Pension Funds Adjudicator

Est. 1998

INTEGRATED REPORT | 2024 2025

Pension Funds Adjudicator

Est. 1998

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GENERAL INFORMATION

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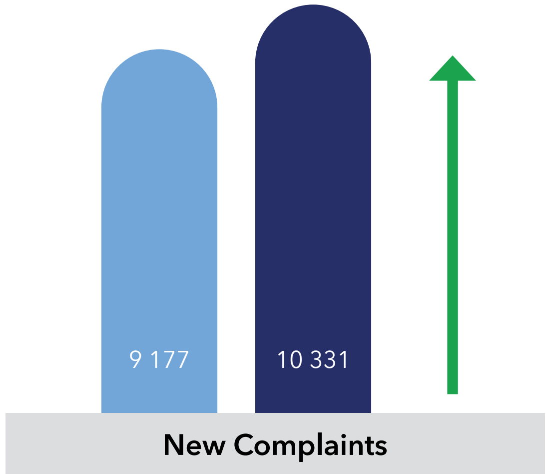
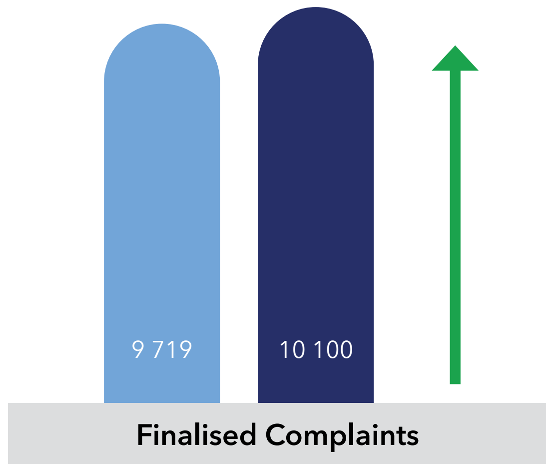
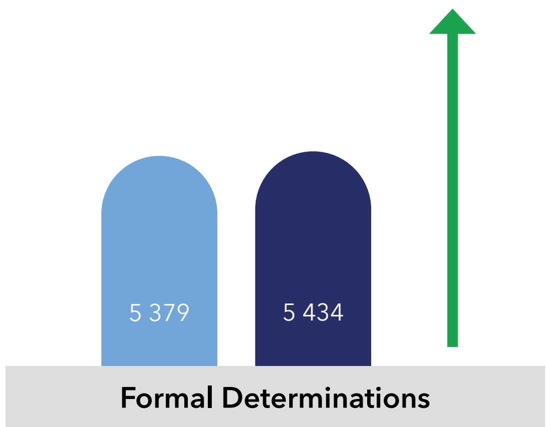
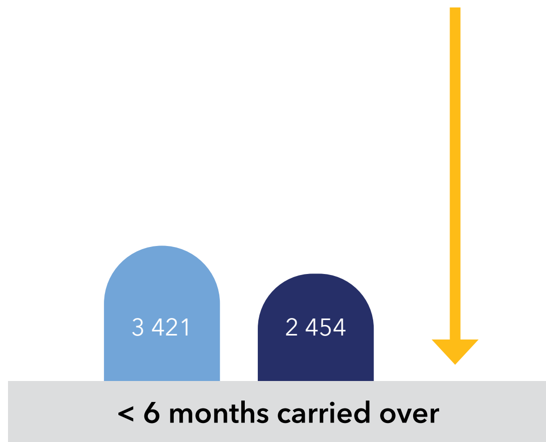
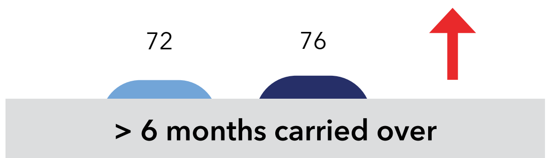
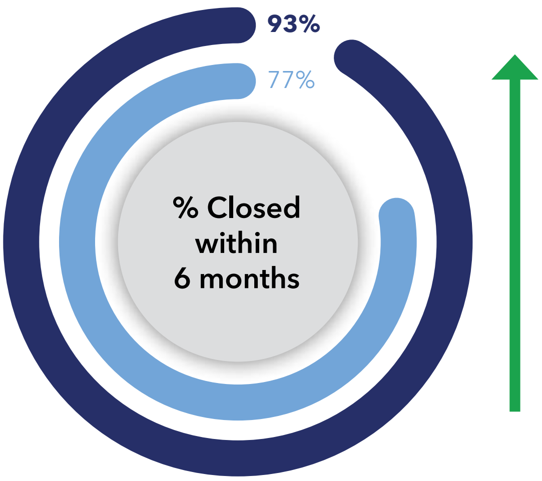












2023/2024 2024/2025

GENERAL **INFORMATION**

Country of incorporation and domicile	South Africa
Legal form of entity	The Office of the Pension Funds Adjudicator is a Public Finance Management Act (Act no. 1 of 1999) Schedule 3A public entity and statutory body established in terms of section 30B of the Pension Funds Act, 24 of 1956.
Nature of business and principal activities	The mandate of the OPFA is to dispose of complaints lodged in terms of the Pension Funds Act No.24 of 1956, as amended, in a procedurally fair, economical and expeditious manner.
Registered office	Block A, 4th Floor, Riverwalk Office Park, 41 Matroosberg Road, Ashlea Gardens, Pretoria, 0081
Bankers	Standard Bank of South Africa Limited South African Reserve Bank
Website	www.pfa.org.za
E-mail Address	enquiries@pfa.org.za
Telephone	012 748 4000
Auditors	Auditor-General South Africa
	P O Box 446 Pretoria 0001 012 426 8000

LIST OF **ABBREVIATIONS**

AA	Accounting Authority
Act	Pension Funds Act No. 24 of 1956
AGSA	Auditor-General South Africa
CM	Case Management
COFI Bill	Conduct of Financial Institutions Bill
CPD Act	Corporation for Public Deposits Act No. 46 of 1984
DPFA	Deputy Pension Funds Adjudicator
EHCS & CFO	Executive Head Corporate Services and Chief Financial Officer
EXCO	Executive Committee
ERU	Early Resolution Unit
FAIS Ombud	Office of the Ombud for Financial Services Providers
FSCA	Financial Sector Conduct Authority
FSR Act	Financial Sector Regulation Act No. 9 of 2017
FST	Financial Services Tribunal
GRAP	Generally Recognised Accounting Practice
ICT	Information and Communication Technology
King IV	King IV Report on Corporate Governance for South Africa
Levies Act	Financial Sector and Deposit Insurance Levies Act No. 11 of 22
NCU	New Complaints Unit
OC	Ombud Council
OPFA	Office of the Pension Funds Adjudicator
PAA	Public Audit Act No. 25 of 2004
PFA	Pension Funds Adjudicator
PFMA	Public Finance Management Act No.1 of 1999
POPIA	Protection of Personal Information Act No.4 of 2013
RLAB	Revenue Laws Amendment Bill, 2023
SAA	Senior Assistant Adjudicator
Team Leader	Team Leader
SARB	South African Reserve Bank

FOREWORD BY THE **MINISTER OF FINANCE**

Mr E Godongwana

Minister of Finance

It gives me pleasure to present the Integrated Report for Office of the Pension Funds Adjudicator (OPFA) for 2024/25. The year ushered in the Government of National Unity (GNU). The GNU identified three important priorities: drive inclusive growth and job creation; reduce poverty and tackle the high cost of living; and build a capable, ethical, and developmental state. The OPFA has contributed significantly to the second and third priorities of the GNU.

The GNU also saw the implementation of the two-pot system, which enabled members of retirement funds to have access to money from their savings pot without leaving employment. This was implemented from 1 September 2024. Funds received a significant number of withdrawal applications from members. However, there were processing delays, as some funds underestimated the uptake whist some could not pay the claims as employers owed arrear contributions. The OPFA received a total of 239 two-pot related complaints and 2246 enquiries from September 2024 to March 2025.

The OPFA received 10 331 new complaints and disposed of a total of 10 100. The closures include complaints carried over from the previous year.

As in previous years, the primary areas of concern relate to withdrawal benefits and non-compliance with section 13A of the Act, where employers fail to pay over pension contributions to the fund. The recurrence of these issues and the high number of complaints remain of great concern, and stakeholders are urged to remediate this undesirable result of poor fund governance, management, and administration. This, in effect, undermines the government's efforts as outlined in the three priorities of the GNU to reduce poverty, tackle the high cost of living, and build a capable, ethical, and developmental state.

> "The GNU also saw the implementation of the two-pot system, which enabled members of retirement funds to have access to money from their savings pot without leaving employment."

The Financial Services Tribunal (FST) which is a fee-free appeals avenue for aggrieved persons that, amongst other functions, exists to reconsider the Pension Funds Adjudicator's (PFA) determinations. The increased use of the FST by aggrieved persons is encouraging and provides complainants with an efficient appeals process, at little to no cost relative to the expensive and lengthy formal court process. During the period under review, 87 applications for reconsideration were made by persons aggrieved with the OPFA decisions. The FST issued 83 decisions, of which 4 applications were withdrawn. Of the 83, 54 decisions of the OPFA were upheld, and 27 were remitted for reconsideration.

The OPFA continued to work with the Ombud Council (OC) to design processes and develop standards and rules of engagement to give effect to the overall objectives of an affordable, independent, accessible, and fair complaints' management process.

In closing, I would like to express my gratitude to the PFA for her role and contribution throughout the transition journey and for her continued involvement in ensuring the success of the reforms that affect ombud schemes.

Mr E Godongwana
Minister of Finance

MESSAGE FROM THE PENSION FUNDS ADJUDICATOR

MA Lukhaimane

Pension Funds Adjudicator

The Office of the Pension Funds Adjudicator (OPFA) presents its Integrated Report for the 2024/25 financial year. The legal mandate of the OPFA is to resolve complaints related to retirement funds in a procedural, expeditious and economic manner. Its role is to contribute to the protection and education of consumers of retirement products and services by providing accessible, affordable, efficient and effective dispute resolution. In the process of disposing of complaints, the OPFA ensures that retirement funds comply with fund rules, pension fund legislation and regulations, and that they treat their customers fairly.

During the 2024/25 reporting year, the OPFA received 10 331 new complaints, which is an increase of 13% compared to the previous year. The primary contributor to a surge in complaints was the introduction of the two-pot retirement system on 1 September 2024. The two-pot retirement system, brought the spotlight on the extent of section 13A non-compliance that the OPFA has been raising over the past decade. As a result, this created an overdue sense of urgency among stakeholders in the regulatory and political environment which brough about collaborative efforts to implement effective interventions and hold retirement funds and employers accountable. The OPFA remains committed to contributing and providing relevant data to policymakers, the regulator, and others that have vested interest in restoring trust and confidence in South Africa's retirement fund system.

> The two-pot retirement system, brought the spotlight on the extent of section 13A non-compliance that the OPFA has been raising over the past decade.

Overall, the majority of complaints received relate to section 13A non-compliance and withdrawal benefits, underscoring the systemic issues in the retirement fund sector that warrant urgent attention. These shortcomings not only jeopardise members' financial security but also threaten risk benefits that rely on timely settlement of premiums by the fund to third parties, ultimately leaving members and their beneficiaries in a financially vulnerable position.

A total of 10 100 complaints were finalised during the year, reflecting a 4% increase compared to the previous year. 5 434 complaints (54%) were finalised in terms of fully investigated and reasoned determinations, 1 175 (12%) closed as settlements, 1 890 (19%) as out of jurisdiction and 1 601 (15%) by other means. 93% of complaints finalised as either determinations, out of jurisdiction, or settlements were closed within 6 months – 8% higher than the 85% organisational target.

The Financial Services Tribunal (FST), through its reconsiderations, continues to contribute meaningful insights and learnings to our dispute resolution processes in a cost-effective manner. A total of 87 applications for reconsideration were made, 83 decisions were issued by the FST, of which 56 were upheld and 27 were remitted for reconsideration by the Adjudicator.

The OPFA had regular engagements with the recently established regulator of ombud scheme, the Ombud Council. In the year under review, a second on-site inspection was conducted by the Council at the OPFA offices, focusing on the complaints-handling processes and procedures. In addition, the OPFA engaged further on its draft rules for consideration by the Council. The outcome of the on-site inspection and robust engagements with the Council assist in ensuring that the OPFA discharges its mandate effectively, efficiently, transparently and in accordance with the Pension Funds Act. The Conduct of Financial Institutions Bill is still at consultation stage, and the OPFA continues to provide input, when given an opportunity, to ensure that the critical reforms are effective, feasible, and aligned with the objective of ombud system review reform project.

In conclusion, I wish to extend my sincere appreciation to the Minister for his continued oversight and support of the OPFA, along with the dedicated team at National Treasury. I would also like to express special thanks to the outgoing members of the Audit, Risk, Social, Ethics, and Human Resources and Remuneration Subcommittees for their unwavering support and invaluable oversight throughout their tenure. Finally, my heartfelt gratitude goes to the OPFA management team and staff, for their steadfast commitment to excellence and the impactful work they continue to deliver.

FAREWELL MESSAGE

As I bring my 12-year journey as the Pension Funds Adjudicator to a close, I do so with immense gratitude and pride in what the office has been able to achieve. It has been an extra-ordinary privilege to serve in this role – championing fairness, promoting accountability, and striving to protect the rights and dignity of the retirement fund members. Over the years, I have witnessed the retirement fund system evolve and I have had the honour of being at the forefront of implementing key legislative reforms. I am encouraged by the collective progress we have made and appreciate that there is still more to be done.

I wish to take this opportunity to thank the dedicated teams I have had the privilege of working with at the OPFA over the past decade, the stakeholders in particular the Pension Lawyers Association, Batseta and the Institute of Retirement Funds Africa who supported our mandate, and the public who entrusted us with their queries. I also wish to thank the Financial Sector Conduct Authority (FSCA) Commissioner, the erstwhile Financial Services Board (FSB) team led by Mr DP Tshidi, and the erstwhile FSB Board led by Mr Abel Sithole for their support and counsel and last but not least, the retirement funds team at the FSCA. As I step off at my station, I remain confident in the capacity, integrity, and the continued role of the office in protecting consumers.

Ndo livhuwa nga maanda, Aa.

Ms MA Lukhaimane
Pension Funds Adjudicator

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE INTEGRATED REPORT

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

All information and amounts disclosed in the Integrated Report are consistent with the annual financial statements audited by the Auditor-General South Africa. The report is complete, accurate and is free from any omissions. The Integrated Report has been prepared in accordance with the guidelines on the Integrated Report as issued by National Treasury and the International Integrated Reporting Framework.

The annual financial statements on pages 120 to 155 have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity. The Accounting Authority (AA) is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The AA is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of performance information, 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 Integrated 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 2025.

Yours faithfully

Ms MA Lukhaimane
Pension Funds Adjudicator – Accounting Authority

BASIS OF PREPARATION FOR THE INTEGRATED REPORT

BASIS OF PRESENTATION

This integrated report is prepared according to the guidelines of the International Integrated Reporting Framework issued by the International Integrated Reporting Council and Integrated Report guidelines issued by the National Treasury (NT).

The scope of this integrated report is focused on how the OPFA has created value for its relevant stakeholders with particular emphasis on complainants as the most vulnerable group in the adjudication of complaints. This report focuses on the efficiency and procedural fairness in the adjudication of complaints and how the six capitals were integrated to ensure the OPFA mandate is achieved.

MATERIALITY FRAMEWORK

What is considered material for reporting purposes is informed by the mandate of the OPFA, which is disposal of complaints in a procedurally fair, expeditious, and economical manner. The focus of this report is on the value created during the year under review. It includes an assessment of the changes in the external environment such as the two-pot system and legislative initiatives that affect the mandate of the OPFA. It also looks at key risks and opportunities, and strategic responses which affect the complaints management process in the medium term covering a rolling period of five years. Furthermore, as a public entity governed by the Public Finance Management Act (PFMA), factors that have a material financial impact and/or indicate a significant non-compliance with relevant laws and regulations are disclosed in the annual financial statements. This is based on the materiality and significance framework approved by the AA.

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

ORGANISATIONAL OVERVIEW

The OPFA was established in terms of Pension Funds Act No. 24 of 1956 (Act) as amended, to dispose of pension fund-related complaints lodged in terms of the Act and complaints designated to the PFA)= in terms of section 211 of the FSR Act. The main objective of the OPFA is to ensure that the rights of consumers of pension products and services are protected, and they are treated fairly within the prescripts of the law.

LEGISLATIVE AND POLICY MANDATES

The OPFA is a PFMA Schedule 3A public entity established in terms of section 30B of the Act with effect from 1 January 1998, to investigate and determine complaints lodged in terms of the Act and those designated to the PFA in terms of the FSR Act. Section 30D of the Act requires that the PFA in disposing complaints:

- Applies, where appropriate, principles of equity
- Has regard to the contractual arrangement or other legal relationship between complainants and any financial institution;
- Has regard to the provisions of the Act; and
- Acts in a procedurally fair, economical and expeditious manner.

The primary legislation relevant to OPFA for the purposes of discharging its mandate include:

- Pension Funds Act, 24 of 1956, as amended.
- Financial Sector Regulation Act, 9 of 2017.
- Public Financial Management Act, 1 of 1999.
- Financial Sector and Deposit Insurance Levies Act 11 of 2022.

The planned policy changes that affect the OPFA's mandate and its operations are evaluated under the external environment analysis section below.

The OPFA is guided by its legal mandate and is committed to achieving its strategic goals and contributing to social protection of consumers of pension products and services by:

- Being a trusted, independent and impartial PFA;
- Being an organisation that leads by example and is committed to service excellence;
- Providing access to complainants;
- Creating awareness on the role of the OPFA, and educating and informing consumers of their rights; and
- Establishing meaningful and collaborative relationships with relevant stakeholders.

STRATEGIC OBJECTIVES AND DESIRED OUTCOMES

VISION

To OPFA aspires to be a respected institution that is the arbiter of choice in pension fund complaints submitted to it in terms of the Act.

MISSION

The mission of the OPFA is to resolve complaints in terms of the Act.

VALUES

The OPFA shall promote the following values:

- Professional and technical competence;
- Integrity;
- Collaboration;
- Stakeholder synergy;
- Respect and dignity; and
- Impartiality.

STRATEGIC OBJECTIVES

The OPFA's strategic objectives over the medium term period are focused on discharging the mandate of the OPFA; improving and maintaining its operations; and having informative and value adding interactions with its stakeholders. The strategic objectives and desired outcomes are listed below:

STRATEGIC GOAL 1:

Dispose of complaints received in terms of the Act.

This objective relates to the mandate of the OPFA and measures success indicators that focus on the efficiency of case management end-to-end process issuing quality determinations timeously.

Outcome: To be a trusted, independent, and impartial alternative dispute resolution avenue.

STRATEGIC GOAL 2:

Achieve operational excellence

This objective relates to the ability of the OPFA to conduct its operations economically, efficiently and through an effective system of internal control and sound governance.

Outcome: To be an organisation that leads by example and committed to service excellence.

STRATEGIC GOAL 3:

Effective Stakeholder Engagement

This measures the effectiveness of the OPFA in conducting outreach programmes, creating awareness and forging synergistic relationships with its stakeholders.

Outcome: To contribute to informed consumers and establish meaningful, collaborative relationships with stakeholders.

EXTERNAL ENVIRONMENT ANALYSIS AND LEGISLATIVE CHANGES

FINANCIAL OMBUD SYSTEM REVIEW

In February 2024, the NT released a policy statement, "A Simpler, Stronger Financial Sector Ombud System," outlining reforms for the financial ombud system in South Africa. This policy statement builds on recommendations from the World Bank's 2021 "South Africa - Financial Ombud System Diagnostic" study. The study was commissioned by both the FSCA and NT, to provide an independent review and propose changes to strengthen consumer protection and encourage positive outcomes within the financial services sector. The study found the financial ombud system to be complex. Despite the strengths of individual ombud schemes, it was found that the overall system is not fully accessible, efficient, and effective, making it difficult to navigate for consumers.

The NT decided that the reformed ombud system will comprise of the NFOSA which will be independent from the industry and government, a reformed Retirement Fund Ombud (RFO) established over the long term from the OPFA and a modified Ombud Council (OC). These changes require legislative amendments. However, some progress was made in the interim while awaiting legislative amendments. Four previously separate industry Ombud Schemes (Banking, Credit, Long Term Insurance and Short-Term Insurance Ombuds) embarked on a voluntary amalgamation to form the NFOSA. On 1 March 2024, the OC granted the NFOSA recognition as an industry Ombud Scheme in terms of section 194 of the FSR Act. The NFOSA commenced its operations and taking complaints from 1 March 2024.

The OPFA remains separate from the NFOSA as the NT considers that the transition of the OPFA to the RFO will take place over a longer phased period. This will be reconsidered in the median term (approximately 5 years), once the NFOSA arrangement has stabilised. Despite the OPFA remaining separate from the NFOSA, collaboration remains vital to enhance awareness, accessibility and improved overall effectiveness of the ombud system.

The proposed consequential amendments to the FSR Act, to be effected through the COFI Bill, will rename OPFA to the “Retirement Funds Ombud” and the Act to “Retirement Funds Act”. It is also proposed that Chapter VA of the Act (which established the OPFA), be imported into the FSR Act. This is in line with the project that has been underway by NT and the FSCA to eliminate unnecessary jargon and for all types of pension funds to fall within the umbrella term “retirement fund”.

COFI BILL AND PROPOSED AMENDMENTS TO OPFA’S MANDATE

The COFI Bill is currently awaiting certification from the Chief State Law Advisor, thereafter it will be sent to Cabinet for Approval to be tabled in Parliament. In addition to the above, COFI proposed other significant amendments that affect the OPFA’s mandate. Firstly, the mandate of the OPFA may also be extended via the expansion of the definition of “complaint”. The proposed amendment seeks to carry over the current requirements set out in the definition and also introduces “advice” in relation to a retirement fund and types of complaints that may be specified by the OC. There is concern about including advice or intermediary services under the RFO's jurisdiction, as this could lead to among other things, jurisdictional overlaps with intermediaries handling both retirement funds and other products. The OC will review coordination measures between ombud schemes to prevent complainants, whose issues relate wholly or partially to advice or intermediary services, from being sent from “pillar to post”.

Secondly, the proposed definition of "complaint" includes a requirement to accept oral complaints. In its comments to the NT, the OPFA expressed concerns that complaints might not be captured correctly, leading to uncertainty and potential delays in finalising them. There will also be financial implications, as oral complaints will require independent transcription to ensure accurate records should the matter be reviewed or appealed and costs of additional storage for recordings.

The proposed amendments will also mandate the sharing of information between ombuds and the FSCA. This is positive as it creates an opportunity to establish a system for sharing information, the objective of which should be to reduce systemic issues giving rise to common types of complaints in specific retirement funds.

Thirdly, the amendments to the COFI Bill will expand the definition of "retirement fund" to include public sector retirement funds, thereby expanding the OPFA's jurisdiction to address public sector fund complaints.

Fourthly, in the latest draft of the COFI Bill issued by NT, the OPFA took up the opportunity to submit comments on that draft. In that draft, there was a proposal made pertaining to section 37C of the Act which deals with the manner in which death benefits in a retirement fund should be disposed of. The OPFA comments, proposed that a full consultation process takes place which must include workshops held with relevant stakeholders in the retirement funds industry before amendments to section 37C are effected. If the proposal is accepted by National Treasury, this will present an opportunity for the OPFA to engage meaningfully with the relevant stakeholders on the appropriate ways in which the issues pertaining to section 37C of the Act can be addressed. Similar comments were submitted by the OPFA on the second draft of the COFI Bill.

Lastly, all conduct issues will be exported from the Act into the COFI Bill as an overarching piece of legislation that applies to the conduct of all financial institutions, including retirement funds. The sectoral legislations that currently exist are expected to be repealed either in whole or in part. It is also expected that the prudential issues relating to the financial soundness of retirement funds will remain within the Act. Conduct issues pertaining to specific types of financial institutions are expected to be addressed in conduct standards issued by the FSCA.

CHANGES IN FUNDING MODEL AND GOVERNANCE REQUIREMENTS

1 April 2023 marked the implementation of the Levies Act and certain provisions of the FSR Act, which introduced amendments to the Act. These legislative developments signal a shift in financial sector regulation, requiring stakeholders to align with the new compliance framework and funding mechanisms introduced.

Effective from the implementation date the OPFA's operations are funded from levies in terms of the Levies Act, based on a budget submitted and approved by the Minister of Finance. Previously, the funding was provided by the FSCA, based on a budget submitted to it. Furthermore, these changes designate the PFA as the AA of the OPFA, effective 1 April 2023. Prior to this change, the FSCA Commissioner served as an interim AA for the purposes of the PFMA.

These changes necessitated a comprehensive review of the OPFA governance structure to promote good governance and effective oversight. This review led to a separation of roles between the AA and the OPFA Management Committee (MANCO) in accordance with the PFMA. The OPFA also established an Executive Committee (EXCO), which comprises of the PFA, DPFA, and EHCS & CFO. This committee is responsible for reviewing and recommending OPFA policies, organisational strategies, operational documents, and plans for submission to the Governance Committees, and/or for final approval by the PFA. The MANCO which comprises of senior management and Governance Committees remains in place.

CONDUCT STANDARDS

The publication of conduct standards in terms of both the FSR Act and COFI Bill will also form part of the legislative framework that retirement funds will be expected to abide by. Naturally, these are also likely to form the basis of complaints received by the OPFA.

It is anticipated that there will be various other conduct standards issued by the FSCA relating to retirement funds for comment and the OPFA will most likely make submissions to the FSCA for consideration prior to the finalisation of any conduct standards. A similar process will obviously apply for prudential standards and joint standards.

POPIA

The OPFA has adopted policies to comply with POPIA as far as corporate records are concerned. The OPFA had embarked on a readiness project since August 2020 and held training and awareness sessions for all its staff members. The PPA was registered as an Information Officer and Senior Legal Advisor (SLA) registered as a Deputy Information Officer within the prescribed timelines. The Senior Manacer ICT was designated as a second Deputy Information Officer on 1 June 2024 and was also registered with the Information Regulator.

The OPFA has previously engaged with the Information Regulator to confirm its position in relation to the handling of complaints i.e. that they form part of the public record and are not subject to POPIA. Pursuant to such engagements, the Information Regulator confirmed that it would not be necessary for the OPFA to apply for an exemption.

TWO-POT SYSTEM

The Revenue Laws Amendment Act of 2024, which amended the Income Tax Act to facilitate the implementation of the two-pot system, officially came into effect on 4 June 2024. Subsequently, the Revenue Laws Second Amendment Act 44 of 2024, aimed at refining existing legislative language and streamlining the directives system for both administrators and SARS, was enacted on 24 December 2024.

Furthermore, the Pension Funds Amendment Act No. 12 of 2024, which introduced crucial amendments to enable the effective implementation of the two-pot system, was signed into law on 11 June 2024 and took effect on 1 September 2024.

From implementation date members were able to make a taxable savings withdrawal, which will be permitted every tax year from their "savings component" (one-third of contributions), but the "retirement component" (the other two-thirds) will be preserved until retirement and used to purchase an annuity. There is a third component, being the vested amount in the fund at the implementation date, the previous tax and legal regime apply to this component.

The OPFA saw an increase in complaints and enquires as members sought to withdraw their savings component. In preparation for the implementation, the OPFA developed a comprehensive two-pot response plan, which included the deployment of temporary resources to manage two-pot-related queries, staff training initiatives, and a structured stakeholder engagement strategy. This proactive approach ensured the efficient handling of queries and complaints.

OMBUD COUNCIL AND CHIEF OMBUD

The OC is empowered to:

- make rules relating to ombud schemes including governing rules, which are binding subordinate legislation.
- issue directives to a person who is an ombud, or to an ombud scheme, requiring the person to take action specified in the directive if the person has contravened or is likely to contravene a financial sector law in so far as it relates to ombud schemes.
- accept written enforceable undertakings by an ombud scheme regarding the ombud scheme's future conduct in relation to a financial sector law in so far as it relates to ombud schemes.
- commence proceedings against an ombud scheme in the High Court for an order to ensure compliance with a financial sector law in so far as it relates to ombud schemes.
- make a debarment order in respect of a natural person if the person has contravened a financial sector law in so far as it relates to ombud schemes, or an Ombud Council rule; or attempted, or conspired with, aided, abetted, induced, incited or procured another person to contravene a financial sector law in so far as it relates to ombud schemes.
- impose an administrative penalty on an ombud scheme, a member of the governing body of an ombud scheme, or an ombud.
- the OC may also conduct supervisory on-site inspections and investigations on ombud schemes.

In essence, the OC acts as a regulator of ombud schemes and the OPFA is subject to such regulation. The OPFA engaged with the OC and provided information to assist the Ombud Council in performing its mandate. During the financial year, the OC held various engagements with the OPFA, including discussions on finalising the OC reporting requirements and the OC Rules governing the OPFA.

