development	3 429	7 230
Other	1 737	16 757
	684 317	**569 878**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

26. Administrative costs (continued)

Included in bad debts written off are the following:

	2021 R'000	2020 R'000
Allowance for impairment		
Rent receivable	-	5
Sundry receivable	28	(15)
Transactions under investigation	(4)	(1 652)
Disallowances on overpayment	100 021	3 005
Legal claims	1 110	1 060
Amounts written off		
Disallowances and overpayment debt	44 194	64 895
Legal claims	408	960
Transactions under investigation	-	1 255
	145 757	**69 513**

27. Operating expenses

	2021 R'000	2020 R'000
Computer services - U-filing	19 157	17 763
Consulting fees - administration and support	27 054	23 879
Consulting fees - contractors and special services	219 556	168 356
Lease rentals on operating lease	160 788	155 955
Investment portfolio - management fees	63 158	72 266
Investment portfolio - transaction cost	21 871	29 744
Municipal services	22 226	22 507
Other operational costs	22 521	13 281
Telephone and fax	41 780	24 757
Travel and subsistence	25 618	76 350
	623 729	**604 858**

28. Investment revenue

	2021 R'000	2020 R'000
Interest revenue		
Bank	425 078	1 027 034
Interest received - other	1 150 843	887 858
Listed financial assets	4 172 729	7 697 642
Other financial assets	982 787	2 055 550
	6 731 437	**11 668 084**

	2021 R'000	2020 R'000
Investment revenue earned on financial assets by category		
Interest earned on financial assets at fair value	4 172 729	7 697 642
Dividends earned on financial assets at fair value	982 787	2 055 550
Interest earned in financial assets at amortised cost	1 575 921	1 914 892
	6 731 437	**11 668 084**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

28. Investment revenue (continued)

Rates of interest

	Fixed or floating rate	Effective weighted average rate 2021	Effective weighted average rate 2020
Cash and cash equivalents	Floating rate	6,25 %	6,25 %
Certificate of deposits	Fixed rate	- %	7,31 %
Corporate bills	Floating rate	- %	5,89 %
Financial bonds	Fixed rate	9,33 %	9,39 %
Fixed deposits - First National Bank	Floating rate	3,91 %	6,70 %
Fixed deposits - PIC	Floating rate	- %	7,44 %
Government bonds	Fixed rate	5,01 %	5,51 %
Manufacturing bonds	Fixed rate	9,49 %	9,49 %
Parastatal bonds	Fixed rate	7,42 %	7,80 %
Parastatal bonds	Floating rate	5,78 %	7,95 %
Promissory notes	Fixed rate	- %	5,94 %
Service bonds	Fixed rate	9,30 %	9,30 %
Treasury bills	Fixed rate	- %	5,90 %

29. Fair value adjustments

	2021	2020
Investment property (Fair value gain/(loss))	116 934	(188 909)
Other financial assets		
• Investments at fair value (gain/(loss))	27 975 391	(21 784 911)
	28 092 325	**(21 973 820)**

Fair value per asset category		
Bills	(13 040)	11 763
Bonds	13 941 375	(9 944 309)
Foreign instruments	1 815 903	413 167
Listed equity	12 699 382	(12 122 053)
Negotiable certificates of deposit	(8 384)	8 090
Promissory notes	(6 898)	5 353
Social responsibility investments	(452 947)	(156 922)
Investment property	116 934	(188 909)
	28 092 325	**(21 973 820)**

Breakdown of foreign portfolio fair value adjustments into components		
Fund movement	2 909 108	(961 547)
Forex movement	(1 093 205)	1 374 714
	1 815 903	**413 167**

The Fund discontinued to implement a zero cost collar derivative structure aimed at hedging R1 000 million Naspers equity exposure to mitigate stock concentration risk after the successful implementation of the Capped SWIX benchmark. The derivative structure hedged approximately 25% of Naspers exposure in the internally managed portion of the equity portfolio. Independent valuations of all the Social Responsible Investments were performed at 31 March 2021 and all the market values adjusted.

Realised Gains/Losses on investments		
Listed Shares	729 561	(55 487)
Bonds	(9 466 818)	18 934
Foreign exchange	(41)	-
Social Responsible Investments	-	(979)
	(8 737 298)	**(37 532)**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

30. Income from equity accounted investments

	2021 R'000	2020 R'000
Joint ventures		
Kefolile Consumer Brands (Pty) Ltd	-	(39 945)
Matseke Medical Consultants CC	-	1 186
Associates		
Urban Lifestile Investments (Pty) Ltd	(5 560)	(7 674)
Clinix Health Group (Pty) Ltd	6 823	5 544
Daybreak Farms (Pty) Ltd	27 802	93 645
Educor Property Holdings (Pty) Ltd	11 872	10 938
Gurb Investments (Pty) Ltd	(629)	(1 873)
LA Crushers (Pty) Ltd	-	(2 860)
Naturecell Africa RF (Pty) Ltd	(4 527)	(14 274)
Razorite Health and Rehabilitation Fund En Commandite Partnership	(20 017)	(2 684)
Razorite Fund II En Commandite Partnership	34 112	20 706
Resultant Finance (Pty) Ltd	8 646	8 550
Southpoint Management Services (Pty) Ltd	46 242	29 927
The SA SME Fund Ltd	(526)	(6 105)
UIF Afgri Fund 1 en Commandite Partnership	(15 170)	(8 349)
	89 068	**86 732**

Refer to notes 12 and 13 for detail disclosure with regards to the deviation from GRAP 36 Accounting for Investments in Associates and Joint Ventures.

31. Impairment of other financial assets

	2021 R'000	2020 R'000
Impairments		
Other financial assets	970 705	1 219 824
Reversal of impairments		
Other financial assets	(150 798)	-
Total impairment losses recognised	**819 907**	**1 219 824**

32. Cash (used in) generated from operations

	2021 R'000	2020 R'000
Deficit	(38 691 560)	(9 497 371)
Adjustments for:		
Debt impairment	(145 758)	(56 819)
Reversal of debt impairment	23 422	16 083
Change in provisions and reserves	(12 010 861)	18 108 533
Changes in working capital:		
Statutory receivables from non-exchange transactions	225 039	(202 779)
Movements in prepayments	(170 530)	(16 983)
Movements in interest from banks	(38 160)	9 524
Movement in bank charges payable	(842)	(26)
Movement in receivables from exhange transactions	(99)	3
Movements in payables	403 498	207 027
	(50 405 851)	**8 567 192**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000
33. Commitments		
Already contracted for but not provided for		
IT enablement		
• 2 Identity	1 884	1 884
• Baraka IT Solutions	99 766	-
• Emerge Customer Flow Management	286	7 139
• Interfile	98 040	7 443
• Sizwe Africa IT Group	1 147	1 713
Unemployment Alleviation Schemes		
• TERS	73 524	95 821
• Training of the unemployed (TOU)	1 253 839	2 183 044
• Business Turnaround and Recovery Programme (BT&RP)	81 141	-
Actuarial services		
• Independent actuaries	-	415
• True South	8 340	-
Professional services		
• SizweNtsalubaGobodo	-	956
Professional services		
• Altimax	1 003	34
• Dataproof Communications	-	598
• Nexia SAB&T	21 430	-
• Vindhya Systems	1 176	20 438
Other commitments		
• African Mobility Solutions	84 767	84 767
• G4S Cash Solutions SA	-	78
• GEN2 Enterprise Software	5 838	10 865
• Manabo Hygiene Services	154	-
• Metrofile	5 675	6 678
• Nashua Communications	13 785	12 113
• Powerful Cleaning	3 093	6 410
• Procore Trading	47	54
• Servest	-	338
	1 754 935	**2 440 788**

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)

	2021 R'000	2020 R'000
Operating lease liability		
Opening balance	2 556	845
Deferral rental	868	1 711
	3 424	**2 556**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

33. Commitments (continued)

2021

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	26 398	5 202	31 600
Later than 1 year and not later than 5 years	318	-	318
	26 716	**5 202**	**31 918**

2020

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	34 211	4 386	38 597
Later than 1 year and not later than 5 years	23 992	6 824	30 816
	58 203	**11 210**	**69 413**

Operating lease payments represent rentals payable by the Fund for buildings, parking, machinery and equipment.
The building lease is for a period of 36 month and ends in November 2021. The payments escalate annually with 8%.
The parking lease is for a period of 24 month and ends in April 2022. The payments escalate annually with 6.6%.
The machinery and equipment lease is for a period of 36 months and end in September 2021. The payments are fixed and has no escalation.
No contingent rent is payable for any of the leases.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	2 520	2 366
- in second to fifth year inclusive	4 794	7 314
	7 314	**9 680**

At reporting date the Fund has only one investment property that is generating rental income namely Erf 895 (a portion of Erf 252) Bisho. The lease agreement for the Bisho building is non-cancellable and have a term of five years. There are no contingent rents receivable. Portion 5 (reminder extent) of Erf 43, Thohoyando building's refurbishment is still in progress and the current tenant's lease agreement expired. The Fund is in the process of evicting this tenant.

34. Contingencies

Litigation by and against the Fund - 2021

Twenty-one (21) cases against and by the Fund were attended to during the 2020/2021 financial year, including cases carried over from the prior year, which were still pending against the Fund during the 2019/2020 financial year with regards to the adjudication of benefit payments, specific performance, refunds of amounts paid by error, COVID-19 TERS benefits and alleged areas on rental.

Three (3) of the cases relate to Death Benefits, two (2) cases for Maternity Benefits, one (1) case for Illness Benefits, one (1) case for the amount deposited to the Fund bank account by error, one (1) case for alleged rental areas, five (5) cases for specific performance, four (4) cases for COVID-19 TERS whereas the other four cases relate to Unemployment Benefits.

For the four (4) cases of Unemployment Benefits, the total amount claimed against the Fund is R85,518.40 for two (2) cases, with an unknown amount of two (2) cases relating to 161 mine workers which are still pending and to be determined by the court and in and one (1) matter that still needs to be determined. One (1) case for Unemployment Benefits with the claimed amount of R1,518.40 and two (2) cases with unknown claimed amounts are still pending.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

34. Contingencies (continued)

Two (2) cases are for Maternity Benefits with the claimed amount of R16,153.46 and these matters are still pending. Three (3) cases are for Death Benefits with the claimed amounts of R48,626.35 for two (2) cases with an unknown amount for one case - one case was paid in favour of the applicant with the amount of R20,136.36, while the other two (2) cases with the claimed amount of R28,489.99 and the one (1) case with an unknown amount are still pending.

One (1) case is for Illness Benefits with the claimed amount to be determined by the court and it is still pending. One (1) case for the amount of R38,357,978.21 alleged to be the areas of rental by the Fund at the Absa building by Vantage, the matter is pending in court.

Four (4) cases for COVID-19 TERS benefits with the amount of R2,207,680.00 for two (2) cases with an unknown amount for the other two (2) cases which will be determined by the court. All four (4) cases are still pending in court. Five (5) cases are for specific performance emanating from COVID-19 TERS.Of the five (5) cases, two (2) were finalised and they were ruled in favour of the Fund by the court whereas three (3) cases are pending. The total amount claimed against the Fund is R39,227,935.57 and this includes the amount ruled in favour of the Fund, finalised cases, pending cases and excludes the amount for the pending cases which are not mentioned on the court papers which will be determined by the court ruling.

Litigation against the Fund - 2020

Thirteen (13) cases were still pending against the Fund during the 2019/2020 financial year with regards to the adjudication of benefit payments and work done. Three (3) of the cases relate to Death Benefits, one (1) case for Maternity Benefits, one (1) case for Illness Benefits, one (1) case for Work done whereas the other seven (7) cases relate to Unemployment Benefits.

For the seven (7) cases of Unemployment Benefits, the total amount claimed against the Fund is R264,186.34 for six (6) cases, with unknown amount of one (1) case relating to 161 mine workers which is still pending and to be determined by the court. Two (2) cases for Unemployment Benefits with the claimed amount of R85,518.40 are still pending.

One (1) case is for Maternity Benefits with the claimed amount of R8,076.73 and this matter is still pending. Three (3) cases are for Death Benefits with the claimed amounts of R42,465.27 for two (2) cases with unknown amount for one (1) case. For the above two (2) cases one case with the claimed amount of R28,489.99 is still pending.

One (1) case is for Illness Benefits with the claimed amount to be determined by the court and it is still pending. The last case is for the work done with the claim amount of R704,250.00 and is still pending. The total amount claimed against the Fund is R10,188,978.34 this includes the amount ruled in favour of the Fund, finalised cases, pending cases and excludes the amount for the pending cases which are not mentioned on the court papers which will be determined by the court ruling.

35. Related parties

Relationships	
Controlling entity	Department of Employment and Labour
Joint ventures	Refer to note 12
Associates	Refer to note 13
Other	Productivity South Africa
Members of key management	See detail in note below

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.

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.

Productivity South Africa

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

35. Related parties (continued)

The Social Plan is implemented through Productivity South Africa. Productivity South Africa implements Business Turnaround and Recovery Programmes to companies that want to improve their productivity. This services has also been extended to companies that are in distress through funding from the Fund.

Related party balances

	2021 R'000	2020 R'000
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Department of Employment and Labour	(326 945)	(222 247)

Related party transactions

	2021 R'000	2020 R'000
Unemployment Alleviation Scheme payments		
Productivity South Africa	-	(2 203)
Administration fees paid to (received from) related parties		
Department of Employment and Labour	337 390	341 480
Employee costs paid to (received from) related parties		
Department of Employment and Labour	1 442 132	1 453 052
Other operating expenses paid to (received from) related parties		
Department of Employment and Labour	6 617	4 273
IT equipment transferred		
Department of Employment and Labour	369	22 712

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

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

35. Related parties (continued)

Directors' emoluments

2021 Name	Appointment *Resignation date	Basic salary R'000	Expense allowances R'000	State contribution: Pension Fund R'000	State contribution: Medical aid R'000	Long service award R'000	Total R'000
Aderibigbe HA (Director: Budgets, Expenditure and Bank Recons)	1 March 2005	1 082	17	94	16	-	1 209
Briedenhann L (Director: Reporting)	1 October 2008	1 098	2	93	-	-	1 193
Buthelezi GM (Director: Communications)	1 June 2014	913	80	99	5	-	1 097
Duma P (Director: Labour Activation Programmes)	1 February 2018	961	4	96	-	-	1 061
Fololo Z (Director: Income and Accounts Receivable)	1 December 2013	834	141	99	17	-	1 091
Fourie ASC (Director: Treasury, Investments and Actuarial Services)	1 June 2014	856	73	96	33	-	1 058
Khumalo DJ (Director: Monitoring and Evaluation)	1 November 2006 *30 September 2020	476	55	54	11	-	596
Kumbi J (Chief Director: Operations)	1 March 2012	1 005	126	98	23	-	1 252
Makgamatho MR (Director: Compliance)	1 November 2014	944	30	99	16	-	1 089
Maphatane TI (Director: Risk Management)	1 March 2018	901	69	96	-	-	1 066
Maruping TS (UI Commissioner)	1 December 2016	1 383	-	138	-	-	1 521
Mathabela AC (Director: Organisational Effectiveness)	1 February 2018	938	-	96	23	-	1 057
Mconywa NB (Chief Director: Labour Activation Programmes)	1 March 2013	1 165	70	105	9	-	1 349
Mkhonto LD (Adv) (Director: Legal Services)	1 October 2020	493	-	48	18	-	559
Monakali X (Chief Information Officer)	1 August 2015	961	14	96	-	-	1 071
Mulindi V (Director: Internal Audit)	1 January 2014	411	92	50	-	-	553
Naicker S (Director: Call Centre)	1 June 2019	961	22	96	-	-	1 079
Nape MW (Director: Labour Activation Programmes)	1 April 2016	982	8	98	-	6	1 094
Puzi TS (Chief Financial Officer)	1 April 2016	1 129	156	112	34	-	1 431
Ragavaloo PA (Director: Provincial Support)	1 July 2016	865	119	98	-	-	1 082
Ramoshaba M (Director: Supply Chain Management)	1 December 2017	961	5	96	-	-	1 062
Roux P (Director: Human Resource Management)	1 April 2016	932	36	98	8	-	1 074
Van Wyk L (Director: Office of the UIC)	1 September 2015	752	228	98	-	-	1 078
Yawa EM (Adv) (Chief Director: Corporate Services)	1 April 2019	902	238	114	-	-	1 254
Zungu SF (Director: Labour Activation Programmes)	1 April 2016	943	3	96	17	-	1 059
		22 848	**1 588**	**2 363**	**230**	**6**	**27 035**

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

35. Related parties (continued)

2020 Name	Appointment *Resignation date	Basic salary R'000	Expense allowances R'000	State contribution: Pension Fund R'000	State contribution: Medical aid R'000	Acting allowances R'000	Long service award R'000	Total R'000
Aderibigbe HA (Director: Budgets, Expenditure and Bank Recons)	1 March 2005	1 082	21	93	16	-	6	1 219
Briedenhann L (Director: Reporting)	1 October 2008	1 114	3	91	-	-	-	1 209
Buthelezi GM (Director: Communications)	1 June 2014	927	101	97	5	-	-	1 131
Duma P (Director: Labour Activation Programmes)	1 February 2018	948	3	95	-	-	-	1 047
Fololo Z (Director: Income and Accounts Receivable)	1 December 2013	848	161	97	17	-	11	1 135
Fourie ASC (Director: Treasury, Investments and Actuarial Services)	1 June 2014	856	78	95	33	-	-	1 063
Khumalo DJ (Director: Monitoring and Evaluation)	1 November 2006	951	111	107	21	-	-	1 191
Kumbi J (Chief Director: Operations)	1 March 2012	1 005	147	95	23	-	-	1 271
Makgamatho MR (Director: Compliance)	1 November 2014	958	50	97	16	-	-	1 122
Maphatane TI (Director: Risk Management)	1 March 2018	890	100	95	-	-	-	1 086
Maruping TS (UI Commissioner)	1 December 2016	1 383	79	136	-	-	-	1 599
Mathabela AC (Director: Organisational Effectiveness)	1 February 2018	938	17	95	22	-	-	1 073
Mconywa NB (Chief Director: Labour Activation Programmes)	1 March 2013	1 150	97	103	8	-	-	1 359
Monakali X (Chief Information Officer)	1 August 2015	961	7	94	-	-	-	1 063
Mulindi V (Director: Internal Audit)	1 Januay 2014	834	274	98	-	-	-	1 207
Naicker S (Director: Call centre)	1 June 2019	797	7	79	-	-	-	884
Nape MW (DIrector: Labour Activation Programmes)	1 April 2016	988	17	96	-	-	-	1 102
Phathela MC (Adv) (Legal and Board)	1 September 2009	606	209	66	5	30	-	917
Puzi TS (Chief Financial Officer)	1 April 2016	1 147	171	109	34	-	-	1 462
Ragavaloo PA (Director: Provincial Support)	1 July 2016	865	127	96	-	-	-	1 089
Ramoshaba M (Director: Supply Chain Management)	1 December 2017	949	12	95	-	-	-	1 057
Roux P (Director: Human Resource Management)	1 April 2016	944	40	95	8	-	-	1 088
Van Wyk L (Director: Office of the UIC)	1 September 2015	790	221	95	-	-	-	1 107
Yawa EM (Adv) (Chief Director: Corporate Services)	1 April 2019	901	287	112	-	-	-	1 301
Zungu SF (Director: Labour Activation Programmes)	1 April 2016	942	31	95	17	-	-	1 086
		23 774	**2 371**	**2 426**	**225**	**30**	**17**	**28 868**