In addition, the OC conducted an on-site inspection on 27 March 2025. The OC's feedback report was provided after the end of the financial year, on 9 May 2025. The feedback report found no contraventions of financial sector laws in respect of how the OPFA conducts its operations. The OPFA values its ongoing engagements with the OC, ensuring its operations align with regulatory requirements and uphold the highest standards of governance. The OPFA hopes that in future, the OC will get capacity that will be able to engage on retirement fund related issues.

The current external environment presents the following opportunities and threats:

OPPORTUNITIES

Stakeholder relations

- Hybrid model with increased digital interaction with stakeholders.
- OPFA continuously demonstrates how to operate a public entity with ethical leadership and credible governance.
- Leverage goodwill of stakeholders to improve on response times.
- Develop proactive training programmes for pension fund administrators and board members to reduce complaints.
- Enhance relationships with media and increased use of channels that reach scattered areas.
- Participate in legislative reform discussions.
- Conduct public education about OPFA determinations.
- Establish partnerships with other Ombuds, state institutions and consumer bodies.

Operational efficiencies

- Invest and maximise on IT capabilities
- Promote use of website and emails to lodge complaints

THREATS

Human resources

- Training requirements for OPFA staff on implementation of extended mandate and amended definition of a "complaint'.

Operational efficiencies

- Increased complaints due to teething problems of Two-pot system.
- Cost implications of rebranding, extended mandate and amalgamation with public pensions ombudsmen.

Stakeholder relations

- Continuous avoidable non-compliance by some pension funds may undermine public confidence and trust in the office and industry.

The OPFA considers the emerging opportunities and threats within its capability to respond effectively. The organisation will reposition its stakeholder engagement strategy to respond to current challenges of misconduct by specific pension funds and enhance its media relations.

STRATEGY AND RESOURCE ALLOCATION

STRATEGY 2025-2030

The strategic vision of the OPFA for 2025-2030 is to be a respected, trusted, and accessible arbiter of choice in resolving retirement fund complaints. The OPFA is committed to delivering procedurally fair, economic, and timely dispute resolution, thereby reinforcing public confidence in the retirement fund system.

INTRODUCTION

The OPFA's strategic objectives focus on discharging the mandate of the OPFA by improving and maintaining its operations and having informative and value-adding interactions with its stakeholders. The Strategic Priorities are:

- Achieve excellence in the disposal of complaints according to the ACT by leveraging advanced technologies and optimising processes.
- Raise awareness on the OPFA's mandate and improve accessibility through targeted stakeholder engagement.
- Position the OPFA as an employer of choice.
- Maintain commitment to good governance and clean administration.

CAPABILITIES THAT WILL ENABLE THE OPFA TO ACHIEVE ITS STRATEGIC OBJECTIVES

The capabilities that will enable the OPFA to achieve its strategic objectives:

- are its professional and technically competent staff members;
- an efficient technological infrastructure;
- business processes; and
- an organisational culture based on high performance, agility and ethical conduct.

The OPFA is committed to service excellence, and staff continue to work together to streamline processes and share information speedily to maintain our turnaround times without compromising the quality of the output.

RESOURCE ALLOCATION

The strategic planning process indicates that the organisation requires additional investment in its current capabilities to continue maintaining a high level of quality performance. The plan is to:

- invest in staff development through formalised training programmes that will ensure easy onboarding
- continuous professional development to improve in-house technical skills and competencies
- the ICT capabilities and capacity are being reviewed and updated to enhance operational efficiency.

The OPFA has achieved all of its strategic objectives over the past financial year while maintaining the same level of delivery capacity. Staff worked together to streamline processes and share information speedily to maintain turnaround times without compromising the quality of the output.

Furthermore, the analysis of complaints from the previous financial years points to weak governance processes within funds and administrators, a failure by employers to pay contributions of members and a failure by funds and administrators to pay benefits timeously. The OPFA will be focusing on strengthening its engagement with stakeholders to address the underlying causes that result in avoidable complaints.

The OPFA has contributed to developing retirement fund policy, legislation and regulatory amendments.

Through its organisational development activities, the OPFA strives to create a society where equal opportunities are granted and employees demonstrate their participation by accepting that they have both rights and responsibilities (nation-building and social cohesion). The OPFA is engaging with the new ombud schemes dispensation in the knowledge that stakeholders, especially fund members, stand to be the biggest winners in a more integrated and streamlined financial services complaints management landscape.

STRATEGIC GOAL 1:

DISPOSE OF COMPLAINTS RECEIVED IN TERMS OF THE ACT.

PURPOSE:
Resolve complaints in a procedurally fair, economical and expeditious manner by complying with the ACT:

The New Complaints Unit (NCU) timeously registers and assesses new complaints, allocates to the Early Resolution Unit (ERU) if out of jurisdiction, requests further information if needed, serves parties where a complainant did not liaise with a fund and / or employer prior to lodging a complaint with our office, assesses responses received and allocates to ERU and or Case Management Teams (CM).

The Early Resolution Unit (ERU) finalises Out of Jurisdiction-matters, assesses RtF-responses received, closes RtF-complaints as Resolved by Fund and or allocates complaints to Case Management Teams (CM) as formal complaints.

The Case Management Teams (CM) investigate complaints, finalise settlements where possible, investigate complaints, refer matters for Conciliation, and draft determinations in terms of section 30M of the Act. The investigation phase solicits further information from the parties concerned about complaints. Where determinations are drafted, they are then submitted to the Adjudicator for consideration and finalisation.

For this financial year, case management performed as follows:

	2024/2025
New Complaints Received	10 331
Complaints Finalised	10 100
Formal Determinations	5 434
% Closed within 6 months	93%

Legal services provides legal support to the OPFA, ensuring compliance with applicable legislation, managing legal risk to prevent or mitigate any legal liabilities, and supporting the OPFA in fulfilling its legislative mandate.

STRATEGIC GOAL 2:

ACHIEVE OPERATIONAL EXCELLENCE.

PURPOSE:
To ensure clean administration and build capacity to optimally deliver on the mandate of the OPFA.

Finance – promotes clean administration by achieving an unqualified audit opinion with no significant findings on performance information and compliance. Furthermore, these objectives measure the time taken to settle supplier invoices to support supplier development and economic participation by SMMEs. The finance department is responsible for the management of financial resources of the OPFA in terms of the ACT, the PFMA and Treasury Regulations, and Supply Chain Management.

Human Resources (HR) – promotes equal opportunities, fair treatment and redress in the workplace and advancing to the employment equity plan.

HR, as custodians of various employment processes and procedures, has a responsibility to assist the OPFA to be compliant with the Labour Relations Act, Basic Conditions of Employment Act (BCEA), Employment Equity Act, Skills Development Act, amongst applicable legislation.

Corporate Support Department – responsible for all other operations i.e. ICT and Office Management.

STRATEGIC GOAL 3:

EFFECTIVE STAKEHOLDER MANAGEMENT.

PURPOSE:
To educate consumers and establish meaningful and collaborative relationships with stakeholders.

The OPFA conducts awareness programmes to educate the public about its services. It collaborates with its stakeholders to ensure value-adding engagements that will improve its outcomes whilst creating value for all stakeholders. This includes radio and TV shows; visiting universities to engage with law students interested in a career in pensions and to encourage taking up of internship opportunities; meeting with stakeholders upon invitation; and scheduling interaction with stakeholders (funds, adminstrators and industry bodies) to facilitate the complaints resolution process.

The OPFA at various levels also maintain collaborative relations with the PSCA, National Treasury and internal governance committees to facilitate the implementation of the OPFA mandate.

To realise this vision, the OPFA will:

- Enhance accessibility by expanding its physical and digital footprint, ensuring that all South Africans, regardless of location, can engage with its services.
- Promote awareness of its mandate through targeted stakeholder engagements and educational outreach, empowering fund members with knowledge.
- Strengthen collaboration with regulators, other ombud schemes, and industry stakeholders to identify systemic issues, promote compliance, and prevent recurring disputes.
- Invest in human capital by positioning itself as an employer of choice, fostering a culture of excellence, diversity, and continuous learning.
- Modernise operations through the adoption of advanced technologies, including digitisation to improve case management and service delivery.
- Uphold good governance by maintaining clean administration, financial integrity, and ethical standards in all aspects of its operations.

The strategic objectives of the OPFA for the 2025-2030 period are:

- The timeous resolution of complaints in a procedurally fair and economical manner, in full compliance with the Act and related legislation;

- Striving for operational excellence by continuously improving internal systems, processes, and service delivery; and
- Building value-adding relationships with key stakeholders to enhance collaboration, promote compliance, and address systemic issues in the retirement fund industry.

The capabilities that will enable the OPFA to achieve its strategic objectives are:

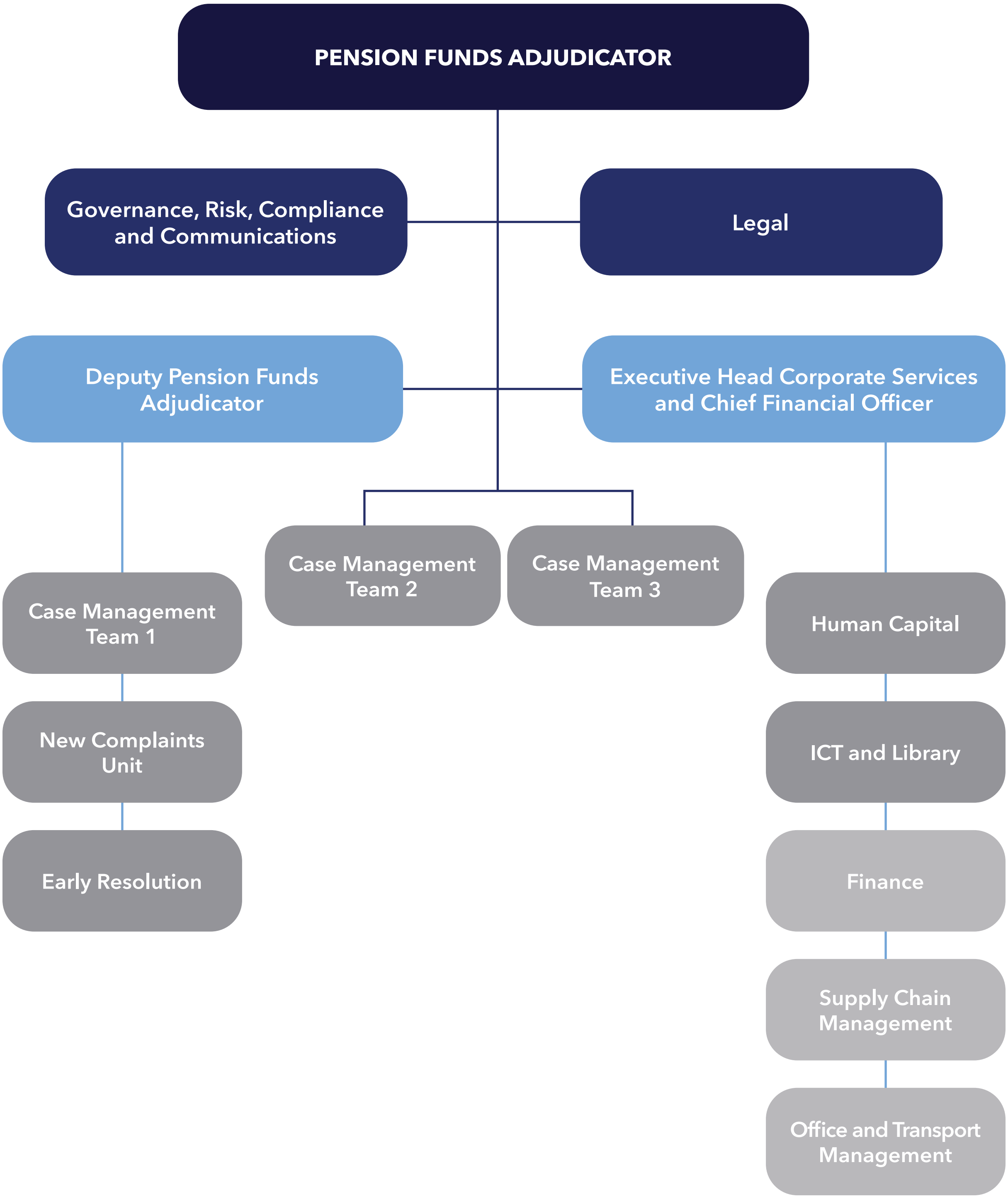
- Professional and technically competent staff members who are committed to delivering high-quality adjudication and service;
- Synergistic stakeholder collaboration with regulators, other ombud schemes, retirement funds, and community organisations;
- Targeted outreach programmes and awareness campaigns to improve public understanding of the OPFA's mandate and services;
- Modernised technological infrastructure and a commitment to continuous innovation;
- Efficient and complainant-centric business processes designed to ensure accessibility, responsiveness, and fairness; and
- An organisational culture based on high performance, agility, and ethical conduct, fostering accountability and continuous improvement.

RESOURCE ALLOCATION

The OPFA's resource mix comprises human capital, knowledge capital, financial resources, and physical infrastructure, including office space that ensures accessibility for walk-in complainants. During the previous financial year, the OPFA achieved 100% of its key performance indicators while maintaining consistent operational capacity. This performance was underpinned by a collaborative organisational culture, where staff worked cohesively to streamline processes and facilitate timely information exchange, thereby sustaining turnaround times whilst maintaining the quality of outputs. Strategic investment in modernisation continues to be a priority, with a focus on enhancing operational efficiency through improved systems and infrastructure.

The OPFA remains committed to optimising its resource utilisation to support its mandate and strategic objectives. Further detail on the deployment and impact of these resources is provided in the Business Model section, which outlines the alignment between resource inputs and performance outcomes for the year under review.

ORGANISATIONAL STRUCTURE



As depicted above, the OPFA has established a fit-for-purpose organisational structure to ensure that the organisation is aligned with its strategic goals and operational needs. It facilitates efficient communication, clear roles and responsibilities, and effective decision-making processes. This alignment enhances productivity, supports optimal use of limited resources, and fosters agility in responding to changes in the number of complaints and/or changes in OPFA mandate.

The OPFA organisational structure consists of two inter-dependent functions namely Adjudication and Corporate Services.

ADJUDICATION

The Adjudication function consists of 3 departments, namely New Complaints Unit (NCU), Early Resolution Team (ER) and Case Management Teams (CM). This function is responsible for the programmes related to the mandate of the OPFA (Strategic goal 1 – *Disposal of Complaints,* and Strategic Goal 3 – *Effective Stakeholder Engagement*. The adjudication teams are led by the PFA and DPFA.

CORPORATE SUPPORT SERVICES

The Corporate Support Services function consists of a number of departments that are mainly divided into Finance and Operational Support Departments. The Corporate Support Services function consists of a number of departments such as ICT and Library, Human Capital, Office Management and Transport, Finance and SCM that reports directly to EHCS & CFO. Corporate Support Services is mainly responsible for key performance areas that related to Strategic Objective 2 – Achieve Operational Excellence.

Operational Support Departments

It is responsible for all operations that include Legal, Governance, Risk, Compliance and Communications.

Left to right - Zimasa Majola, Nondumiso Ntshangase, Carmen Kotshoba, Muvhango Lukhaimane, Lucas Flink and Lutendo Tshifularo

BUSINESS MODEL

Our business model is focused on generating value for stakeholders with complainants as the primary stakeholder, through investigating and determining complaints lodged in terms of Section 30D of the ACT. Our mandate mainly creates value for complainants, retirement funds, administrators, employers, employees, Finance Ministry as the executive authority and the FSCA as regulator of pension funds.

VALUE CREATION

The OPFA creates value by executing the following for its stakeholders:

OUR STAKEHOLDERS

COMPLAINANTS:

- Providing accessibility of the office as an ombud scheme for retirement funds and other prospective complainants via different avenues such as walk-ins to OPFA offices, telephone, email, website and fax.
- Investigating and determining complaints in a procedurally fair, economical and expeditious manner.
- Encouraging mediation and settlements to ensure timeous resolution of disputes.
- Implementing outreach and awareness programmes that educate the public and prospective complainants on our services.
- Providing guidance and direction for complaints outside jurisdiction of the OPFA.
- Seeking continuous feedback about our services and adapting our processes to enhance complainant experience.

RETIREMENT FUNDS, ADMINISTRATORS AND INDUSTRY BODIES

- Collaborating with the industry to improve the effectiveness and efficiency of dealing with pension fund complaints.
- Contributing to pension fund law educational programmes and information sharing sessions such as conferences, webinars, issuing practice notes and publishing articles
- Providing the industry with feedback on their performance in order to improve their services to their members.
- Providing training for individual retirement funds on specific topics.

EMPLOYERS

- Conducting awareness on pension fund law through determinations issued.

EMPLOYEES

- Providing meaningful employment and opportunities for development and training.
- Providing study assistance through bursaries as capacity building initiative.
- Providing fair and competitive remuneration and benefits.
- Providing a diversified and relevant employee wellness programme.

FINANCE MINISTRY

- Providing performance reports containing detailed information on the effectiveness of the ombud scheme and its mandate in addressing its policy objectives.
- Providing evidence-based input on legislative reform.

FSCA (REGULATOR)

- Providing data and trends on systemic issues and other matters of concern.

BUSINESS MODEL *(continued)*

How we create value

The OPFA creates value by executing the following for its stakeholders

OUR INPUT CAPITALS

The actual inputs (capitals) were transformed using people, business processes and technology to produce business outcomes.

Capital	What was used to deliver on the mandate and strategic plans
Financial Capital	• Total budget of **R108 016 658** funded from levies raised, interest earned and reserves. • Section 30R budgeted funding from the levies as approved by the Minister of Finance to the value of **R106 948 708** • Interest income expected from short-term deposits in the South African Reserve Bank CPD account of **R1 067 950** • Sound financial management and budgetary controls
Infrastructure Capital	• Operating leases for buildings and printers at the cost of **R4 886 916** • Property, plant and equipment to the value of **R7 187 609** • Software to the value of **R2 676 376**
Knowledge/ Intellectual Capital	• Investigation and adjudication of complaints • Issued determinations of precedence. • Professional legal staff drafting skills and experience. • OPFA Case Management System and workflow, and other supporting digital systems
Human Capital	• Optimised organisational structure with capable management team. • **74** diversified professional and support employees at the end of the financial year at a cost of **R59 922 365** • Eight internships at a cost of **R984 732.45** • Training and Development expenditure of **R950 775** • Employee wellness expenditure of **R231 218** • Industry subscription/membership to the value of **R48 079**
Social and Relationship Capital	• Collaborative meetings with industry regulator(s), national treasury, governance committees on development and implementation of pension funds laws and policies. • Building and sustaining cooperative relations with funds, administrators and industry bodies to enhance service delivery to complainants. • Proactively participating in conferences, webinars and radio interviews to educate and learn about pension fund law and practices. • OPFA staff participating as guest lecturers to educate students on pension funds law. • Conducting stakeholder survey to understand how best the OPFA can serve its customers. • Sharing pertinent information on the OPFA website. • Engage with governance committees, management team, units and staff in order to deliver on the OPFA mandate and strategic goals. • Continuously embedding the OPFA strategic goals and values by conducting regular value delivery meetings.

OUR BUSINESS CAPITALS

The OPFA employs relevant input business capitals to achieve its legislative mandate.

FINANCIAL — FC
OPFA funding sources
- Levies charged on the retirement fund industry
- Interest income from short-term investments

INFRASTRUCTURE — IC
- Building and office space
- ICT infrastructure and systems

INTELLECTUAL — K/IC
- Determination orders filed with the High Court
- Knowledge and experience in pension law

HUMAN — HC
- OPFA staff skills, unique pension law knowledge and experience
- OPFA values, culture and ethics
- Continuous development and training

SOCIAL AND RELATIONSHIP — SRC
- Relationships with oversight entities and governance committees
- Collaboration with stakeholders
- OPFA outreach and education programmes with the public

NATURAL — NC
- OPFA impact of business activities on natural resources including land, electricity and water consumption

OUR BUSINESS PROCESSES

In order to achieve its mandate, the OPFA uses its business processes guided by its three core strategic goals:

Core business (Case management) processes

- Receive and register complaints
- Refer complaints to Funds/ Administrators or Employers
- Adjudicate complaints
- Post adjudication and closure
- Reconsider complaints as per the Financial Services Tribunal rulings

Support processes

- Collaboration and engagement with stakeholders
- Human resources management
- Finance and supply chain management
- Legal services
- Information and communication technology
- Information and records management

Management controls

- Policy, processes, standards, workflow and methodologies
- Strategy and monitoring systems
- Governance, risk and compliance management
- Transformation management
- Ethics management

OUR STRATEGIC OUCOMES

SG1

STRATEGIC OUTCOME ORIENTED GOAL 1

Resolve complaints in accordance with our mandate

SG2

STRATEGIC OUTCOME ORIENTED GOAL 2

Achieve operational excellence

SG2

STRATEGIC OUTCOME ORIENTED GOAL 3

Effective stakeholder engagement

OUR BUSINESS OUTCOMES

The actual inputs (capitals) were transformed using people, business processes and technology to produce business outcomes..

Capital	What outcomes were achieved
Financial Capital	• Total spend of **R108 448 212** • **R59 886 586** spent on employee costs • CAPEX of **R9 863 985** • CAPEX commitments of **R1 691 329** • Administration (general expenditure) of **R38 697 641** • Surplus of **R23 246 390** funded from reserves and **R1 314 510** from interest earned • Current balance of reserves of **R53 216 461** • Unqualified audit opinion
Infrastructure Capital	• Utilised ICT as one of the strategic resources to increase internal productivity and improve service delivery to stakeholders. • Implemented ICT projects to modernise and secure OPFA digital platforms. • Capital expenditure of **R9 863 985** • CAPEX commitments of **R1 691 329**
Knowledge/ Intellectual Capital	• Revised case management processes toinclude referring complaints to funds before adjudication. • **10 331** complaints received and registered. • **4 934** formal complaints closed of which **93%** was within six months. • **5 434** complaints were disposed through formal determinations.
Human Resource Capital	• High performance culture with **93%** of complaints being finalised within the target time of six months. • Streamlined organisational structure with a diversified and effective workforce. • **79%** of employee satisfaction and engagement rate was achieved from the survey conducted • Retention of key performing employees is **85.51%** • Staff turnover of **14.49%** with **50%** regrettable resignations and two contracts expiring. • Upskilled workforce supported by training and development spend.
Social and Relationship Capital	• Maintained collaborative relations with industry regulator, national treasury and governance committees to improve the implementation of the OPFA mandate • Continued building cooperative relations with funds, administrators and industry bodies to enhance service delivery to complainants. • Engaged various stakeholders using different media and platforms to educate the public about OPFA services. • The total combined Advertising Value Equivalent for the period 2024/25 was **R30 579 915**, which is higher that **R22 039 597** recorded in 2023/24

OUTLOOK

During the period under review, the OPFA remained committed to an efficient and fair complaints resolution process while adapting to ongoing legislative changes. The organisation successfully navigated the implementation of the Two-Pot Retirement System. It is anticipated that the COFI Bill will be tabled in Parliament in the 2025/26 financial year, introducing new regulatory requirements for dispute resolution. As a result, the OPFA will continue to monitor legislative developments and their impact on its processes to ensure compliance and effectiveness.

The period also saw significant progress in separating key ICT infrastructure from the FSCA, with core components such as the data centre, internet, Microsoft services, and telephony fully transitioned, marking a critical step towards operational independence. Following the amendments in sections 30R, 30S and 30T of the Act, effective 1 April 2023, a Transition Plan was developed and is now in its final stages of implementation. Key aspects of the transition plan focused on leading organisational change while maintaining performance, employee engagement, and continuity, most of which were completed in the 2023/24 financial year. Furthermore, the PFA continued to make significant strides in her role as AA through the effective implementation of the approved Delegations of Authority.

The plan included a change management project initiated in the 2024/25 financial year, which focused on organisational design, change readiness, and employee engagement. This project led to the establishment of an advisory committee to the AA and a creation of a senior management role of an Executive Manager in the Adjudicator's office, to strengthen governance and streamline critical processes.

ICT DECOUPLING PROJECT

Another crucial element of the Transition Plan involves managing the decoupling from the FSCA, particularly in ICT and corporate services, to improve operation efficiency and enhance the organisation’s independence while maintaining collaborative relationships.

The ICT decoupling project has achieved significant milestones, with core infrastructure fully transitioned. The remaining component (Phase 3), human resources, is progressing, with the final decision dependent on the operational model OPFA opts to adopt - either outsourcing or developing internal capacity. The extension of the MoU with FSCA until March 2026 will be used to evaluate and determine the most suitable approach. ICT continues to coordinate closely with FSCA counterparts to ensure a smooth transition while strengthening strategic capacity.

IMPLEMENTATION OF THE TWO-POT RETIREMENT SYSTEM

The introduction of the Two-Pot Retirement System, effective from 1 September 2024, brought significant changes to how South Africans access their retirement savings. The implementation went smoothly, with the OPFA playing a key role in ensuring readiness and addressing early challenges. Since the changes came into effect, there has been a noticeable rise in complaints and enquiries, driven by members seeking to access their savings withdrawal benefits and increased public awareness through extensive media coverage. While the implementation has been successful, a further rise in complaints related to Two-Pot withdrawals is anticipated in the 2025/26 financial year, prompting the OPFA to prioritise resource allocation and proactive stakeholder engagement.

COFI BILL

The COFI Bill is expected to be tabled in Parliament during the 2025/26 financial year, marking an important step in strengthening South Africa's financial regulatory system. The OPFA is actively preparing for the implications of this legislation to ensure it remains aligned with its position as the preferred arbiter of choice in resolving pension fund disputes. The organisation will also maintain close engagement with key stakeholders, including the National Treasury, FSCA, and the Ombud Council, to ensure a seamless transition and compliance with the new regulatory requirements.

KEY RISKS AND MITIGATION

ENTERPRISE RISK MANAGEMENT

In the 2024/25 financial year, the OPFA continued to strengthen its commitment to sound governance through the proactive management of risk and compliance. Our Enterprise Risk Management (ERM) framework remained central to our operations, ensuring that strategic objectives were pursued within the Accounting Authority's defined risk appetite while safeguarding the interests of all stakeholders.

The ERM approach enabled the organisation to systematically identify, assess, and respond to both existing and emerging risks. During the year, the Strategic Risk Register was actively monitored, encompassing ten key risks and fifty-four associated action plans. These risks spanned critical areas such as cybersecurity, funding sustainability, legislative changes, and human capital challenges.

Risk management was embedded across all levels of the organisation, with oversight provided by governance structures including the Risk Committee, Audit Committee, Executive Committee, and the Management Committee. These structures ensured that risk mitigation strategies were implemented effectively and aligned with the Risk Management Policy.

RISK MANAGEMENT AND MITIGATION FACTORS

The OPFA achieved significant progress in implementing its risk mitigation strategies. Of the thirty-nine strategic action plans, thirty-two were successfully executed, resulting in an 82% achievement of the Risk Profile. Outstanding and partially completed actions have been prioritised for close monitoring in the 2025/26 financial year.

Operational risk registers were maintained across all business units and monitored in line with the approved Risk Management Implementation Plan. These registers were updated to reflect changes in the strategic risk landscape and supported the organisation's efforts to manage risk at both tactical and strategic levels.

FRAUD, COMPLIANCE, AND GOVERNANCE

The OPFA maintained a zero-tolerance stance on fraud and corruption. During the year, 56 reports were received via Tip-offs Anonymous, with only one incident relating to alleged internal misconduct, which was promptly investigated and resolved. The Fraud and Corruption Prevention Strategy was reviewed to align with recent legislative amendments.

Compliance management remained a key focus area. The organisation monitored 22 pieces of legislation, with a 96.9% compliance rate. One compliance gap was identified under the Tax Administration Act and is being addressed. Policy reviews were ongoing, with 74 policies in place and several under revision or development.

The OPFA also achieved a Level 5 Risk Maturity score in line with the National Treasury's Financial Management Capability Maturity Model, reflecting the organisation's advanced risk governance practices.

KEY RISKS

Outcome	Key Risks	Action Plan	Progress Status
Dispose of complaints in a procedurally fair, economical, and expeditious manner in terms of the Pension Funds Act	Inadequate collaboration between FSCA and OPFA	Establish a Memorandum of Understanding (MoU) with FSCA to facilitate engagement and share information	The OPFA continued to implement the controls identified. With regards to the inadequate collaboration risk, the OPFA has implemented the following action: An MoU was established between the OPFA and FSCA. Implementation of the MoU has commenced with significant improvements.
Achieve operational excellence	Information and cybersecurity risk	Review and approve Cyber Security Strategy and Policy; appoint Deputy Information Officer	The OPFA continued to implement the controls identified. With regards to the cybersecurity risk, the OPFA approved the Cyber Security Strategy and Policy. ICT infrastructure was successfully migrated from FSCA to OPFA. The residual risk remains Medium.
Dispose of complaints in a procedurally fair, economical, and expeditious manner in terms of the Pension Funds Act	Changes in legislative framework with regards to Pension Funds	Monitor legislative developments and provide updates	The OPFA continued to implement the controls identified. With regards to legislative changes, the OPFA monitored developments and provided updates. No new legislative changes occurred during the period. The residual risk remains Medium.
Achieve operational excellence	HR records management risk	Develop and approve HR records management plan	The OPFA continued to implement the controls identified. With regards to HR records management, the OPFA developed the HR records management plan and appointed an interim consultant. The residual risk remains High.
Achieve operational excellence	Inability to attract skilled staff	Review and implement HR Strategy	The OPFA continued to implement the controls identified. With regards to talent retention, the HR Strategy is currently under review. The residual risk remains Medium.

Outcome	Key Risks	Action Plan	Progress Status
Achieve operational excellence	Leadership capability gap in Case Management and HR	Implement management development programme and monthly performance management	The OPFA continued to implement the controls identified. With regards to leadership capability gaps, operational plans were implemented and training is ongoing. The residual risk remains Medium.
Effective Stakeholder Engagement	Limited accessibility of OPFA offices for walk-in complainants	Engage stakeholders for outreach and provincial placements	The OPFA continued to implement the controls identified. With regards to accessibility, the OPFA engaged stakeholders and secured NFOSA placement in Johannesburg. Internal resource identification is in progress. The residual risk remains Low.
Achieve operational excellence	Organisational development risks	Conduct Change Management initiative and review structure	The OPFA continued to implement the controls identified. With regards to organisational development, the OPFA completed the Change Management process and reviewed the organisational structure. The residual risk remains Medium.

PART B

GOVERNANCE

GOVERNANCE REPORT 2024/25

COMMITMENT

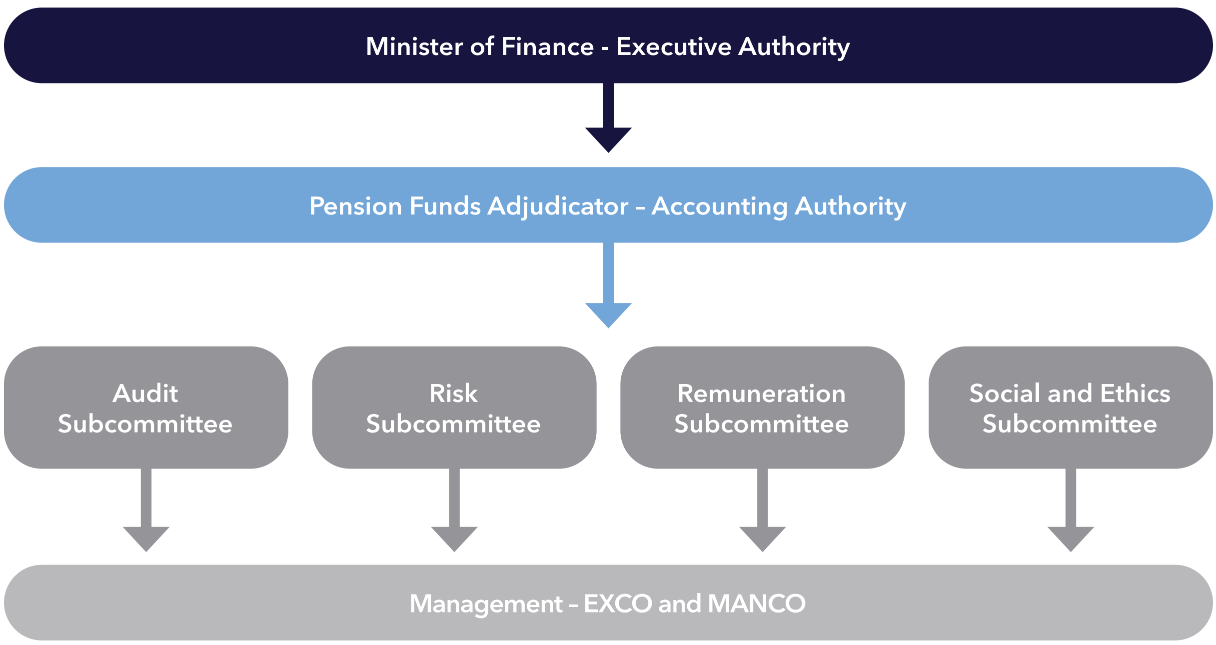
The AA is responsible for monitoring standards of sound corporate governance and fully endorses the application of the recommendations of the King Report on Governance (King IV). The AA is committed to governance processes that give assurance to stakeholders that the operations of the OPFA are conducted ethically within prudent risk parameters in pursuit of best practice. To the best of the accounting authority's knowledge, information and belief, the OPFA complied with relevant legislation, policies and procedures, and codes of governance in the financial period under review.

THE ACCOUNTING AUTHORITY AND HER ROLE

As a Schedule 3A Public entity, the OPFA is required by the PFMA and good corporate governance principles, to have an AA charged with governance and oversight. The PFA was appointed as the AA in line section 30T of the Act, No 24 of 1956 effective from 01 April 2023. The PFA provided oversight over the operations of the OPFA for the 2024/25 financial year. The AA is primarily responsible for the leadership of the OPFA and for strategic direction and policy, operational performance, financial matters, risk management and compliance. The AA generally exercises leadership, integrity and judgment in directing the OPFA in a manner based on transparency, fairness, accountability and responsibility. The AA is the focal point of the governance system within OPFA. The authority for the day-to-day management of the activities of the OPFA was delegated to the management team led by the DPFA and EHCS & CFO.

GOVERNANCE STRUCTURE

The OPFA's governance structure establishes the fundamental relationships between the AA, the governance subcommittees, management, the executive authority (Minister of Finance), and other stakeholders.



DELEGATION OF AUTHORITY

The AA has the authority to lead, control and manage the business of the OPFA. The AA has established a governance structure that consists of oversight committees and delegated through comprehensive delegation-of-authority framework some of her authority to the EXCO and MANCO to manage day-to-day business affairs of the OPFA. The delegation of authority supports decision-making and the delivery of strategic objectives without absolving the AA of her accountability for the OPFA outcomes.

MATERIALITY AND SIGNIFICANCE FRAMEWORK

The Minister of Finance approved a framework of acceptable level of materiality and significance in accordance with the PFMA section 54(2) and 55(2), for the three-year period covering 2023/24 to 2026/27 to guide the reporting, risk management and enable accountability.

KING IV COMPLIANCE AND APPLICATION

As an entity that is consistently accountable for the provision of key services to pension fund members and is mandated by legislation to ensure a procedurally fair, economical and expeditious resolution of complaints in terms of the Act, the OPFA has built its foundation on sound corporate governance principles, as it is dedicated to growing its reputation to realise its vision of being a respected and trusted adjudicator.

The existence of good governance will ensure transparency, accountability and fairness to stakeholders of the OPFA, in the course of discharging its mandate. Additionally, the benefits of good governance include an inculcation of an ethical culture, effective control, sustainable performance, and legitimacy. The OPFA is committed to good governance and applied the King IV principles as detailed below:

King IV principle	OPFA application	Key activities
Principle 1: The governing body should lead ethically and effectively.	The AA and its governance subcommittees should lead ethically and effectively.	The approved terms of reference for sub committees, Fraud Prevention Plan, Code of Conduct and Conflict of Interest are in place. Governance subcommittee members submitted Conflict of Interest declarations. The OPFA employees made annual declarations of interest, which were evaluated by management and presented to the Social and Ethics Subcommittee.
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.		
Principle 3: The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.	OPFA to be, or be seen, as a responsible corporate citizen through CSI projects. In addition, the establishment of Social and Ethics committee to ensure effective control and governance.	The following CSI project took place: • Donation of sanitary pads - Word In Motion Foundation. • BBBEE verification report has noted a score of Level 8 to account for the OPFA social contribution

King IV principle	OPFA application	Key activities
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Development of an Integrated Reporting Framework, which includes the six capitals and value creation process.	Integrated Reporting Framework was implemented. The value creation is explained in detail in the Integrated Report under business model. The Integrated Report for 2023-24 was successfully tabled in Parliament.
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium, and long-term prospects.	Development of an Integrated Reporting Framework for the facilitation of integrated reporting. The OPFA issues an Integrated Report for its stakeholders which is made available on the organisation's website.	Integrated Reporting Framework has been developed. The Integrated Report for 2023-24 was successfully tabled in Parliament. The Annual and Integrated Reports for previous years are published on the OPFA website https://www.pfa.org.za/
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The AA is the focal point and custodian of corporate governance in the organisation.	Roles and responsibilities of the AA are incorporated in OPFA policies and terms of reference for governance committees. OPFA Delegation of Authority Framework was reviewed and approved by the Accounting Authority.
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The Adjudicator, as the AA and the governance committees comprise a balance of knowledge, skills, experience, and diversity.	The appointed governance committee members and the Adjudicator have adequate skills, experience and diversity. Refer to the governance committee section of this report.

King IV principle	OPFA application	Key activities
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties.	The AA has delegated some oversight powers to the governance committees.	The AA approved the reviewed terms of reference for governance committees. The governance committees met at least on a quarterly basis.
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	The chairpersons of the governance committees are all responsible for the facilitation of the annual evaluation of the effectiveness of the committees, as well as the recommendations to improve the effectiveness thereof.	The annual evaluation of governance committees was facilitated and conducted by the committees led by the chairpersons and secretariat.
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The delegation to executive management and the formulation of the Executive Committee (EXCO) to oversee implementation of strategy.	OPFA Delegation of Authority Framework was reviewed and approved by the AA which include role of EXCO and MANCO. The terms of reference for EXCO were developed and approved by the Accounting Authority. The terms of reference for MANCO were reviewed and approved by the Accounting Authority.
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The AA is overall responsible for governance of risk management for the OPFA.	The AA provided oversight over the implementation of the OPFA ERM Policy and Risk Appetite. The Risk Governance Committee met four times during the year under review. The annual risk assessment session was held by the OPFA and the updated Strategic Risk register and progress on planned actions were presented to the Risk Governance Committee on a quarterly basis.

King IV principle	OPFA application	Key activities
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The PFMA section 51(1)(a)(i), requires the AA of a public entity to maintain effective, efficient, and transparent systems of internal controls including ICT. The OPFA has an ICT department that handles all the information technology of the entity – quarterly ICT steering committee meetings are held to discuss the ICT operations and projects.	The AA approved the ICT governance framework and policy in the year under review. Reports on ICT governance and security management were tabled at the Risk Governance Committee on a quarterly basis. As part of the modernisation project the OPFA implemented an ERP system to digitise its finance and HR information systems. The OPFA ICT steering committee met four times during the year.
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The AA is responsible for compliance with delegation to the compliance function to oversee the compliance management at OPFA.	The AA approved the reviewed Regulatory Universe which is monitored regularly. Progress on the Regulatory Universe was reported quarterly to the Audit and Risk Governance Committees.
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Remuneration is governed by the Pension Funds Act and determined by the Minister of Finance for appointment of PFA and DPFA. Subsequently reviewed by the Remuneration Committee and approved by the Accounting Authority. The OPFA has a remuneration policy and philosophy that guides the remuneration practices. The OPFA has a Remuneration Committee as one of the governance committees.	Performance Bonuses for PFA and DPFA were awaiting Ministerial approval as at reporting date. The Accounting Authority, supported by the Remuneration Governance Committee, approved the reviewed the Remuneration benchmarking survey report for OPFA employees. Annual performance-based salary increases, In-year structural adjustments and performance bonuses were approved and implemented. The Remuneration Governance Committee met four times during the year.

King IV principle	OPFA application	Key activities
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	Development of a combined assurance framework.	Combined assurance reporting framework was developed and reported on a quarterly basis to the Audit Subcommittee. Internal audit submitted its audit plan and presented its report to the Audit Subcommittee at least on a quarterly basis. External audit submitted its audit strategy and engagement plan to the Audit Subcommittee and presented its reports at least on a quarterly basis.
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The OPFA must develop an Annual Stakeholder Plan where engagements will the relevant stakeholders are included. The plan must be reported on at a strategic level.	OPFA Stakeholder engagement plan was implemented as reported in the annual performance report. The activities included pension fund industry engagements, media releases and outreach programmes through radio and physical interaction with communities.
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.	Not applicable as the OPFA is not an institutional investor organisation.	N/A - The main objective of the OPFA is set out in Section 30D of the Pension Funds Act.

GOVERNANCE SUBCOMMITTEES

The governance subcommittees are empowered by the PFMA, FSR Act, King IV and other relevant regulations and standards, to review, monitor and advise on submissions made by management and thereafter make recommendations to the AA or Executive Authority, as applicable. These governance subcommittees are responsible for ensuring the institution complies with relevant legislation, and codes of good governance and practices. Each subcommittee has its own terms of reference, which are reviewed regularly in line with best practice.

AUDIT SUBCOMMITTEE

The committee assists the OPFA in its responsibility of safeguarding assets, operating control systems, combined assurance, finance functions, internal and external audit services, and advises on the adequacy of risk management processes and strategies. The detailed report is included as part of part D - Financial Information on page 106. The committee met six times in the year under review, with attendance shown below. Two members resigned during the year.

No.	Member	Appointment Date	Total Meetings	Attendance %
1	N Esterhuizen ***Chairperson***	1 July 2023 – 30 June 2025	6/6	100%
2	J Mogadime (Retired 30 June 2024)	1 July 2023 – 30 June 2024	1/1	15%
3	L Senne (Resigned 30 November 2024)	1 July 2023 – 30 November 2024	3/4	50%
4	P Mvulane	1 July 2023 – 30 June 2025	4/6	65%
5	T Ajam	1 July 2023 – 30 June 2025	5/6	85%

RISK SUBCOMMITTEE

The committee ensures that the OPFA implements effective policies and plans for risk management that will enhance its ability to achieve strategic objectives. It advises on the adequacy of risk management processes and strategies. It met four times in this review period, with attendance reflected below.

No.	Member	Appointment Date	Total Meetings	Attendance %
1	T Ajam ***Chairperson***	1 July 2023 – 30 June 2025	4/4	100%
2	V Barthus	1 July 2023 – 30 June 2025	4/4	100%
3	N Esterhuizen	1 July 2023 – 30 June 2025	4/4	100%
4	A Ntuane	1 July 2023 – 30 June 2025	4/4	100%
5	V Pangwa	1 July 2023 – 30 June 2025	4/4	100%

SOCIAL AND ETHICS SUBCOMMITTEE

The function of this subcommittee is to ensure that the OPFA's social and ethics responsibilities and policies are implemented effectively. The subcommittee's responsibilities include monitoring and overseeing OPFA social and ethics activities, employee welfare program, consumer education and outreach activities, employment equity plan implementation, and risk management. The subcommittee met four times in this review period, with attendance shown below.

No.	Member	Appointment Date	Total Meetings	Attendance %
1	D Msomi ***Chairperson***	1 July 2023 – 30 June 2025	4/4	100%
2	K Mofoua	1 July 2023 – 30 June 2025	4/4	100%
3	P Mokgobu	1 July 2023 – 30 June 2025	4/4	100%
4	S Hamdulay	1 July 2023 – 30 June 2025	4/4	100%
5	V Balgobind	1 July 2023 – 30 June 2025	2/2	100%

REMUNERATION SUBCOMMITTEE

Introduction

The Remuneration Subcommittee (RemCom) is committed to applying independent and objective oversight. Its mission is to ensure that remuneration and associated practices are market-related and justifiable which enables the OPFA to attract, motivate and retain top talent, as well as execute on its business strategy.

Remuneration Philosophy and Policy

The remuneration mix for the OPFA is based on a guaranteed package and variable pay. The OPFA recently reviewed its remuneration strategy and philosophy to ensure it remains relevant, competitive and continues to motivate OPFA employees to achieve their organisational goals. The approved remuneration and rewards policy states that OPFA's pay philosophy is to benchmark salaries from -12% below market median up to 25% above market median. In addition, the policy provides for flexible short-term/long-term incentives and retention related incentives to ensure competitive and fair remuneration practices that promote talent attraction and retention.

On an annual basis the OPFA conducts a remuneration practice review. This provides insight regarding the competitiveness of the OPFA remuneration levels relative to market and provides useful information on individual employees pay against the OPFA remuneration philosophy. On a gradual basis the OPFA implements structural adjustments at least twice a year for employees that fall below the target remuneration range and are performing satisfactory. In addition, the OPFA implements performance-based salary increases at the start of the calendar year.

The OPFA also provides performance incentives for its staff, in the form of annual performance bonuses and PFA's discretionary incentives. These are linked to organisational performance and individual employee performance. Organisational performance targets are set annually and approved by the PFA as the accounting authority. The OPFA team performance targets are linked to organisational targets and cascaded to individual performance goals. Performance bonuses are determined based on an eligibility criterion that is determined by management of the OPFA and approved by the accounting authority. All incentives are funded from approved budget and savings realised during the year. Performance incentives are subject to RemCom recommendation and accounting authority's approval each year and are supported by organisational performance for the specific year.

Role of the Remuneration Committee

The committee is tasked to ensure that senior management and staff are appropriately rewarded to ensure, as far as possible, that the organisation can recruit, retain and motivate people with the skills required.

RemCom is a subcommittee of the accounting authority. Its purpose is to ensure that the OPFA adheres to fair pay practices and that staff are rewarded appropriately. The Subcommittee, amongst other things, dealt with the following key matters relating to the OPFA's remuneration over the past year:

Quarter 1 (Apr – Jun)	• Employee Performance Report (Year -end) • Employee Bonuses Review • Discretionary Incentive Bonuses • Structural adjustment Review • Remuneration and Rewards policy Review
Quarter 2 (Jul – Sep)	• Human Resources Report • Employee Wellness Report • Retirement Benefit Report • HR and Organisational Risk Register
Quarter 3 (Oct – Dec)	• Employee Performance Report (Mid-year) • Salary Increases • Structural Adjustments • Discretionary incentives • Human Resources Report
Quarter 4 (Jan – Mar)	• Employee Cost Budget • Organisational Structure Review • Human Resources Report • Employee Wellness Report • HR and Organisational Risk Register

Subcommittee Meetings

The subcommittee met five times in this review period, with attendance reflected below:

No.	Member	Appointment Date	Total Meetings	Attendance %
1	L Molebatsi ***Chairperson***	1 July 2023 – 30 June 2025	5/5	100%
2	P Mokgobu	1 July 2023 – 30 June 2025	3/5	60%
3	P Sutherland	1 July 2023 – 30 June 2024	1/1	100%
4	TL Randall	1 July 2023 – 30 June 2025	5/5	100%
5	T Kharametsane	1 July 2023 – 30 June 2025	5/5	100%
6	V Balgobind	1 July 2023 – 30 June 2025	4/5	80%

Key Remuneration decisions in 2024/25

The OPFA performance cycle is aligned to the financial year end of 31 March. Performance reviews, for 01 April 2024 to 31 March 2025, were used for purposes of incentive bonus determination as indicated above. This is to ensure that overall annual organisational performance is linked to individual performance over the same period and the consequential rewards.

Structural adjustments are granted twice a year in July and December to performing and deserving employees, to bring their salaries closer to the market median. The table below summarises adjustments made in July 2024 and December 2024:

Table 1 – Summary of structural adjustments

Nr of Staff	Average adjustment	Motivation
July 2024		
13	6%	Salaries of staff and MANCO members who were performing satisfactorily and paid below the OPFA remuneration strategy were addressed through structural adjustment. The structural adjustment was also used to retain high performing employees who contribute extraordinarily to the OPFA achievement of objectives.
July 2024		
13	7%	Salaries of staff and MANCO members who were performing satisfactorily and paid below the OPFA remuneration strategy were addressed through structural adjustment. The structural adjustment was also used to retain high performing employees who contribute extraordinarily to the OPFA achievement of objectives.

Performance incentives were approved and implemented for all staff in July 2024. In addition, the PFA's discretionary bonuses were approved and implemented in December 2024:

Table 2 – Summary of incentives

Nr of Staff	Total amount	Motivation
July 2024		
35 (46%)	R2 243 821.34	Performance bonuses paid to high performing staff members including the PFA. Refer to section 2.3 for management remuneration including bonuses.

The following average salary increases for all staff were approved and implemented in January 2025. The PFA and DPFA salary increase approvals from the Minister were obtained in February 2025:

Table 3 – Average salary increases

Nr of Staff	Average adjustment	Motivation
January 2025 - All Staff		
74	4%	Annual CTE increase linked to performance
February 2025 - PFA and DPFA		
2	4%	Annual CTE increase approved by the Minister, effective 01 January 2025.

Conclusion

In conclusion, the Remuneration Subcommittee remains dedicated to providing independent and objective oversight for the OPFA. The current remuneration practices are considered appropriate and competitive, enabling the OPFA to attract, motivate, and retain top talent.

COMBINED ASSURANCE

Organisations are operating in an increasingly complex, digitised, interconnected and uncertain world. Stakeholders put their trust in the governing body to ensure that an organisation discharges its mandate ethically and effectively. To achieve this, the OPFA requires the right level of assurance from the various assurance providers so that they can assess performance, the level of risk exposure and the effectiveness of its system of governance and internal controls.

Governance frameworks lay the foundation for the structures and processes that need to be in place to provide the right level of assurance to an organisation, its oversight structures and relevant stakeholders. The Combined Assurance Framework focuses on effectiveness of the OPFA's system of risk management, governance and internal control.

Risk management is the foundation of the combined assurance process, as the levels of assurance required are dependent on the inherent risk that the organisation faces due to its mandate requirements and chosen strategies to discharge them effectively, efficiently, and economically. The key purpose of the combined assurance process as per King IV is integrating and aligning assurance processes in an organisation to improve risk and governance oversight and control efficiencies and optimise overall assurance to the audit and risk committees. This process aims to provide relevant OPFA stakeholders (Internal and external) with the confidence that assurance provided by the various assurance providers enables the achievement of strategic objectives, effective identification and mitigation of risks, implementation of sound governance practices and maintenance of an effective control environment.

OPFA COMBINED ASSURANCE REPORT 2024/25

The OPFA combined assurance process is evaluated at three levels of defence namely first line (OPFA Management), second line (AA and internal subject matter experts) and third line (external assurance providers and oversight bodies). The OPFA combined assurance effectiveness status was considered satisfactory as indicated in table below.

<table>
<tr><th colspan="3">First line of defence</th></tr>
<tr><td>Management (MANCO)
Executive Management (EXCO)</td><td>Provides Satisfactory Assurance</td><td>OPFA management runs the day-to-day operations of the OPFA. The performance of the organisation is detailed in the annual performance report.
EXCO provides strategic direction, performance monitoring and evaluation.
In-year reports are made available to the governance committees, AA and the National Treasury on a quarterly basis.</td></tr>
<tr><th colspan="3">Second line of defence</th></tr>
<tr><td>Accounting Authority - PFA
Manager: Governance, Risk and Reporting
Senior Legal Advisor</td><td>Provide Satisfactory Assurance</td><td>The PFA, as the Accounting Authority, was ultimately accountable and responsible for the OPFA performance. The PFA approves all policies including reviews of those policies.
The Manager: Governance, Risk and Reporting Risk and Compliance Officer provided assurance to the respective Governance Committee and presented risk management related reports. These committees include the Risk, Audit and other Governance Committees throughout the year.
The Senior Legal Advisor together with the PFA, reported progress of litigation and other legal matters to the Risk Governance Committee on a quarterly basis.</td></tr>
<tr><th colspan="3">Third line of defence</th></tr>
<tr><td>Internal Audit (OMA Chartered Accountants)
External Audit (Auditor-General South Africa)
Ombud Council
Executive Authority (Minister of Finance)</td><td>Provide Satisfactory Assurance</td><td>The internal audit function was outsourced to OMA Charted Accountants (OMA) for a short-term fixed contract of 12-months, from 01 February 2024 to 31 January 2025. Audits were executed according to the plan and reports tabled in the Audit Committee during the quarterly meetings.
The external audit services are rendered by the Auditor General South Africa (AGSA), as required by the Public Audit Act. External auditors presented audit strategy and engagement and their reports to the Audit Committee at least annually.
There was continuous engagement between the OPFA and the Ombud Council. The OPFA provided input on the ombud rules and new reporting framework by ombud schemes. In addition, an onsite inspection was conducted by the Council in March 2025.
There was continuous engagement with the National Treasury throughout the year on a variety of issues including the new strategic plan, budgeting and in-year reporting. Quarterly performance and financial reports were provided to National Treasury.</td></tr>
</table>

OPFA EXECUTIVE COMMITTEE

MUVHANGO LUKHAIMANE

Pension Funds Adjudicator,
LLM, MBA

NAHEEM ESSOP

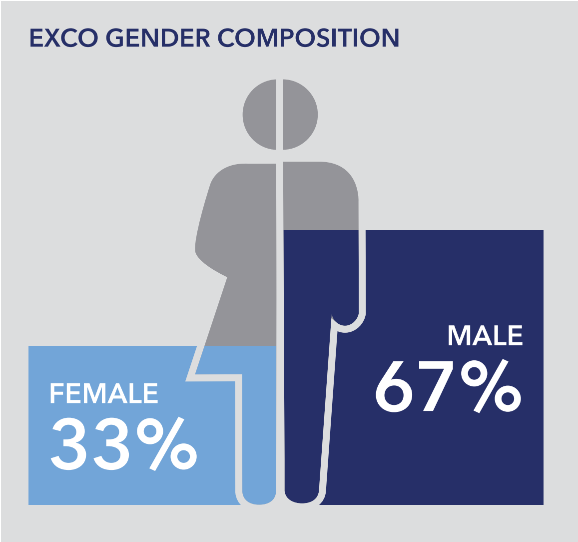
Deputy Pension Funds Adjudicator,
LLB

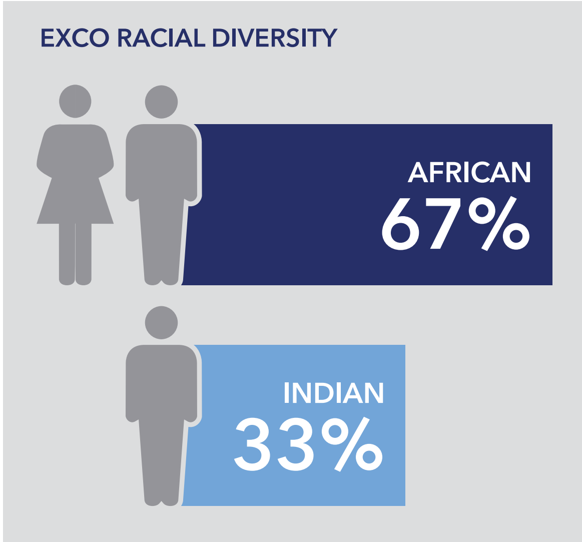
BULELANI MAKUNGA

EHCS & CFO,
CA(SA), MBA

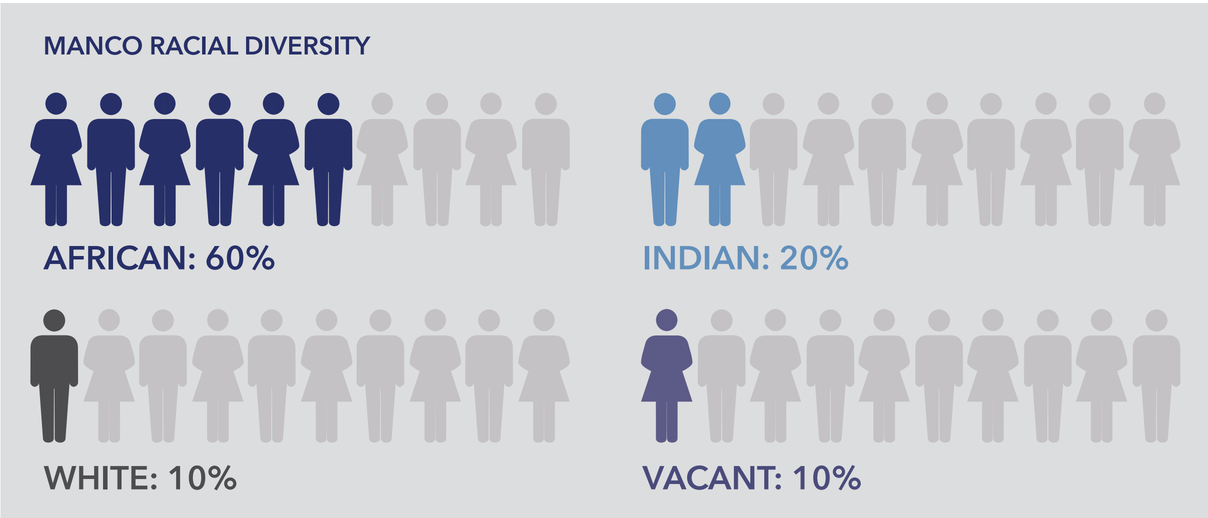
The PFA is appointed by the Minister of Finance in terms of section 30C of the ACT. The powers of the Adjudicator are detailed in section 30Q of the ACT, supplemented by the Delegation of Authority framework by the AA in terms of Section 56 of the PFMA. The PFA delegated some authority to EXCO and MANCO to assist in the decision-making and managing the day-to-day activities of the OPFA in terms of section 56 of the PFMA and section 30Q of the ACT. Both EXCO and MANCO has different expertise, skill, experience and diversity to ensure the OPFA achieves its strategic objectives. Some members of EXCO also sit at MANCO, with the EHCS & CFO chairing its proceedings.