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

35. Related parties (continued)

Management class: Councillors

2021

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Other benefits received	Total
Board members	22 848	1 588	2 363	230	6	27 035
	22 848	**1 588**	**2 363**	**230**	**6**	**27 035**

2020

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Post-employment benefits	Commission, gain or surplus sharing arrangements	Other benefits received	Total
Board members	23 774	2 371	2 426	225	30	17	28 868
	23 774	**2 371**	**2 426**	**225**	**30**	**17**	**28 868**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

35. Related parties (continued)

Non-executive Board Members fees

2021	Fees for services as a member of management	Fees for services R'000	Expense allowances R'000	Total R'000
Board Members				
Kganyago L *	Re-appointed: 1 November 2017	234	7	241
Mahlangu J	Appointed: 1 November 2017	76	10	86
Maphoto D	Appointed: 1 November 2017	-	3	3
Matshani M	Appointed: 1 November 2017	32	3	35
Mchunu M	Appointed: 1 November 2017	98	10	108
Mthalane D	Appointed: 1 November 2017	4	-	4
Nwedo NE*	Re-appointed: 1 November 2017	141	8	149
Nzimande WZ	Re-appointed: 1 February 2019	47	3	50
Tshefuta T	Appointed: 1 November 2017	80	13	93
Audit and Risk Committee				
Dala P	Appointed: 1 February 2017	599	6	605
De Kock C	Appointed: 1 October 2018	76	-	76
Nkosi J	Appointed: 1 July 2020	143	-	143
Skeepers N	Appointed: 1 October 2018	378	7	385
Terhoeven CF	Appointed: 20 June 2020	148	-	148
Appeals Committee				
Barichievy BA	Regional	2	-	2
Kula N	Regional	1	-	1
Mabuza TS	Regional	30	-	30
Mokoena T	Regional	1	-	1
Mpulu N	Regional	2	-	2
Ngqaneka A	Regional	5	-	5
Tibane M	Regional	1	-	1
Williams T	Regional	3	-	3
		2 101	**70**	**2 171**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

35. Related parties (continued)

2020	Fees for services as a member of management	Fees for services R'000	Expense allowances R'000	Total R'000
Board Members				
Kganyago L*	Re-appointed: 1 November 2017	76	7	83
Mahlangu J	Appointed: 1 November 2017	2	-	2
Maphoto D	Appointed: 1 November 2017	41	7	48
Matshani M	Appointed: 1 November 2017	51	4	55
Mchunu M	Appointed: 1 November 2017	15	4	19
Mthalane D	Appointed: 1 November 2017	89	30	119
Nwedo NE*	Re-appointed: 1 November 2017	4	14	18
Nzimande WM	Re-appointed: 1 February 2019	71	-	71
Tshefuta T	Appointed: 1 November 2017	4	2	6
Audit and Risk Committee				
Dala P	Appointed: 1 February 2017	528	3	531
De Kock C	Appointed: 1 October 2018	197	11	208
Skeepers N	Appointed: 1 October 2018	369	6	375
Terhoeven CF	Appointed: Consulting basis	140	1	141
Appeals Committee				
Barichievy BA	Regional	12	-	12
Boboko A	Regional	4	4	8
Bokaba E	Regional	3	-	3
Booi M	Regional	4	1	5
Brandmuller AP	Regional	9	1	10
Diraditsile MV	Regional	2	-	2
Kula N	Regional	4	8	12
Mabuza TS	Regional	15	2	17
Makapela MNC	Regional	2	-	2
Maleki MK	Regional	10	3	13
Mapena M	Regional	5	1	6
Maribe BM	Regional	3	-	3
Mleve M	Regional	15	4	19
Modise M	Regional	4	2	6
Mofolo TM	Regional	3	1	4
Mokhobo M	Regional	5	1	6
Mokoena T	Regional	9	2	11
Mpulu N	Regional	7	1	8
Ngqaneka A	Regional	10	-	10
Oelofse E	Regional	5	-	5
Seabi SM	Regional	4	2	6
Tibane M	Regional	5	1	6
Williams T	Regional	15	-	15
		1 742	**123**	**1 865**

The following Regional Appeals Committee members received less than a thousand Rand and were therefore excluded from the table above:
Mr Olivier, R144 and Mr Tsubane, R592.

Ms M Bronkhorst was appointed during September 2020 as Acting UIC. Her remuneration is paid by Department of Employment and Labour. No performance bonus payments were made to Directors during the period under review.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

36. Transactions under investigation - non-exchange

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. The Fund ensures that its systems and procedures are robust to detect and prevent payments made in error and / or fraudulent payments where possible.

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 and all other transactions where objective evidence require investigation. Risk Management Transactions are categorised into Transactions under investigation and Actual fraud detected and form part of Receivables from exchange transactions.

	2021	2020
Actual fraud detected - benefits	10 701	10 706
Actual fraud detected - non-benefits	281	281
	10 982	**10 987**

Transactions under investigation 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 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 exchange transactions in the Statement of Financial Performance.

37. Write off of overpayments

All amounts are rounded to the nearest million

Overpayments - Irrecoverable

The Overpayment Policy and Procedures of the Fund makes provision for the write-off of debts that are deemed to be irrecoverable after all reasonable steps have been taken to recover the debt. These write-offs are in line with Section 11.4 of the Treasury Regulations and Section 76(1)(e) of the PFMA.

Included in administrative costs is an amount of R44 million (2020: R65 million) for irrecoverable overpayments which were written off during the financial year.

	2021	2020
Overpayments written off		
Irrecoverable overpayments	44 194	64 895

Invalid overpayments

The Fund is regularly faced with cases where overpayment debts are disputed by clients or new evidence that comes to the Fund's attention that make the overpayment noted earlier invalid. In the cases where the dispute or new information is valid and the debts are found not to be valid, these debts need to be cancelled as invalid on the system.
The reasons for the invalid overpayment cancellations are:

- New declaration lodged by the employer; and / or
- Credit days incorrectly calculated - the old overpayment is cancelled and a new one created; and / or
- Proof of prior payment in the LINC (U-filing declaration and payment portal) system; and / or
- Overpayment erroneously created against an incorrect debtor.

38. Irregular expenditure

	2021	2020
Opening balance	**93 149**	**107 249**
Add: Irregular Expenditure - current	16 220	393
Add: Irregular Expenditure - incurred in prior period reported as irregular in current period	1 764	-
Less: Amount condoned	-	(14 493)
Closing balance	**111 133**	**93 149**

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

38. Irregular expenditure (continued)

Details of Irregular expenditure	Date reported to Accounting Authority	Confirmed amounts of irregular expenditure R'000	Status of irregular expenditure as at 31 March 2021: Investigation status	Losses to be recovered by the Fund	Disciplinary action to be taken	Awaiting condonement
Accenture - Irregularities in the appointment of the service provider	06/10/2017	86 871	Completed	N/A	N/A	In progress
Accenture - Irregularities in the appointment of the service provider -Payment amount forms part of original contract	25/02/2021	10 076	Completed	N/A	N/A	In progress
Bambanani Pest Control - Non-application of Instruction Note 32 dd 31 May 2011, the original value was exceeded with 15%	06/10/2017	80	Completed	N/A	Yes	N/A
DataCentrix - Non-application of Instruction Note 32 dd 31 May 2011, the original value was exceeded with 15%	06/10/2017	122	Completed	N/A	N/A	In progress
Duma Travel - Contract addendum, exceeded the 15% as per NT	31/03/2018	1 547	Completed	N/A	Yes	N/A
Fidelity Security Services - Contract continued beyond 36 months	21/12/2018	11	Completed	N/A	N/A	In progress
FNB - Amount paid exceeded the approved deviation	06/10/2017	2 730	Completed	N/A	N/A	N/A
Hunadi and Monare Trading - Non-compliance to TR 16A 3.2 (a)	06/10/2017	58	Completed	N/A	Yes	N/A
IAA - No order issued, however, the publication was made	25/05/2018	13	Completed	N/A	N/A	In progress
Madox Security - Services rendered outside the validity period of the contract	31/03/2018	430	Completed	N/A	Yes	N/A
Marsh Alexander Forbes - Contract addendum, exceeded the 15%	06/10/2017	361	Completed	N/A	Yes	N/A
Master Hygiene - Non-application of Instruction Note 32 dd 31 May 2011, the original value was exceeded with 15%	23/11/2016	36	Completed	N/A	Yes	N/A
Media Houses - Advert	08/03/2021	6 144	Completed	N/A	Yes	N/A
Nine IT - Non-application of Instruction Note 32 dd 31 May 2011, the original value was exceeded with 15%	06/10/2017	2 017	Completed	N/A	Yes	N/A
Protea Hotel - Price increase exceeded 30%	09/07/2019	7	Completed	N/A	N/A	In progress
Systems Applications Products - Amount paid exceeded the approved deviation	06/10/2017	433	Completed	N/A	Yes	N/A
Trustlink (Pty) Ltd - Contract addendum, exceeded the 15% as per NT	10/08/2018	11	Completed	N/A	N/A	In progress
Vodacom - Contract extension occurred automatically	21/12/2018	186	Completed	N/A	N/A	In progress
		111 133				

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

38. Irregular expenditure (continued)

Cases under investigation

The following amounts are still under investigation to determine whether irregular expenditure has been incurred or not:

	2021 R'000	2020 R'000
Opening balance	8 857	13 342
Irregular expenditure under investigation - current year	21 451	13
Irregular expenditure in prior periods - reported in current year	-	1 110
Irregular expenditure confirmation adjustment	(5 611)	-
Expenditure confirmed to be irregular	(17 985)	(393)
Expenditure confirmed not to be irregular	-	(5 215)
	6 712	**8 857**

Forensic audit is a highly specialised area. When irregular expenditure is identified, the amount due to the service provider is paid and the case referred to the Fund's Risk and Investigation Unit who executes an internal investigation. Subsequent to their findings, the case is referred to the appointed forensic audit specialists for further investigation. This is the main reason for cases not being reported and finalised within the period of 90 days as prescribed by National Treasury.

No material losses occurred during the financial year through irregular expenditure.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

39. Fruitless and wasteful expenditure

	2021 R'000	2020 R'000
Opening balance	237	237
Add: Expenditure confirmed - current year	128 481	-
	128 718	**237**

Details of fruitless ad wasteful expenditure

Case description	Status of investigation	
Birchwood Hotel	Confirmed as fruitless and wasteful	73
Kara Heritage - Parking lease	Referred back for further investigation	237
SAP HCM	Referred back for further investigation	4 558
SAP licenses and support	Confirmed as fruitless and wasteful	123 850
		128 718

No material losses occurred during the financial year through fruitless and wasteful expenditure.

Details of cases under investigation

Case description	Status of investigation	
Birchwood Hotel - Bridge of SCM procurement policy	Condonement in progress	73
HCM Software	Referred back for further investigation	4 558
SAP licences and Support	Referred back for further investigation	123 850
Kara Heritage	Referred back for further investigation	237
		128 718

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

40. Risk management

Introduction

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.

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 parameters

Monitoring and controlling risks are primarily performed based on limits established by the Fund. These limits reflect the business strategy and market environment of the Fund as well as the level of risk that the Fund is willing to accept.

Information compiled from business units and the asset manager is examined and processed in order to analyse, control and identify early risks by management and the Investment Committee. This information is presented and explained to the UI Board that makes the necessary recommendations to the Accounting- and Executive authority.

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.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

Regulatory framework

Regulators are primarily interested in protecting the rights of registered employers and employees and to monitor the Fund closely, to ensure that management is satisfactorily managing affairs to their benefit.

At the same time, regulators are also interested in ensuring that the Fund maintains an appropriate solvency position to meet its liabilities arising from unemployment.

The Fund collects and receives contributions under the UI Contributions Act (Act No. 4 of 2002).

In accordance with the UI Act, contributions received are managed and unemployment insurance claims paid.

Section 5 of the UI Act regulates the application of the Fund.

The Fund must be used for the:
- payment of benefits in terms of this Act;
- reimbursement of excess contributions to employers;
- payment of remuneration and allowances to members of the UI Board and its committees; and
- any other expenditure reasonably incurred and relating to the application of this Act.

Section 7 of the UI Act regulates the investment of money for the Fund.

The money of the Fund, other than money required to meet the current expenditure of the Fund, may be deposited on behalf of the Fund by the Director-General with the PIC. To be invested in terms of the Public Investment Corporations Act and the Fund's investment mandate.

Section 9 of the UI Act regulates the appointment of an annual review by an actuary. The Director-General must appoint an actuary within two months after the end of each financial year. The actuary must review the financial soundness of the Fund for that financial year, and provide an actuarial valuation report to the Director-General.

The actuarial valuation report must contain at least a statement reflecting the actuarial value of the assets and liabilities of the Fund, the financial soundness of the Fund and recommendations for the maintenance or improvement of the financial soundness of the Fund (Technical reserve, Incurred but not Approved Claims (IBNA) and Reported But Not Approved Claims (RBNA)).

Section 10 of the UI Act regulates the surplus and deficit of the Fund. The Director-General must report and make recommendations to the Minister if the difference between the income and expenditure of the Fund is greater than is required to meet payments for benefits or insufficient or not increasing at a sufficient rate to meet payments for benefits that may reasonably be anticipated.

The Minister of Employment and Labour, after consultation with the UI Board, may utilise the surplus to give effect to the purposes of this Act, including improving the administrative efficiency and capacity of the Board and Fund and establishing a reserve fund.

The Minister of Employment and Labour may request the Minister of Finance to adjust the national budget in the manner contemplated in sections 16 and 30 of the PFMA, in order to cover any deficit in the Fund. Financial management of the Fund is in accordance with the PFMA and relevant National Treasury Regulations.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

Section 53 of the PFMA

The Accounting Authority must submit to the responsible Executive authority, at least six months before the start of the financial year of the designated department, a budget of estimated revenue and expenditure for that financial year.

The Schedule 3 non-business public entities may not budget for a deficit or a surplus unless prior written approval was obtained from National Treasury.

Capital management objectives, policies and approach: The Fund's capital management objectives, policies and approach are based on relevant legislation.

An annual business plan and budget recommended by the UI Board supported by the actuarial valuation report is submitted to the Executive authority for approval.

The actuarial valuation report and recommendations for the management or improvement of the financial soundness of the Fund is utilised annually to make provision for the required Technical reserve and Incurred but not Approved Claims (IBNA) and Reported But Not Approved Claims (RBNA)

Written approval is annually obtained from National Treasury to budget for a surplus.

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).

	2021 R'000	2020 R'000
The ratio at the end of the reporting period was as follows:		
Benefits payable - Outstanding claims reserve	10 015 339	8 993 365
Benefits payable	100 810	22 744
Cash and cash equivalents	(23 110 554)	(3 498 090)
Net benefits payable	**(12 994 405)**	**5 518 019**
Technical reserve	59 482 141	81 055 555
Accumulated surplus	36 519 314	53 724 476
Equity	**96 001 455**	**134 780 031**

Asset Liability Management (ALM) framework

The main risk that the Fund faces is unemployment insurance claims as per the UI Act and the financial risks due to the nature of its investments. The Fund manages these positions 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.

The principle technique of the Fund's ALM is to match assets to the liabilities arising from administrating the UI Act. The Fund's ALM is integrated with the management of the financial risks associated with the Fund's assets and liabilities directly associated with unemployment insurance and for an integral part of the unemployment insurance risk management to ensure that in each period there is sufficient cash flow available to meet liabilities arising from unemployment insurance claims and administrating the UI Act.

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.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

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, ISAAC, 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.

	2021 R'000	2020 R'000
Technical reserve		
Unearned contribution revenue (UCR) (Unearned Premium Reserve (UPR), Unexpired Risk Reserve (URR), Additional Unexpired Risk Reserve (AURR)	59 482 141	81 055 555
Benefits provisions and payables		
Approved But Not Fully Paid (ABNP) and approved reported benefits payable	100 810	22 744
Repoorted but not approved (RBNA)	3 169 791	2 660 839
Incurred but not reported (IBNR)	5 499 214	4 161 376
Provision for COVID-19 TERS	3 362 951	2 507 339
	71 614 907	**90 407 853**

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
Equities	FTSE/JSE Capped SWIX excluding property
Foreign equity	MSCI All Country World Index excluding SA
Inflation linked bonds	CILI
Listed property	J253
Nominal bonds	All Bond Index (ALBI)

Risk parameters were set as follows:

Total risk of the Fund

Maximum total risk of the Fund is set at 2% above the average total risk of the benchmark measured over 24 months of monthly returns.

Fixed income

A combination of conventional bonds and inflation linked bonds is used to achieve the target tracking error set at 1% relative to the benchmark.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

Equities

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.

Market risk: Summary of components

For the Fund, market risk consists of the following components determined as the worst 1-in-200 year loss per the Reserve Bank's Prudential Standards:

	31 March 2021 R'million	31 March 2020 R'million
Concentration risk	4 697	2 963
Currency risk	2 448	1 903
Diversification benefit	(10 881)	(12 078)
Equity risk	17 418	11 573
Interest rate risk	3 622	8 926
Property risk	691	562
Spread and default risk	5 603	6 042
Market risk (Cap_ReqMarket)	**23 598**	**19 891**

Market Risk: Concentration risk

Concentration risk is the risk of losses arising due to poor diversification within investment instruments. 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.