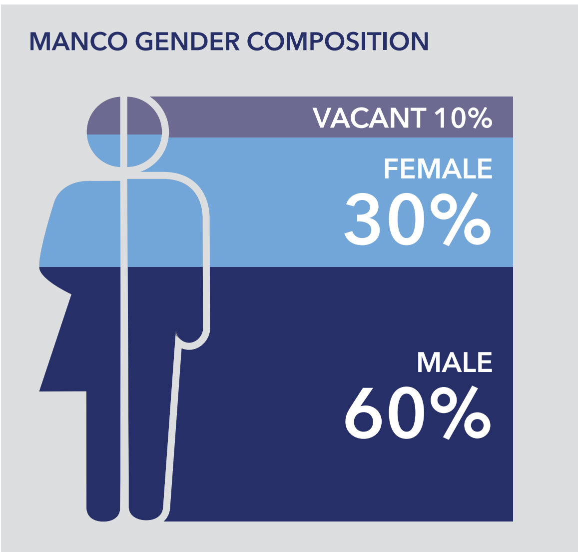
EXCO consists of 3 members namely, the PFA as the chairperson, the Deputy Adjudicator and EHCS & CFO. The composition is depicted as follows.





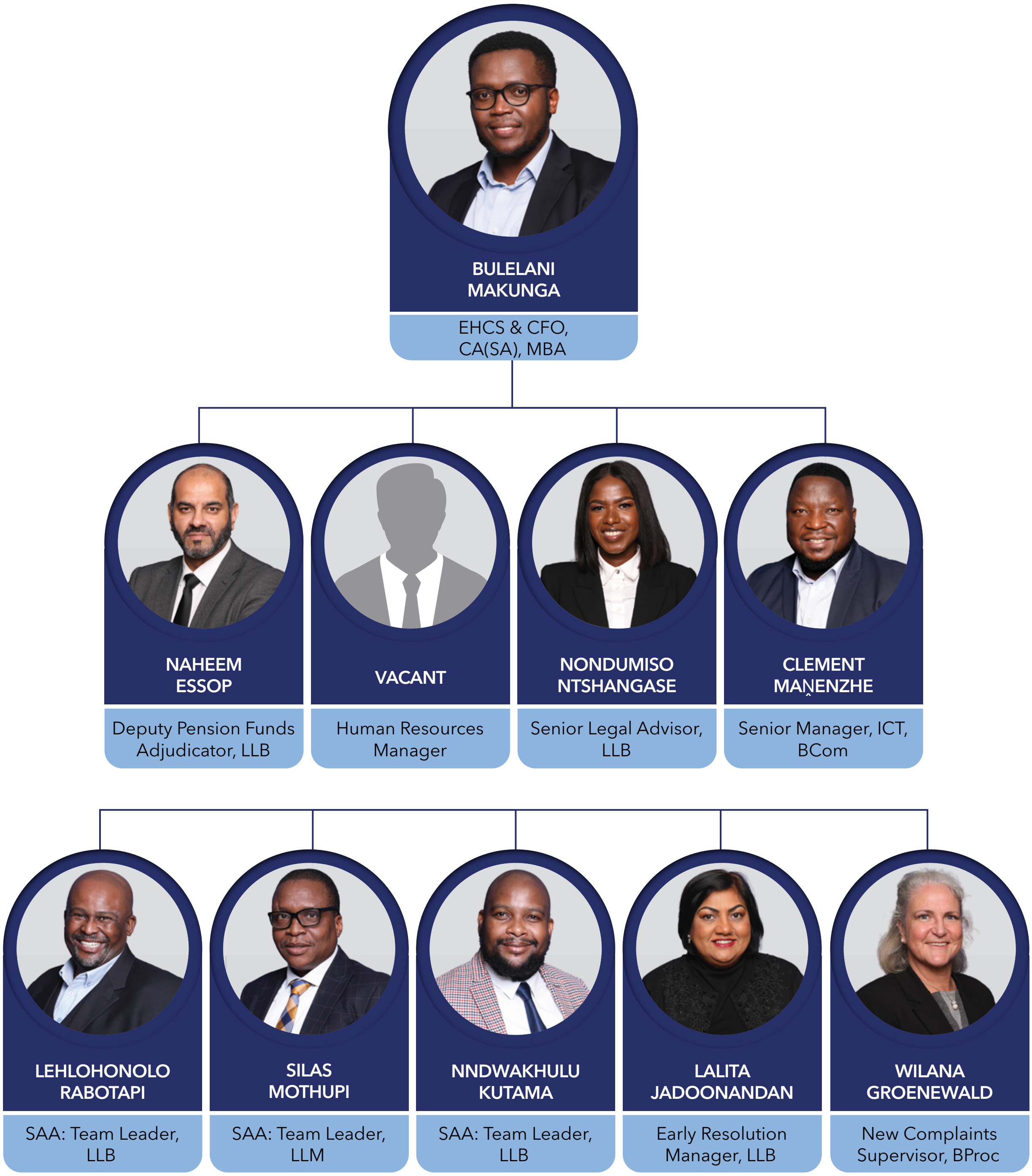
MANCO consists of 10 members with the EHCS & CFO as the Chairperson. The composition of MANCO as 31 March 2025 is as follows:





Both EXCO and MANCO have their terms of reference approved by the PFA. The terms of reference set out the purpose of each committee, its roles and responsibilities and its authority. Both committees meet once a month, and may convene additional meetings, as circumstances necessitate.

OPFA MANAGEMENT COMMITTEE



- MBA - Master of Business Administration
- LLM - Master of Laws
- LLB - Bachelor of Laws
- CA(SA) - Chartered Accountant
- BCom - Bachelor of Commerce
- BProc - Baccalaureus Procurationis

Internal Audit Function

The internal audit function is an independent function governed by an Internal Audit Charter approved by the Audit Subcommittee providing a clear mandate for the internal audit function to operate effectively. An internal audit charter is a formal document that defines the internal audit function's purpose, authority, and responsibility within the OPFA. It establishes the internal audit function's position within the organisation, including its reporting structure, access to records, personnel, and physical properties relevant to the performance of audit engagements. The charter outlines the scope of the internal audit activities, the standards of audit practice to be followed, and the independence required to maintain objectivity.

The following audits were completed during the year under review (completed by OMA Chartered Accountants):

No	Audit Focus Area	Audit timing 2024/25	Audit outcome	Findings raised
1.	Audit of Performance Information – Quarter 4 2023/24	Quarter 1	⊗	(1)
2.	Asset Management	Quarter 1	✓	(0)
3.	Annual Performance Report 2023/24	Quarter 1	✓	(0)
4.	Annual Financial Statement 2023/24	Quarter 1	✓	(0)
5.	Supply Chain Management (April 2024)	Quarter 1	✓	(0)
6.	Governance and Compliance: POPI Act	Quarter 3	✓	(0)
7.	Audit of Performance Information Quarter 2 2024/25	Quarter 4	⊗	(1)
8.	Supply Chain Management (March 2025)	Quarter 4	⊗	(1)

✓ Completed. No audit finding raised/Findings raised and addressed.

⊗ Completed. Audit findings raised.

On 01 March 2025, the OPFA appointed Nexia, SAB&T as its internal auditors for a period of 53 months (4 years and 3 months). They replace OMA which was appointed on a 12-month contract while waiting for finalisation of the procurement process.

External Audit Function

The OPFA as a public entity, is audited by the Auditor-General South Africa in accordance with the Public Audit Act 25 of 2004. The AGSA focuses on the audit of the annual financial statements, compliance with laws and regulations and reliability of the reported organisational performance information.

The OPFA obtained a clean audit outcome for the 2024/25. Refer to page 114 for the signed auditors report.

Ombud Council

The FSR Act established the OC. The OC is empowered to:

- make rules relating to ombud schemes including governing rules, definitions of types of complaints to be dealt with by specific ombud schemes, dispute resolution processes, and any rule that is appropriate and necessary for ensuring that financial customers have access to, and are able to use affordable and effective independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products, financial services, and services provided by market infrastructures.
- issue directives to a person who is an ombud, or to an ombud scheme, requiring the person to take action specified in the directive if the person has contravened or is likely to contravene a financial sector law in so far as it relates to ombud schemes.
- accept written enforceable undertakings by an ombud scheme regarding the ombud scheme's future conduct in relation to a financial sector law in so far as it relates to ombud schemes.
- commence proceedings against an ombud scheme in the High Court for an order to ensure compliance with a financial sector law in so far as it relates to ombud schemes.
- make a debarment order in respect of a natural person if the person has contravened a financial sector law in so far as it relates to ombud schemes, or an OC rule or attempted, or conspired with, aided, abetted, induced, incited or procured another person to contravene a financial sector law in so far as it relates to ombud schemes.
- impose an administrative penalty on an ombud scheme, a member of the governing body of an ombud scheme, or an ombud.
- the OC may also conduct supervisory on-site inspections and investigations on ombud schemes, as well as request specified information from an ombud scheme which is relevant to the OC's assessment of compliance by the ombud scheme with a financial sector law in so far as it relates to ombuds; an OC rule; a directive issued by the OC; or an enforceable undertaking accepted by the OC.

In essence, the OC acts as a regulator of ombud schemes and the OPFA will be subject to such regulation. During the financial year, the OPFA engaged with the OC to finalise the OC Rules applicable to the OPFA. As part of this process, the OPFA provided input on the draft rules to ensure alignment with the Act.

Furthermore, the OPFA contributed to the development of a new reporting framework for ombud Council purposes that will commence on 1 July 2025. Engagements were held with the OC to align the reporting requirements with the mandate of the OPFA and reporting requirements in accordance with the Act.

On 27 March 2025, the OC conducted an on-site inspection, focusing on the OPFA's complaints handling process. The OC's feedback report was provided after the end of the financial year, on 9 May 2025. The report confirmed that no contraventions of financial sector or material concerns in relation to the way the OPFA conducts its operations were identified by the on-site inspection. Observations and recommendations made by the OC included refinements in the classification of complaints and the closure processes. The OPFA is currently reviewing these recommendations and will provide its formal response to the Ombud Council by 30 June 2025.

Executive Authority

The OPFA reports to the Minister of Finance as the Executive Authority in terms of section 63(2) of the PFMA. In the year under review the OPFA submitted all legislated documents including in-year reporting before the stipulated timeframes. Numerous engagements were held with the NT teams regarding various issues that affect the mandate of the OPFA, its operations and funding requirements.

PART C

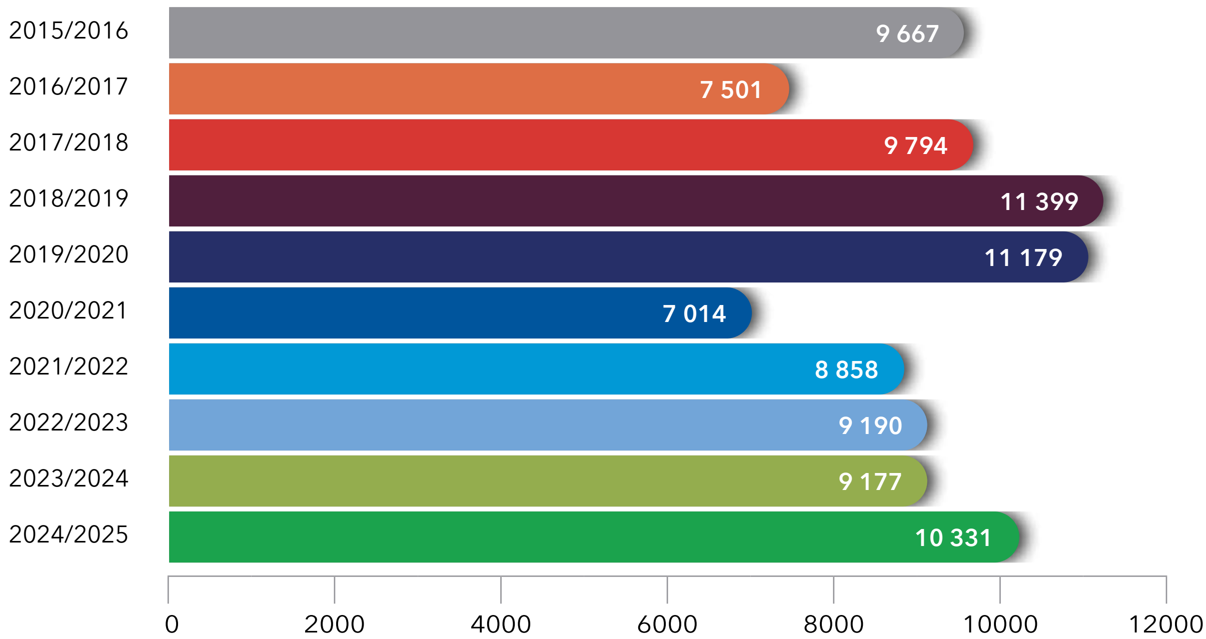
ORGANISATIONAL PERFORMANCE INFORMATION

OPERATIONAL REPORT 2024/25

NEW COMPLAINTS

A total of 10 331 new complaints were received for the 2024/25 financial year, which translates into an average of 861 complaints a month. This was an increase of 13% when compared to the 2023/24 financial year.

New complaints received



The increase in complaints for the 2024/25 financial year is attributed to the following factors:

1. Implementation of the Two-Pot Retirement System

The introduction of the two-pot system on 1 September 2024 led to a surge in complaints. From October to December 2024, the OPFA received 3105 new complaints, marking a 34% increase compared to the same period in 2023. A significant number of these complaints stemmed from employers failing to remit deducted contributions to funds, leaving members unable to access their benefits from the savings component. Other complaints related to delays in the administration and processing of withdrawals from the savings component.

2. Non-Compliance with section 13A of the Act

Employers' failure to pay over retirement fund remains a prevalent issue. This non-compliance has led to numerous complaints, particularly concerning withdrawal benefits and adherence to Section 13A of the Act.

3. Private Security Sector Provident Fund (PSSPF)

Private security companies are obliged to participate in the PSSPF by virtue of the National Bargaining Council for Private Security Sector Main Collective Agreement and to register their eligible employees as members. As a result, employers in the private security sector are mandated to deduct retirement fund contributions from their eligible employees' salaries.

Additionally, the PSSPF does not appear to have a proper monitoring system in place to detect non-payment of contributions by employers and has also consistently failed to act against defaulting employers. This has resulted in millions of rands of contributions becoming prescribed to the detriment of members. As a further result of the PSSPF's failure to act, members are forced to fend for themselves and approach the OPFA on an individual basis, each lodging an individual complaint against their employer/ former employer resulting in an escalation of the number of complaints lodged. The PSSPF lodged 395 complaints against non-compliant employers and in the majority of those cases, large amounts of retirement fund contributions (dating back to 2002 in some cases) became prescribed. At the same time, 3 433 complaints were lodged by individual members.

Furthermore, the PSSPF continues to experience communication breakdowns with its administrator, Salt Employee Benefits, whereby the PSSPF provides letters of compliance in respect of employers that the administrator says are in default. Several matters of this nature have been referred to the FSCA. The PSSPF remains the single largest cause of complaints lodged with the OPFA as it has been for several years now. The impact of the two-pot retirement system has simply amplified the issues related to its administration.

4. Delays in Processing Claims

Members have reported significant delays in the processing of their claims. For instance, in December 2024, the OPFA received 826 new complaints, a notable increase compared to previous months. Many of these complaints were related to delays in payment, with members expressing impatience over the time it took to process their claims.

5. Increased Awareness of the OPFA

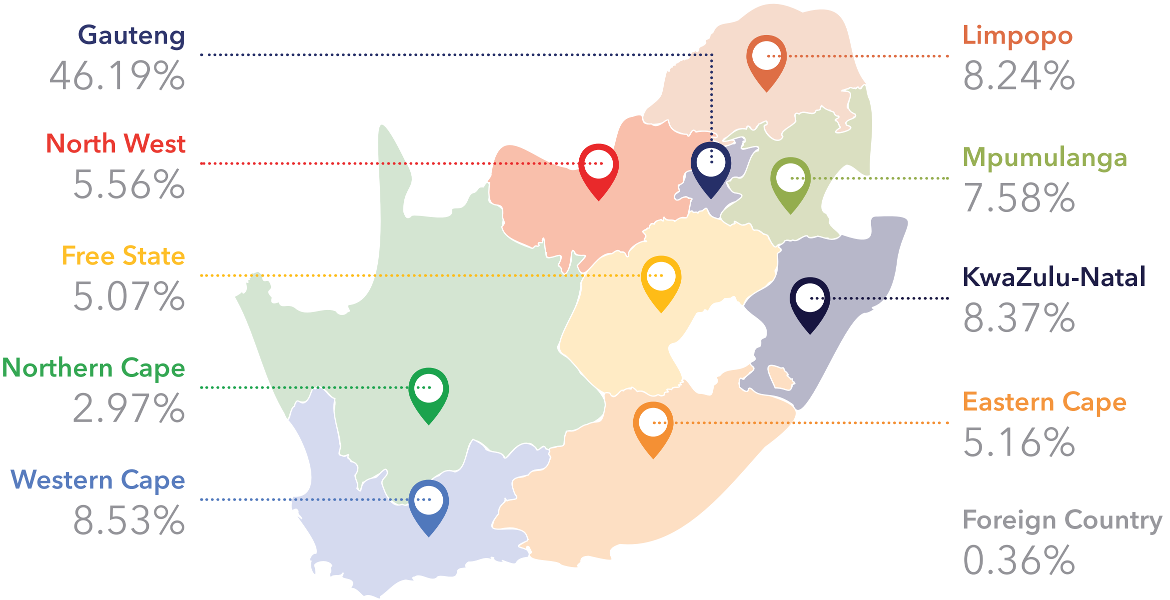
The OPFA has made efforts to increase awareness of its services, leading to more members lodging complaints. There has been successful outreach, education campaigns, and media coverage that improved public awareness of how and where to lodge complaints.

The RtF process is one of the measures that the OPFA seeks to cultivate trust between funds and their members. During the RtF process, the OPFA facilitates the lodging of a complaint with the fund for internal dispute resolution. A notable number of disputes have been resolved in this manner without the need for a formal complaint being investigated. The industry has largely welcomed the RtF process, and it continues to mature for those funds that do not have compliance issues.

During the year under review, 724 disputes were resolved via the RtF process, which is approximately 3% higher than in 2023/24. For those funds that failed to take advantage of this process, it is hoped that with time, constant encouragement, and an increase in compliance-related regulations, this will change.

Geographically, the number of complaints received per province remains skewed in favour of Gauteng, with 46% of all complaints received from the province. The second highest province is Western Cape with 8.53%.

Complaints received by geographical area



Whilst the higher numbers for Gauteng can be partially attributed to the location of the OPFA, one has to contrast this with the manner in which complaints are received by the OPFA. A large proportion of the complaints received are either via website or email and, therefore, the geographical location of the office may not be the sole contributing factor to the skewed number of complaints received per province. The statistics may also be related to the level of employee benefits offered in different locations with less coverage in areas outside of Gauteng.

The most preferred methods used by complainants to lodge a complaint with the OPFA are via the OPFA website and email. Walkin complainants also contribute a notable number of complaints. For the first time, complaints received via the website were the highest for the period under review with an increase of 17% lodged via the self-serve function on the OPFA website when compared to the previous year. This illustrates improvement in the implementation of the self-serve website function and a sign of the times whereby members are becoming more familiar with internet usage. The self-serve function also enables complainants to track the progress of their complaints on the website throughout the different investigation steps. The electronic mediums, i.e. website and email, combined constitute 78% of the complaints lodged. Due to the post office's decreased footprint, complainants are constantly encouraged to resort to other means of communication.

Manner of receiving complaints

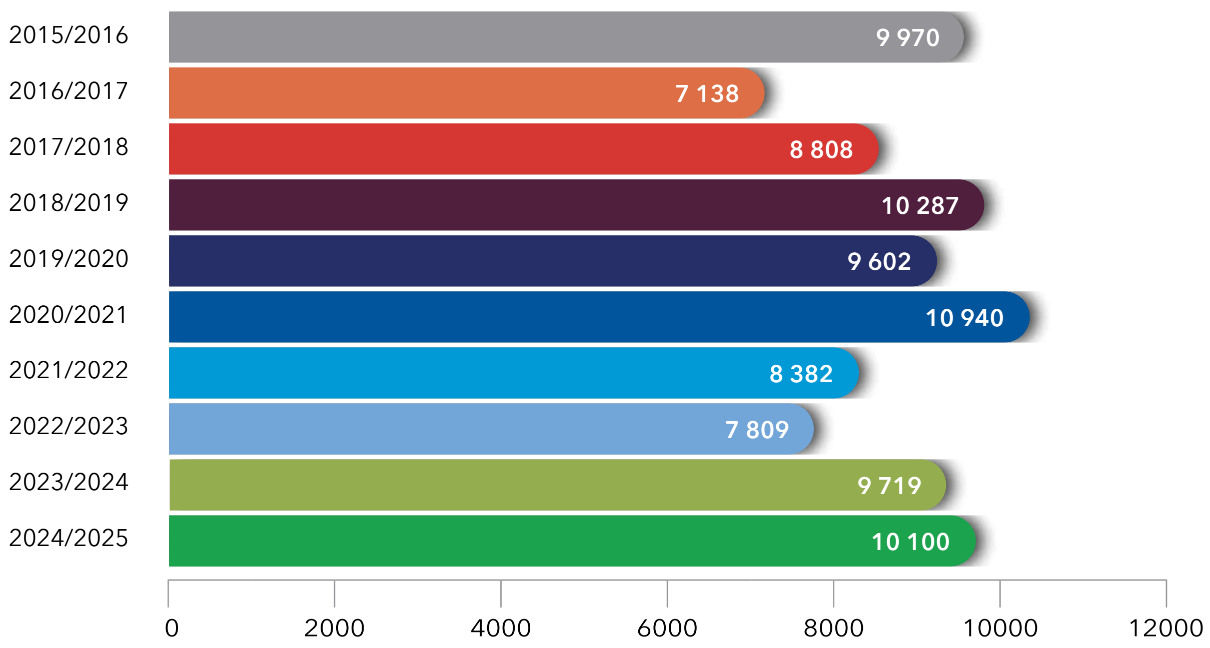
How Received	2023/2024	% Proportion	2024/2025	% Proportion	% Change
Email	4 877	53%	3 686	36%	-17%
Letter	158	2%	37	0.36%	-2%
Fax	4	0.03%	2	0.02%	0%
Web Site	2 313	25%	4 350	42%	17%
Walk-in	1 825	20%	2 256	22%	2%

COMPLAINT OUTCOMES

A total of 1 470 complaints were closed at New Complaints Unit (NCU) as either abandoned, withdrawn or duplicates, and a further 131 formal complaints were closed as either abandoned, withdrawn or duplicates. A total of 8 499 complaints were investigated and finalised as either determinations, out of jurisdiction, or settlements. In total, this represents an increase of 1% in the number of cases closed compared to the previous year.

93% of complaints finalised as either determinations, out of jurisdiction, or settlements were completed within six months, which aids in providing relief to complaints expeditiously. This represents an increase of 16% compared to the previous year.

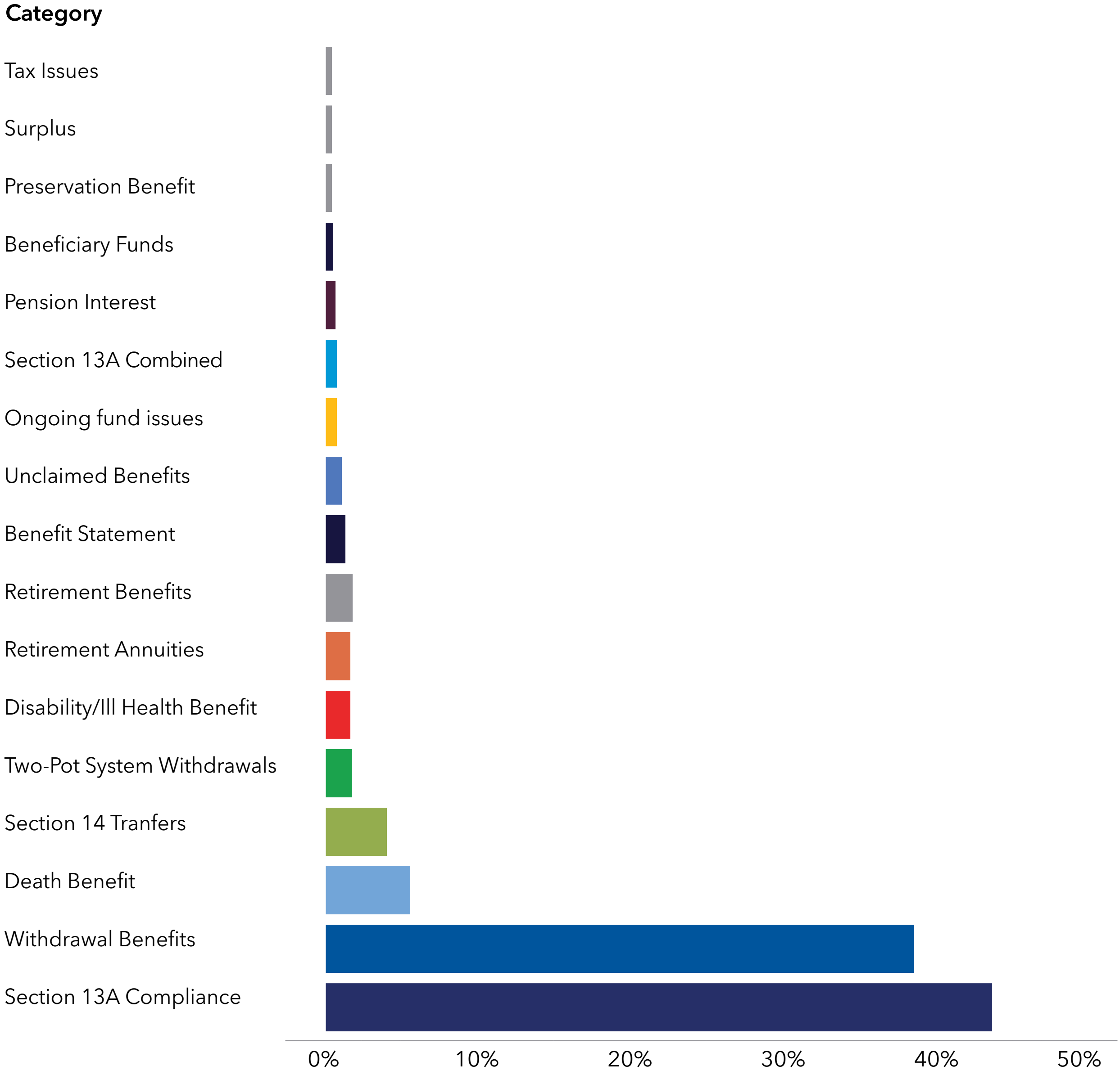
Total complaints finalised



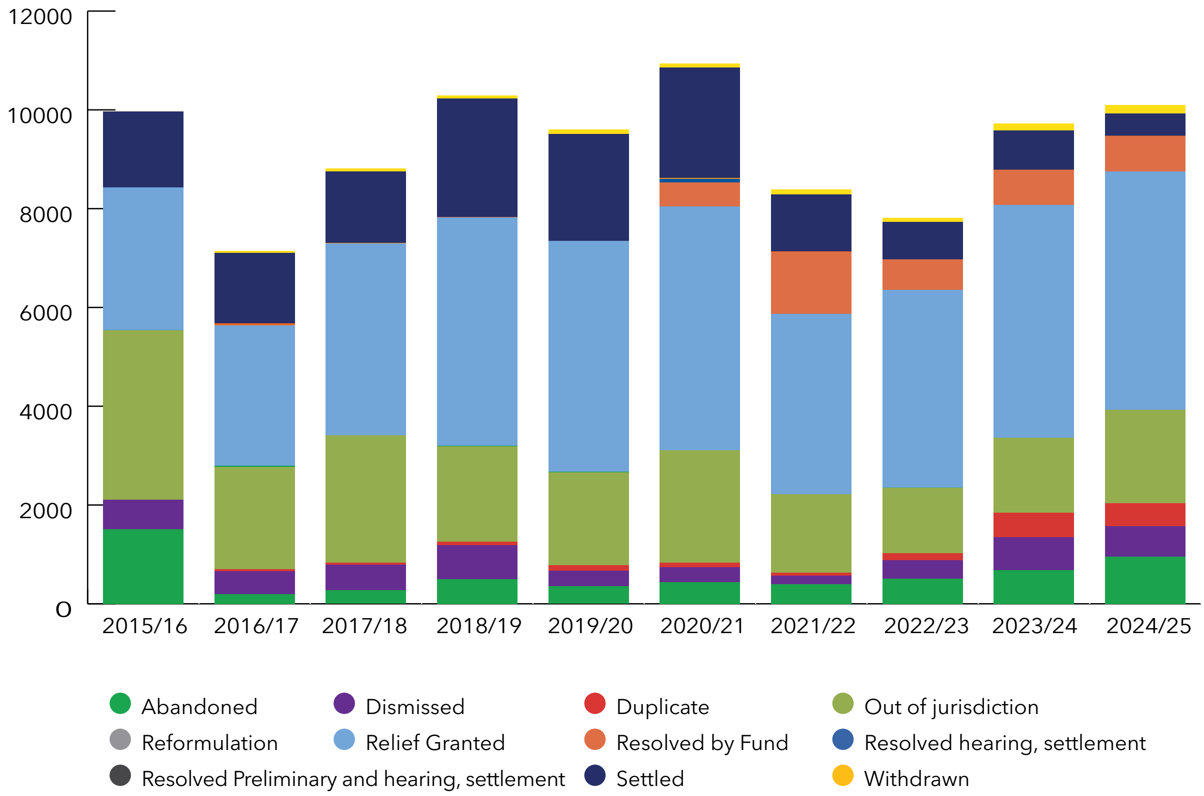
There has been a steady increase in the number of complaints finalised in the past 3 years.