Below are the largest exposures to single counterparties and the associated capital charge:

	31 March 2021		31 March 2020	
Counterparty	**Exposure R'million**	**Concentration risk R'million**	**Exposure R'million**	**Concentration risk R'million**
Eskom	5 686	510	5 627	159
FirstRand	1 637	-	4 119	66
Independence credit	-	(859)	-	(280)
RSA Government	30 505	-	80 976	-
Robecco Equity Fund	8 159	4 652	6 343	2 958
Standard Bank	21 511	395	4 100	60
Total	**67 498**	**4 698**	**101 165**	**2 963**

Money market and cash

Money market investments are spread across the top five South African banks in order to diversify the Fund's exposure. Limits are set utilising the DI900 information supplied to the South African Reserve Bank.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

Establishment of investment limits per investment instrument: Capital market

Government Bonds - Maximum 100%

Non-Government Bonds - Maximum 20%

In order to avoid excessive concentration of risk, the Fund's policies and procedures include the above mentioned specific guidelines that focus on maintaining a diversified portfolio.

Concentration and Movement of Risk per asset class

Asset class	**2021**	**2020**	**Movement**
Total cash and money market			
Cash (Settlement Accounts)			
Standard Bank	89,03 %	5,38 %	83,65 %
First Rand	4,04 %	10,65 %	(6,61)%
Money Markets (Term Investments)			
ABSA	- %	13,21 %	(13,21)%
First Rand	6,64 %	12,59 %	(5,95)%
Nedbank	- %	12,93 %	(12,93)%
Standard Bank	- %	14,22 %	(14,22)%
Investec	- %	5,18 %	(5,18)%
Landbank	4,11 %	6,48 %	(2,37)%
Eskom	- %	2,46 %	(2,46)%
Treasury	- %	10,01 %	(10,01)%
Development Bank of SA	- %	6,89 %	(6,89)%
Capital Markets			
Government Bonds	13,75 %	35,80 %	(22,05)%
Parastatals/SOE	23,90 %	11,66 %	12,25 %
Corporate Bonds	3,29 %	1,72 %	1,58 %
Inflation-linked Bonds	59,06 %	50,82 %	8,23 %
Domestic Equity Holding			
Domestic equity holding	39,25 %	25,00 %	14,31 %
	100,00 %	**100,00 %**	

The Fund's change in exposure to liquidity-, credit-, concentration- and market risk is directly related to the changes in allocation of the investment portfolio to the various approved asset classes.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

Market risk: Equity risk

Equity portfolio value R29 692 million (2020: R26 796 million).

This risk represents the potential financial loss as a result of movements in the level or volatility of equity prices, which affects the value of equity instruments. The Fund has exposure to equity risk as a result of its investments in local and global equity instruments.

The Fund's equity risk was calculated as follows:

	31 March 2021			31 March 2020		
	Market value R'million	**Equity risk R'million**	**As % of Market value**	**Market value R'million**	**Equity risk R'million**	**As % of Market value**
Diversification benefit	-	(1 006)	-	-	(697)	-
Domestic (listed)	29 692	13 361	45%	26 796	8 843	37%
Foreign (listed)	8 159	3 916	48%	6 343	1 840	39%
Other	2 249	1 147	51%	4 071	1 588	43%
	40 100	**17 41**		**37 210**	**11 574**	-

The sensitivity to equity market risk is measured by the beta of the equity exposure. Such beta is managed relative to the industry classification benchmark. The equity exposure is closely tracking the index and has more or less the same beta as the benchmark. Derivatives are used to hedge the equity exposure at all times and therefore help minimise the downside risk if and when required.

Stress testing is a risk management technique to evaluate the potential effects on an institution's financial condition, of a set of specified changes in risk factors (particularly market risk), corresponding to exceptional but plausible events. Stress testing includes scenario testing and sensitivity testing.

To perform stress testing listed equity needs to be grouped using an industry classification benchmark.

Portfolio sensitivity testing highlights the key risks or touch points of the portfolio in the market. In this case, sensitivity testing of the Fund's portfolio was performed to the equity indices.

Sensitivity testing typically involves an incremental change in a risk factor (or a limited number of risk factors). Analysis over a shorter time horizon was conducted to simulate instantaneous shock. Using a historical beta, for any instantaneous shock on our risk factor determined the impact on the portfolio.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

Below the portfolio sensitivities of a 1% move to the PICB*

Price change (%)	Profit / (loss) in Rands	% Change in profit / (loss)		Market value fund in Rands
-1,00%	335 517 764)	(1,13)	%	29 356 319 780
0,00%	-	1,00	%	29 691 837 544
1,00%	335 517 764	1,13	%	30 027 355 308

*PICB – JSE Swix Capped Ex Property and Gambling

The table below shows the top ten beta or highly sensitive stocks - listed equity

Security name	Betas	Sensitivity in Rands
SASOL	2,57	(19 738 911)
RMB HOLDINGS LTD	2,50	(270 956)
IMPLATS	2,11	(30 012 118)
NEDBANK	1,94	(7 422 770)
SIBANYE STILLWATER LTD	1,90	(19 920 461)
MOTUS HOLDINGS LTD	1,86	(1 330 100)
NORTHAM	1,85	(9 519 255)
INVESTEC LTD	1,63	(1 460 571)
INVESTEC PLC	1,60	(1 957 823)
TELKOM	1,58	(1 710 530)

* Equity portfolio managed internally by PIC

Date	Holding	Cost R'000	Market R'000	Unrealised profit/(loss) R'000
31 March 2020	496 825	35 095 552	28 707 000	(6 388 552)
31 March 2021	388 836	26 219 128	29 691 838	(3 472 710)

The Fund's investments are managed on a passive basis.

The table below shows the bottom ten betas or defensive stocks:

Security name	Betas	Sensitivity in Rands
ELLIES	(0,25)	1 108
HULISANI	(0,16)	5 492
TRELLIDOR HOLDINGS	(0,13)	3 243
HUGE	(0,04)	4 525
ARGENT	(0,02)	1 459
RENERGEN	0,01	(4 813)
ITLTILE	0,09	(39 248)
MURRAY & ROBERTS HOLDING LIMITED	0,11	(16 822)
HUDACO	0,17	(22 719)
RHODES FOOD GROUP HOLDINGS	0,20	(37 426)

The equity markets are very volatile, the sensitivity was prepared assuming the market moves up or down by 5% at a time.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

Listed equities

Effect on value of equities

R'000	(20%)	(15%)	(10%)	(5%)	Portfolio value	5%	10%	15%	20%
2020	22 642 953	23 688 012	24 706 275	25 751 335	26 796 394	27 841 453	28 886 513	29 904 776	30 949 835
2021	22 981 482	24 673 917	26 336 660	28 029 095	29 691 838	31 354 580	33 047 015	34 709 758	36 402 193

Effect on surplus / (deficit):

%	(20%)	(15%)	(10%)	(5%)	0%	5%	10%	15%	20%
2020	(15,50)%	(11,60)%	(7,80)%	(3,90)%	- %	3,90 %	7,80 %	11,60 %	15,50 %
2021	(22,60)%	(16,90)%	(11,30)%	(5,60)%	- %	5,60 %	11,30 %	16,90 %	22,60 %

The equity markets are very volatile, the sensitivity was performed assuming the market moves up or down by 5% at a time.

Listed equities (including listed property excluding equity options)

Effect on the value of listed equity

R'000	(20%)	(15%)	(10%)	(5%)	Portfolio value	5%	10%	15%	20%
2020	18 702 610	21 208 731	23 689 016	26 198 008	28 707 000	31 215 992	33 724 983	36 205 268	38 711 389
2021	18 489 262	21 963 472	25 405 364	28 876 342	32 318 234	35 760 126	39 231 104	42 672 996	46 147 206

Effect on surplus / (deficit):

%	(20%)	(15%)	(10%)	(5%)	0%	5%	10%	15%	20%
2020	(34,85)%	(26,12)%	(17,48)%	(8,74)%	- %	8,74 %	17,48 %	26,12 %	34,85 %
2021	(42,79)%	(32,04)%	(21,39)%	(10,65)%	- %	10,65 %	21,39 %	32,04 %	42,79 %

The equity markets are very volatile, the sensitivity was performed assuming the market moves up or down by 5% at a time.

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Figures in Rand Thousand

Listed property

Effect on value of listed property

R'000	(20%)	(15%)	(10%)	(5%)	Portfolio value	5%	10%	15%	20%
2020	1 540 904	1 633 186	1 725 659	1 818 132	1 910 606	2 003 079	2 095 552	2 188 026	2 280 308
2021	2 096 127	2 228 760	2 361 393	2 493 763	2 626 396	2 759 029	2 891 400	3 024 033	3 156 666

Effect on surplus / (deficit):

Below is the portfolio sensitivities of a 1% move to the SA property Index (J253)*.

%	(20%)	(15%)	(10%)	(5%)	0%	5%	10%	15%	20%
2020	(19,35)%	(14,52)%	(9,68)%	(4,84)%	- %	4,84 %	9,68 %	14,52 %	19,35 %
2021	(20,19)%	(15,15)%	(10,09)%	(5,05)%	- %	5,05 %	10,09 %	15,14 %	20,19 %

Below is the portfolio sensitivities of a 1% move in the SA property index (J253):

Price change (%)	Profit/ (loss) in Rands	% Change in Profit/ (loss)	Market value fund in Rands
-1,00%	(26 526 602)	(1,01)%	2 599 869 608
0,00%	-	- %	2 626 396 210
1,00%	26 526 602	1,01 %	2 652 922 812

*FTSE/JSE South Africa Listed Property Index

The table below shows the top ten high beta or highly sensitive stocks:

Stocks	Betas	Risk in Rands
REDEFINE	1,70	(5 058 460)
VUKILE	1,23	(987 252)
FORTRESS INCOME FUND	1,22	(341 875)
HYPROP	1,16	(1 069 542)
NEPI ROCKCASTLE PLC	1,08	(5 044 931)
GROWPNT	1,06	(5 933 055)
RESILIENT REIT LTD	1,04	(1 814 616)
MAS PLC	1,02	(830 955)
EMIRA	1,00	(477 156)
AHB SSF	1,00	(45)

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

The table below shows the bottom ten betas or defensive stocks

Stocks	Betas	Risk in Rands
REBOSIS PROP. FUND	0,29	(4 291)
STENPROP	0,36	(94 629)
LIBERTY2D	0,38	(38 820)
IRONGATE GROUP	0,47	(309 932)
LIGHTHOUSE CAPITAL LTD	0,47	(35 718)
STOR-AGE PROP REIT	0,48	(228 434)
CAPITAL COUNTIES	0,48	(206 819)
EQUTES PROP FUND	0,52	(637 373)
INTU PROPERTIES PLC	0,65	(4 507)
DELTA PROPERTY FUND	0,65	(13 813)

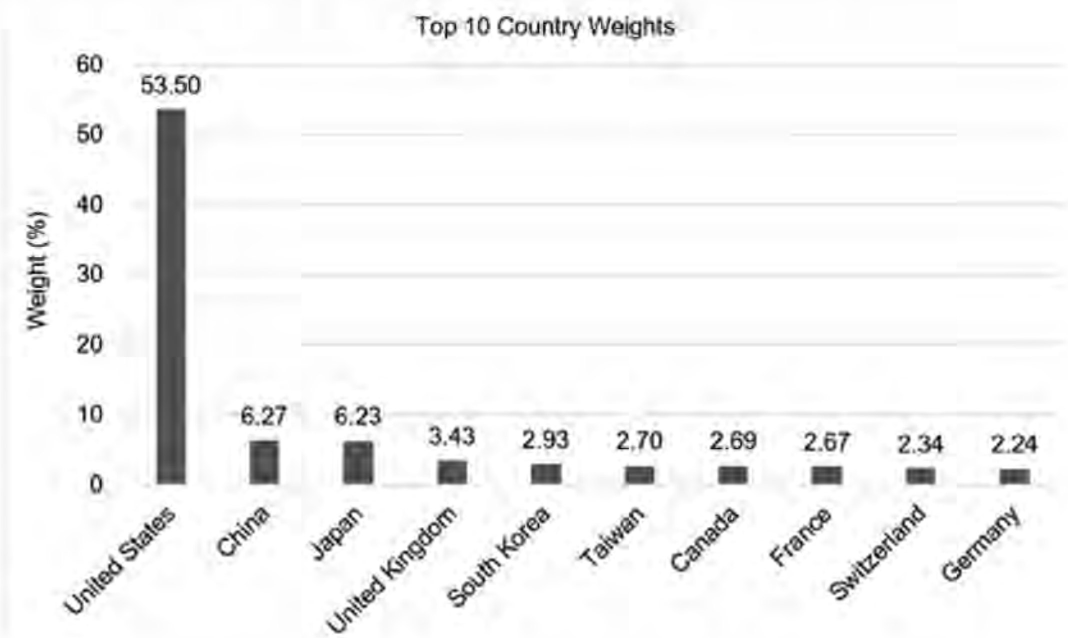
Foreign Equity

The table below groups the Global Equity exposure using ICB (Industry Classification Benchmark) Classification:

Industry	31 March 2021 Exposure (ZAR)	%
Communication services	782 242 366	10 %
Consumer discretionary	1 078 950 102	13 %
Consumer staples	529 429 821	6 %
Energy	249 938 402	3 %
Financials	1 202 843 118	15 %
Health care	856 358 463	10 %
Industrials	799 209 250	10 %
Information technology	1 761 113 365	22 %
Materials	408 737 777	5 %
Real estate	195 286 654	2 %
Utilities	227 758 406	3 %
[Unassigned]*	67 775 476	1 %
		100 %

* Unassigned is exposure any other industry that is not in the Industry Classification Benchmark.

The chart below shows the top 10 exposure by country:



Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

The table below shows the top ten equity holdings within the Global Equity portfolio:

Top 10 stocks	**31 March 2021 Exposure (ZAR)**	**%**
Apple Inc.	257 385 072	3 %
Microsoft Corporation	211 481 774	3 %
Amazon.com Inc.	158 407 588	2 %
Taiwan Semiconductor Manufacturing Co. Ltd	100 211 935	1 %
Facebook Inc. Class A	86 358 187	1 %
Tencent Holdings Ltd	78 127 493	1 %
Alphabet Inc. Class C	76 059 514	1 %
Alphabet Inc. Class A	75 678 887	1 %
Alibaba Group Holding Ltd.	73 644 886	1 %
Samsung Electronics Co. Ltd	67 932 233	1 %

Sensitivity Testing

A stock's beta is a statistical measure of a stock's relative volatility when compared to a reference index. Stocks with a beta greater than 1.0 indicate that these particular stocks will have more volatility than the reference index.

The table below shows the top ten high beta or sensitive stocks within the Global Equity portfolio.

Top 10 Beta Stocks	**Beta**	**% Weight**
Lincoln National Corporation	2,6391	0,020 %
Brighthouse Financial, Inc.	2,4150	0,049 %
Halliburton Company	2,2996	0,028 %
MGM Resorts International	2,2241	0,029 %
Discover Financial Services	2,2150	0,045 %
Occidental Petroleum Company	2,2040	0,037 %
Athene Holding Ltd. Class A	2,1662	0,009 %
Boeing Company	2,1166	0,144 %
Wayfair, Inc. Class A	2,1149	0,030 %
Unum Group	2,1084	0,009 %

Scenario*	**Risk factor**	**Shock**	**Type**
Commodity slump (oil)	WTI Crude Oil Future	-$20	Absolute
EUR rate jump	EUR 10-year treasury rate	1%	Absolute
Global downturn	MSCI World	-20%	Relative
Inflation jump^	Break even inflation (EU HICPxT)	2%	Absolute
Low vol crash	MSCI World Minimum Volatility/MSCI World	-10% / 0%	Relative
Momentum crash	MSCI World Momentum / MSCI World	-10% / 0%	Relative
Quality crash	MSCI World Quality / MSCI World	-10% / 0%	Relative
US rate jump	US 10-year treasury rate	1%	Absolute
Value crash	MSCI World Value Weighted / MSCI World	-10% / 0%	Relative

*Risk Settings with equally weighted monthly returns (daily overlapping) over a three year lookback horizon.
^European Union Harmonised Index of Consumer Prices excluding Tobacco.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

Scenario drawdowns	Excess	Portfolio	Benchmark
Commodity slump (oil)	- %	(10,3)%	(10,3)%
EUR rate jump	0,7 %	7,6 %	6,9 %
Global downturn	- %	(20,0)%	(20,0)%
Inflation jump	0,1 %	40,3 %	40,1 %
Low vol crash	0,5 %	2,4 %	1,9 %
Momentum crash	0,4 %	0,3 %	(0,1)%
Quality crash	(0,5)%	1,1 %	1,6 %
US rate jump	0,4 %	15,7 %	15,3 %
Value crash	0,2 %	1,2 %	1,0 %
	1,8 %	**38,3 %**	**36,4 %**

Market risk: Interest rate risk

Bond portfolio value R38 833 million (2020: R84 032 million).

Bills, Promissory Notes and Negotiated Certificates of Deposit portfolio value R990 035 million (2020: R5 157 million).
Fixed deposit portfolio value R0 (2020: R11 598 million).

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 2021:

	31 March 2021 Market value R'million	**31 March 2020 Market value R'million**
Corporate bonds (fixed interest)	5 740	1 855
Corporate bonds (index-linked)	2 588	249
Government bonds (fixed interest)	8 725	38 274
Government bonds (index-linked)	21 780	43 654
Loans (other)	10 796	6 700
Short term instruments (banks)	2 590	11 557
Short term instruments (government)	-	4 899
Total interest-rate sensitive assets	**52 219**	**107 188**

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.

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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:

	31 March 2021			31 March 2020		
Asset duration (months)	**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	19 591	629	3%	26 770	766	3%
3 - 6 years	10 087	1 188	12%	25 853	2 835	11%
6 - 9 years	11 024	2 011	18%	32 827	6 595	20%
9 - 12 years	8 162	1 908	23%	10 743	2 594	24%
12 - 15 years	2 036	538	26%	4 116	1 149	28%
15 - 18 years	1 320	472	36%	6 880	2 441	25%
>18 years	-	-		-	-	
Liabilities	-	(4 477)		-	(5 909)	
Diversification benefit	-	1 353		-	(1 545)	
	52 220	**3 622 7%**		**107 189**	**8 926 8%**	

The fixed income asset class is not as volatile as the equity markets; an assumption of this sensitivity analysis is that the interest rate moves by 50 basis points at a time.

The investment portfolio sensitivity is evaluated through stress testing of the portfolio using the following methodology:

The portfolio is separated into its instruments type viz. money market, bonds, equity and options. The stress test is a point in time estimate.

The money market instruments are stressed via shifting the curve and hence its yield by a specific quantum and the revaluing the instruments (present value at the effective yield). The aggregate value of all the instruments represents the money market portfolio value and the difference with the base value i.e. the current value represents the gain or loss.

For the bonds the yield to maturity is moved by the specified quantum and the bond revalued (bond pricing formula). The aggregate value of all the instruments represent the bond portfolio value and the difference with the base value i.e. the current value represents the gain or loss. The equity prices are moved by the specified percentage and the instruments are then revalued (price multiplied by holdings) at the new price. The aggregate value of all the equity instruments represent the equity portfolio value and the difference with the base value i.e the current value represents the gain or loss.

Similarly, for the option the underlying index value is moved by the specified percentage and the options revalued (Black-Scholes formula). The aggregate value of all the option instruments represent the option portfolio value and the difference with the base value i.e. the current value represents the gain or loss. The addition of the stressed values of the equity and option portfolios represents the stressed values of the hedged equity portfolio.

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

Bonds

Effect on value of bonds:

R'000	(200)	(150)	(100)	(50)	Portfolio value	50	100	150	200
2020	97 746 190	93 947 937	90 410 183	87 116 123	84 032 144	81 149 841	78 452 409	75 914 639	73 528 126
2021	43 726 645	42 394 652	41 140 327	39 955 901	38 833 610	37 773 453	36 767 662	35 812 355	34 907 532

Effect on surplus / (deficit):

%	(200)	(150)	(100)	(50)	0	50	100	150	200
2020	16,32 %	11,80 %	7,59 %	3,67 %	- %	(3,43)%	(6,64)%	(9,66)%	(12,50)%
2021	12,60 %	9,17 %	5,95 %	2,89 %	- %	(2,73)%	(5,32)%	(7,78)%	(10,11)%

Money markets (excluding fixed deposits)

The effect on the value of money markets (excluding fixed deposits):

R'000	(200)	(150)	(100)	(50)	Portfolio value	50	100	150	200
2020	8 415 134	8 400 095	8 395 056	8 370 017	8 354 979	8 339 940	8 324 901	8 310 697	8 295 658
2021	-	-	-	-	-	-	-	-	-

Effect on surplus / (deficit):

%	(200)	(150)	(100)	(50)	0	50	100	150	200
2020	0,72 %	0,54 %	0,36 %	0,18 %	- %	(0,18)%	(0,36)%	(0,53)%	(0,71)%
2021	- %	- %	- %	- %	- %	- %	- %	- %	- %

Notes to the Audited Annual Financial Statements

Figures in Rand Thousand

Money markets (including fixed deposits)

Effect on value of money markets (including fixed deposits):

R'000	(200)	(150)	(100)	(50)	Portfolio value	50	100	150	200
2020	20 074 894	20 044 965	20 013 040	19 983 110	19 953 180	19 923 250	19 893 320	19 863 391	19 833 461
2021	-	-	-	-	-	-	-	-	-

Effect on surplus / (deficit):

%	(200)	(150)	(100)	(50)	0	50	100	150	200
2020	0,61 %	0,46 %	0,30 %	0,15 %	- %	(0,15)%	(0,30)%	(0,45)%	(0,60)%
2021	- %	- %	- %	- %	- %	- %	- %	- %	- %

Market risk: Property

Property risk arises when the market value of assets and liabilities are sensitive to changes in the level of market process of property. Property risk for the Fund was calculated as follows:

	31 March 2021			31 March 2020		
	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	2 762	691	25%	2 247	562	25%

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Figures in Rand Thousand

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 investments in foreign equities. 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 2021			31 March 2020		
	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	8 159	2 448	30%	6 343	1 903	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 exposures 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 are 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 Audited Annual Financial Statements

Figures in Rand Thousand

	31 March 2021			31 March 2020		
	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	2 499	375	15%	2 647	397	15%
Default risk: Type 3	21 511	936	4%	3 498	126	4%
Spread risk	52 220	4 292	5%	107 707	5 519	5%
Total	**76 230**	**5 603**		**113 852**	**6 042**	

For interest bearing instruments issued or guaranteed by the South African Government or the Reserve Bank no spread risk exposure applies. To the large portion of interest-bearing instruments being RSA government bonds, spread risk is a very low percentage of the market value of this asset class.

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 implemented from 18 February 2019 applying a phased approach best suited for the Fund, allowing the Fund to still capture opportunities in the market but ensuring a transition to the new mandate is achieved at minimal cost and with minimal realised cost.

The new investment structure is as follows

Category	**Asset allocation ranges**	**Strategic asset allocation**
Cash and money market	1% - 15%	5,00 %
Capital markets: Inflation Linked Bonds	16% - 36%	26,00 %
Capital market: Nominal bonds	13% - 33%	23,00 %
Domestic equity	20% - 30%	28,00 %
Foreign investment	0% - 10%	10,00 %
Listed property	1% - 5%	2,00 %
Unlisted property	1% - 8%	6,00 %

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

Social Responsible Investments (SRI)

Social Responsible Investments were not modelled as a separate asset class since it 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 maximum strategic asset allocation for Social Responsible Investments is capped at 24% with a permitted range of 0% - 32%.

The portfolio asset allocation as at 31 March 2021 was as follows

Category	Value R'000	Actual Asset allocation
Capital market	38 833 610	37,21 %
Domestic equity	29 691 838	28,44 %
Global equity	8 248 259	7,90 %
Listed property	2 626 396	2,52 %
Money market	990 035	0,95 %
Trading cash	23 508 634	22,52 %
Unlisted property	475 824	0,46 %
Subtotal	104 374 596	100,00
SRIs: Unlisted debt	12 463 041	10,61 %
SRIs: Unlisted equity	582 043	0,50 %
	117 419 680	

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.

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Figures in Rand Thousand

Maturity profile on financial assets

2021 R'000	Receivable on demand	0 - 12 months	1 - 3 years	3 - 7 years	>7 years	Total
Capital market	-	4 618 844	9 068 962	9 413 457	15 732 347	38 833 610
Cash and cash equivalents	23 110 554	-	-	-	-	23 110 554
Listed equity	-	40 477 513	-	-	-	40 477 513
Money market	-	990 035	-	-	-	990 035
Receivables from exchange transactions	399 215	-	-	-	-	399 215
SRI	-	-	-	-	13 045 084	13 045 084
	23 509 769	**46 086 392**	**9 068 962**	**9 413 457**	**28 777 431**	**116 856 011**

2020 R'000	Receivable on demand	0 - 12 months	1 - 3 years	3 - 7 years	>7 years	Total
Capital market	-	3 359 104	6 346 089	17 728 320	56 598 630	84 032 143
Cash and cash equivalents	3 498 090	-	-	-	-	3 498 090
Listed equity	-	35 050 376	-	-	-	35 050 376
Money market	-	16 455 566	-	-	-	16 455 566
Receivables from exchange transactions	581 025	-	-	-	-	581 025
SRI	-	-	-	-	10 780 192	10 780 192
	4 079 115	**54 865 046**	**6 346 089**	**17 728 320**	**67 378 822**	**150 397 393**

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Figures in Rand Thousand

Maturity analysis on financial liabilities

The following table analyses the Fund's financial liabilities which will be settled on a gross basis:

2021 **R'000**	**Payable on demand**	**Within 1 month**	**Within 3 months**	**Within 12 months**	**Total**
Bank overdraft	14	-	-	-	14
Deposits received	342	-	-	-	342
Payables	-	748 934	-	-	748 934
Service bonus accrual	-	7 162	13 431	22 074	42 667
Uncleared deposits	304 012	-	-	-	304 012
	304 368	**756 096**	**13 431**	**22 074**	**1 095 969**

2020 **R'000**	**Payable on demand**	**Within 1 month**	**Within 3 months**	**Within 12 months**	**Total**
Bank overdraft	13	-	-	-	13
Deposits received	361	-	-	-	361
Payables	-	635 637	-	-	635 637
Service bonus accrual	-	7 320	13 726	22 559	43 605
Uncleared deposits	1 302	-	-	-	1 302
	1 676	**642 957**	**13 726**	**22 559**	**680 918**

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	2021 R'000	2020 R'000

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.

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.

Carried at fair value	**Carrying value 2021 R'000**	**Fair value 2021 R'000**	**Carrying value 2020 R'000**	**Fair value 2020 R'000**
Bills	21 423	-	3 843 442	3 863 295
Bonds	34 359 053	38 833 610	93 957 519	84 032 144
Listed equity	25 232 708	40 477 513	46 814 749	35 050 376
Promissory notes	996 933	990 035	1 288 157	1 293 510
Unlisted equity	714 136	517 098	852 838	417 585
Unlisted financial instruments	510 270	382 325	427 337	234 400
	61 834 523	**81 200 581**	**147 184 042**	**124 891 310**

Carried at amortised cost	**Carrying value 2021 R'000**	**Carrying value 2020 R'000**
Fixed deposits	-	11 298 761
Investment income receivable	461	-
Unlisted financial instruments	7 222 016	5 692 971
	7 222 477	**16 991 732**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

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.

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 Bloombergs, 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.

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.

41. Going concern

On 15 March 2020, the President, declared a national state of disaster in terms of the Disaster Management Act due to the COVID-19 pandemic. Due to the pandemic, as part of the going concern assessment, management considered the current and expected performance of the Fund, the short, medium and long term economic environment in which the Fund operates.

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.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

41. Going concern (continued)

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 2021/2022 financial year:
  - Worker credits for the next 48 months (four years);
  - Expected benefit payments in the 12 months after the reporting date;
  - COVID-19 TERS benefit payments during the lockdown period which covers the period 27 March 2020 up to 25 July 2021.
  - 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 report for the current financial year includes an additional unexpired risk reserve (AURR). The AURR is for situations where it is expected that the future premiums will be insufficient. The AURR is required to allow for the expected insufficiency of the future (yet to be earned) premiums. Under normal circumstances over the longer term, the contributions are expected to be sufficient to pay claims and expenses. However, during the period impacted by COVID-19 lay-offs, it is estimated that the current 2% contribution will likely not be sufficient. The actuaries have therefore considered this future uncertainty to ensure that the Fund will be able to meet its mandate to pay out potential future claims.
- The Fund's actuaries prepared a projected financial soundness position for the next 10 financial years up to the 2030/2031 financial year. The projection indicates a consistent solvency ratio until 2031.
- The benefit structure is being investigated by management to potentially increase the maximum earnings ceiling amount to increase the UIF contribution threshold and therefore widen the net of revenue and this increase the contribution revenue of the Fund. This will enable the Fund to bolster its attempts to strengthen its financial position again in the medium term.
- 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.

42. Events after the reporting date

There were no adjusting events for the financial year ended 31 March 2021

Non-adjusting events

Extension of COVID-19 TERS benefit payments

The extension of COVID-19 TERS benefits has only been approved until 25 July 2021. It is uncertain whether the payment of COVID-19 TERS benefits will be extended beyond 25 July 2021.

In addition to this provision the Fund has also estimated the destroyed, affected or looted workplaces temporary relieve estimate of the estimated payment that will be made to vulnerable workers who, because of the closure of a workplace, as a result of the unrest in July 2021, are not being paid remuneration. UIF management estimated that the benefit will be paid for the period 9 July 2021 to 15 December 2021 for 75 000 employees. The estimated amounts to R1.59 billion.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

43. Changes in accounting policies, estimates and errors

Statement of Financial Position

	As previously reported R'000	Correction of error R'000	Change in accounting policy R'000	Re-classification R'000	Restated R'000
Other financial assets	61 318 723	-	-	(526 306)	60 792 417
Receivables from exchange transactions	54 719	-	-	526 306	581 025
Receivables from non-exchange transactions	10 796	-	-	-	10 796
Statutory receivables from non-exchange transactions	1 895 789	-	-	-	1 895 789
Prepayments	134 479	-	-	-	134 479
Cash and cash equivalents	3 498 090	-	-	-	3 498 090
Investment property	194 775	-	-	-	194 775
Property, plant and equipment	47 893	1 814	-	-	49 707
Intangible assets	92 759	-	-	-	92 759
Interest in joint ventures	67 718	-	-	-	67 718
Investments in associates	4 367 519	1 118 679	-	-	5 486 198
Other financial assets	81 090 625	-	-	-	81 090 625
Operating lease liability	(2 556)	-	-	-	(2 556)
Payables from exchange transactions	(734 454)	(5 788)	-	-	(740 242)
Provisions	(118)	(9 329 554)	-	-	(9 329 672)
Benefits payable	(22 744)	-	-	-	(22 744)
Benefits payable - outstanding claims liability	(8 993 365)	-	-	-	(8 993 365)
Bank overdraft	(13)	-	-	-	(13)
Provisions	(25 755)	-	-	-	(25 755)
Technical reserve	(88 637 566)	7 582 011	-	-	(81 055 555)
Accumulated (surplus)/deficit	(54 357 314)	632 838	-	-	(53 724 476)
	-	-	-	-	-

Statement of Financial Performance

	As previously reported R'000	Correction of error R'000	Restated R'000
Revenue from non-exchange transactions	20 548 165	-	20 548 165
Benefit payments	(15 181 145)	6 212 247	(8 968 898)
Changes in benefit payments	-	(4 863 991)	(4 863 991)
Unemployment Alleviation Schemes	(949 349)	-	(949 349)
Other revenue from exchange transactions	20 274	-	20 274
Auditors remuneration	(12 271)	-	(12 271)
Depreciation, amortisation and impairment	(54 178)	460	(53 718)
Employee costs	(1 461 633)	-	(1 461 633)
Administrative costs	(569 878)	-	(569 878)
Operating expenses	(604 858)	-	(604 858)
Investment revenue	11 668 084	-	11 668 084
Transfer of IT assets to the Department of Employment and Labour	(22 712)	-	(22 712)
Gans/losses on the disposal of property, plant and equipment	(20 053)	-	(20 053)
Fair value adjustments	(22 012 719)	38 899	(21 973 820)
Income from equity accounted investments and interests	7 565	79 167	86 732
Impairment of other financial assets	(1 046 495)	(173 329)	(1 219 824)
Impairment of investments in associates and interests in joint ventures	(2 065 571)	1 003 481	(1 062 090)
Realised gains and losses on investments	-	(37 532)	(37 532)
Surplus/(Deficit) for the year	**(11 756 774)**	**2 259 402**	**(9 497 371)**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

43. Changes in accounting policies, estimates and errors (continued)

Cash Flow Statement

		As previously reported R'000	Correction of error R'000
Cash flow from operating activities			
Cash receipts from contributors	20 312 636	235 529	20 548 165
Interest income from banks	1 914 892	(1 827 575)	87 317
Other receipts	-	444	444
Employee cost and other compensation	(1 461 632)	-	(1 461 632)
Suppliers	(987 119)	(651 085)	(1 638 204)
Benefit payments	(17 092 595)	8 123 697	(8 968 898)
	2 686 182	**5 881 010**	**8 567 192**
Cash flow from investing activities			
Property, plant and equipment	(160 831)	191 326	30 495
Investment property	282	19 074	19 356
Intangible assets	(16 222)	37 492	21 270
Investment in joint ventures	(1 872)	151 993	150 121
Investment in associates	-	(2 028 833)	(2 028 833)
Investment in other financial assets	(2 944 300)	(16 153 886)	(19 098 186)
Dividends received	(10 033 480)	12 087 824	2 054 344
Interest received on investments	2 003 387	7 562 084	9 565 471
	(11 153 036)	**1 867 074**	**(9 285 962)**

Net increase /(decrease) in cash and cash equivalents - restated	(718 770)			
Cash and cash equivalents in the beginning of the year	4 216 848	-	-	-
Cash and cash equivalents at the end of the year	**3 498 076**			

Reclassification and prior period errors

The following prior period errors adjustments occurred:

1. Reclassification of other financial assets

The Fund reclassified investment interest from other financial assets to receivables from exchange transactions.

The comparative amounts within note 3 and 4 for 2019/2020 have been restated.

Statement of Financial Position	
Other financial assets	(526 306)
Receivables from exchange transactions	526 306
	-

2. Investment Property: University of Limpopo

The Fund incorrectly included work-in-progress for investment property Uni Limpopo in the work-in-progress of Baobab Manor. During the current reporting period the Fund reclassified the work-in-progress amount of R5 million to the Uni Limpopo property.

The comparative amounts within note 8 for 2019/2020 have been restated. The effect of the restatement had no changes in the investment property amounts.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

43. Changes in accounting policies, estimates and errors (continued)

3. Reclassification of investment property

The Fund incorrectly included work-in-progress for investment property, Portion 67 (A portion of 12) of the farm Syferkuil 921, Limpopo in the work-in-progress of Erf 222, Annadale, Polokwane. During the current reporting period the Fund reclassified the work-in-progress amount of R5 million to Portion 67 (A portion of 12) of the farm Syferkuil 921 Limpopo.

The comparative amounts within note 9 for 2019/2020 have been restated. The effect of the restatement had no changes in the investment property amounts:

Statement of Financial Position	
Investment property - Portion 67 (A portion of 12) of the farm Syferkuil 921	5 610
Investment property – Erf 222 Annadale Polokwane	(5 610)
	-

4. Restatement of property, plant and equipment - powerpacks and demountable partitions

During the preparation of the 2020 financial statements the Fund reclassified rental properties from property, plant and equipment to investment property as these properties were incorrectly classified. During this reclassification, powerpacks and demountable partitions were included in the reclassification and thus incorrectly reclassified to investment property. The fund corrected this error by classifying these asses as property, plant and equipment and recognising the depreciation. The comparative amounts for 2019/20 have been restated. The effect of the restatement is summarised below:

Statement of changes in net assets	
(Increase)/Decrease in balance at 1 April 2019	(2 244)
Statement of financial position	
Increase in property, plant and equipment	1 814
Statement of financial performance	
Increase in depreciation	460
(Increase)/Decrease in surplus/deficit for the year	1 814
	2 274

5. Correction of Investments in associates and interest in joint ventures

During the year the Fund made adjustments to the prior year amounts as audited AFS became available from some of its investments in associates. The comparative amounts for 2019/2020 have been restated. The effect of the restatement is summarised below:

Statement of financial position	
Increase in investments in associates	1 118 679
Increase in accumulated surplus	(36 031)
Decrease in accumulated surplus	1 082 648
Statement of financial performance	
Decrease in deficit for the year	(1 082 648)
Decrease in impairment of investments in associates and interests in joint ventures	(1 003 481)
Increase in income from equity accounted investments and interests	(79 167)
	-

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

43. Changes in accounting policies, estimates and errors (continued)

6. Impairment corrected in the prior year

Impairment of other financial assets were corrected subsequent to the correction in equity accounting.