Categories of complaints

Complaints pertaining to section 13A (non-payment of contributions by participating employers) at 44.34% continue to be the highest category of complaints investigated and closed, followed by withdrawal benefits at 38.79%. Jointly, these two categories constitute 83% of the total closed complaints categories. Further, the two categories often overlap with one another with a complainant only discovering that his or her employer failed to pay contributions at the stage when they are withdrawing their benefit. There has also been an increase in participating employer liquidations within umbrella funds. Commercial umbrella funds have no appetite to insist on compliance with the payment of defaulting employers. They simply terminate the participation of the employer within the fund; in most instances without notifying members. This results in the employer's continuing deducting contributions from unsuspecting members well after the participation date.

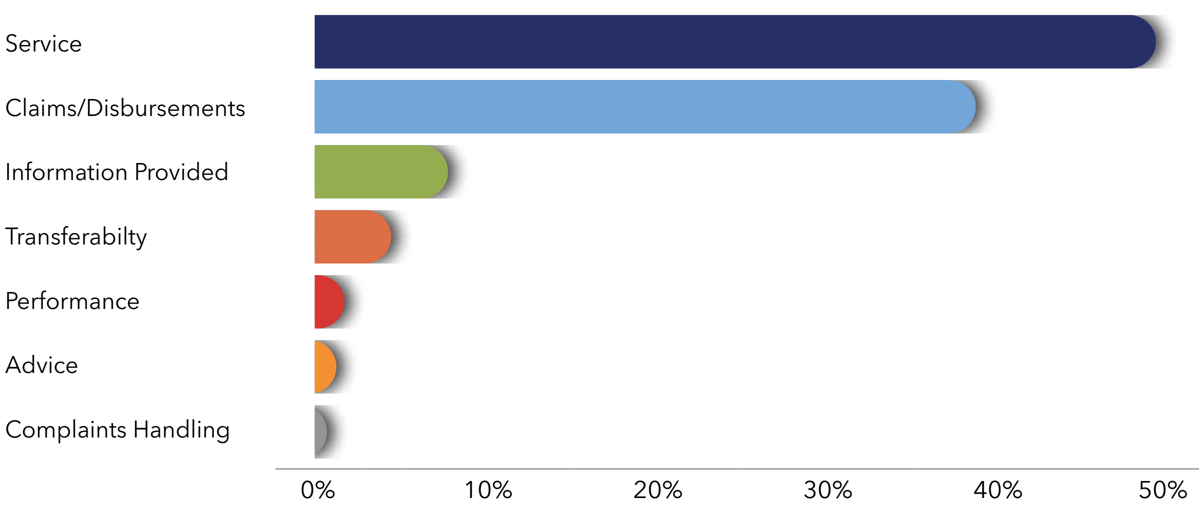


How complaints were closed



A total of 5 434 complaints were finalised in terms of a fully investigated and reasoned determinations. This constitutes 54% of all complaints closed during the year with 55 more formal determinations issued compared to the previous year. A total number of 1 175 complaints were closed as settlements, 1 890 as out of jurisdiction and 1 601 as abandoned, withdrawn, or duplicates. As indicated earlier, the overall number of complaints closed increased by 13% compared to the previous year due to reasons already mentioned.

TCF Outcomes



At 48.94% - the number of complaints received in relation to poor service remains a concern as it mostly relates to poor or inadequate communication by funds in relation to the payment of contributions and benefits. The RtF process (discussed earlier) aims to encourage communication between funds and members in relation to issues that form the subject matter of complaints by the OPFA.

The proactive application of prescription and time barring to the complaints means that in some instances even where employers are ordered to pay outstanding contributions, only a partial recovery is realised due to the failure by funds to hold employers accountable timeously. Issues with service delivery is the highest category, and information provided is the third highest. The top three outcomes contribute 94.38% as the main areas of concern.

These are outcomes that could be avoided as they are within the control of funds and administrators. Furthermore, the facilitation of the RtF process by the OPFA should be utilised by funds to achieve better outcomes. Overall, there is an urgent need for a regulatory instrument applicable to retirement funds which incorporates the TCF principles and the passing of the Conduct of Financial Institutions Bill will be a welcome intervention in this regard.

Implementation of Two-Pot System

Telephone Enquiries

A total of 1 666 two-pot related telephone enquiries were received by the OPFA from September to March 2025.

Nature of enquiries (highest to lowest - top 10)

Query	Total
Payment status	32.77%
Delay in payment	19.99%
Withdrawal procedure	17.29%
Update personal details	7.74%
Available fund credit	6.60%
Tax queries	5.04%
Next withdrawal date	4.26%
Fund contact details	2.88%
Fund system error	2.04%
Calculation of benefit	0.48%

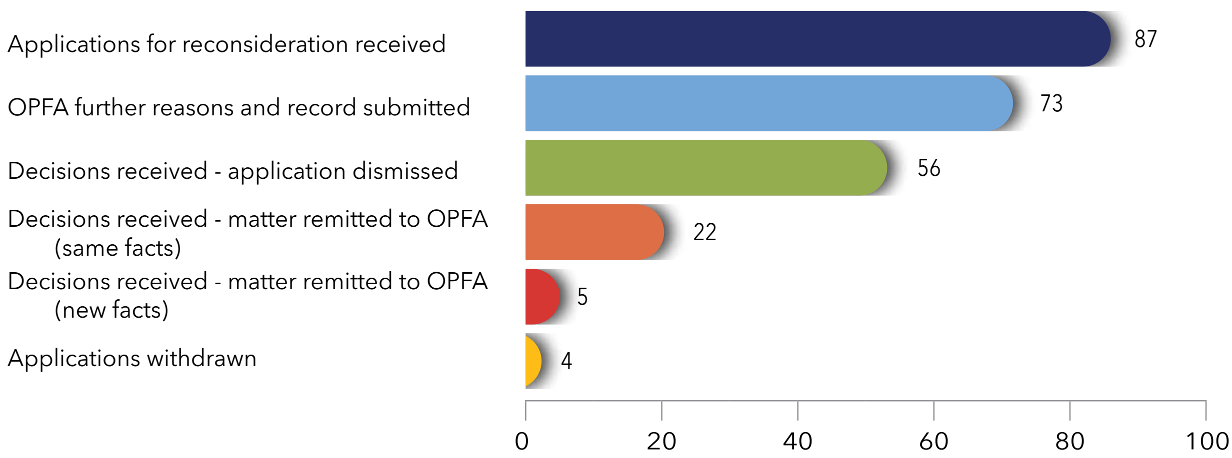
Queries per Fund (Top 10 - highest to lowest)

Fund Name - Top 20	Total
PSSPF	173
Motor Industries Retirement Fund	130
Government Employees Pension Fund (GEPF)	89
Corporate Selection Umbrella Retirement Fund	46
FundsAtWork Umbrella Provident Fund	41
Contract Cleaning National Provident Fund (CCNPF)	39
Consolidated Retirement Fund	37
Sanlam Umbrella Provident Fund	36
Alexander Forbes Retirement Fund	34
Municipal Employees Pension Fund	32

FINANCIAL SERVICES TRIBUNAL

Persons aggrieved with the outcome of complaints decided by the OPFA have the option of applying to the FST for reconsideration. The FST remains a welcome step in the provision of access to justice and it adds value to the ombud system and the financial sector as a whole. In addition, learnings from decisions of the FST are implemented by the OPFA to continuously improve on processes. During the year, 87 applications for reconsideration were submitted by persons aggrieved with OPFA decisions. The FST issued a total of 83 decisions, of which 56 upheld decisions of the OPFA and 27 were remitted for reconsideration.

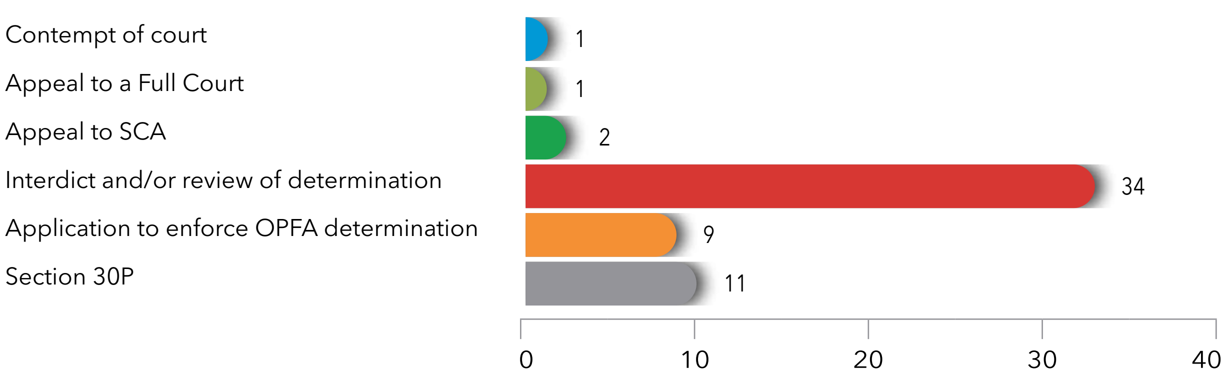
Financial Services Tribunal



APPLICATIONS TO COURT

On 12 November 2024, the Constitutional Court heard an appeal in *Mutsila v Municipal Gratuity Fund and Others* concerning the interpretation of section 37C of the Act. The Court subsequently requested submissions from the parties on when a pension fund must determine who qualifies as a dependant, whether it should be at the date of death or at the time the decision is made. It also questioned whether the Supreme Court of Appeal was correct in its decision in *Fundsatwork Umbrella Pension Fund v Guarnieri and Others [2019] ZASCA 78*, which held that the time at which to determine who is a dependant for the purpose of distributing a death benefit is when that determination is made and the beneficiary must still be alive at the time of the distribution. The OPFA is awaiting the Constitutional Court's judgment, which could significantly reshape how pension funds apply section 37C.

Types of Court Applications



Mafoko Security Patrols (Pty) Ltd ("Mafoko") lodged 31 applications seeking to interdict the complainants from executing writs granted in an attempt to enforce the determinations of the PFA" (Part A), and to review and set aside the PFA's determinations, the computation of arrear contributions by the Private

Security Sector Provident Fund ("the Fund"), and to have the matter adjudicated de novo (Part B). Part A, relating to the interdicts, was granted by the Court on an urgent basis.

On 7 March 2025, the Gauteng High Court issued a judgment on Part B concerning four of the applications, all of which were dismissed.

In its judgment, the Court highlighted the challenges Mafoko would face in pursuing a review of the determinations, given their status as deemed civil judgments of the High Court and Mafoko's non-compliance with the Promotion of Administrative Justice Act, which requires the exhaustion of internal remedies, specifically, a review before the FST. Moreover, Mafoko failed to demonstrate that the PFA acted in a manner that would justify a review or the setting aside of any of the four determinations. Mafoko also did not establish a basis for reviewing the Fund's calculations of arrear contributions. The Court indicated that this judgment would apply to all other outstanding cases involving Mafoko. This judgment by High Court reaffirms the effectiveness of the enforcement mechanism that is available to parties who seek to enforce PFA determinations.

STAKEHOLDER MANAGEMENT

A. 2023/24 Stakeholder survey

In the previous financial year, the OPFA conducted a Stakeholder Satisfaction Survey to evaluate how the stakeholders viewed its services and to identify areas for improvement. Based on the survey results and recommendations made, OPFA created a detailed Action Plan to address the main findings and enhance its service delivery. This structured approach ensures that stakeholder feedback results in meaningful organizational changes and better stakeholder experiences.

Since the adoption of the Action Plan, the OPFA has made significant steps in implementing the recommendations. One of the critical concerns raised by stakeholders related to the timelines and clarity of communication during the complaints process. In response, the OPFA successfully implemented a series of automated SMS notifications that are triggered at various stages of the complaint lifecycle, ensuring that complainants are kept informed without having to make follow-up enquiries.

The survey also highlighted the need to strengthen procedural fairness in handling complaints. To this end, the OPFA has conducted staff training focused on procedural fairness. These efforts reflect the institution's commitment to upholding fairness and consistency in the adjudication process. Efforts have been made to raise awareness about how stakeholders can track the progress of their complaints. Educational content has been shared via the OPFA website and through various social media platforms.

Concerns regarding the responsiveness of OPFA officials to telephone calls were also addressed. A new telephone system was deployed.

To ensure continued improvement, the OPFA has embedded mechanisms for collecting feedback across various stakeholder touchpoints. This includes digital tools on the website as well as feedback forms for walk-in complainants. These inputs help the institution monitor its effectiveness and responsiveness in real time.

The OPFA continued to ensure transparency by publishing determinations on its website and exploring additional methods for highlighting non-compliant funds and entities. Efforts are also underway to build partnerships with regulators and government bodies to enforce determinations and ensure greater accountability across the industry.

The implementation of the Stakeholder Satisfaction Action Plan demonstrates OPFA's commitment to continuous improvement, accountability, and service excellence. It reflects a thoughtful response to stakeholder concerns and a forward-looking approach to governance and public engagement.

B. Stakeholder engagement activities

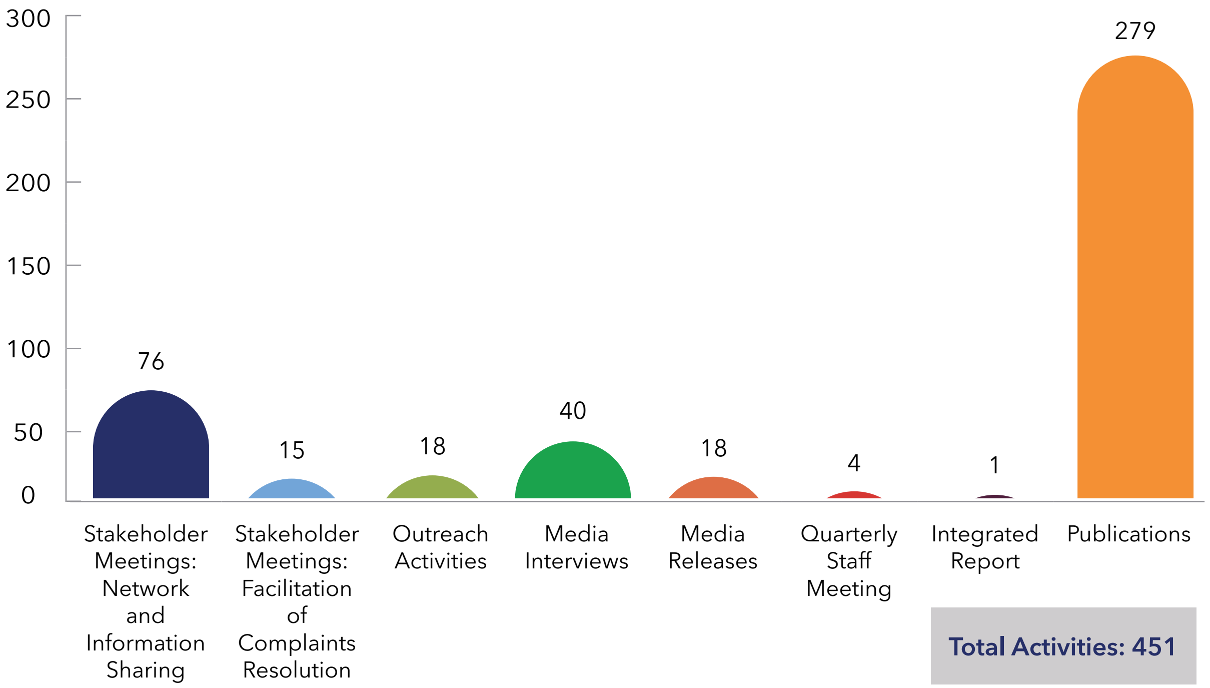
Engaging with our stakeholders remains an important component to fulfilling our mandate. Over the year, the following stakeholder engagements were conducted:

FUNDS	
KwaZulu-Natal Joint Municipal Pension/Provident Funds	SALA Pension Fund
N-e-FG Umbrella Retirement Fund	Sanlam Life Insurance
Old Mutual SARAF/Superfund	South African Retirement Annuity Fund
Private Security Sector Provident Fund (PSSPF)	Transport Sector Retirement Fund
ADMINISTRATORS	
Liberty	Salt Employee Benefits
Mufaro Employee Benefits	Sanlam
Old Mutual	Simeka Consultants and Actuaries
CONFERENCES / WEBINARS / SEMINARS	
BATSETA Winter Conference	Pension Lawyers Association Conference
2024 GEPF Thought Leadership Annual Conference	UNISA Pension Law Seminar
Actuarial Society of SA Retirement Matters Conference	INFO Network Conference, Canada
MSWSA Ombud Council Joint Webinar	World Consumer Day Webinar
2024 IRFA Annual Conference	
OUTREACH ACTIVITIES	
Comrades Marathon Expo	Mall Activation: Kuyasa Centre, Mdantsane
Mall Activation: KwaMashu, KwaZulu Natal	City of Johannesburg Ombudsman
BASA Consumer Financial Education Initiative, Soweto	Mall Activation: Lemo Mall, Mangaung
MSWSA24 Mall Activation: Denlyn Mall, Mamelodi	Mall Activation: Twin City Mall, Mangaung
MSWSA24 Mall Activation: Alexandra Plaza, Alexandra	University of Pretoria Law Career Day
MSWSA24 Mall Activation: Meadow Point Shopping Centre, Soweto	BASA Consumer Financial Education initiative for the Senior Clubs, Soweto
Mall Activation: Motherwell Shopping Centre, Gqeberha	Salt EB Two-Pot Activation Day, Johannesburg
TERTIARY INSTITUTIONS	
Lecture, University of Stellenbosch	University of Pretoria Law Career Day
TUT Career Expo, Soshanguve	
RADIO INTERVIEWS	
702	Motsweding FM
702/Cape Talk	Phalaphala FM
Alex FM	Power FM
Cape Talk	Radio 2000
Capital Live 99.0 FM	Radio Bloem
Channel Africa	Radio Islam
Ekse Community Radio	SAFM
Hot 102.7 FM	SouthSide FM
Intokozo FM	TRU FM
Kaya FM	Umhlobo Wenene
Lotus FM	YOU FM
TV INTERVIEWS	
SABC 1: Yilungelo Lakho	ENCA
Newzroom Afrika Interview	

PODCASTS	
SAFM Market Update with Moneyweb	
PUBLICATIONS	
Africa Talks Business	Independent Online (IOL)
AJTechnicalDr.com	Joburg (etc)
Alex News	Kathu Gazette
Algoa FM	Kaya FM
Africa-Press	Knysna Plett Herald
Blue Chip Digital	Mahikeng Mail
Business Day	Mail & Guardian
Business Live	Maroela Media
Business Report	Maya on Money
Business Tech Africa	Moneyweb
Cape Argus	Moonstone Information Refinery
Cape Times	Mossel Bay Advertiser
Celeb Gossip	Netwerk 24
City Press	News 24
Citywire	OFM
Cover Magazine	Oudtshoorn Courant
Daily Dispatch	Parliament of RSA
Daily Maverick	Parliamentary Monitoring Group
Daily News	Pensions World South Africa
Daily Sun	Personal Finance
De Rebus	Post (KwaZulu Natal)
District Mail	Rising Sun (Mid South Coast)
EB Net	SABC News
Economy 24	Sake (Volksblad; Burger Suid Kaap; Burger Oos Kaap; Burger Kaap; Beeld; Beeld, Pretoria)
Eyewitness News (EWN)	
FA News	Saturday Citizen
George Herald	Saturday Star
Graaff-Reinet Advertiser	Smart About Money
Helderberg Gazette	Soccer News Lifestyle
The Star	South Cape Forum
The Mercury	Sowetan
The Witness	Sowetan Live
Times Live	Sunday Tribune
Times Network	The Africa
Today's Trustee	The Citizen
Ilanga	The Mercury
Independent on Saturday	Umbele ePublication
	Weekend Argus

REPORT SUMMARY

Stakeholder Engagement Activities from 01 April 2024 - 31 March 2025



HUMAN RESOURCES

As of 31 March 2025, the OPFA's staff was 73. The organisational headcount is represented as follows:

Adjudication	Corporate Support
49 (67%)	24 (33%)

Staff profile by Age Group

Age	Male	Female	Total
<35	13	14	27 (37%)
35 – 51	21	22	43 (59%)
> 51	0	3	3 (4%)
Total	34	39	73

Staff Tenure

Tenure	Male	Female	Total
<2	15	16	31 (42%)
2 – 5	10	6	16 (22%)
6 – 10	6	8	14 (19%)
> 10	3	9	12 (16%)
Total	34	39	73

The majority of employees (64%) are between the ages of 20 and 39, reflecting a youthful and dynamic workforce consisting of "Millennials" and "Generation Z". Notably, 52% of employees are "Millennials" aged 30–39, while 12% are "Generation Z" that fall within the 20–29 age group. "Generation X" with employees aged between 40–59 make up 36 % of the organisation.

Vacancies

During the 2024/25 financial year, the OPFA continued to address critical vacancies across various operational levels to enhance capacity and ensure continuity in service delivery. Recruitment efforts focused on filling both longstanding and emerging vacancies, with particular attention given to the adjudication and human resources functions. Notable progress was made in the appointment of Assistant Adjudicators and Case Officers.

The use of headhunting for specialist roles further reflects the organisation's proactive approach to talent acquisition, improve turnaround times to fill positions while bridging capacity and capability gaps.

Appointments

The OPFA made 22 appointments and promotions across different occupational levels.

- Senior management occupational level: 1 internal promotion to the role of Executive Head of Corporate Services and CFO.
- Professional occupational level: 6 appointments, covering roles such as Assistant Adjudicator and ICT Manager.
- Skilled occupational level: 7 appointments, including new and contract Case Officers, and one internal promotion.
- Unskilled occupational level: 8 appointments were made, mainly comprising intern positions in areas such as HR, legal, finance, SCM, and ICT.

Terminations

During the period under review, a total of 11 employee exits occurred across various units within the OPFA. The OPFA recorded an improved turnover rate of approximately 15% (2023/24 – 17%). The table below presents a breakdown:

Occupational Level	Nature of termination			Total
	Dismissal	End of Contract	Resignation	
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional	1	0	5	6
Skilled	0	2	2	4
Semi-Skilled	0	0	0	0
Unskilled	0	1	0	1
Grand Total	**1**	**3**	**7**	**11**

Employment Equity

The OPFA is committed to contribute to the transformation of its workplace in accordance with the Employment Equity Act by maintaining a workforce that is representative of the demographics of the country. The Employment Equity Forum meets quarterly to track progress against the employment equity plan. Employment Equity reports were timeously submitted to the Department of Employment and Labour. The OPFA over-achieved with 95% (target 92%) representation for black employees (Africans, Coloureds, and Indians). The OPFA also over-achieved with 55% female representation against a target of 51% and achieved 2% representation for persons living with disabilities.

Occupational Level	Band	African		Indian		Coloured		White		Grand Totals (R,G,L)	Totals Gender	
		M	F	M	F	M	F	M	F		M	F
Top Management	F	0	1	0	0	0	0	0	0	1	0	1
Senior Management	E	1	0	1	0	0	0	0	0	2	2	0
Professionals/ Middle Management	D	11	8	0	1	0	0	0	2	22	11	11
Skilled	C	9	9	0	0	0	1	1	0	20	10	10
Semi-skilled	B	7	11	0	0	0	0	0	0	18	7	11
Unskilled	A	4	6	0	0	0	0	0	0	10	4	6
Total		**32**	**35**	**1**	**1**	**0**	**1**	**1**	**2**	**73**	**34**	**39**

Changes in Labour Legislation and Impact on OPFA

During the 2024/25 financial year, the Employment Equity Amendment Act on Ministerial powers regarding sectorial targets came into effect on 01 January 2025. On 18 February 2025, the OPFA attended a consultation with the Department of Employment and Labour (DEL) on the EE sector targets. The intervention seeks to accelerate transformation in all sectors by granting the Minister powers to set sector targets; lessen the administrative burden for SMMEs and exempt them from the EE sector targets i.e. employers with less than 50 employees; and introduce incentive for compliance, where a section 53 compliance certificate would now be used as a condition in the public procurement process. The OPFA will continue to monitor developments regarding this and if necessary, align its EE policies and EE plan.

Furthermore, the Companies Amendment Act no.16 of 2024, was promulgated effective 27 December 2024. With the main changes on section 6A(a) and (b) introducing detailed remuneration information in the Remuneration Subcommittee reports. Even though this is not applicable to the OPFA as a Schedule 3A PFMA entity, the requirements will be adapted and incorporated as best practice in our remuneration subcommittee report.

Training

The OPFA implemented a comprehensive training program aimed at enhancing employee capabilities, fostering skills development, and supporting the organisation's strategic goals. A variety of training sessions were offered to employees, covering key areas such as HR roles, supply chain management, ICT security, ethics, customer service, communication skills, and more.

A total of 14 training interventions were conducted throughout the year, contributing significantly to the overall development of the workforce. These training initiatives were aligned with the organisation's objectives, ensuring that OPFA employees continue to grow and remain competent in their respective roles.

Training Programs	Date	Training beneficiaries
Line Manager-HR Roles and Responsibilities Workshop	02 July 2024	12
Supply Chain and Contracts Management	8 July 2024	6
ICT Security Awareness	22 August 2024	All staff
EE & SD Training	16 & 17 October 2024	10
Managing Different Generations and Occupational Levels	5 November 2024	12
HR Fundamentals for non-HR Managers	18 & 19 November 2024	13
Presentation Skills Training	27 November 2024	20
POPIA Training	Quarterly Induction sessions	All staff
ICT Security Awareness	22 August 2024	All staff
Risk Management Training	27 November 2024	10
Ethics Training	03 December 2024	All staff
Customer Service Training	28 January 2025	24
Microsoft Word Training	26 March 2025	8
Microsoft Excel Training	31 March 2025	12

PERFORMANCE MANAGEMENT AND EMPLOYEE RELATIONS

Performance improvement plan

During the 2024/25 financial year, the organization implemented four (4) Performance Improvement Plans (PIPs) to support employees in meeting the set performance standards. These efforts reflect the organisation's commitment to providing necessary employee coaching, support for employee development, fostering accountability while driving a culture of high performance.

Employee relations

Corrective actions were issued across various departments to address misconduct and incapacity. These actions primarily involved written and verbal warnings, most of which have either been completed or lapsed. One (1) matter that related to an employee conduct issue which led to a resignation was referred to the CCMA by the employee and the matter is currently pending arbitration.

Reason	Sanction			Grand Total
	Dismissal	Verbal warning	Written Warning	
Incapacity	1	2	0	3
Misconduct	0	3	5	8
Grand Total	1	5	5	11

EMPLOYEE REWARDS AND RECOGNITION

Remuneration Strategy Review

During the 2024/25 financial year, the OPFA initiated a comprehensive review of its Remuneration Policy in collaboration with an independent remuneration expert. The review, which commenced in February 2025, aims to assess the suitability and adequacy of the organisation's current remuneration framework. Key focus areas include the structure and effectiveness of short-term incentive schemes, the consistency and competitiveness of annual salary adjustments, and the organisation's salary offer practices for new appointments. This process forms part of the OPFA's broader strategy to attract, motivate, and retain skilled talent while ensuring alignment with sound remuneration governance principles and long-term human capital development goals. The findings of the review will inform the future direction of our remuneration strategy, supporting the goal of maintaining a motivated and engaged workforce.