Statement of financial performance	
Increase in impairment of other financial assets	(173 329)
Decrease in fair value adjustments	173 329
	-

7. Correction of prior year benefit payables, benefit provisions, technical reserve and benefit payments

The Fund corrected in the prior year errors relating to benefit payments. Benefit payments made in the current year that arose in prior years was included in the 2020 expenditure, subsequently benefit payments made in respect of benefit expenditure that arose in prior years should have been deducted from the provision for benefits payable that was provided for in prior years. The Fund corrected accounting of the actuarial estimates for the IBNR, RBNA and COVID-19 TERS Benefits as provisions for the 2018/19 and 2019/20 financial years. The amounts were reclassified from the technical reserve. The comparative amounts for 2019/2020 have been restated. The effect of the restatement is summarised below.

Statement of financial position	
Increase in Provisions	(66 705 530)
Decrease in Technical reserve	7 582 011
Decrease in Accumulated surplus	59 123 519
Statement of financial performance	
Decrease in changes in benefit payments	6 212 250
Increase in Change in benefit payments	(62 239 968)
Increase in deficit for the year	56 027 718
Cash Flow Statement	
Decrease in benefit payments due to the reversal of benefits paid in the financial year relating to the prior year	8 123 697
Decrease in net cash flows from operating activities	(8 123 697)
	-

It should be noted that some amounts are treated as Prior Year errors as well as Changes in Accounting Policies simultaneously as the error resulted from the application of an incorrect accounting policy, hence the error was corrected retrospectively and the policy was changed retrospectively.

8. Reclassification of cash flow from operating activities to cash flow from investing activities

The Fund reclassified all investment related items from cash flow from operating activities to cash flow from investing activities.

Cash Flow Statement	
Increase in cash receipts from contributions	235 529
Decrease in interest from banks	(1 827 575)
Increase in other receipts	444
Decrease in suppliers paid	(651 085)
Decrease in net cash flows from operating activities	2 242 687
Increase in property, plant and equipment	191 326
Increase in investment property	19 074
Increase in intangible assets	37 492
Increase in investments in joint ventures	151 993
Decrease in investments in associates	(2 028 833)
Decrease in investments in other financial assets	(16 153 886)
Increase in dividends received	12 087 824
Increase in interest from investments	7 562 084
Increase in net cash flow from investing activities	(1 867 074)
	-

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

43. Changes in accounting policies, estimates and errors (continued)

Change in accounting policy

The Fund adopted GRAP 34, GRAP 36, GRAP 37 and GRAP 38 for the first time during the current financial year. The adoption of these standards had no impact on the current or prior year figures in the AFS.

The following change in accounting policies occurred with regards to Benefit Payments, Benefits Payable - Outstanding Claims Liability, Provisions and Technical Reserves:

1. Benefit Payments, Benefits Payable (outstanding claims liability), Provisions and Technical Reserves

The nature of the change in accounting policy: The change in accounting policy resulted from an incorrect policy application by the Fund in terms of the recognition date of benefits payable and the consequential removal of the relevant amounts from Benefits Paid in the current year. The Fund also incorrectly accounted for outstanding claims estimates as a Technical reserve instead of as a liability or a provision.

Reasons for applying the new accounting policy provides reliable and more relevant information: The Fund implemented a change in accounting policy resulting in prior year error corrections relating to benefit payments, provisions and Technical Reserves. Benefit payments made in the current year that arose in prior years was included in the 2020 expenditure, subsequently benefit payments made in respect of benefit expenditure that arose in prior years should have been deducted from the benefits paid in the current years. The Fund corrected the accounting of the actuarial estimates for the IBNR, RBNA and COVID-19 TERS Benefits as provisions for the 2018/19 and 2019/20 financial years. The amounts were reclassified from the technical reserve.

The adjustments made for each financial statement line item effected were as follows:

2020

Statement of Financial Position	**Note as previously reported**	**Change in accounting policy**	**Restated**
Provisions	(118)	(9 329 554)	(9 329 672)
Benefits payable	(22 744)	-	(22 744)
Benefits payable - outstanding claims liability	(8 993 365)	-	(8 993 365)
Provisions	(25 755)	-	(25 755)
Technical reserves	(88 637 566)	7 582 011	(81 055 555)
Accumulated surplus	97 679 548	1 747 543	99 427 091
	-	-	-

Statement of Financial Performance	**Note as previously reported**	**Change in accounting policy**	**Restated**
Benefit payments	(15 181 145)	6 212 248	(8 968 897)
Change in benefit payments	-	(4 863 991)	(4 863 991)
Surplus/(deficit) for the year	15 181 145	(1 348 257)	13 832 888
Surplus/(deficit) for the year	-	-	-

Cash Flow Statement	**Note as previously reported**	**Change in accounting policy**	**Restated**
Benefit payments	(17 092 595)	8 123 697	(8 968 898)
Net cash flows from operating activities	**(17 092 595)**	**8 123 697**	**(8 968 898)**

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

43. Changes in accounting policies, estimates and errors (continued)

The effect of the restatement is summarised as follow:	2020
Statement of Financial Position	
Increase in provisions	(9 329 554)
Decrease in technical reserves	7 582 011
Decrease in accumulated surplus	1 747 543
Statement of Financial Performance	
Decrease in changes in benefit payments	6 212 248
Increase in change in benefit payments	(4 863 991)
Increase in deficit for the year	(1 348 257)
Cash Flow Statement	
Decrease in benefit payments due to the reversal of benefits paid in this financial year relating to prior year	8 123 697
Decrease in net cash flows from operating activities	(8 123 697)
	-

It should be noted that some amounts are treated as Prior Year errors as well as Changes in Accounting Policies simultaneously as the error resulted from the application of an incorrect accounting policy; hence the error was corrected retrospectively and the policy was changed retrospectively.

44. Reconciliation between budget and Statement of Financial Performance

Reconciliation of budget deficit with the deficit in the Statement of Financial Performance:

Net deficit per the Statement of Financial Performance	(38 691 560)
Adjusted for:	
Revenue from non-exchange transactions	(385 853)
Other revenue from exchange transactions	(19 745)
Investment revenue	(2 155 793)
Benefit payments	(35 420 530)
Changes in benefits payable	(4 865 663)
Unemployment alleviation schemes	(2 119 782)
Auditors remuneration	(6 444)
Depreciation, amortisation and impairments	(200 867)
Employee cost	(224 869)
Administrative costs	(130 790)
Operating expenses	(923 120)
Reversals of impairments of other financial assets	(150 798)
Finance costs	(2)
Transfer of IT assets to the Department of Employment and Labour	369
Gains/losses on disposal of Property, plant and equipment	(1 085)
Fair value adjustments	(28 092 325)
Realised gains/losses on investments	8 737 298
Income from equity accounted investments	(89 068)
Impairment of other financial assets	970 705
Impairment of investments in associates and interest in joint ventures	940 968
Technical reserve	5 394 014
Capital and virements	(969 016)
Net deficit per final budget	**(98 403 956)**

Notes to the Audited Annual Financial Statements

	2021	2020
	R'000	R'000

45. Budget differences

Material differences between budget and actual amounts

45.1 Revenue from non-exchange transactions

Revenue from non-exchange budget was exceeded by 2% reasons being that the focus on the debt collection strategy was redefined, whereby companies who benefited from the COVID-19 TERS, while defaulting on UIF contributions were prioritized resulting in 7% increase on NON-SARS revenue as compared to the previous financial year. Statistics South Africa reported economic growth of 1.1% in the first quarter of 2021 (Jan – Mar) translating in increase working-age population by 144 000. The economy of the country also improved in the fourth quarter of 2020/21, as reported by Statistics SA. The improvement resulted in higher contributions than what was anticipated in the adjusted budget.

45.2 Other revenue from exchange transactions

Because of Covid-19, majority of people lost their employment and had to come to the UIF to apply for their UIF benefits. Most of those applicants had overpayment debts which were previously written-off. As a result of the increase in new applications, we had an increase number of applicants whose benefit payments needed to be set-off/recovered against their bad debt written off.

45.3 Investment revenue

47% more investment income received than the budget. South Africa's economy rebounded stronger than expected in third quarter of 2020 as lockdown restrictions were eased through the quarter and vaccine rollout led to higher economic activity. This in turn led to higher than anticipated dividend income.

45.4 Benefit payments

Reassessment of Claims project that was initially budgeted was not implemented due to the prioritisation of the TERS Payments project. The UIF Amended Act (Act 10 of 2016) was promulgated on the 19th of January 2017 but was only implemented on the 1st of January 2017. This now resulted in all claims assessed from the 19th of January 2017 to 31 December 2018 to be reassessed and monies owed amounting to an estimate of R7.5 Billion to be paid. An estimated number of claims are 2 Million. The project is yet to be implemented.

45.5 Changes in benefits payable

The balance of the claims provision brought forward from the previous years was proven not necessary as evidenced by the lower level of benefit claims to date. Less claims were received than previously provided for. This necessitated a reduction in the balance of provision for claims.

45.6 Unemployment Alleviation Schemes

Training of the Unemployed LAP had many projects moving from 2019/20 Financial year. With the name change to DEL, LAP has adjudicated additional projects that will result in the creation of Jobs. Those projects on job creation programmes did not take off as anticipated. Social Funding: The effect of the COVID-19 pandemic has resulted in many companies going into distress and requiring financial assistance through Business Turnaround and Recovery Programmes and Temporary Employer/Employee Relief Scheme.

45.7 Depreciation, amortisation and impairments

Budgeted for furniture and depreciated however the extension for the lease to include Floor 16, 17, 18 was not implemented. The unit was unable to procure furniture due to the project non implementation. The Fund over budgeted and increased our variance percentage on these line items.

45.8 Employee costs

The personnel underspending is due to the delay in implementation of the Labour Activation structure in provinces and delay in payment of performance bonus.

Notes to the Audited Annual Financial Statements

	2021 R'000	2020 R'000

45. Budget differences (continued)

45.9 Administrative costs

16% saved against the following main budget items: Stationery and printing: Cost containment measures implemented to comply with the circular issued by National Treasury. Venues and facilities: The Fund spend less on Venues and facilities due to lockdown restrictions. The Fund also continues to consider the cost-effective options when hosting events and meetings to comply with cost containment measures. Entertainment/catering: The Fund spend less on catering due to lockdown restrictions. The Fund also continues to consider the cost-effective options when hosting events and meetings to comply with cost containment measures. Advertising: Cost containment measures to comply with the circular issued by National Treasury. External IT services: The underspending is due to the delay in the implementation of the SAP system.

45.10 Operating expenses

60% saving against the following main budgeted items: Consultants and Contractors, Management and investment fees: Investment portfolio management fees are levied by the asset manager PIC, on a monthly basis per asset class and based on the daily market value of the investment portfolio. Trading activity and market value in the portfolio are subject to market conditions and fluctuates on a daily basis. Due to the unpredictability of daily trading activity and the investment portfolio market value there will always be a difference between the budgeted amount for investment management fees and the actual amount paid. Consumables: Cost containment measures to comply with the circular issued by National Treasury. Communications: Cell phones, telephone and postage cost: Cost containment measures to comply with the circular issued by National Treasury.

45.11 Fair value adjustments

Fair value adjustments reflect market movement on investment instruments. Due to the unpredictability of market movement fluctuations, the Fund does not budget for fair value adjustments.

45.12 Technical reserve

The variation was a result of the actuarial valuation conducted at 31 March 2021

45.13 Impairment

The Fund does not budget for impairments on assets.

46. Changes made from the approved budget to the final budget

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 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 COVID19 Temporary Employee/Employer Relief Scheme to prevent escalation of the COVID-19 infections funded through the National Disaster Benefit. The Unemployment Insurance Fund was mandated to create a special benefit as per the COVID19 Temporary Employee/Employer Relief Scheme (COVID19 TERS). As the Directive was issued on 25 March 2020, the Unemployment Insurance Fund's approved budget for 2020/2021 did not include COVID19 TERS and adjustment of the approved 2020/2021 budget was therefore necessary to cater for benefit claims that relate to the COVID19 TERS. Adjustment of the approved 2020/2021 budget was necessary in this regard.

Benefit Payments

The Benefit Payments budget estimate was revised upwards by R 46 billion to cater for COVID-19 TERS benefit claims that were expected to increase as a result of the COVID-19 pandemic.

Administrative budget

Administrative costs budget was revised down by R27 million due to the COVID-19 pandemic, the lockdowns affected the procurement of new services and slowed down the implementation of the existing activities and projects. Accounts affected includes computer services, catering, training, venues and facilities.

46. Changes made from the approved budget to the final budget (continued)

Operating expenses

The budget for operating expenses was revised down by R 510 million. Due to the impact pandemic lockdowns accounts such as travelling, communications and management fees was revised down due to slow-spending.

Unemployment Alleviation Schemes

The budget for Unemployment Alleviation Schemes was revised up by R 206 million to cater for additional projects that will result in the creation of Jobs and social funding to companies in distress and those affected by the Covid-19 pandemic. Compensation of employee's budget estimate was revised upwards by R1,5 million due to overtime required to implement COVID19 TERS.

Compensation of employees

Compensation of employee's budget estimate was revised upwards by R191,5 million to cover the additional post for Labour Activation Programmes in provinces and overtime required to implement COVID19 TERS.

Purchase of capital expenditure

Purchase of capital expenditure were revised upwards by R20 million to cater for increase in procurement of protective screens and additional tools of trade due to COVID-19.

Auditors remunerations

The budget for audit fees was increased with R7.5 million to provide for the additional audit work on COVID-TERS by the AGSA.

47. Comparative figures

Certain comparative figures have been restated. Refer to note 43 for details.

48. Accounting by principals and agents

The Fund is a party to various principal-agent arrangements.

Details of the arrangements are as follows:

The Fund enters into principal-agent arrangements with various entities under the Unemployment Alleviation Scheme as well as the Public Investment Corporation (PIC). The Fund is the principal in these arrangements

Unemployment alleviation schemes

The following schemes fall under these principal-agent arrangements:

- Temporary Employer-Employee Relief Schemes (TERS)
- Training of the Unemployed (TOU)
- 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. A business case in terms of TERS often incorporates training to an entity's employees whereas TOU focuses on the upskilling and training of the unemployed for reintegration back into the employment environment.

The training is typically provided through various Sector Education and Training Authorities (SETAs), Technical Vocational Education and (TVET) Colleges as well as other Government departments engaging in poverty or unemployment alleviation initiatives. Applications from SETAs or other training providers to participate in facilitating training interventions go through a strict process before the Fund signs 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 employees or learners for training and monitoring of the project.

48. Accounting by principals and agents (continued)

Funding is reliant on progress monitoring. The participating SETAs or other training provider's responsibilities in terms of the training selected for the learners, 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 SETA, TVET Colleges or other training providers. The duration of the training varies between 3 and 36 months.

Public Investment Corporation (PIC)

The Fund has a principal-agent relationship with PIC. In terms of section 7 of the Unemployment Insurance Act the Public Investment Corporation Limited (PIC) invests funds on behalf of the Fund. There is a legally binding agreement between UIF and PIC. PIC invest on behalf of the Fund within set parameters and guidelines in accordance with the Fund's mandate reviewed annually and amended if required. The mandate sets investment objectives for the PIC to achieve.

PIC is an expert asset manager. The Fund procures this asset management expertise from PIC. In the execution of this service to the Fund the PIC as asset manager will effectively act on behalf of the Fund. PIC is therefore regarded as an agent of the Fund. As at 31 March 2021 the PIC held asset under management on behalf of the Fund in the amount of R112,407,056 (R'000).

Entity as principal

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 SETA, college or other institution providing the training. 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 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.

During the year, the following transactions were made with regards to the Unemployment Alleviation Schemes and the Public Investment Corporation:

Public Investment Corporation

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.

Tranche payments made for the Unemployment Alleviation Scheme		
TERS	155 776	74 514
TOU	625 630	995 552
BT&RP	23 430	-
Payments made to PIC		
Investment management fees	64 423	72 266
	869 259	**1 142 332**

Commitments raised for the Unemployment Alleviation Scheme were included in note 33 relating to GRAP 109, and liabilities raised for investment expenditure payable in Note 14 under payables.

Figures in Rand Thousand

48. Accounting by principals and agents (continued)

Commitments raised for Unemployment Alleviation Schemes		
TERS	71 437	77 790
TOU	1 253 839	2 183 044
BT&RP	81 141	-
Public Investment Corporation		
Investment expenditure payable to PIC	26 579	5 948
	1 432 996	**2 266 782**

Receivables raised in terms of the Unemployment Alleviation Schemes and Investment Income Receivable in note 4 were:

Receivables raised in terms of the Unemployment Alleviation Scheme		
TERS	990	679
TOU	14 996	13 421
Public Investment Corporation		
Investment Income Receivable from PIC	397 299	-
	413 285	**14 100**

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.

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 also notify the Bank that its authority to act as the Fund's agent has ceased.

48. Accounting by principals and agents (continued)

Funding is reliant on progress monitoring. The participating SETAs or other training provider's responsibilities in terms of the training selected for the learners, 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 SETA, TVET Colleges or other training providers. The duration of the training varies between 3 and 36 months.

Public Investment Corporation (PIC)

The Fund has a principal-agent relationship with PIC. In terms of section 7 of the Unemployment Insurance Act the Public Investment Corporation Limited (PIC) invests funds on behalf of the Fund. There is a legally binding agreement between UIF and PIC. PIC invest on behalf of the Fund within set parameters and guidelines in accordance with the Fund's mandate reviewed annually and amended if required. The mandate sets investment objectives for the PIC to achieve.

PIC is an expert asset manager. The Fund procures this asset management expertise from PIC. In the execution of this service to the Fund the PIC as asset manager will effectively act on behalf of the Fund. PIC is therefore regarded as an agent of the Fund. As at 31 March 2021 the PIC held asset under management on behalf of the Fund in the amount of R112,407,056 (R'000).

Entity as principal

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 SETA, college or other institution providing the training. 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 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.

During the year, the following transactions were made with regards to the Unemployment Alleviation Schemes and the Public Investment Corporation:

Public Investment Corporation

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.

Tranche payments made for the Unemployment Alleviation Scheme		
TERS	155 776	74 514
TOU	625 630	995 552
BT&RP	23 430	-
Payments made to PIC		
Investment management fees	64 423	72 266
	869 259	**1 142 332**

Commitments raised for the Unemployment Alleviation Scheme were included in note 33 relating to GRAP 109, and liabilities raised for investment expenditure payable in Note 14 under payables.

Figures in Rand Thousand

48. Accounting by principals and agents (continued)

Commitments raised for Unemployment Alleviation Schemes		
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RIP

PART F

REPORT ON BUSINESS OPERATIONS & OTHER SUPPORT SERVICES

Website: www.labour.gov.za
Facebook (@UIFZA)
Twitter (@UIFBenefits)
Instagram (@UIF_Benefits)
YouTube (UIF Benefits)

1. BUSINESS OPERATIONS

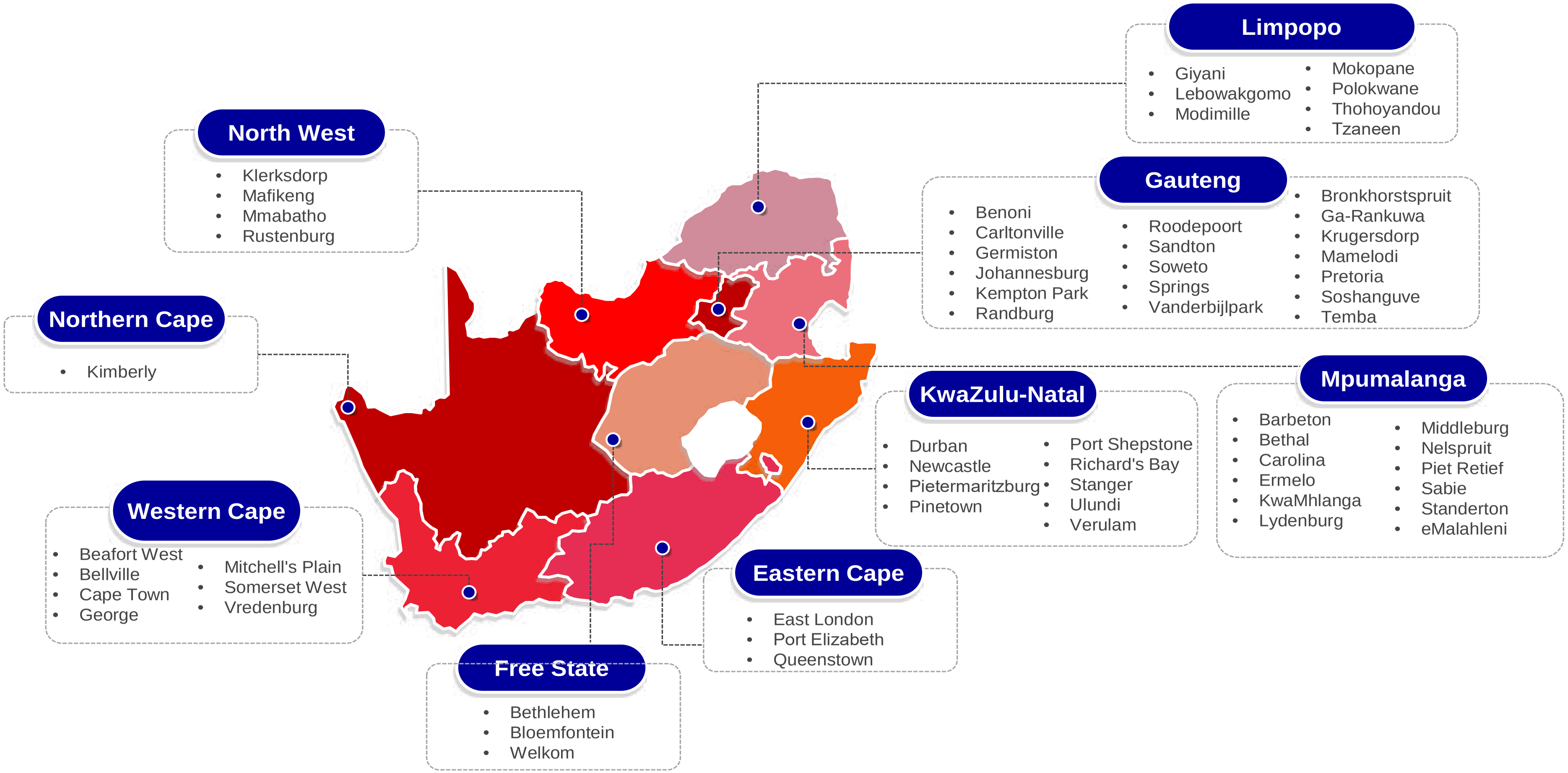
The Business Operations Directorate of the Fund continues to enable the Fund to fulfil its mandate through the provision of the following functions:

- Management and administration of the UIF database;
- Management and administration of claims assessments and benefits payment;
- 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 various Labour Centres, Satellite offices (visiting points) and Mobile units (UIF Busses). There are currently 125 Labour Centres through which members of the public can access UIF services. These Labour Centres further service almost 823 visiting points within their geographical location, and 3 busses travel the length and breadth of the country rendering UIF services to underserviced areas.

1.1 UIF Processing Offices

The table below reflects the centres which have claims processing capacity within the various provinces:

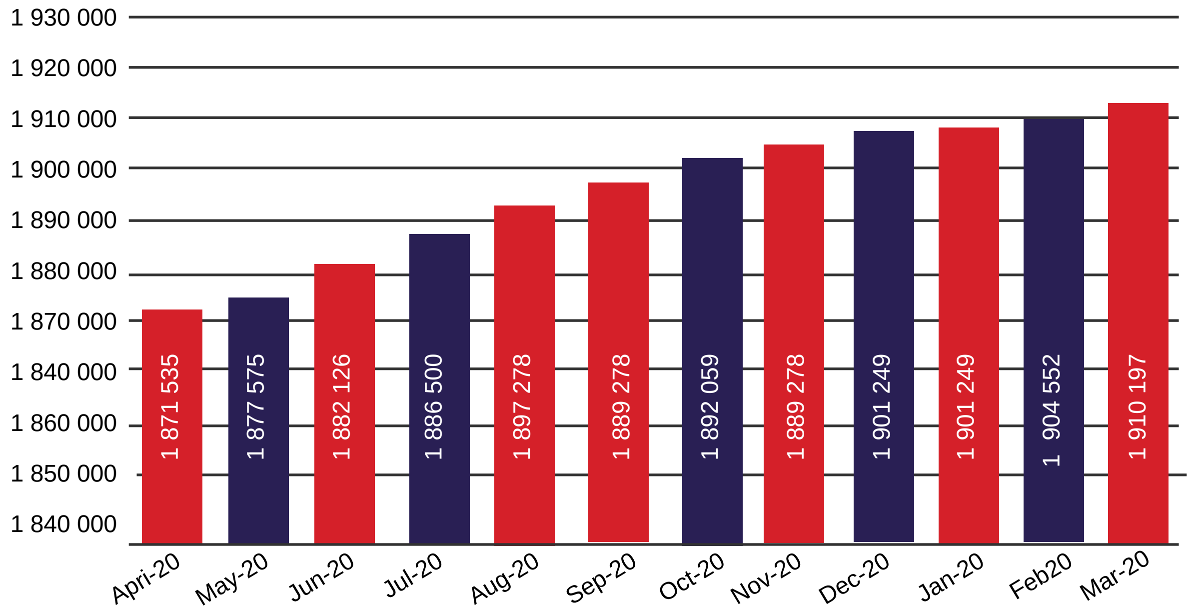


1.2 Registration of Employers

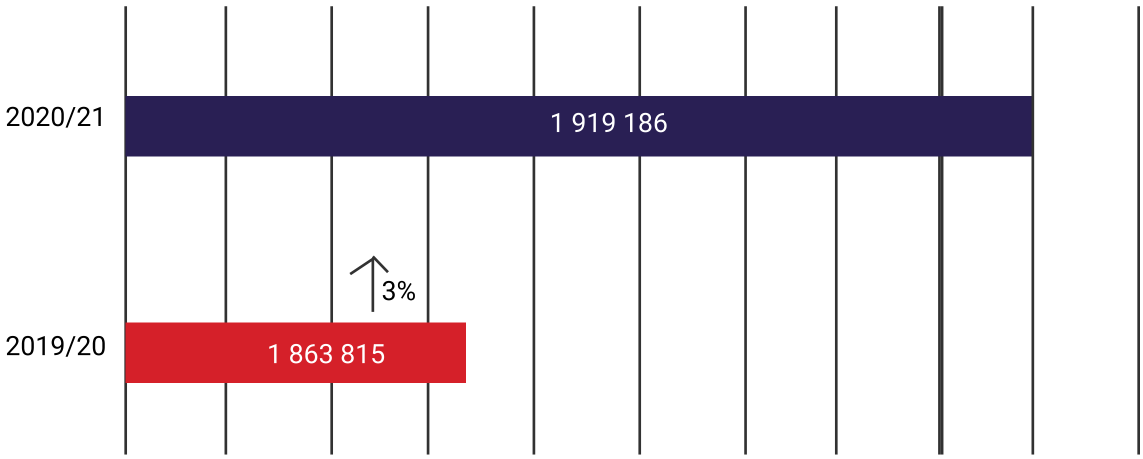
A total of 1 919 186 employers are currently registered with the Fund. These are categorised mainly as commercial employers, domestic employers and taxi employers. The bulk of the employers registered are in the commercial sector. Since 2003, domestic households have continued to register themselves and the number of registered employers on the database has grown steadily. Unfortunately, the taxi sector has been slow in complying with the Fund's requirements and registration. This evidenced by negligible increase in registrations during the past year.

EMPLOYER REGISTRATION STATISTICS

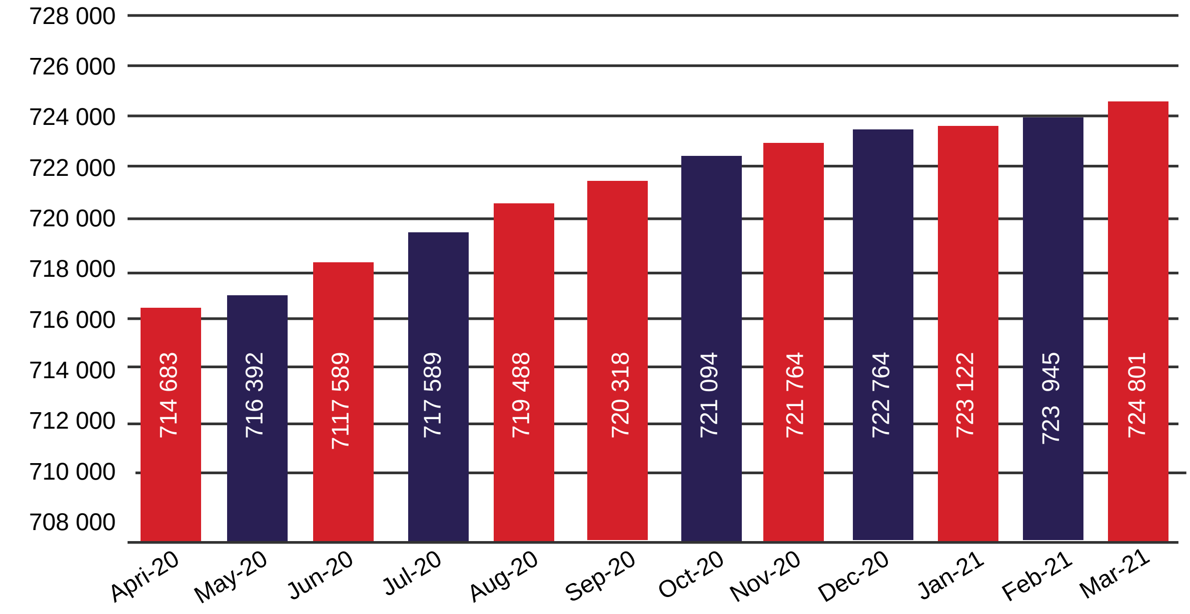
Total Number of Employers Registered



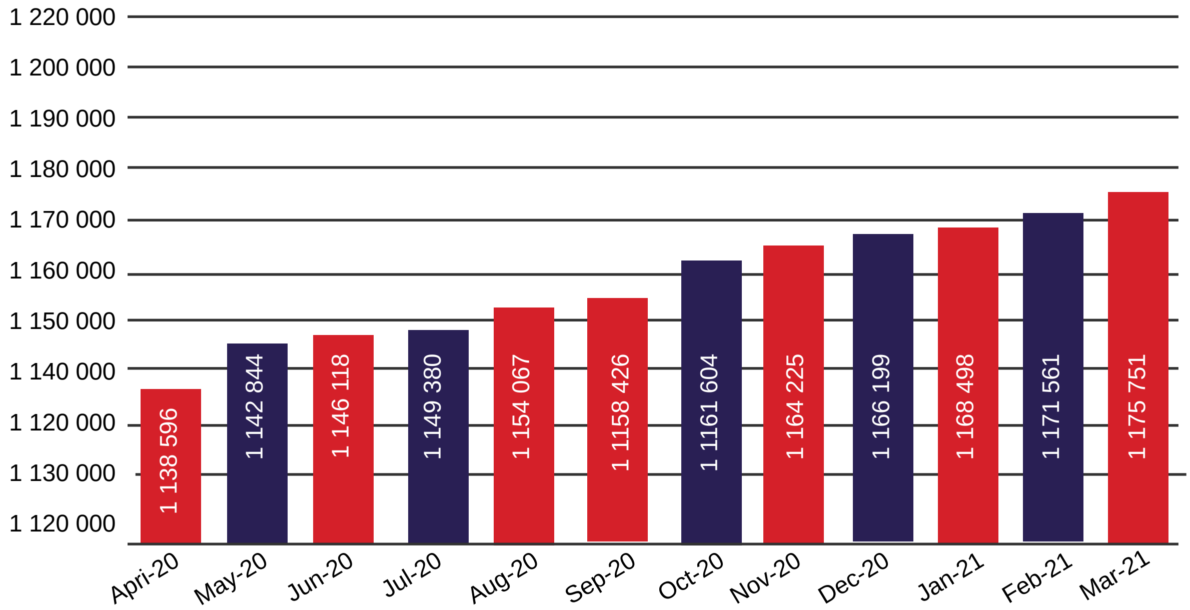
Overal Employers



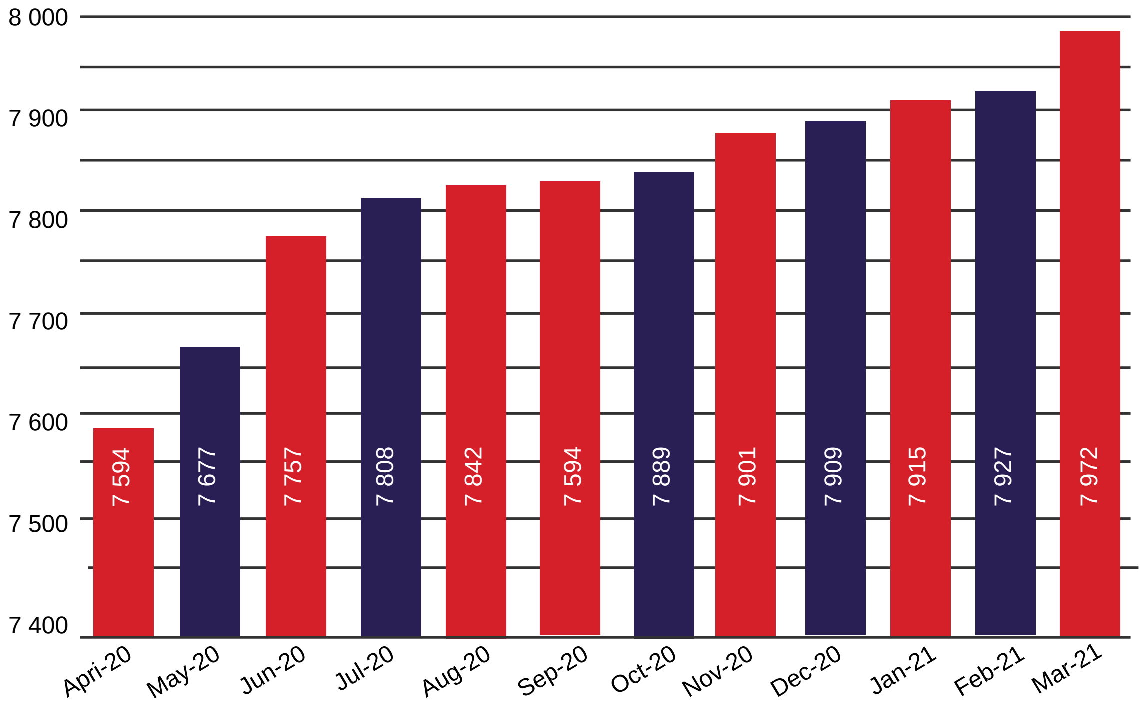
Number of Domestoc Employers



Number of Commercial Employers



Number of Taxi Employers

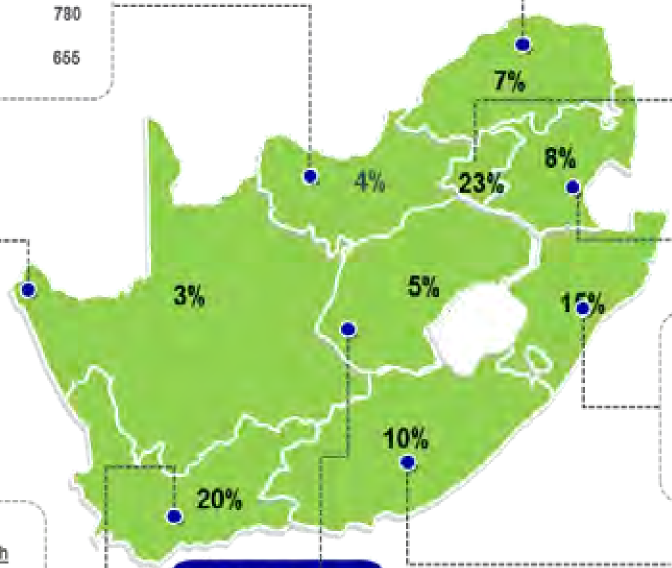


1.3 Assessment Of Claims And Payment Of Benefits

The Fund provides benefits to workers who lost their jobs as a result of unemployment, illness, maternity, adoption leave or when the spouse, or life partner or children in the event of the death of a contributor. A total of 1 102 901 claims were received in the year under review compared to 1 006 873 received in the 2019/2020 financial year. This reflects an increase of 96 028 claims (9.5%). A total of 918 916 claims were approved, which translates to 83% approval rate and rejected 183 985 (17%).