Long Service Recognition Awards

Two (2) employees received long service awards for 10 years of service with the OPFA, to the value of R10 000 each. Two (2) employees received long service awards for 5 years of service with the OPFA, to the value of R6 500 each.

EMPLOYEE WELLNESS

The OPFA remains committed to the wellness and wellbeing of its employees, offering a range of initiatives designed to promote engagement, health, and a positive work environment.

- **Employee Wellness Program:** Engagement with the wellness program has been low, but efforts are ongoing to improve awareness and participation. In August 2024, Universal Corporate Wellness was appointed as the new OPFA Employee Wellness Program Provider.
- **Cultural Initiatives:** Efforts to strengthen the OPFA's organisational culture have been a key focus, with various activities aimed at fostering employee engagement. These initiatives have contributed to building a more connected and motivated workforce.

HR MANAGEMENT INFORMATION SYSTEM (HRMIS)

A major development in 2024 was the transition from paper-based human resources management processes to an automated Human Resources Information System (HRIS). This new system enables OPFA to better manage key HR responsibilities such as leave, performance, payroll and document management, allowing for more streamlined processes and improved efficiency.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The strategic goal of the ICT department is to modernise and continuously improve the ICT systems and technologies that support the OPFA to fulfil its mandate. This is translated through identifying and prioritising various initiatives in the ICT Operational plan which primarily focus on improving the ICT landscape of the organisation and alignment to the organisational strategic goals.

ICT continued to achieve an average of 99% system uptime during the year against a target of 90%.

ICT Business Applications Modernisation

SMS technology was introduced on the case management system (Respond) and the OPFA website. The technology was used in Respond to send text messages to complainants, providing them with their unique complaint reference numbers as soon as their cases are registered. This functionality aims to improve customer experience and reduce the turnaround time from two days to within 24 hours to acknowledge a case and issue a reference number to the complainant. The complaint reference numbers can subsequently be utilised to monitor the complaint status on the website. This technology will augment the process of sending acknowledgement letters to complainants.

For the website, the SMS functionality furnishes complainants with a One-Time Password (OTP) when they check the status of their complaints on the website. This addition will enhance security through multi-factor authentication and safeguard the website from undesired automated activities, such as web scraping by bots.

ICT also took the initiative to upgrade the Exclaim Risk and Compliance systems which the organisation uses to manage organisational risks and regulatory requirements such as acts, regulations etc. These were two separate systems and had both reached the end of life. With the upgraded web-based version, the risk and compliance processes were optimised and streamlined into one integrated system improving data accessibility and reporting.

ICT Infrastructure Modernisation and Operations

Throughout the year, the ICT team consistently demonstrated its dedication to high availability of critical business systems and ICT resources to ensure a stable and optimal ICT environment. The team managed and resolved daily incidents logged by end users and addressed ICT-related issues in a timely manner in line with the service level agreement. By prioritizing customer satisfaction and leveraging best practices, ICT maintained high levels of operational efficiency and minimized disruptions to users. The following graph illustrates the availability of ICT systems over the last three years.

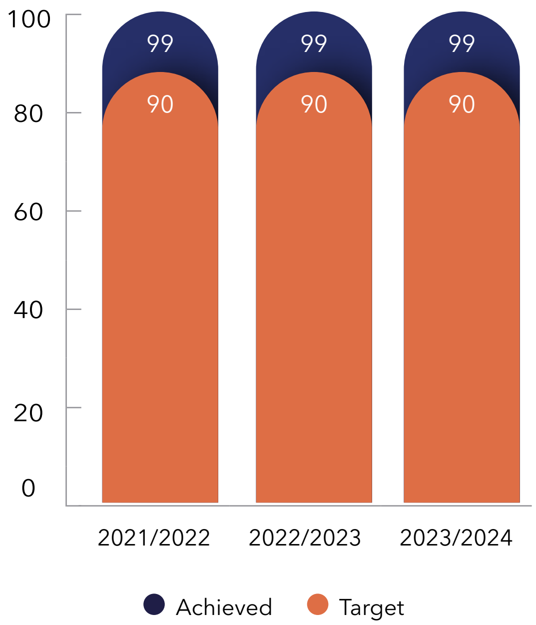


Figure: ICT System availability: Target vs Actuals

Recognising the importance of maintaining modern and efficient network infrastructure, ICT successfully completed the replacement of network access switches. This upgrade ensured optimised network performance and supported the OPFA's growing digital demands.

The OPFA migrated the Internet Service Provider (ISP) services from one provider to another.

A Microsoft Tenant Migration-project was part of the transitional plan for decoupling the FSCA and OPFA ICT environments, aiming to separate the Microsoft licenses and establish an independent OPFA Microsoft tenant with its own identity. This move streamlined ICT operations and provided users with access to advanced productivity tools and resources allowing the OPFA to operate independently. The project was crucial for aligning with the new OPFA governance arrangements and enabling the OPFA to pursue ICT modernisation initiatives without limitations imposed by the multi-tenancy.

ICT Security and Business Continuity

The advancements and changes in technology also bring about a rise in security threats in the form of cyber-attacks and malicious activity. This poses a critical risk to organisations to evaluate the efficacy of existing security controls, systems and measures put in place to mitigate and protect the ICT environment, users, and organisational data from such threats. The ICT team's commitment to maintaining robust cybersecurity measures was reaffirmed through the ongoing efforts having the necessary processes and tools in place for vulnerability management, firewall management, antivirus, and encryption. These efforts were further solidified by the successful completion of a comprehensive penetration test. This test allowed the OPFA to assess and fortify its defences against potential cyber threats and understand its overall ICT risk posture.

In accordance with the OPFA Business Continuity and ICT Continuity plans, two Disaster recovery tests were conducted during the year. Backups are maintained according to established policy and restoration tests conducted to ensure the viability of the backup data. The purpose of the tests was to simulate a real disaster and test the effectiveness of disaster recovery processes. Both tests involved a multidisciplinary team consisting of ICT personnel and business test users. The tests were successfully completed and proved that the OPFA could continue business operations in the event of a disaster, whether at the secondary site or remotely.

ICT Governance

The OPFA continued to implement sound ICT governance practices and controls in line with the ICT Corporate Governance policy framework. This was done under the guidance and oversight of established governance committees such as the ICT Steering Committee, Management Committee and Risk and Audit Committee. To respond to developments in the ICT environment and recommendations from audit and risk processes, existing ICT policies and procedures were continuously updated and implemented. The following policies were developed and updated during the reporting period.

- Change management policy and procedure.
- Vulnerability management

ICT:
Sseated Left to right - Clement Maṋenzhe, Nana Ntenga, Tintswalo Shibambu and Qabuka September

- Antivirus and Encryption
- Identity and access management.
- Incident and Problem management procedure
- ICT Backup and Restoration Policy
- Administrator Activity Review Procedure
- ICT Patch Management
- ICT Media Sanitization

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Based on the verification conducted, the OPFA received a level 8 B-BBEE status level of contributor, the same level as from the prior year. The verification outcome is as follows:

	Weight	Scores Achieved
Management Control	20	18.04
Skills Development	25	7.23
Enterprise & Supplier Development	50	34.25
Socio Economic Development	5	5.00
TOTAL SCORE	**100**	**64.52**

Management Control

Sub-Element	Indicator	Weighting Points	Compliance Terget	Actual	Score
Board Participation	Exercisable voting rights of black board members as a percentage of all board members	2	50.00%	81.25%	2.00
	Exercisable voting rights of black female board members as a percentage of all board members	1	25.00%	43.75%	1.00
	Black persons who are executive directors as a percentage of all executive directors	2	50.00%	100.00%	2.00
	Black female executive directors as a percentage of all executive directors	1	25.00%	33.33%	1.00
Other Executive Management	Black Other Executive Management as a percentage of all Other Executive Management	2	60.00%	78.57%	2.00
	Black female Other Executive Management as a percentage of all Other Executive Management	1	30.00%	50.00%	1.00
Senior Management	Black employees in Senior Management as a percentage of all Senior Management	2	60.00%	45.73%	1.52
	Black female Employees in Senior Management as a percentage of all Senior Management	1	30.00%	13.33%	0.44
Middle Management	Black Employees in Middle Management as a percentage of all Middle Management	2	75.00%	70.63%	1.88
	Black female Employees in Middle Management as a percentage of all Middle Management	1	38.00%	35.80%	0.94

Sub-Element	Indicator	Weighting Points	Compliance Terget	Actual	Score
Junior Management	Black Employees in Junior Management as a percentage of all Junior Management	2	88.00%	82.91%	1.88
	Black female Employees in Junior Management as a percentage of all Junior Management	1	44.00%	42.78%	0.97
Disabled	Black Employees with disabilities as a percentage of all employees	2	2.00%	1.14%	1.41
					18.04

Skills Development

Sub-Element	Indicator	Weighting Points	Compliance Terget	Actual	Score
Skills Development Expenditure	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leviable Amount	9	6.00%	1.06%	1.58
	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leviable Amount	4	0.30%	0.00%	0.00
Learnerships	Number of black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	2.50%	2.35%	5.65
Unemployed Learners	Number of black unemployed people participating in training specified in the Learning Programme Matrix as a percentage of total employees	6	2.50%	0.00%	0.00
Bonus Points	Number of black people absorbed by the Measured and Industry Entity at the end of the Learnerships programme	5	100.00%	0.00%	0.00
					7.23

Enterprise Supplier Development

Sub-Element	Indicator	Weighting Points	Compliance Terget	Actual	Score
Preferential Procurement	B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a Percentage of Total Measured Procurement Spend	5	80.00%	86.64%	5.00
	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	15.00%	34.40%	4.00

Sub-Element	Indicator	Weighting Points	Compliance Terget	Actual	Score
	B-BBEE Procurement Spend from Exempted Micro- Enterprise suppliers based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	15.00%	21.43%	5.00
	B-BBEE Procurement Spend from all Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	11	40.00%	55.11%	11.00
	B-BBEE Procurement Spend from all Empowering Suppliers that are at least 30% Black Women Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	12.00%	31.38%	5.00
Bonus Points	B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black owned based on the B-BBEE Recognition Level	2	2.00%	15.37%	2.00
Supplier Development	Annual value of all Qualifying Supplier Development Contributions made by the Measured Entity as a percentage of the target	15	2.00%	0.30%	2.25
Enterprise Development	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1.00%	0.00%	0.00
Bonus Points	Bonus point for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	Yes	No	0.00
	Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	1	Yes	No	0.00
					34.25

Socio-Economic Development

Sub-Element	Indicator	Weighting Points	Compliance Terget	Actual	Score
SED Contributions	Annual value of all Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1.00%	1.11%	5.00
					5.00

MESSAGE FROM THE **LEGAL DESK**

Nondumiso Ntshangase

Senior Legal Advisor

On 1 September 2024, the retirement fund industry entered a new era with the implementation of the long-awaited two-pot system. This significant reform has already provided much needed financial relief to those in financial distress. Looking ahead, the expected introduction of the COFI Bill and the evolving role of the OPFA signal further transformative reforms on the horizon.

At the same time, retirement fund jurisprudence continues to evolve rapidly. As Heraclitus aptly said, "Change is the only constant." In this dynamic and rapidly evolving regulatory environment, boards of retirement funds face an increasing responsibility to 'stay ahead of the curve' and ensure that emerging legislative reforms, PFA determinations, FST decisions, and court decisions are properly interpreted and implemented to solidify the best interest of fund members.

Since implementation of the two-pot system, many retirement fund members have taken the opportunity to access their savings pot, highlighting the financial relief this reform has provided. Despite the implementation date now being well behind us, it remains essential for retirement funds to continue educating and engaging with members regarding the two-pot system, particularly regarding the tax implications and the long-term financial impact of withdrawing from the savings pot.

While the Pension Laws Amendment Act was primarily aimed at enabling the implementation of the two-pot system, it also introduced key changes, most notably to Section 37D(1)(b)(ii) of the Act. The revised provision now expressly allows for the deduction of compensation orders issued in terms of Section 300 of the Criminal

Procedure Act No. 51 of 1977, in instances where a member has caused damage or financial loss to the employer due to theft, fraud, dishonesty, or misconduct. By necessary implication, retirement funds may withhold a member's benefits where the employer has instituted criminal proceedings against such member. Given the lengthy nature of such cases, it is crucial for funds to actively monitor the progress of such criminal cases to avoid unnecessary delays.

The OPFA is closely monitoring the anticipated tabling of the COFI Bill, expected to be introduced in Parliament later this year. This significant legislative development is expected to reshape the OPFA's mandate, particularly through the expanded definition of "complaint," which might require the acceptance of oral complaints. Furthermore, the COFI Bill proposes to amend the definition of "retirement fund" to include public sector retirement funds, thereby expanding the OPFA's jurisdiction to address complaints from these funds. This development is a significant step towards enhancing the accessibility, inclusiveness and consistency of the ombud system.

The FST remains a crucial dispute resolution forum for parties aggrieved by the OPFA's decisions, particularly in the pension industry, where members may lack the financial means to challenge the OPFA rulings in the High Court. By approaching the FST, members can engage in proceedings concerning their benefits without incurring legal costs.

In P Force Security Services (Pty) Ltd v TS Mofokeng and Others (PFA68/2023) (18 July 2024), the FST held that section 230 of FSR Act provides for such internal remedy by affording the aggrieved party an opportunity to approach the Tribunal for reconsideration. Reconsideration in terms of section 230 (1) (b) constitutes an internal remedy as contemplated in section 7 (2) of the Promotion of Administrative Justice Act. It highlighted the importance of immediate, more readily and cost-effective internal remedies. Seeking High Court relief prematurely was deemed an abuse of process by the employer aimed at frustrating the member.

Another decision worth noting is ME Semenya and Others v Old Mutual Superfund Pension Fund and Others (PFA31/2024) (19 November 2024). In this case, the PFA was not provided with a death benefit investigation report. The FST recommended that the PFA should insist on such reports to assess the fund's reasoning in benefit allocations. This decision is significant, as the OPFA has encountered challenges with funds withholding investigation reports due to POPIA. The OPFA, as a public body, is empowered to gather such information when exercising its duties. The OPFA can also collect the personal information directly from funds during tribunal proceedings.

On 18 March 2025, the Eastern Cape High Court, Makhanda issued a significant ruling in Blue Crane Route Municipality v Municipal Workers Retirement Fund and Another (1827/2024) [2025] ZAECMKHC 28, confirming the application of the in duplum rule to interest accrued in terms of Section 13A(7) of the Act. Delivered by a Full Court, this ruling provides clear guidance to the retirement fund industry in applying the in duplum principle.

Looking ahead, the continued transformation and 'paradigm shift' is expected, particularly with the introduction of the COFI Bill, which is set to bring significant and far-reaching regulatory changes impacting a broad range of stakeholders. It is therefore imperative that all stakeholders remain proactive and prepared to navigate both the opportunities and challenges that lie ahead.

Nondumiso Ntshangase
Senior Legal Advisor

SUMMARY OF
IMPORTANT DETERMINATIONS

WITHDRAWAL BENEFITS

M Mpambani v Municipal Gratuity Fund and Another (GP/00103055/2023)

The complainant was employed by Pikitup Johannesburg (SOC) Ltd ("the employer"), a participating employer in the Municipal Gratuity Fund ("the fund"). He joined the fund on 1 January 2002 and remained an active member until 29 February 2016, when he was incarcerated. While serving his prison sentence, the fund paid his benefit of more than R800,000 to an incorrect person. It was later discovered that the payment had been made to a syndicate involved in identity theft and the unlawful claiming of retirement fund benefits.

The complainant submitted that the photo on the identity document provided to the fund was not his. He argued that the fund relied on an affidavit, allegedly deposed by him and issued by the Department of Correctional Services, which was neither signed nor stamped as required. He further submitted that the fund accepted a withdrawal claim form that contained errors. In support of his case, the complainant provided a copy of the Old Mutual Money Account Statement into which the benefit had allegedly been paid, stating that the account did not belong to him.

The complainant further stated that after he exited service with his employer due to his incarceration, the employer completed exit forms notifying the fund of his membership termination. The complainant confirmed that the withdrawal claim forms were marked unsigned and sent to the fund. Initially, the fund did not process the claim presumably because the withdrawal claim forms were not signed. He stated that, however, on 20 February 2017, the fund contacted the employer requesting the complainant's certified copy of his identity document. The employer confirmed it could not provide the identity document as the complainant was in custody.

The complainant confirmed that on 22 June 2018, the fund made a follow-up enquiry with the employer to ascertain whether he was still incarcerated. On the same date, the employer confirmed that he was still in prison. However, between June and August 2018, the fund appeared to have been in communication with an individual who had created an email address using the complainant's name.

On 30 August 2018, the fund received claim documents from the said email address. On 4 September 2018, the fund responded to the said correspondence with instructions to the fraudster. The fraudster then replied accordingly.

The complainant indicated that the fund processed the claim while knowing that he was imprisoned and could not have had access to electronic mail facilities. The complainant submitted that a copy of his original identity document was with his daughter. He stated that it was clear that the identity document sent to the fund was fraudulent. Therefore, the fund failed to perform due diligence.

In response to the complaint, the fund submitted that on 30 November 2016, it received a notification of the complainant's exit from service due to imprisonment. It submitted that on 30 August 2018, it received the completed withdrawal claim forms from the complainant.

The fund submitted that as part of its verification process, a telephonic validation was done with Bidvest Bank to confirm the account status. It indicated that the account was confirmed as open, active, and in the name of the complainant. It confirmed that it acted on the instructions received from the complainant and the claim was finalised on 07 September 2018.

The fund confirmed that in January 2019, it was informed by Bidvest Bank that the withdrawal benefit payment may be part of the syndicate that was involved in identity theft and unlawfully claiming benefits of retirement fund members. It submitted that due diligence was followed by notifying the internal forensic department, which resulted in a formal criminal complaint reported to the South African Police Service. The criminal complaint was closed as undetected.

The PFA held:

- The fund has a fiduciary duty to exercise its functions with care, due diligence, and good faith. The fund failed in its duties towards the complainant when it did not seek to further confirm his imprisonment status before effecting payment which renders its act and/or omission reckless and puts the complainant in an adverse economic position. The fund must ensure that proper mechanisms, checks, and balances are implemented to combat corrupt and fraudulent activities.
- The facts indicate that the fund was informed that the complainant was imprisoned effective 29 February 2016. It initially did not process the claim as the withdrawal claim forms submitted by the employer were incomplete. This was because the complainant was in custody and could not provide all the required documents and sign the withdrawal claim form.
- However, between June 2018 and August 2018 the fund appeared to have communicated directly with an individual purporting to be the complainant. It is not clear why the fund did not further confirm if the complainant was released or not. This is also because persons in custody have limited access to communication facilities and everything they send out or receive must first go through the accountable Correctional Services personnel.

NEW COMPLAINTS UNIT:
Front row seated Left to right - Hlayisani Makhubele, Madumetja Mogale, Dolly Sibanda, Lerato Lebogo and Teddy Raolane
Second Row standing Left to right - Funnwell Dayimani, Wilana Groenewald, Lerato Mokoena, Sibongile Jamekwane, Nhlayisi Mangwani and Godfrey Mashigo

- The fund could not have communicated with the complainant electronically without the correctional facility knowing, let alone being able to open a new bank account, and subsequently submit all the documents that were submitted fraudulently. This on its own indicates that the fund did not exercise due care and diligence during the second part of processing the claim from June 2018 until the payment was made.

- The fund must first liaise with its members and their employers upon receiving exit documents to confirm the veracity and authenticity of the claim documentation. It appears that in this matter, upon receipt of the claim documents the fund enquired with the employer and was informed of the complainant's imprisonment, hence it could not be provided with all the required documents, which is why the form was not signed by the complainant.

- The fund's system was compromised which led to the communication with the fraudster, the complainant cannot be blamed for such. He knew that his funds were still with the fund and under its protection as required in terms of the Act. Hence, he immediately proceeded to claim same when he was released from custody.

- The fund must reinstate the complainant's fund credit together with the investment returns earned and pursue legal action on the fraud committed against it without further prejudicing him.

The Fund was ordered to pay the complainant the benefit due to him with interest.

MG Marara v Private Security Sector Provident Fund and PRSS Solutions (Pty) (Ltd) (GP/00116733/2024)

The complainant was employed from 26 November 2018 until 25 April 2024. He was a member of the fund by virtue of his employment with the employer. He lodged a complaint with the PFA, dissatisfied that the employer deducted provident fund contributions from his salary but failed to remit the same to the fund. As at 17 September 2024, the complainant had a fund

EARLY RESOLUTION UNIT:
Left to right - Lalita Jadoonandan, Lesley Ratsebe and Busisiwe Dhlamini

credit of R690.24, as attested by a contribution schedule.

The fund submitted that the employer is non-compliant in terms of section 13A of the Act. It stated that section 13A letters have been issued to the employer and it has reported the employer to the FSCA in line with statutory requirements. The fund indicated that the complainant was registered with it from 01 March 2024 by virtue of his employment with the employer. It submitted that the complainant was employed with the previous employer until 31 August 2016. The fund submitted that the employer is in arrears in the amount of R53 985.16 for April 2018 to February 2024 and April 2024, plus late payment interest of R42 841.73. Furthermore, it had not received a notification of exit in order to process the complainant's withdrawal benefit.

The employer was afforded an opportunity to comment on the allegations but did not file a response.

The PFA held:

- The employer should have registered the complainant with the fund on 1 December 2018, but failed to do so in time, thereby contravening the fund's rules.
- For the first four months of employment (December 2018 to March 2019), the employer was only required to contribute towards risk and administration expenses. However, records show that contributions only began in March 2024. Therefore, the employer failed to start contributing to the funds on time. The complainant could not provide proof of earlier deductions, so it is accepted that the employer began deducting provident fund contributions from his salary in March 2024.
- The computation by the fund included contributions from April 2018 to March 2019. Whereas, the employer was supposed to pay contributions from April 2019.
- Further, the computation incorrectly includes member and employer contributions for April 2019 to February 2024. The correct arrear amount after deducting the arrear contributions for April 2018 to February 2024 is R897.91. Therefore, the fund should recalculate late payment interest on the correct arrear amount of R897.91 for April 2024.
- Further, as the fund incorrectly computed both employer and member contributions for April 2019 to February 2024, the fund must be ordered to compute the employer's portion only for April 2019 to February 2024.
- The Fund must accept the complainant's claim form without the employer's signature and pay his fund credit.

The fund was ordered among other things to register the complainant from 01 December 2018. The employer was ordered to pay the outstanding contribution for April 2024 and late payment interest. Further, the employer must provide contribution schedules for the employer portion from April 2019 to February 2024 and pay the outstanding contributions. Thereafter, the fund must pay the complainant the outstanding contributions plus late payment interest.

This matter came before the FST as a reconsideration application from the employer under case no. PFA3/2025, arguing that it had not been given an opportunity to respond to the complaint. Although the complaint was received, the employer claimed it could not trace the complainant due to the employer's name being cited as "Prof Risk Coastal Security Services" in the correspondence from the PFA. It further stated that it received no additional communication from the PFA. The employer also mentioned a pending section 14 transfer from another financial institution to the Fund.

In response, the PFA provided further reasons, including evidence of various correspondence served on the employer. Further, the employer's name may have been cited incorrectly in the complaint. However, the complainant had cited correctly in his submission and included his payslip. Therefore, there was no valid reason for the employer's failure to respond.

The FST upheld the PFA's determination and found that the employer should have been aware of the investigation and had chosen not to respond. In addition, the employer failed to provide any details regarding steps taken in respect of the section 14 for the complainant to receive his benefits.

RETIREMENT BENEFITS

HM Shaw v ABSA Pension Fund (GP/00113387/2024)

The complainant was a member of the fund until April 2022. The complainant was dissatisfied with the fund's failure to allow him to commute a further R650 000.00 from his equitable share as a lump sum. He submitted that his spouse lost her job, resulting in financial strain in his household. Mr Shaw also submitted a spreadsheet of his expenses.

The fund submitted that the complainant retired on 01 April 2022 and elected to receive an in-fund pension (life annuity) from the fund. The fund indicated that the complainant's equitable share at retirement was R7 335 359.35. The complainant commuted an amount of R800 000.00 before tax and an amount of R717 395.98 was paid to him. The equitable share used to purchase an annuity was R6 535 359.35 and he receives R38 601.91 per month.

The fund submitted that when the complainant submitted his instructions for retirement, he utilised the services of the fund's retirement benefit advisor. The information that was shared with him was that he cannot cancel, change, or transfer his Absa Pension Fund Life Annuity after retirement. The fund indicated that it acknowledges his financial situation is dire, however, it would be acting contrary to its rules, the Income Tax Act and the Act should he be allowed to reduce his annuity. The fund stated that if this is allowed, it could result in the South African Revenue Service ("SARS") withdrawing its Income Tax approval.

The fund submitted that the opportunity to commute a pension for a lump sum arises on retirement from the fund. Then, a member elects what portion of their benefit to take as a lump sum and cannot commute further (take more in cash) after retirement has commenced.

The PFA held:

- According to the definition of a pension fund in terms of the Income Tax Act, and the rules, not more than one-third of the total value of the retirement interest may be commuted for a single payment and that the remainder must be paid in the form of an annuity.
- Before the complainant retired he elected only to commute R800 000.00, whereas he had a choice of taking up to R2 445.119.78, which was equal to one-third of his equitable share. Now, he wants to commute a further R650 000.00 from the equitable share as a lump sum, which is still less than one-third of his equitable share.
- However, the rules of the fund state that the member shall make a choice on how he/she wants to receive his/her retirement benefit before the retirement date. After retirement, the opportunity to make a choice has passed.
- Therefore, if the fund were to pay the complainant a further R650 000.00, it would be acting contrary to its rules, the Income Tax Act and the Act.
- The complainant was informed when he submitted his instruction that he cannot cancel, change, or transfer his Absa Pension Fund Life Annuity after retirement.
- In terms of the caveat subscriptor principle, the complainant is presumed to have known or understood the contents of the contract. Further, based on the doctrine of quasi-mutual assent, the fund was reasonably entitled to assume that by signing the option form, the

complainant was signifying his intention to be bound by the terms and conditions thereof.

The complaint was dismissed.

This matter came before the FST as a reconsideration application from the complainant under case no. PFA62/2024. The FST upheld the PFA's determination and held that the fund's hands were tied. The complainant made an election on retirement, and the consequence cannot be revisited.

DEATH BENEFITS

AM Maredi v Private Security Sector Provident Fund and another (MP/00108279/2024)

The complaint was lodged by the mother of the deceased member's two children, dissatisfied with the delay in paying a death benefit. The deceased was employed from 2 November 2019 until he passed away on 27 December 2021. The deceased had a fund credit of R26 978.93, as at 3 April 2024.

The complainant stated that the deceased had three school-going children, two of whom were hers. She said she also provided the fund with documents of the other child. She stated she had been following up with the fund for a year, as she was informed that the process takes 12 months before payment is made. She also requested the Adjudicator to investigate whether there were any outstanding contributions from the employer.

The fund stated that it received contributions from the employer for the period November 2019 to March 2020 (only risk and admin expenses) and April 2020 to December 2021. The fund stated that the employer ought to have commenced paying full contributions on behalf of the deceased from November 2019. Thus, the employer owed contributions on behalf of the deceased for November 2019 to March 2020.

The fund submitted a benefit quotation reflecting a sum assured amount of R210 951.00 and fund credit of R29 554.73 as at 03 October 2024. The fund submitted that it is liable for payment of the insured portion to the deceased's beneficiaries.

The employer stated that its records indicate that contribution schedules were submitted to the fund monthly and all provident fund deductions made from the deceased's salary were remitted to the fund. The employer provided a copy of the summary of contributions paid to the fund on behalf of the deceased. The employer's contribution report reflects that for the period November 2019 to March 2020, the employer only remitted risk and administration expenses. The employer commenced with full provident fund contributions in April 2020.

The PFA held:

- In terms of section 37C of the Pension Funds Act, the fund has 12 months from the date of notification of death to investigate, identify potential beneficiaries, and make a distribution.
- The fund was notified of the deceased's death on 17 January 2022, but it only started conducting its section 37C investigations 17 months later on 13 June 2023. By 25 October 2024, a further 16 months, the fund was still not able to provide an update on the status of the ongoing investigation, and simply stated that it was awaiting feedback from its service provider. The delay was unreasonable.
- Given that the fund became aware of the deceased's death on 17 January 2022, if the fund had initiated its investigation immediately upon receiving notification of the deceased's death, it would have been expected to complete its investigation by 17 January 2023.
- The board failed in its fiduciary duties, the duty of good faith and loyalty, the duty of reasonable skill and diligence and the duty to give attention to the deceased's beneficiaries.
- The fund's delay in initiating the section 37C investigation was detrimental and caused financial prejudice to the members and beneficiaries, and such a delay is frowned

upon. The inexplicable delay since it started the investigation also left a lot to be desired.

- The fund's administrative processes were detrimental to its beneficiaries and members and not in line with the provisions of section 7C(2)(f) of the Act. Therefore, the matter has been referred to the FSCA to consider appropriate regulatory action

- The employer ought to have commenced paying full provident fund contributions from November 2019.