Benefit Types	2019/2020			2020/2021		
	Received	Approved	Approval Rate	Received	Approved	Approval Rate
Adoption Benefits	49	24	49%	24	12	50%
Death/Dependant Benefits	118 642	109 126	92%	13 212	13 212	100%
Illness Benefits	18 206	16 330	90%	13 980	10 425	75%
Maternity Benefits	15 337	15 336	100%	91 185	78 644	86%
Ordinary/ Unemployment Benefits	851 089	798 669	94%	959 871	799 959	83%
Reduced Time/ Unemployment Benefits	3 550	2 633	74%	24 629	16 664	68%
Grand Total	1 006 873	942 118	94%	1 102 901	918 916	83%

UIF Claims Statistics per Province



North West

	Ordinary	In-service	Death
Received	40730	4058	780
Finalised	28298	2570	655

Northern Cape

	Ordinary	In-service	Death
Received	26810	2451	542
Finalised	23280	2035	434

Western Cape

	Ordinary	In-service	Death
Received	193814	23232	2117
Finalised	178748	20427	1728

Free State

	Ordinary	In-service	Death
Received	47649	4073	809
Finalised	46059	3874	749

Limpopo

	Ordinary	In-service	Death
Received	73060	6939	610
Finalised	54832	4862	454

Gauteng

	Ordinary	In-service	Death
Received	221288	29810	2922
Finalised	205333	27039	2547

Mpumalanga

	Ordinary	In-service	Death
Received	81927	6322	602
Finalised	76615	5691	568

KwaZulu-Natal

	Ordinary	In-service	Death
Received	147915	16108	2855
Finalised	133811	13886	2441

Eastern Cape

	Ordinary	In-service	Death
Received	97974	7591	1975
Finalised	93269	7154	1715

National

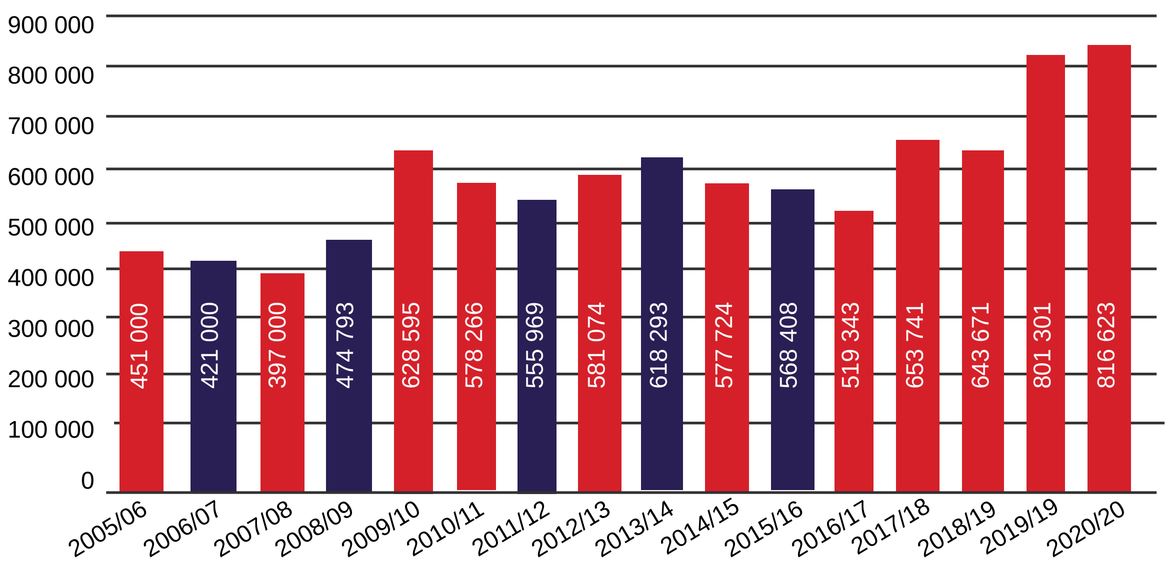
	Ordinary	In-service	Death
Received	984500	105189	13212
Finalised	855517	90253	11291

% claim received per province

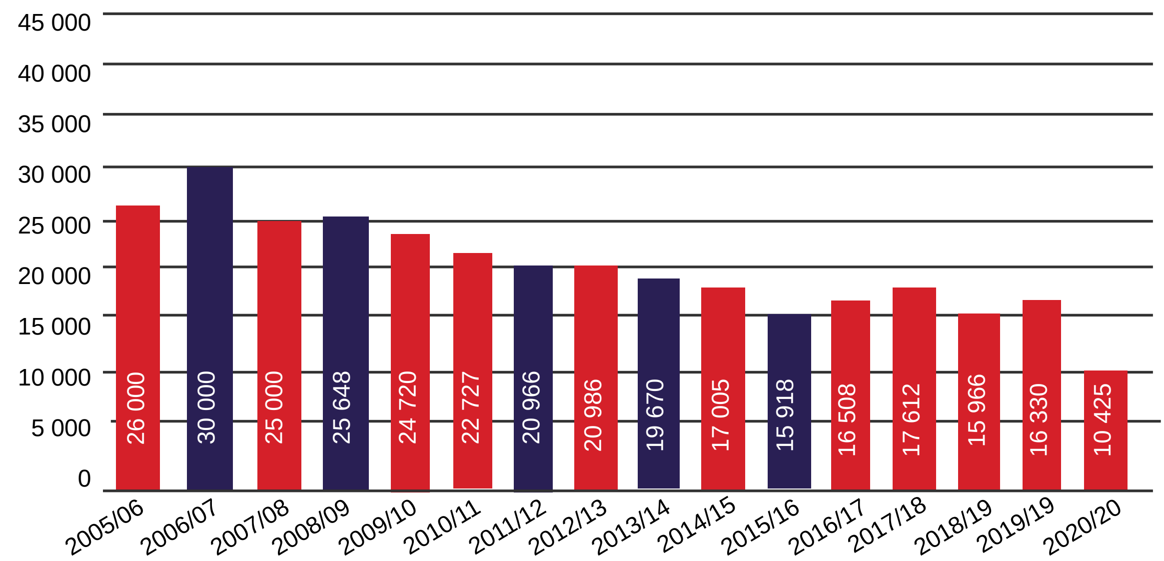
1.4 Total Number Of Claims Approved

Year	Unemployment	Illness	Maternity / Adoption	Dependents	Total
2005/06	451 000	26 000	81 000	31 000	**589 000**
2006/07	421 000	30 000	96 000	25 000	**572 000**
2007/08	397 000	25 000	89 000	16 000	**527 000**
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**

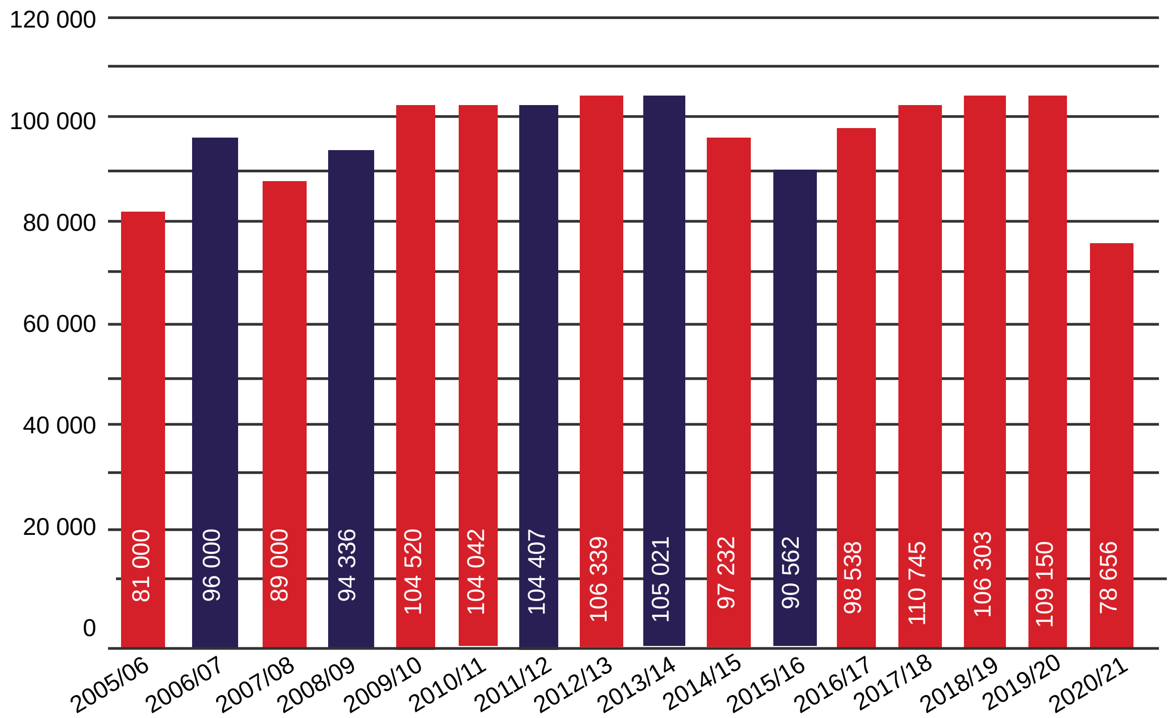
Unemployment Claims Approved

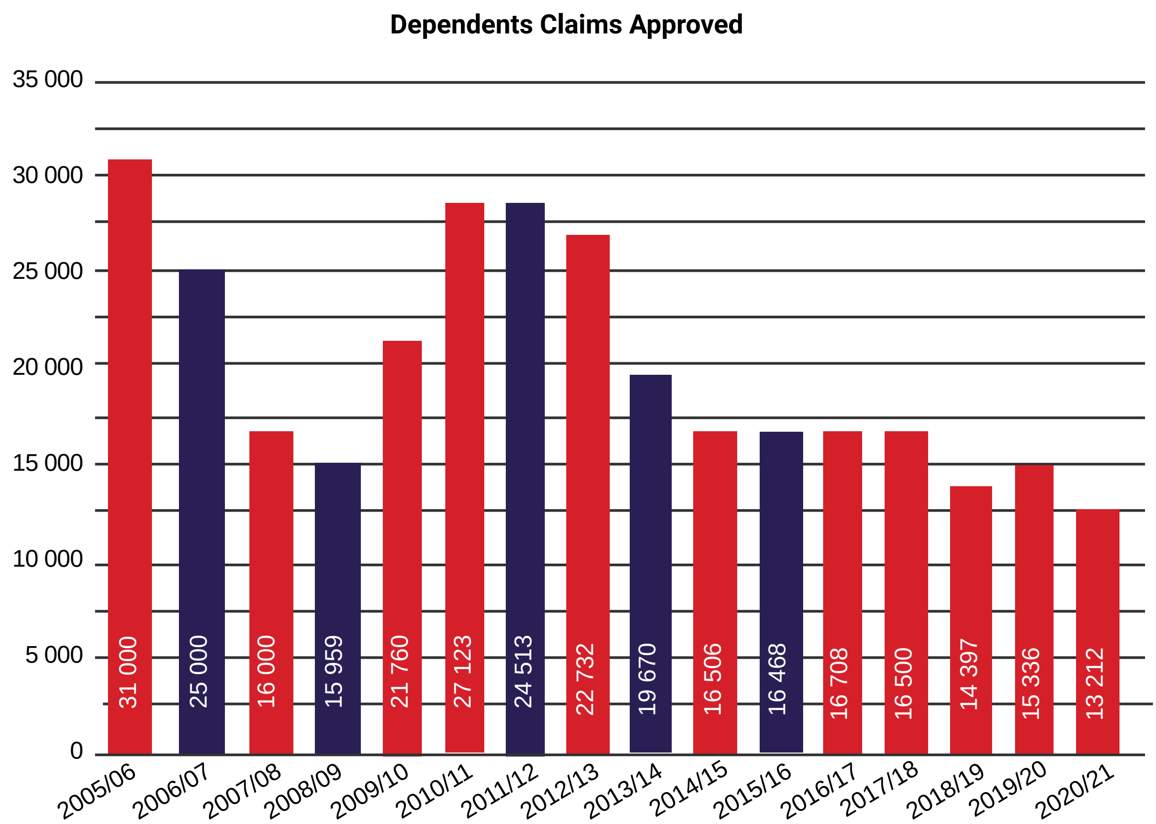


Illness Claims Approved



Maternity / Adoption Claims Approved





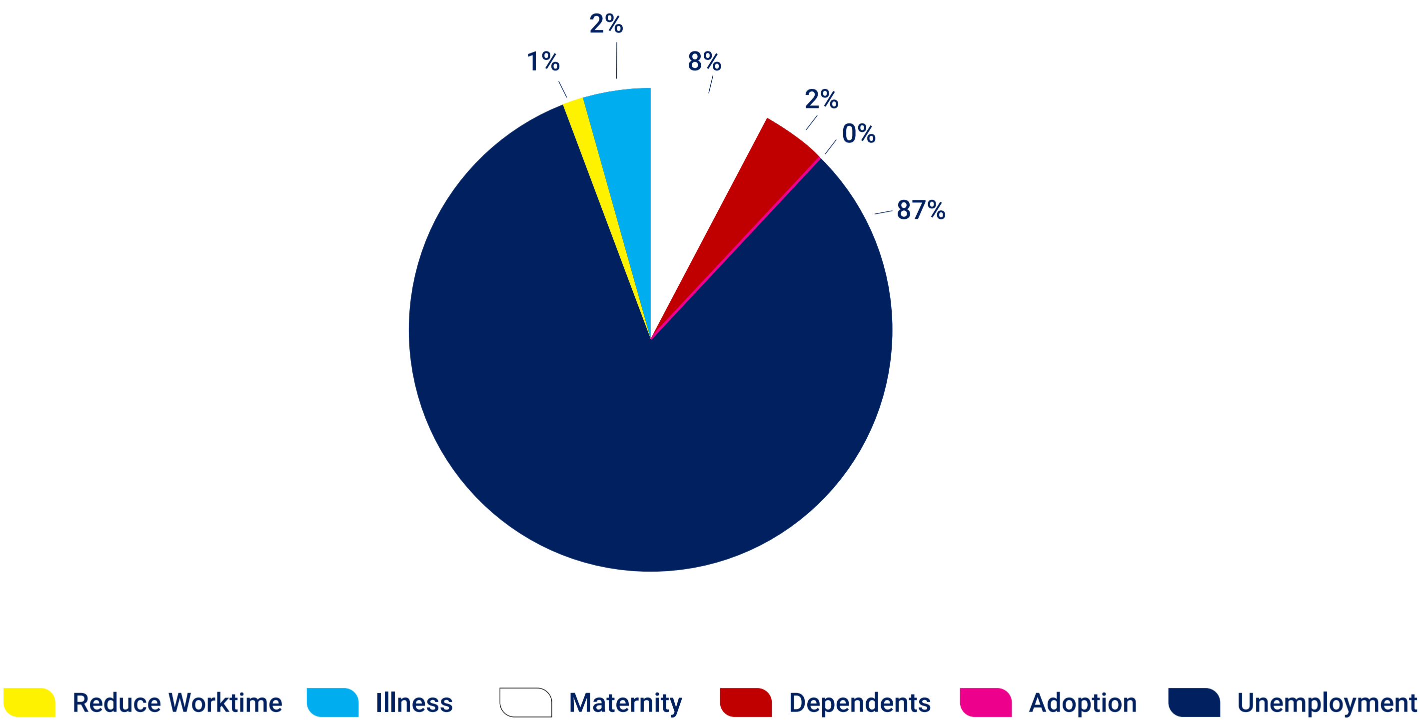
1.5 Total Monetary Value Of Benefits ('000)

Year	Unemployment	Illness	Maternity / Adoption	Dependents	Total
2005/06	2 191 024	187 100	355 823	199 478	2 933 425
2006/07	1 991 428	179 776	419 185	247 462	2 837 851
2007/08	2 030 877	187 381	460 907	242 295	2 921 460
2008/09	2 833 539	211 639	537 574	263 866	3 846 618
2009/10	4 535 973	231 784	624 373	317 263	5 709 393
2010/11	4 322 279	236 901	668 472	321 327	5 548 979
2011/12	4 472 968	236 604	712 245	316 184	5 738 001
2012/13	4 781 257	254 286	765 978	320 691	6 122 212
2013/14	5 750 077	265 634	840 891	328 989	7 185 591
2014/15	5 855 371	258 525	819 701	276 773	7 210 370
2015/16	6 449 973	264 912	818 107	288 145	7 821 137
2016/17	7 610 495	274 680	952 238	310 692	9 148 105
2017/18	7 625 287	316 378	1 059 153	346 232	9 347 050
2018/19	9 203 115	331 359	1 218 974	365 698	11 119 146
2019/20	13 690 345	402 848	1 811 416	433 283	16 337 892
2020/21	R 15 076 067	R 298 469	R 1 361 233	R 415 668	R 17 151 437

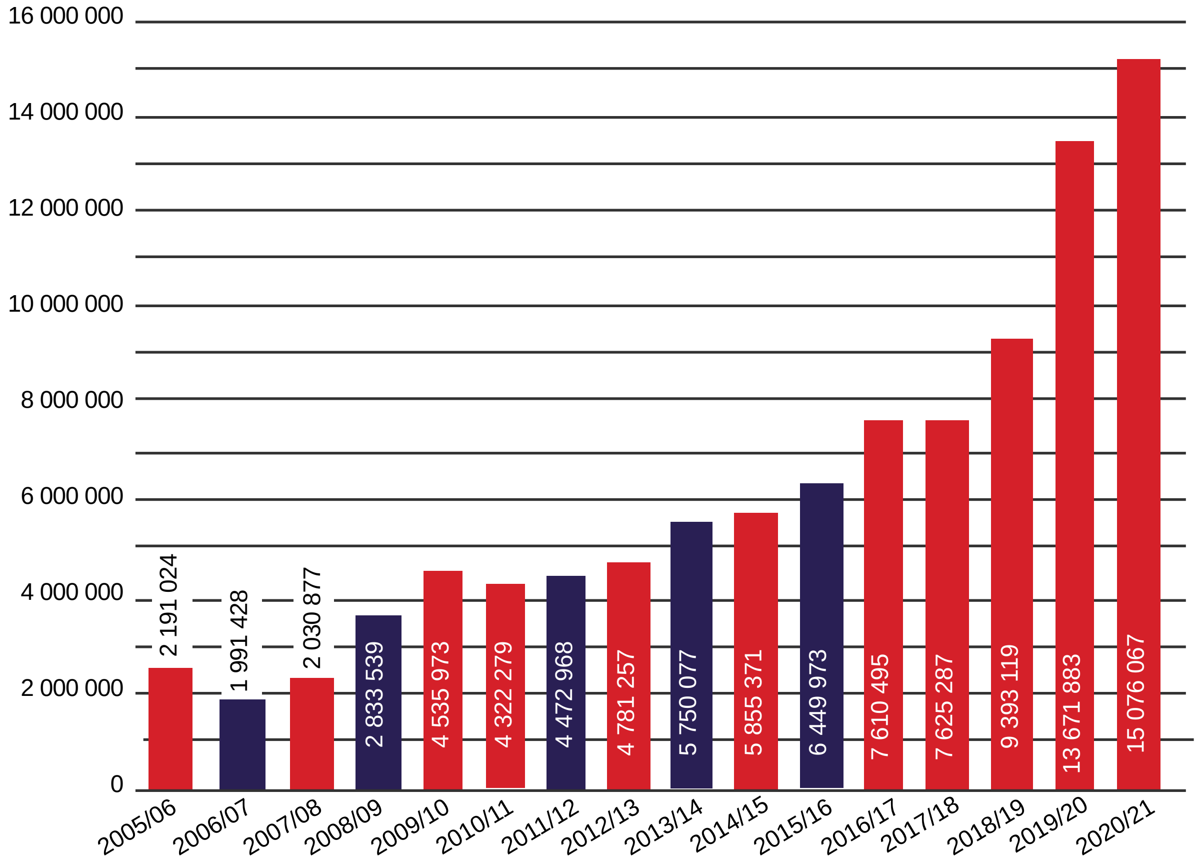
1.6 Total Monetary Value Of The 2020/21 Benefits