The employer was ordered to pay the outstanding contributions to the fund. The fund was given three months to finalise the investigation, identify the deceased's beneficiaries, allocate the death benefit and pay the death benefit to the deceased's dependants without unreasonable delay.

BA Pheto OBO 2 Minors v Old Mutual Wealth Retirement Annuity Fund (FS/00108962/2024)

The deceased was a member of the fund until he passed away on 4 January 2021. The deceased was survived by a minor daughter, minor son, major son, stepson, two customary spouses, stepson, niece, sister, another niece and nephew. Upon the deceased's death, a gross death benefit of R787 524.00 before tax became available for allocation to his beneficiaries. The board allocated 80% of the death benefit to the deceased's major son and 20% to one customary spouse.

The complainant was dissatisfied that the fund excluded her children from the allocation of the death benefit. She submitted that she met the deceased in early 2020. They had a platonic relationship and later decided to co-parent a child through artificial insemination. She became pregnant and the deceased passed away three months into her pregnancy with twins.

The complainant stated that the deceased was a supportive prospective father, actively preparing financially to care for the children. She submitted that the deceased financed various medical appointments and procedures during her pregnancy. She averred this was the deceased's way of showing his commitment to be an active and supportive father to her children. The complainant provided texts from the deceased to prove that her relationship with the deceased was more than that of a normal sperm donor.

The complainant provided the sperm donor consent form and indicated that the completion of the form was a mere formality. She submitted that factors such as the evolution of her relationship with the deceased, the best interest of the children, and equitable consideration must be applied to this matter.

The fund submitted that the deceased did not qualify as a "parent" under the definition in the Children's Act. It submitted that paragraph (b) of the definition excludes a biological father by reason of being a sperm donor for purposes of artificial fertilisation. It submitted that given that the twins were born from artificial fertilisation, section 26(2)(b) of the Children's Act excluded the father from making an application to afford him parental rights and obligations.

The fund claimed that section 40 of the Children's Act confirmed the position of the sperm donor acquiring no right, responsibility, duty, or obligation related to the children born out of artificial fertilisation. This position was confirmed by the deceased himself in a signed "consent of known donor sperm" from the fertility centre which administered the artificial fertilisation. It is submitted that the deceased acknowledged that the children born as a consequence of his act of "sperm donor insemination" were not his legitimate children, with none of the rights and privileges accompanying such status.

The fund submitted that it carefully considered the complaint and was not convinced that the text conversations provided by the complainant corroborated the alleged deep relationship with the intention of the deceased to assume financial responsibility for the twins.

The fund said it also established from the text messages that the complainant and the deceased did not live together, that the deceased did not visit the complainant regularly, and there was no indication of a discussion related to future financial affairs, including the children on his beneficiary nomination or his Will. The fund provided a letter dated 30 January 2024 that was sent to the deceased's dependants and the deceased's consent form from the fertility centre in support of its submissions.

In conclusion, the fund submitted that the death benefit was not enough to assist all the dependants' future needs and that the benefit would best serve the minor children.

The PFA held:

- In terms of section 26 of the Children's Act, no right, responsibility, duty or obligation arises between a child born of a woman as a result of artificial fertilisation and any person whose sperm have been used for such artificial fertilisation or the blood relations of that person, except when that person is the woman who gave birth to that child; or that person was the husband of such woman at the time of such artificial fertilisation.
- The facts indicated that the twins were the deceased's biological children with the complainant. It was undisputed that the deceased was a sperm donor to the complainant, which resulted in the birth of the twins. However, as stated in section 40(3) of the Children's Act, sperm donors do not acquire parental rights and responsibilities to the children birthed from their sperm contributions unless he is married to the woman giving birth to the child. Therefore, the deceased member did not acquire any legal right or responsibility over the twins as he was not married to the complainant at the time of his death. Therefore, the twins cannot be regarded as his legal dependants.
- The twins could also not be regarded as factual dependants due to the fact that the deceased did not contribute to their financial needs. They also had no relationship with the deceased after the artificial insemination.

CASE MANAGEMENT TEAM 1:
Front row seated Left to right - Given Maswanganye, Sharlotte Manganye, Gift Mudau and Khutso Lephoto
Second Row standing Left to right - Lehlohonolo Rabotapi, Polo Shwaepane, Mashudu Matovheke and Sibusiso Nkosi

- The complainant was dissatisfied with the allocation of the death benefit and relied on the notion that the deceased paid for various medical appointments and procedures. Therefore, she averred that the deceased had intentions to be an active father to the twins. However, the complainant had a platonic relationship with the deceased as their relationship was absent of romance or intimacy.

- The text messages provided by the complainant attest to this and were correctly analysed by the fund as insufficient to prove that the deceased intended to be financially responsible for the twins.

- Further, the fact that the deceased may have paid for the complainant's medical expenses as ad hoc payments during her pregnancy does not constitute dependency for the twins on the deceased as this does not negate the provisions of section 40 of the Children's Act. Therefore, the fund correctly excluded the twins from the allocation of the death benefit.

The complaint was therefore dismissed.

B Kotana v Old Mutual Superfund Unclaimed Benefit Preservation Pension Fund (GP/00104582/2023)

The member died on 24 September 2000. Thereafter, the death benefit was transferred to the fund. The complainant who was the executrix of the deceased's estate and represented his beneficiaries submitted that the fund failed to pay the death benefit of R599 440.36 to a third party as nominated by the deceased's beneficiaries.

The complainant submitted that the fund insisted on paying the death benefit into the deceased's estate account when in fact there were nominated beneficiaries. Further, the complainant said the fund refused to accept Letters of Authority and insisted that the complainant must change the same into Letters of Executorship. The complainant submitted that this amounted to fraud and refused to commit such criminal activity.

The complainant also submitted that the beneficiaries were now in Zimbabwe and their representative is their uncle who is based in South Africa. The complainant said that the beneficiaries appointed her office as executor and the fund insisted on running them out of pocket by demanding South African Bank accounts in their names. The complainant submitted that the beneficiaries did not want the funds to be transferred to their Zimbabwean accounts as the money will be worth nothing owing to the poor exchange rate.

The fund responded that it had resolved to pay the benefit to the deceased's surviving children in equal shares. The fund had to comply with section 37A(4) of the Act whereby it may only pay a beneficiary's benefit into the trust account if the beneficiary provides sufficient proof that he/she is unable to open an account.

Furthermore, if any beneficiary is in South Africa illegally and, for this reason, is unable to open a South African bank account, the fund may not pay his/her benefit, as this would constitute aiding an illegal foreigner and would be contrary to the Immigration Act 13 of 2002.

The fund submitted that it was satisfied with the Adjudicator's preliminary determination. The fund requested the Adjudicator to order the complainant to provide a certified Letter of Executorship in respect of the deceased's estate.

The DPFA held:

- The duty to apply the provisions of section 37C rested with the fund which conducted an investigation but could not trace any beneficiary or an inventory relating to the estate.

- In terms of section 37C(1)(c), the fund's first duty, after failing to trace beneficiaries, was to pay the benefit to the estate. The benefit, therefore, accrued to the estate, and since there was no estate reported to the Master at that stage, it was then entitled to pay it either to the Guardian's Fund or unclaimed benefit fund. The fund elected to do the latter.

- Therefore, the fund discharged its duties in terms of section 37C, and the benefit was paid into the fund which is an unclaimed benefit fund.

The complainant was ordered to provide the fund with a certified Letter of Executorship and the details of the deceased's estate late bank account. The fund was ordered to pay the deceased's death benefit into his estate late bank account.

SP Du Plessis v University of South Africa Retirement Fund and Another (WC/00111740/2024)

The deceased was a member of the fund until 31 March 2019, when he retired. He was in receipt of an in-fund life annuity until he passed away on 23 April 2023. The complainant, the deceased's life partner, lodged a complaint dissatisfied that he was not paid a spouse's pension after the deceased passed away.

The complainant submitted that the fund is non-compliant with its rules regarding the definition of "married" and a "qualifying spouse. He submitted that there is no evidence that the fund provided retirement benefit counselling to the deceased. In terms of the rules, if a member elects to receive a pension from the fund upon retirement, a percentage pension should be paid upon his death to his qualifying spouse. Should the board allow a married member to elect a 0% spouse's pension, this option will only be valid if the qualifying spouse consents in writing. He also challenged the authenticity of the claim forms signed by the deceased.

Both he and the deceased were under the impression that the deceased's election would result in a spousal benefit for him. Therefore, the deceased misunderstood or was ignorant of his status of being married in terms of rules.

The fund submitted that when the deceased retired, he was provided with different retirement options. He selected an in-fund life annuity, with a cash portion of R605 007.37, a 0% spouse's pension, and a 0-year guaranteed period. The fund provided documents signed by the deceased, indicating his elected option and stating that he was not married. The fund submitted that it relies on members being truthful about their circumstances. The deceased was provided with a quotation in respect of the elected option. This option provided the deceased with a higher monthly pension than what he would have received had he chosen a guarantee period and/or a specific spouse's pension percentage. Based on the options that the deceased elected at retirement, the monthly pension ceased at the end of the month following his death, and no further benefits were payable.

The fund submitted that a retirement guide was published on its website, the Principal Officer provided retirement benefit counselling, and retirement planning sessions are provided to members annually. It provided proof of the sessions, documents, and recordings on its website. The deceased's signature was similar across the documentation he signed, and the claim was processed in accordance with the quotation provided to him.

The PFA held:

- The facts indicate that the deceased elected to receive an in-fund life annuity, with a cash portion of R605 007.37, a 0% spouse's pension and a 0-year guaranteed period.

- The complainant indicated that the fund required his consent in writing in accordance with the rules of the fund. However, the fund indicated that the deceased stated that he was not married nor did he provide his life partner's information. Thus, the fund had no reason to believe that the deceased had a life-partner or was married. Therefore, the fund correctly processed the deceased's retirement claim in terms of the deceased's instructions.

- The fund further indicated that the deceased received a higher monthly pension than he would have had he elected a guaranteed period and spouse's pension. Further, as a result of the election he made, the complainant does not qualify for a spouse's pension in terms of the rules.

- The complainant alleged that the claim forms completed by the deceased were tampered with. However, the deceased retired on 31 March 2019 and commenced receiving a monthly pension from April 2019 until April 2023 when he passed on. The deceased was in receipt of his payment breakdowns and at no point did he query his benefit with the fund. Thus, there is no evidence that there was any tampering with the deceased's claim forms or the benefit that was processed was not in line with the deceased's instructions.
- In terms of the caveat subscriptor principle, the deceased is presumed to have known or understood the contents of the contract. Further, based on the doctrine of quasi-mutual assent, the fund was reasonably entitled to assume that by signing the option forms, the deceased was signifying his intention to be bound by the terms and conditions thereof.

The complaint was dismissed.

This matter came before the FST as a reconsideration under case no. PFA74/2024. The FST upheld the PFA's determination and held that it was apparent that the deceased had made an election and the fund was entitled to accept his word. The deceased enjoyed the benefits under this election, and the FST cannot assist the complainant in reversing this election.

PX Malusi vs Old Mutual Superfund Provident Fund (EC/00112965/2024)

The complainant is the civil law spouse of the deceased, who was a member of the Fund until his death on 13 December 2022. Upon his passing, a death benefit of R346 242.44 became available for allocation to his beneficiaries. The Board allocated 65% to the deceased's life partner, 15% to his major daughter, 20% to his major son, and 0% to both his sister and the complainant.

The complainant was dissatisfied with receiving no share of the death benefit. She stated that she was married to the deceased in community of property, yet 65% of the benefit was allocated to his girlfriend. She further submitted that during their marriage, the deceased left the marital home to cohabit with another woman, although he continued to support his family and two children.

The fund submitted that the death benefit was allocated in accordance with section 37C of the

CASE MANAGEMENT TEAM 2:
Front row seated Left to right - Sindiswa Moteane, Silas Mothupi, Nontobeko Bhila and Sibongile Nkabinde
Second Row standing Left to right - Atlegang Tshidi, Lindelani Mkhize, Refiloe Moshelo,
Thamsanqa Mbambo, Steve Mphela and Tshepang Monare

Act, considering several factors regarding the beneficiaries' circumstances. The fund submitted that the deceased and the complainant were separated for several years. The complainant is employed and has no disability or illness to prevent her from working in the future. Although the complainant was married to the deceased, she was not dependent on him. The mere fact that a person qualifies as a dependant does not automatically give them a right to receive a portion of the death benefit.

The Fund stated that the life partner is 60 years old, had been in a 15-year relationship with the deceased and was living with him at the time of his death. She is unemployed, was fully financially dependent on him, and is now eligible for a state old-age grant. She is not the mother of the deceased's children, and they will not benefit from her share of the allocation.

The fund submitted that both children are students in need of funding for their support and education. Their mother earns a modest income, so they have limited financial support.

The Fund indicated that, after assessing the financial needs of the dependants, the death benefit was insufficient to meet both the current and potential future financial needs of all dependants.

The PFA held:

- The Board is responsible for identifying beneficiaries, determining an equitable distribution, and deciding on the appropriate method of payment for death benefits. These duties were outlined in *Sithole v ICS Provident Fund and Another [2000] 4 BPLR 430 (PFA).*
- The law classifies dependants into three categories: legal, factual, and future dependants. Legal dependants, such as spouses and children, are those the deceased was obligated to support. Factual dependants are individuals the deceased supported without a legal duty, and they must prove their dependency. Future dependants are those who would have become dependent on the deceased in the future.
- The fund submitted that the deceased's life partner and children were considered both factual and legal dependants.
- It is common cause that the deceased and the complainant were estranged for years and did not share a common home. The deceased lived with the life partner and shared a common household with her until his death. Therefore, the fund was correct in how it identified beneficiaries.
- The complainant relies solely on her marriage in community of property to the deceased to claim a share of the death benefit. However, marriage alone is not enough; she did not demonstrate financial dependence or need.
- The fund established that the deceased's partner was financially dependent on him. The complainant did not submit any evidence to the fund or the PFA to dispute the facts around the deceased's partner is financially dependency, relationship and living arrangements.
- The fund considered the financial status of the dependants and determined the extent of their dependency having regard to the amount available for allocation. Therefore, the board correctly exercised its discretion.

The complaint was dismissed.

This matter came before the FST as a reconsideration under case no. PFA70/2024. The complainant submitted that the fund's allocation favoured factual dependants over legal dependants and that it encourages divorce, as spouses may opt for divorce over reconciliation to receive their 50% share. The FST upheld the PFA's determination and held that being married to the deceased alone, without proof of financial dependency, does not automatically entitle the complainant to a portion of the death benefit.

P Reddy v Textile Industry Provident Fund and Others (KN/00110115/2024)

The complainant was the deceased's niece. The deceased passed away on 4 July 2022, and a death benefit of R312 198.64 became available for distribution to his beneficiaries. The Fund initially allocated 60% to the complainant, 20% to the deceased's daughter, 10% to his son, and 10% to his mother. Following further investigations, the complainant's allocation was reduced to 30%, the daughter's allocation was increased to 40%, the mother's allocation was increased 20% and the son's allocation remained at 10%.

The complainant was dissatisfied with the allocation of the death benefit to the deceased's children and mother. She submitted that the deceased nominated her as the sole beneficiary. She submitted that she had been staying with the deceased for 20 years and was dependent on him. When the deceased got sick, she took care of the deceased's medical bills and funeral policies with the help of her husband and her father, as she is unemployed. She submitted that the deceased's children and mother are not indigent, as they are self-supporting, and they were not dependent on him and had not seen him in years. The complainant submitted that the board took a decision that went against the deceased's wish.

The Fund submitted a complete beneficiary nomination form dated 24 May 2022, signed by the deceased, which included his two children as nominees. It claimed the complainant misled the Board by submitting an incomplete version showing only herself as the beneficiary. The Fund noted she appears unaware that the full form was received, which explains her continued false claims of being the sole nominee.

The Fund stated that the complainant claimed full dependency on the deceased but failed to disclose her marriage. It emphasized that the Board is not bound by the nomination form and must independently investigate and decide on the distribution. The Fund also noted doubts about the authenticity of her nomination, as the handwriting and ink differed from the rest of the form, suggesting she may have added herself while the deceased was ill. Nonetheless, the Board allocated her a portion based on her dependency claims.

The board considered the beneficiaries' circumstances, including that the complainant was living with the deceased, had no source of income, and was financially dependent on him. The deceased's mother is 79 years old and did not stay with him. She receives a SASSA grant and was not dependent on the deceased. The son is employed, did not live with the deceased, and was not financially dependent on him. The daughter has no source of income and was not financially dependent.

The complainant disputed the claims that she misled the board and submitted that when the form was submitted to the employer it only had her as a beneficiary. She indicated that the forms were manipulated which now includes his daughter and son as beneficiary.

The DPFA held:

- The Board is responsible for identifying beneficiaries, determining an equitable distribution, and deciding on the appropriate method of payment for death benefits. These duties were outlined in *Sithole v ICS Provident Fund and Another [2000] 4 BPLR 430 (PFA).*

- The law classifies dependants into three categories: legal, factual, and future dependants. Legal dependants, such as spouses and children, are those the deceased was obligated to support. Factual dependants are individuals the deceased supported without a legal duty, and they must prove their dependency. Future dependants are those who would have become dependent on the deceased in the future.

- Adult children qualify as dependants and the board was correct to consider them for an allocation of the death benefit. The deceased's mother qualifies as a future dependant and the board was also correct to consider her.

- The fund confirmed it received a nomination form listing the complainant and the deceased's two children as beneficiaries. However, the nomination form only serves as a guide, and even if the deceased has nominated the complainant as a sole beneficiary, the Board is not bound by it. The Board may depart from the nomination to ensure a fair and equitable distribution.

- The complainant disputes the authenticity of the nomination form held by the fund, alleging it was tampered with. However, regardless of the form's validity, the deceased's children would still qualify as legal dependants and need not prove financial dependence to be considered.

- It is accepted that the complainant was financially dependent on the deceased. The Board based its allocation on all relevant information received during its investigation, including the nomination form, submissions from dependants and the employer, and the financial circumstances of all parties.

The complaint was dismissed.

This matter came before the FST as a reconsideration under case no. PFA52/2024. The FST upheld the PFA's determination and held that the complainant did not challenge the Board's compliance with its obligations. In addition, the Board's discretion is broad, and the exercise of that discretion and subsequent reasoning of the PFA are unassailable.

SECTION 37D
M Viljoen v Sanlam Umbrella Provident Fund and Another (GP/00115275/2024)

The complainant submitted that she resigned in April 2024 after 15 years od service and the employer withheld payment of her withdrawal benefit of R538 771.53 on the grounds that she had committed fraud at her place of employment.

The fund stated that it had established from the employer that summons had been issued against the complainant for alleged fraud. The fund stated that in terms of section 37D of the Act, it may withhold payment of the complainant's withdrawal benefit in accordance with the Act.

The employer submitted that it has claimed damages from the complainant which were caused by reason of theft, dishonesty, fraud or misconduct. The employer averred that the complainant submitted fraudulent payment instructions and bank account details to the employer. The employer, relying on the complainant's fraudulent misrepresentations, authorised several payments to bank accounts belonging to a third party in the amount of R891 373.79. The employer stated that the bank accounts into which the refunds were paid belonged to the complainant's partner. Further, the complainant's residential address is linked to most of the bank accounts. Therefore, the employer sought to withhold the complainant's withdrawal benefit.

The PFA held:

- As a general principle of law, pension benefits are not reducible, transferable, or executable save for certain exceptions. In this case, the fund was entitled to deduct any amount due by a member to his employer in respect of any damage caused to the employer by reason of any theft, dishonesty, fraud or misconduct by the member and in respect of which the member has in writing admitted liability to the employer; or judgment has been obtained against the member in any court.

- She said case law made it clear that a fund must weigh the competing interests of the parties after affording a member the opportunity to place his/her case properly before the fund. This is also to ensure that a fund does not abuse the system or merely rubber-stamps the employer's request to withhold a member's benefit without any investigation into the merits of the allegations or the financial prejudice a member may suffer.

- In this instance, the employer instituted criminal and civil proceedings against the complainant.

However, the fund failed to put the employer's case to the complainant, nor did it afford the complainant an opportunity to place her case properly before it.

- Pursuant to this failure, the board of management of the fund did not apply its mind appropriately, impartially, and in a balanced manner. Without same, the fund was incapable of balancing the competing interests of the parties before arriving at its decision to withhold.
- Thus, the fund exercised its discretion improperly. It is clear that the employer made out a *prima facie* case on the preponderance of probability.
- Failure of the fund to comply with its duties constitutes a breach of its legally prescribed obligations. The fund's conduct should not prejudice the employer. The complainant should be afforded an opportunity to respond to the fund. Therefore, the matter should be referred back to the fund.

The fund was ordered to request the complainant to place her version of events before it in writing and the fund must consider the complainant's representations and decide on whether it should continue to withhold the complainant's benefit and inform the parties accordingly.

Z Adams v FundsAtWork Umbrella Provident Fund and another (WC/00103583/2023)

During her employment, the complainant was responsible for authorising payments to suppliers as part of her duties. The complainant committed fraud against the employer by inflating supplier invoices and then benefitting from the fraud by receiving bribes from the suppliers.

The employer conducted an investigation and uncovered the fraud. The complainant signed two acknowledgments of debt in favour of the employer in terms of which the employer would be authorised to claim a deduction from the complainant's benefit held with the fund. The first acknowledgment of debt was signed on 4 May 2023 for the amount of R130 000 and the second one on 13 June 2023 for R359 826.12.

The dispute centred around the validity of the second acknowledgment of debt and the circumstances that gave rise to it, as occurred during a meeting on 13 June 2023 attended by the employer, its representative, the complainant, and which meeting was recorded by the complainant.

The complainant alleged that during the meeting, the employer's representative threatened her into signing away her entire provident fund. She submitted that she was forced to do so under duress. She alleged that the representative impersonated a police officer and said that he would handcuff her in front of everyone if she did not sign.

The complainant admitted to receiving kickbacks amounting to R70 000 from the employer's vendors. She submitted that the R70 000 plus the balance of a loan amount of R60 000 equalled R130 000. She disputed that she received R359 826.12 and her liability in respect of that amount.

The employer stated that on 4 May 2023, it requested the complainant to sign an acknowledgment of debt that would allow it to deduct R130 000 from her retirement savings benefit to recover its losses caused by fraud on the part of the complainant. Since the extent of the fraud was significantly more than originally calculated, the employer engaged with the complainant to arrange an in-person meeting to decide how it would recover its losses. At the time of the meeting, the latest fund value was R335 290.25.

The employer denied that its representative engaged the complainant in a threatening manner and submitted that the complainant voluntarily indicated that that she wanted this matter to end and asked how she could stop the legal proceedings.

Accordingly, the employer alleged that an AOD was drafted and explained to the complainant on more than one occasion during the meeting.

The employer submitted that the complainant acknowledged that she defrauded the employer to the extent of R335 390.25 and was prepared to instruct the fund to pay the retirement savings benefit in terms of section 37D.

The DPFA held:

- In terms of the Pension Funds Act, an employer can claim a deduction from a member's benefit if the member has acknowledged their liability to the employer in writing and that liability relates to theft, dishonesty, fraud or misconduct by the member perpetrated against the employer.
- Having listened to the recording of the meeting, it was clear that there were three sides to the story and neither party had accurately described what happened during the meeting. For example, there was neither a hostage situation, as alleged by the complainant, nor were the exchanges during the meeting polite, as alleged by the employer.
- At the meeting on 13 June 2023, the complainant was threatened with criminal prosecution and it was indicated that the amount of R130 000 (presumably in relation to the first acknowledgment of debt) was not enough to make up for the loss suffered by the employer.
- She was told that she has none of the money left that she had stolen but the employer's representative informed her that he had a solution for her. It appears that she was then given a document to sign after which the employer undertook to get rid of the evidence and that she would be able to walk out and never hear from the employer again.
- She was told that if she did not sign, then the employer would approach the SAPS. The offer was made to the complainant by the employer to buy immunity from prosecution with the proceeds of her withdrawal benefit.
- The issue of whether the threat of criminal prosecution constitutes a form of duress has come before the courts. In Arend and Another v Astra Furnishers (Pty) Ltd [1974] All SA 522 (C), the court held that "….a contract induced by the threat of criminal prosecution is unenforceable on the ground of duress and, in certain instances, also on the ground that it

CASE MANAGEMENT TEAM 3:
Front row seated Left to right - Fezile Sithole, Regomoditswe Loate, Pamela Mpofu, Yolande van Tonder, Nthabiseng Sathekge and Fikile Ledwaba
Second Row standing Left to right - Maharula Muluvhahothe, Tinyiko Shihundla, Nndwakhulu Kutama, Hulisani Neluheni, Thamsanqa Maphasa and Hlonolofatso Mgijima

involves the compounding of a crime and the stifling of a prosecution".

- It is clear that the complainant did not sign the acknowledgment of debt out of her own free will. She was induced to do so under the threat of criminal prosecution wherein it was made clear to her that if she did not sign, she would be put into handcuffs and taken to the Commercial Crimes Unit. Further, that it if she did sign, the employer would make everything go away.

- The complainant's fraudulent conduct is an offence under the Prevention and Combating of Corrupt Activities Act, 2004 ("PRECCA"). From the employer's submission, it only decided to report the matter to the SAPS after the complainant had a change of heart about the second acknowledgment of debt. The employer clearly considered itself to be in a position to decide whether or not to report the matter and such position was contrary to the provisions of section 34 of PRECCA which places a positive duty on the employer to report the matter to the DPCI.

- The deal struck at the meeting on 13 June 2023 was unlawful and consequently contra bonos mores. The Adjudicator cannot uphold an agreement that is unlawful.

AJ Mutshelelwa v Fedex Express South Africa Retirement Fund and another (GP/00104196/2023)

The complainant had been employed by Fedex Express South Africa (Pty) Ltd from 3 April 2007 10 October 2022. On 28 October 2022, the fund took a decision to withhold his withdrawal benefit of about R358 317.53 at the instance of the employer.

The complainant submitted that he was arrested as a result of allegations levelled against him by the employer. He stated the case against him has been finalised and that he was, therefore, entitled to his withdrawal benefit.

The fund administrator submitted a response on behalf of the fund, the employer and itself. It stated that the complainant was a member until his resignation following internal investigations into allegations of fraud against him and other employees.

The fund stated that the complainant's employment duties included clearing of consignment that came into the country from abroad. It stated that as a result of fraudulent conduct on the part of the complainant, there was an underpayment of duties and VAT to the SA Revenue Service. The employer was subsequently fined and penalised. The employer had laid criminal charges against the complainant and others as a result of it suffering financial loss of approximately R4 million. Two cases of fraud were opened.

The fund also stated that the employer was unable to provide the specific amount that the complainant was liable for as investigations were on-going. Thus, the fund was requested to withhold his full withdrawal benefit.

On 7 March 2024, the fund submitted that a criminal case was instituted against the complainant and two others and provided a copy of the charge sheet as proof. It stated that it was advised by the employer that it was in the process of starting civil proceedings against the complainant.

The DPFA held:

- As a general principle of law, pension benefits are not reducible, transferable or executable save for certain exceptions as outlined in sections 37A and 37D of the Act which provides for a fund to withhold a benefit where the member is liable for theft, fraud or misconduct against the employer.

- The courts have held that the duty placed on a fund in terms of section 7C envisages careful scrutiny of claims made against benefits by employers, and a weighing of the competing interests of the parties after affording the member an opportunity to place his case properly before the fund.

- The mere satisfaction by the board that the employer has placed allegations before it which, if true, would show damages arising from dishonest conduct by the employee, would not on its own be sufficient. Where a benefit has accrued, the member enjoys full ownership of the pension benefit. Thus, any claim that would have the effect of depriving such a member of the use and enjoyment of this asset must be carefully scrutinised. This is also to ensure that a fund does not abuse the system or merely rubber-stamp the employer's request to withhold a member's benefit without any investigation into the merits of the allegations or the financial prejudice a member may suffer.

- It is clear that the fund failed to allow the complainant an opportunity to make representations to it before the decision to withhold was taken.

- The conduct of the board is a dereliction of its statutory and fiduciary duties and to act with due care, diligence, and good faith.

- The fund stated on 7 March 2024 that only then had the employer been in the process of starting civil proceedings. In other words, civil proceedings had not been instituted yet. The submissions indicate the employer relied solely on pending criminal proceedings in respect of the withholding.

- In matters concerning the withholding of benefits, funds are required to act in a manner whereby its impartiality cannot be doubted. This is because the fund owes a fiduciary duty towards both the member and the employer.

- It is, therefore, of concern that the fund's administrator submits a response on behalf of both the fund and the employer. The immediate perception created is that the fund's impartiality has been compromised. Such perception is exacerbated when the fund decides to withhold in the absence of evidence submitted to it in support of the strength of the employer's case against its member.