BENEFIT TYPE	GRAND TOTAL
Reduced Worktime	R 158 738 830.74
Illness	R 298 469 757.61
Maternity	R 1 360 988 784.91
Dependents	R 415 668 852.24
Adoption	R 244 930.63
Ordinary/Unemployment	R 14 917 328 892.45
GRAND TOTAL	R 17 151 440 048.58

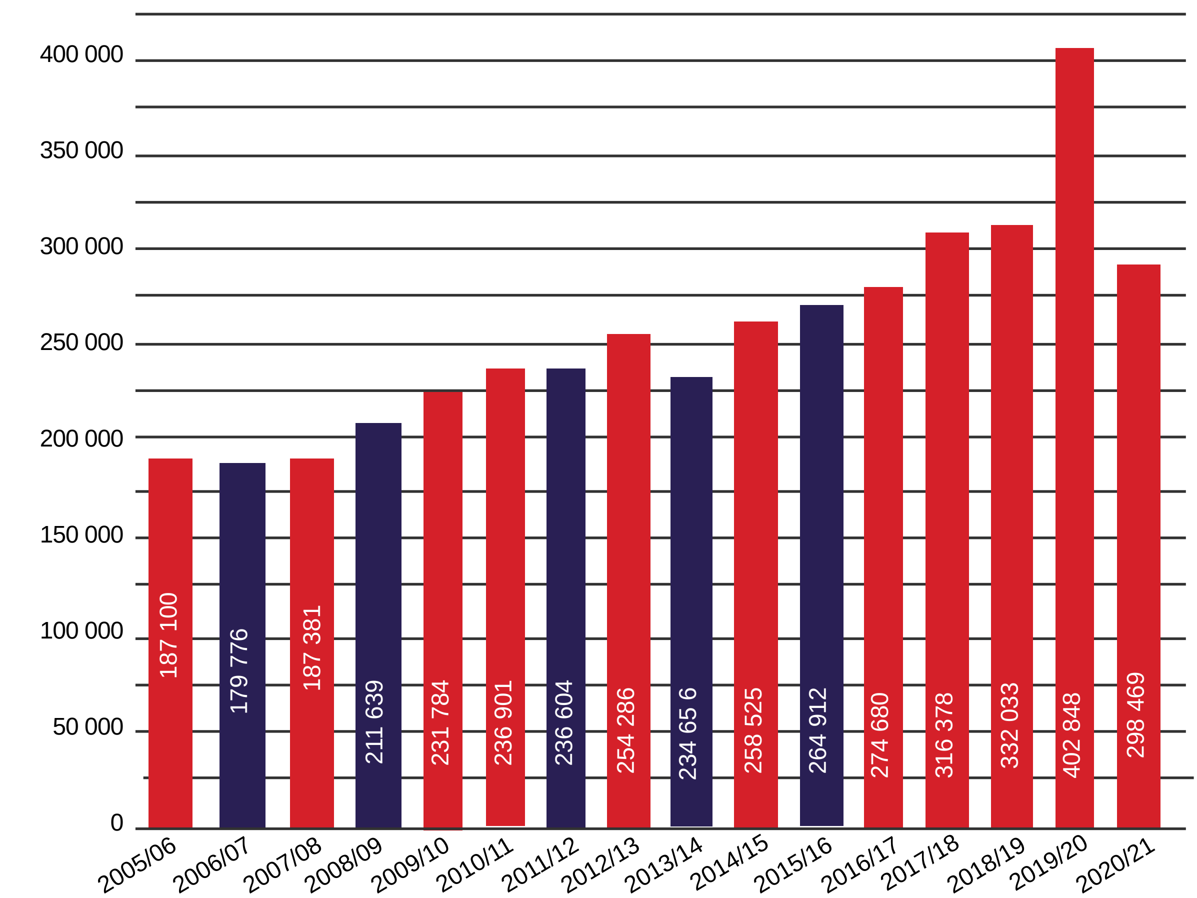
Payments breakdown by Benefit Types



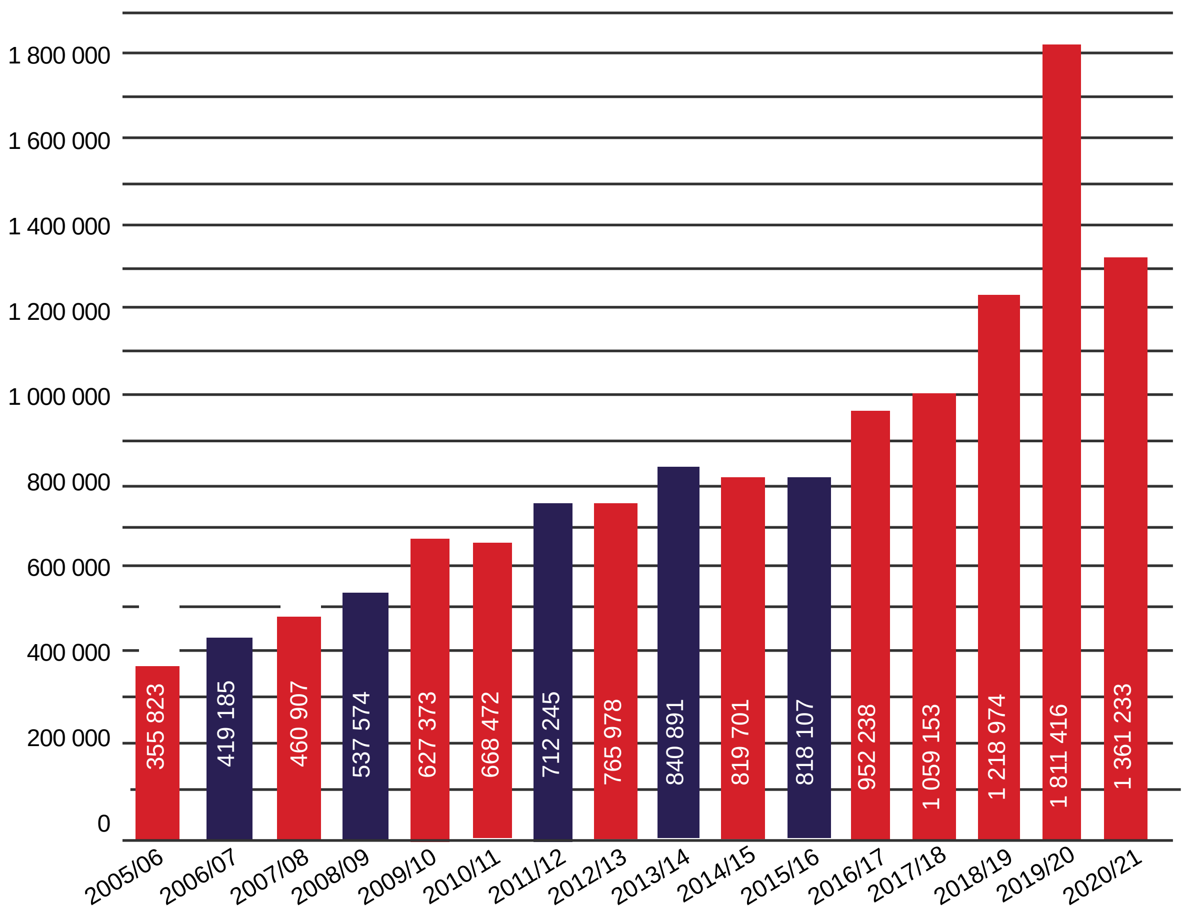
Amount sent to the Financial System: Unemployment Claims ('000)



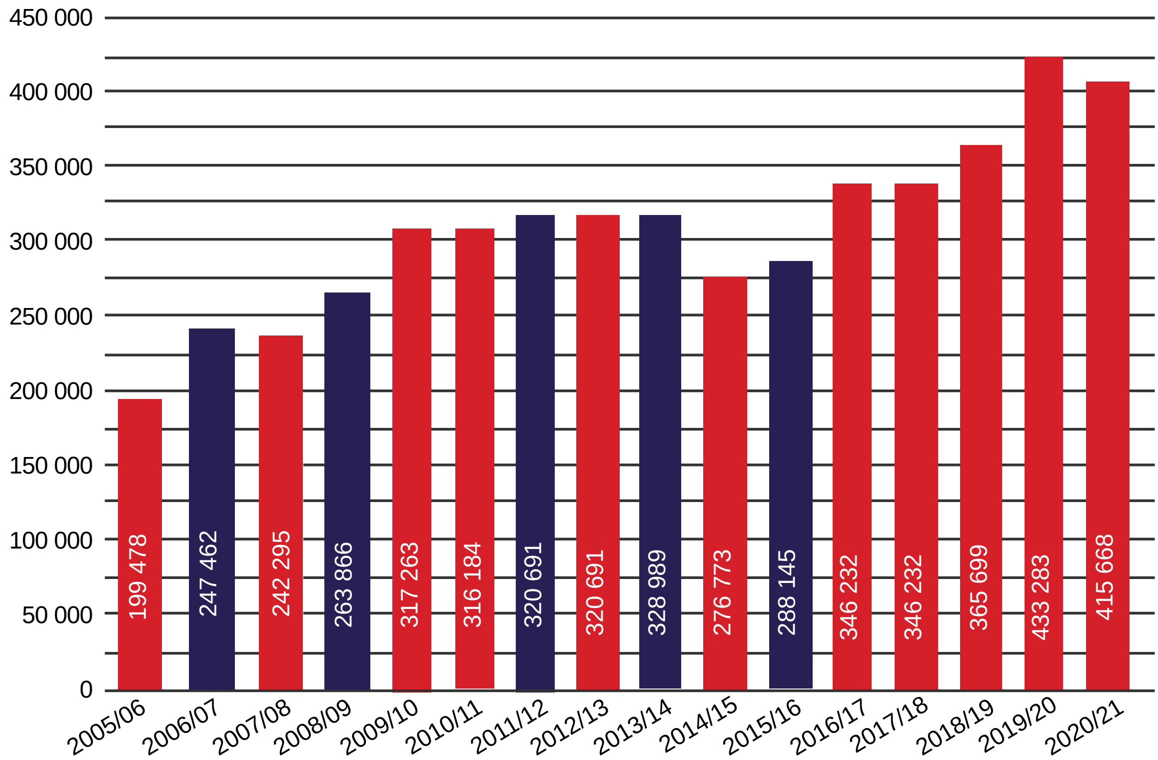
Amount sent to the Financial System: Illness Claims ('000)



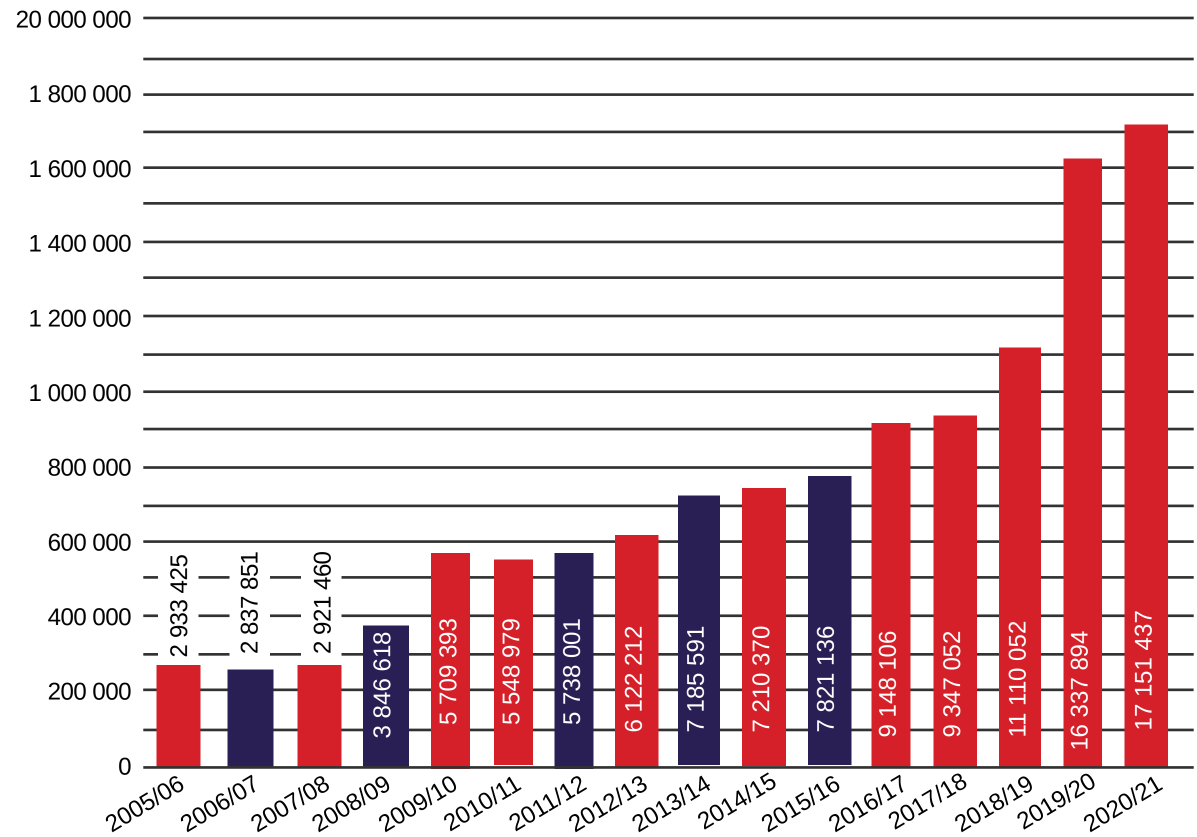
Amount sent to the Financial System: Illness Claims ('000)



Amount sent to the Financial System: Dependents Claims ('000)



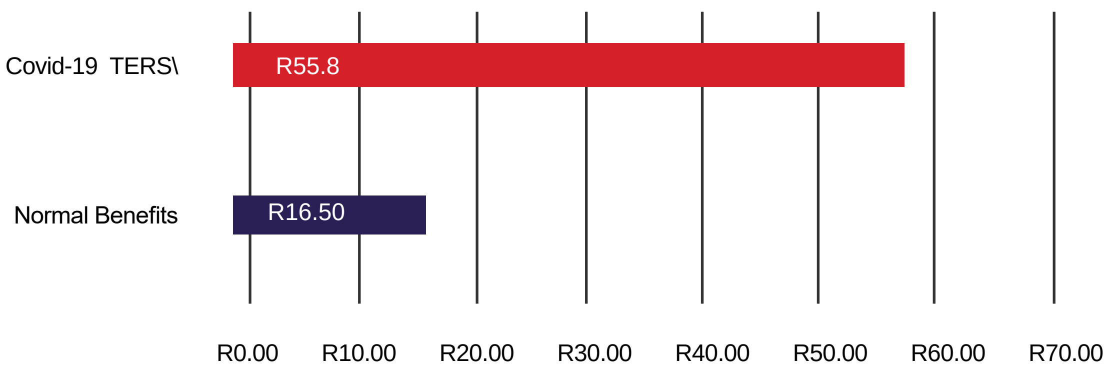
Total Monetary of Benefits sent to Financial system ('000)



1.7.3 Non COVID-19 benefit payment since lockdown inception

Benefit type	Beneficiaries	Amount paid
Unemployment	2 375 778	R 13 232 877 541.46
Maternity	445 458	R 2 481 164 539.02
Dependent	89 092	R 496 232 907.80
Illness and Adoption	59 394	R 330 821 938.54
Total	2 969 722	R 16 541 096 926.82

Normal vs Covid-19 TERS Benefits (Billions)



2. LABOUR ACTIVATION PROGRAMMES

The UIF established the Labour Activation Programme ("LAP") to enhance employability of the unemployed, enable entrepreneurship and preserve jobs by integrating the unemployed people back to the labour market.

2.1 Key Achievements

1.1.1 During the 2020/2021 financial year to date, the UIF has facilitated the establishment of ninety-six cooperatives in both the KwaZulu Natal and the Eastern Cape provinces.

1.1.2 At the start of the 2020/2021 financial year, the UIF Funded a number of entities who are currently implementing programmes focused on training aimed at new venture creation, namely: Enterprise Ilembe Economic Development Agency (86); Mpumalanga Growth Agency (758); North West Development Corporation (287); and Walter Sisulu University (1 500). A total of 2 631 persons will benefit from these programmes.

2.2 Key Challenges

1.2.1 Whilst it is noted that recruitment and selection process is under way (albeit the Deputy Director LAP for provincial operations post were withdrawn twice already), there are human resource capacity constraints. The Assistant Directorposts are still to be advertised by Human Resources Management and Development. There are currently 46 Funded partners with a total of 84 783 learners across the breath of the country and LAP is expected to oversee all those with the current skeletal staff.

1.2.3 The human resource capital deficiency also hampers the requirement for LAP to provide effective oversight and monitoring of projects which consist of an excess of 177 training sites across all nine provinces.

1.2.4 The capacity challenge will be addressed when all the posts reflected on the approved structure are filled and incumbents are working.

1.2.4 One glaring challenge is that most funded partners do not provide the incubation and related support for learners who have qualified under the new venture creation/enterprise development programme. This challenge can be addressed by the UIF providing the additional resources to support the incubation of cooperatives and enterprises started by participants in projects in order to give them a fighting chance for survival.This challenge is expected to be addressed when new projects are undertaken. The UIF will only be funding programmes which will result in jobs for the participants/beneficiaries or business ventures.

NOTES

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REPUBLIC OF SOUTH AFRICA

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