The fund was ordered to pay the complainant's withdrawal benefit inclusive of interest earned from 10 October 2022.

NK Wyngaard v Private Security Sector Provident Fund and Another (WC/00107922/2024)

The complainant commenced employment on 25 February 2019, until 31 October 2023. As of 27 February 2024, the complainant had a fund credit of R5 343.54. The complainant submitted that the employer deducted provident fund contributions from her salary without remitting same to the fund. She stated that the fund informed her that the employer made only nine payments in 2019.

The fund said the employer was not compliant in terms of section 13A of the Act. The complainant was registered as its member on 1 March 2019 and had a fund credit of R5 343.54 as of 27 February 2024 representing provident fund contributions for June 2019 to November 2019. The contribution schedule reflected the allocation of contributions to risk and administration expenses for March 2019 to May 2019.

The fund provided a computation which reflected an arrear amount of R39 477.18 for December 2019 to October 2023, plus late payment interest of R18 845.52 calculated up to 22 April 2024.

The employer submitted that all declarations of provident fund contributions had been made to the fund every month. It submitted that it was in arrears with its provident fund contributions due to an error by a third-party supplier where submissions to the fund and deductions from the payroll were not correct, causing a discrepancy in what was paid over.

The employer claimed that the fund informed employees that they were not registered when this was in fact incorrect. It submitted that the fund indicated that it would not accept part payments; any payments made to the fund were allocated to the oldest outstanding contribution record and not to the members. It submitted that it relied on the Adjudicator to assist in instructing the fund administrator to allocate specific funds to specific people to avoid any inconvenience to those members who have left service.

The PFA held:

- An employee entering the private security sector for the first time and an employee who has been out of the sector for more than six months shall be required to wait for a period of four months before joining the fund. An employee with at least four months of uninterrupted service in the private security industry, not necessarily with the same employer, shall join the fund immediately upon joining a new employer.

- The complainant entered the sector for the first time when she joined the employer on 25 February 2019. Therefore, the employer ought to have paid contributions towards risk and administration expenses for March 2019 to June 2019 and provident fund contributions from July 2019. The submissions indicated that the employer commenced paying provident fund contributions in June 2019. Therefore, the employer was bound by the rules from June 2019.

- The employer submitted that it was in arrears with its provident fund contributions due to an error by a third-party supplier. However, she said, this was an internal issue with the employer which did not absolve the employer of its duty to pay contributions.

- The employer must pay to the fund the amount of R39 477.18 representing arrear contributions for December 2019 to October 2023.

- The fund must allocate this amount to the complainant's record and no one else irrespective of whether the employer owes for other members. It the fund wants outstanding contributions for all members, it must follow its rules and the Act to recover these, instead of piggybacking on the complainant.

The fund also was ordered to compute the amount of late payment interest due on the arrear amount and provide same to the employer for payment. The fund was ordered to pay the complainant the fund credit of R5 343.54 representing provident fund contributions for June 2019 to November 2019.

CORPORATE SUPPORT:
Front row seated left to right - Tintswalo Shibambu, Magadi Tshitannye, Thembelihle Mabuza, Nhlanhla Mpembe, Lufuno Balibali, Johanna Motaung and Sagwati Chauke
Second Row standing left to right - Bulelani Makunga, Moosa Mapheelle , Vusi Mthembu, Virginia Rakgotho, Malakia Raedani, Nana Ntenga, Wonder Dila, Gomotsegang Magaseng, Clement Maṋenzhe and Qabuka September

ANNUAL PERFORMANCE INFORMATION REPORT 2024/25

PROGRAMME 1: DISPOSE OF COMPLAINTS RECEIVED

Purpose: To resolve complaints in a procedurally fair, economical, and expeditious manner as mandated by the Pension Funds Act and Financial Sector Regulation Act.

Impact statement: A trusted, independent, and impartial Office of the Pension Funds Adjudicator

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
1.1 **New Complaints Unit (NCU) to finalise matters received expeditiously**	1.1.1 Acknowledge receipt of complaints within 2 working days of such receipt NB – Indicator excludes walkin complaints.	1.1.1 Percentage (%) of complaints received and acknowledged within 2 working days (Excluding walk-ins).	**Not Achieved** 96% acknowledged within 2 days	**Achieved: 99%** 7350/7352 complaints acknowledged within 2 working days. • 156 out of 158: Letters • 4877 out of 4877: Emails • 2313 out of 2313: Website • 4 out of 4: Fax NB - Could not round off actual outcome to 100% for rationality purposes as 2 letters were not acknowledged within 2 working days.	**90%**	**Achieved: 100%** 8075/8075 complaints acknowledged within 2 working days. • 37/37: Letters • 3686/3686: Emails • 4350/4350: Website • 2/2: Fax	**10% over-achieved**	• Drastic decrease in complaints received by post • Auto acknowledgement of receipt of complaints lodged by email and website

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
	1.1.2 Refer RTF complaints to respondent s for direct resolution with the complainant within 5 working days from date of instruction	1.1.2 Percentage (%) of RTF complaints referred to respondents within 5 working days from date of instruction by NCU supervisor	**Not Achieved** 99.92% referred to respondents within five working days	**Achieved: 96%** 5985/6258 Premature complaints referred to respondents by the NCU within 5 working days.	**90%**	**Achieved: 99.8%** 6838 / 6851 RTF complaints referred to respondents by the NCU within 5 working days. NB - Could not round off actual outcome to 100% for rationality purposes as 13 complaints were referred to respondents late.	**9.8% over-achieved**	• Full complement of NCU admin assistants • Legal Interns - allocated for half year instead of months. • Active monitoring of completion of tasks within allocated timeframes by line managers • Appointment of NCU Assistant Adjudicator
	1.1.3 NCU to close complaints allocated for closure within 2 working days as: • Abandoned • Withdrawn, • Duplicates, • Reformulation	1.1.3 Percentage (%) of complaints closed by the NCU Supervisor within 2 working days from instruction task received to close matter as: • Abandoned • Withdrawn • Duplicates • Reformulation	**Achieved** 100% • Abandoned: 482 • Withdrawn:36 • Duplicates:141 • Out of -Jurisdiction:0	**Achieved: 99%** 1216/1229 closed within 2 working days as follows: • Abandoned: 657 out of 666. • Withdrawn: 64 out of 67. • Duplicates: 495 out of 496	**90%**	**Achieved 99.6%** 1465/1470 closed within 2 working days as follows: • Abandoned: 900/903 • Withdrawn: 115/115 • Duplicates: 450/452 NB: 18 case numbers that appeared multiple times in the report have been removed.	**9.6% Over-achieved**	• Minimal system challenges • Appointment of NCU Assistant Adjudicator

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
	1.1.4 ERU to close complaints allocated for closure within 2 working days as: Out of jurisdiction, Settlements (Resolved by Fund)	1.1.4 Percentage (%) of complaints closed by the ERU within 2 working days as: • Out of Juris-diction • Settlements (Resolved by Fund)	**Not Achieved** 87% (3083 / 3548) (complaints of complaints referred by CMU that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ER	**Achieved: 100%** 1418/1418 Complaints allocated for closure closed within 2 working days.	**90%**	**Achieved 99.9%** 1538/1539 Complaints allocated for closure closed within 2 working days. • Resolved by Fund: 715/715 • OJ: 823/824 NB - Could not round off actual outcome to 100% for rationality purposes as 1 complaint was closed late (OJ).	**9.9% Over-achieved**	• Significant increase in com-plaints finalised in ERU • Experienced staff requiring minimal supervision
1.2 **Dispose of complaints in a procedurally, fair, expeditious resolution of complaints in terms of the ACT**	1.2.1 Case Management Unit (CMU) to refer unresolved complaints that were initially referred by the NCU to respondent s for a reply within 5 working days of receipt from NCU/ERU	1.2.1 Percentage (%) of unresolved RTF complaints received from NCU/ERU to be referred to respondents by CMU within 5 working days from the date of receipt	**Not Achieved** 87% (3083 / 3548) (complaints of complaints referred by CMU that were initially referred by the NCU to respondents for a reply within 5 working days of receipt from NCU/ER	**Achieved: 91%** 4850 out of 5354 complaints responded to within 5 working days	**90%**	**Achieved 98%** (6536/6660) complaints responded to within 5 working days	**8% Over-achieved**	• Full compliment of case officers • Legal Interns – allocated for half year instead of months. • Active monitor-ing of com-pleting tasks within allocated timeframes by line managers

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
	1.2.2 Finalised complaints with time taken to resolve them	1.2.2 Percentage (%) of complaints finalised within set time frames	**Not Achieved** 82% (5775 / 7076 complaints finalised within six months) 97% (6843 / 7076 complaints finalised within nine months) 7076 cases were finalised as follows: • Determinations: 4368 • Settlements: 1382 • Out of jurisdiction	**Not Achieved:** 77% 6498/8399 complaints finalised within six months. • Settled: 1511 • Determination: 5379 OJ: 1509	To finalise 85% of the complaints within six months of receipt with an exception of cases that are under curatorship and/or reopened/ delayed due to reasons not within the OPFA's control	**Achieved 93%** (7910/8499) Complaints finalized within six months • Settled: 1155 /1175 • Determinations: 4934/5434 • OJ: 1821/ 1890	**8% Over-achieved**	• Improved monitoring in terms of case movement • Improved co-operation from funds/ administrators in filing responses • Improved production from professionals

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
	1.2.3 Case Management unit to close complaints allocated for closure within 2 working days as: Abandoned, Withdrawn, Duplicates Out of jurisdiction	1.2.3 Percentage (%) of matters allocated for closure at CMU closed within 2 working days as: • Abandoned, • Withdrawn, • Duplicates • Out of jurisdic-tion	**Achieved** 100% • Abandoned: 25 • Withdrawn:43 • Duplicates:6 Out of Jurisdiction: 1326	**Achieved: 100%** 1600/1600 closed within 2 working days. • Abandoned: 18 out of 18 • Withdrawn: 67 out of 67 • Duplicates:6 out of 6 Out of Jurisdiction: 1509 out of 1509	**90%**	**Achieved: 99%** 1189/1197 closed within 2 working days. • Abandoned: 48/51 (incl. one closed as Reformulation) • Withdrawn: 59/61 • Duplicates:19/19 Out of Jurisdiction: 1063/1066 NB: 54 case numbers that appeared multiple times in the report have been removed.	**9%** **Over-achieved**	• Minimal system challenges
	1.2.4 Minimise percentage of OPFA determinations remitted by the Financial Sector Tribunal (FST) for reconsideration on the same facts	1.2.4 Percentage (%) of OPFA determinations issued remitted for reconsideration by the FST on the same facts	**Achieved** ≤1 % (1 / 4368 signed-off determinations remitted on the same facts)	**Achieved: ≤1%** (11/5380 signed-off determinations remitted on the same facts)	≤1 % of signed off / issued de-terminations remitted on the same facts.	**Achieved: 0.4%** (22/5434 signed-off determinations remitted on the same facts)	**Not applicable**	**Not applicable**
	1.2.5 Finalised complaints with time taken to resolve them by the ERU	1.2.5 Percentage (%) of complaints finalised within 90 days at ERU	**New KPI**	**Achieved: 99%** 1403 out of 1418 complaints finalised within 90 days	**90%**	**Achieved 95% (1462/1539)** 1462 out of 1539 complaints finalised within 90 Days	**5%** **Over-achieved**	• Minimal system challenges • More experi-enced staff • Insignificant in-crease in matters finalised by ERU

PROGRAMME 2: ACHIEVE OPERATIONAL EXCELLENCE

Purpose: To ensure clean administration and build capacity to optimally deliver on the mandate of the OPFA.

Impact statement: An organisation that leads by example and committed to service excellence**.**

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
2.1 **Achieve operational excellence and clean administration and enhance reporting**	2.1.1 Management and Audit Report with no material findings that will lead to a qualified opinion.	2.1.1 Unqualified audit opinion	**Unqualified audit opinion.**	**Achieved:** Clean audit - Unqualified audit opinion with no material findings	**Unqualified audit opinion**	**Achieved:** Clean Audit – Unqualified audit opinion with no material findings	**Not applicable**	**Not applicable**
	2.1.2 A percentage of valid Supplier invoices paid within 30 days.	2.1.2 A percentage of valid OPFA Supplier invoices paid within 30 days	**Achieved** 100% (475 / 475 invoices paid within 30 days).	**Achieved: 100%** 562 out of 562 invoices paid within 30 days.	**100%** except in cases where the invoice is under a dispute process or requires an approval outside the approved delegation of authority	**Achieved: 100%** **(719/719)** invoices paid within 30 days.	**Not applicable**	**Not applicable**

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
2.2 **Achieve operational excellence and establish an effective value proposition that will ensure that the OPFA attracts and retains talent**	2.2 Percentage implementation of the employment equity plan	2.2 Percentage implementation of Employment Equity plan for the specific areas: % Black employees (including Asians, Indians and Coloureds) % Female employees % Employees with disabilities	**Not achieved** 97% Black employees 62% Female employees 1% Employees with disabilities	**Achieved: 95%** Black Employees (62 out of 65) **Achieved: 55%** Female Employees (36 out of 65) **Not achieved: 1%** (1 out of 65)	92% Black employees 51% Female employees 2% Employees with disabilities	**Achieved:** 96% Black Employees (70/73) **Achieved:** 53% Female Employees (39/73) **Achieved** 3% Employees with disabilities (2/73)	**4% over-achieved** **2% over-achieved** **1% Over-achieved**	Increased awareness on employment equity act requirements.

PROGRAMME 3: EFFECTIVE STAKEHOLDER ENGAGEMENT

Purpose: To educate consumers of pension related products and services and establish value-adding relationships with internal and external stakeholders.

Impact statement: Informed consumers, established meaningful, and collaborative relationships with stakeholders.

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
3.1 Conduct impactful awareness programmes; build meaningful and collaborative stakeholder relationships.	3.1 Implemented activities for stakeholder engagement	3.1 Percentage implementation of activities for stakeholder engagement	90% implementation of activities for stakeholder engagement (As listed below): 4 x Industry Conferences and Seminars participation 2 x Group sessions with industry Stakeholders 2x Visits to Tertiary institutions 12 x Media releases 1 x Annual Report issued. 4X Outreach programmes (Broadcast /Radio interviews-Roadshows 4 x Internal Staff meetings	**Achieved: 186%** (54 achieved out of 29 planned activities) 9 out of 4: Industry Conferences and Seminars participation 2 out of 2: Group Sessions 4 out of 2: Visits to Tertiary institutions. 11 out of 12: Media releases. 1 out of 1: Annual Report issued. 10 out of 4: Outreach programmes Media interviews: 4 out of 4: Internal Staff meetings	90% implementation of activities for stakeholder engagement (As listed below): 4 x Industry Conferences and Seminars participation (Physical and virtual) 2 x Group sessions with industry stakeholders 12 x Media releases 1 x Annual Report issued. 16 x Outreach programmes (Physical and Broadcast/Radio Interviews - Roadshows) 4 x Internal Staff meetings	**Achieved 244%** **(95/39)** **Annual target (27 activities)** 9 x Industry Conferences and Seminars participation (Physical and virtual) 7 x Group sessions with industry stakeholders 18 x Media releases 1 x Annual Report issued 56 x Outreach programmes (Physical and Broadcast/Radio Interviews - Roadshows) 4 x Internal Staff meetings	**154% Over-achieved**	Increase in the press releases, articles and outreach activities regarding the two-pot retirement system, the OPFA received high media interest/ engagement

Outcome	Outputs	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target to actual achievement 2024/2025	Reason for deviation
3.2 **High quality stakeholder service experience and impactful stakeholder engagement**	Stakeholder satisfaction survey percentage	3.2 Overall percentage of stakeholder satisfaction survey – the survey will be conducted once every three years	Survey is conducted once every three years. Target is 60% satisfaction rate from Stakeholder satisfaction survey. Note: The target was revised to 60% in 2023/2024 APP.	**Achieved: 84%** Satisfaction rate from Stakeholder satisfaction survey.	60% Satisfaction rate from Stakeholder satisfaction survey.	**Achieved** **79%** **Employee Satisfaction and Engagement rate.**	**19% over-achieved**	• Improved leadership communication • Implementation of the Stakeholder satisfaction survey action plans

PART D

FINANCIAL INFORMATION

CFO REPORT ON BUDGET AND LEVIES

Bulelani Makunga

EHCS & CFO

BUDGET AND LEVIES OVERVIEW

The impact of the changes brought by the commencement of the Levies Act and changes to provisions of the FSR Act, which amended sections of the Pension Funds Act as they relate to funding and governance requirements of the OPFA, took effect in the current financial year brought to bear with it challenges that have an impact in the budgeting and funding process of the OPFA.

The budget for the financial year 2024/25 was prepared as a baseline budget for an OPFA that is independent from the FSCA, as it was for the first time that the office would be funded directly by levies imposed on the retirement fund industry, as opposed to the OPFA being funded by transfers from the FSCA. This change in the funding model of the OPFA means an under or over- collection of levies will have a direct impact on the operations of the OPFA.

Given the new budgeting and funding model, the OPFA submitted its budget to the Minister of Finance for approval. However, to secure sufficient financial resources for establishing an independent PFA, and to cover operational expenses previously absorbed by the FSCA on behalf of the OPFA, such as payroll, IT services, and other support, the levy rate recommended for ministerial approval exceeded the prevailing inflation rate. This, in turn, required additional Parliamentary approval in accordance with section 10 of the Financial Sector and Deposit Insurance Levies Act 11 of 2022.

The dual-approval process led to significant delays in obtaining approval and initiating levy collections, leaving the OPFA without the financial capacity to sustain its operations. To bridge this gap, the FSCA provided a cash advance to cover immediate operational costs while awaiting the levy approval and collection process, which was finalised in the fourth quarter.

This experience underscored the importance of building adequate reserves, and management is actively exploring strategies to achieve this objective over the medium term.

MANAGING OUR CAPITALS

Improving our operations

In the year under review, we continued with the projects to strengthen our operations by implementing an enterprise resource planning

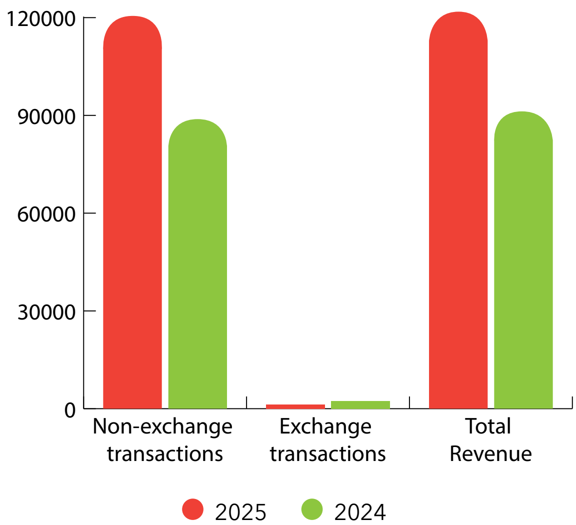
(ERP) system phase 2, Finance and Supply Chain Management modules, to improve operational performance and financial controls, management and performance.

We also provided certainty to our stakeholders by concluding an extension to the current lease with the landlord for 5 years, thus ensuring stability and continuous uninterrupted provision of service to members. The extension of the lease also provided an opportunity for the OPFA to increase its capacity to accommodate more staff that will assist in responding to the legislative reforms currently in progress, requirements for delivering a better service to our stakeholders better, while also providing an opportunity for modernisation of office tools as well as our technology infrastructure to support an independent and self-sustaining OPFA.

Revenue

Revenue consists of levies and interest from exchange and non-exchange transactions. For the year ended 31 March 2025, revenue grew by 33.5% to R122 million (2024: R91.2 million) mainly an above CPI levy rate adjustment to cover for the cost of establishment of an independent OPFA and a higher than expected pension fund membership numbers.

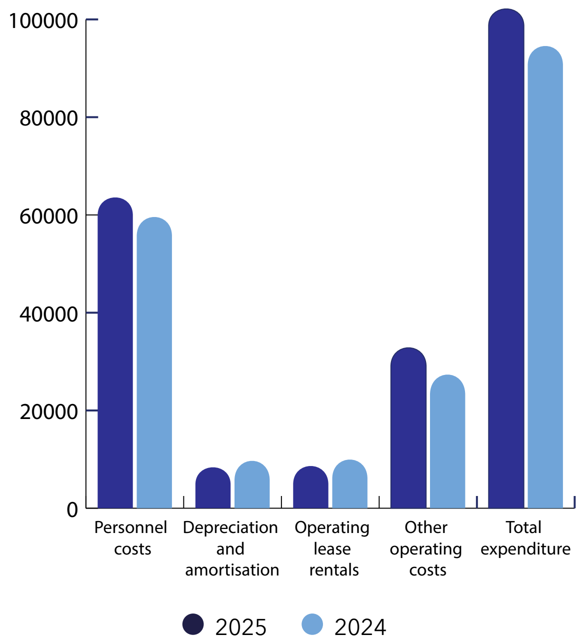
REVENUE ANALYSIS



Expenditure

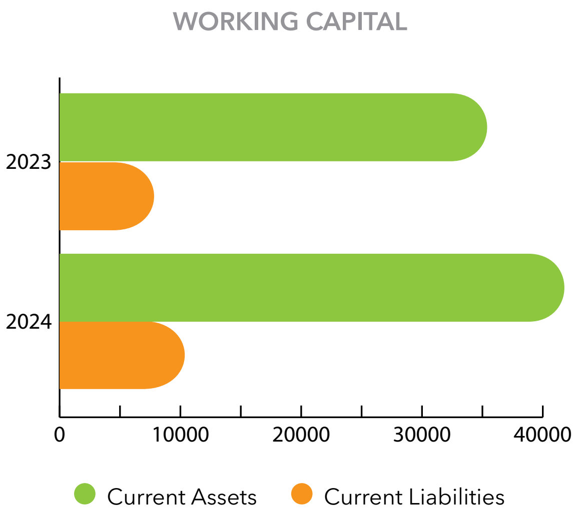
Operating expenditure for the year increased by 8.8% to R98.6m (2024: R90.6m). This is attributable mainly to increased promotions and stakeholder management due to improved stakeholder engagements, as well as ICT costs due to extensions of computer warranties and support services related to the decoupling project amongst others.

EXPENDITURE ANALYSIS



Working capital

We adopted active cash management strategies to effectively manage our working capital to meet financial obligations when they fall due. Cash flow was closely managed, and surplus funds are invested in the Corporation for Public Deposits with the South African Reserve Bank (SARB). The net current assets maintained for the financial year remained favourable at R68.6 million (2024: R44.3 million).



Payables

The target for all trade payables is to settle within 30 days of receiving suppliers' invoices in line with National Treasury Regulations. In this regard, we have achieved an average of 5.57 days for the year (2024: 7 days) which is within the 30 days as prescribed by the National Treasury. At the end of the financial year, trade payables amounted to R1 million (2024: R1.9 million).

Receivables

Our trade receivables from non-exchange amounted to R1 million (2024: R0.025 million), whilst receivables from exchange amounted to R0.77 million (2024: R0.94 million). Receivables from non-exchange transactions are made up of pension fund levies.

Outlook

The OPFA will continue pursuing projects that support future growth, including infrastructure modernisation to meet staff needs and technological enhancements to strengthen its capacity to deliver services more efficiently while building financial stability. With the adoption of a new strategy, we look forward to a responsive funding model that will enable the OPFA to:

- Achieve excellence in the disposal of complaints by leveraging technology,
- Create awareness about the OPFA's mandate, improved visibility and accessibility
- Position the OPFA as an employer of choice, and
- Achieve good governance and clean administration

Mr B Makunga
EHCS & CFO

FINANCE:
Left to right - Sagwati Chauke, Gomotsegang Magaseng, Thembelihle Mabuza and Wonder Dila


50%
95%

TABLE OF **CONTENTS**

** This does not form part of the Financial Statement*

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

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

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting authority acknowledges that she is ultimately responsible for the system of internal financial control established by the entity 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 deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity 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 and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority has reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in light of this review and the current financial position, she is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.
The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Ms MA Lukhaimane
Pension Funds Adjudicator (Accounting Authority)
31 July 2025

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025. The Audit committee provides oversight on behalf of the accounting authority of the OPFA, the Adjudicator, in terms of section 77(c) of the PFMA and consists of only non- executive members. The committee is a statutory sub-committee of the accounting authority and does not perform any management functions or assume any management responsibilities. The sub-committee's role is to review, monitor and advise the accounting authority in her responsibility to ensure effective financial, performance and risk management systems at the OPFA. The sub-committee also evaluates, monitors and advises on the system of internal control and its operating effectiveness. The sub-committee ensures that identified financial risks are monitored and appropriate measures are put in place and implemented to manage such risks. Members of the OPFA management, internal auditors and AGSA attend Audit committee meetings by invitation. We are pleased to present our report for the financial year ended 31 March 2025.

Audit committee responsibility

The Audit committee reports that the OPFA complies with section 55 and section 77 of the PFMA and that it has discharged its duties as required by Treasury Regulations 27.1.

The Audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Audit committee members and attendance

The Audit committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current year 6 meetings were held.

Name of member	Number of meetings attended
N Esterhuizen (Chairperson)	6/6
T Ajam	5/6
J Mogadime (Contract expired 30 June 2024)	1/1
P Mvulane	4/6
L Senne (Resigned on 29 November 2024)	3/4

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General South Africa

The audit committee is satisfied with the work of the Auditor-General South Africa and has engaged them to confirm that there are no material issues that remain unresolved.

F. N. Esterhuizen

N. Esterhuizen
Chairperson of the Audit Committee
31 July 2025

REPORT OF THE AUDITOR-GENERAL ON THE OFFICE OF THE PENSION FUNDS ADJUDICATOR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Office of the Pension Fund's Adjudicator set pages 120 to 155, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes In net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Pension Funds Adjudicator as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

4. 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.

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

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of 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.

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

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

8. 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.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 118, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

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

11. I selected the following material performance indicators related to programme 1: dispose of complaints received, presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Percentage (%) of complaints received and acknowledged within 2 working days (excluding walk-ins)
- Percentage (%) of RTF complaints referred to respondents within 5 working days from date of instruction by NCU supervisor
- Percentage (%) of complaints closed by the NCU Supervisor within 2 working days from instruction task received to close the matter as:
  - abandoned
  - withdrawn
  - duplicates
  - reformulation
- Percentage (%) of complaints closed by the ERU within 2 working days as:
  - out of jurisdiction
  - settlements (resolved by fund)
- Percentage (%) of unresolved RTF complaints received from NCU/ERU to be referred to respondents by CMU within 5 working days from the date of receipt
- Percentage (%) of complaints finalised within set time frames
- Percentage(%) of matters allocated for closure at CMU closed within 2 working days as:
  - abandoned
  - withdrawn
  - duplicates
  - out of jurisdiction
- Percentage(%) of OPFA determinations issued remitted for reconsideration by the FST on the same facts
- Percentage(%) of complaints finalised within 90 days at ERU.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandate and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned.

REPORT ON COMPLIANCE WITH LEGISLATION

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

21. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

22. The accounting authority is responsible for the other information included in the annual report, which includes the foreword by the Minister of Finance, message from the Pension Funds Adjudicator and audit committee's report. The other Information referred to does not include the financial statements, the auditor's report and those selected material Indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

23. My opinion on the financial statements, the report on the audit of the annual performance report and report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. 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

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

27. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria

01 August 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department 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 department 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.

Communication with those charged with governance

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

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

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows

Legislation	Section, regulation or paragraph
Public Finance Management Act 1 of 1999	Section 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 51(1)(b)(i);51(1)(b)(ii);55(1)(c)(i);51(1)(e)(iii); 55(1)(b); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1: 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a}; 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b) (ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 3,1.2.1. Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1'.1,(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Instruction note No. 4 of 2022/2023	Paragraph 4.12
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2. Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3. Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8. Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Section 34(1) Act12of2004	Section 34(1)

STATEMENT OF **FINANCIAL POSITION**
AS AT 31 MARCH 2025

	Note(s)	2025 R	2024 R
ASSETS			
Current assets			
Cash and cash equivalents	4	53,216,461	34,141,683
Receivables from exchange transactions	5	773,389	938,074
Statutory receivables from non-exchange transactions	6	1,001,510	25,830
Prepayments	7	2,938,042	3,696,414
		57,929,402	**38,802,001**
Non-current assets			
Property, plant and equipment	8	14,355,684	11,438,357
Intangible assets	9	4,069,819	1,996,040
		18,425,503	**13,434,397**
TOTAL ASSETS		**76,354,905**	**52,236,398**
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	10	4,652,142	4,250,479
Provisions	11	3,099,452	2,629,000
		7,751,594	**6,879,479**
TOTAL LIABILITIES		**7,751,594**	**6,879,479**
NET ASSETS		**68,603,311**	**45,356,919**
Accumulated Surplus		68,603,311	45,356,921
TOTAL NET ASSETS		**68,603,311**	**45,356,921**

STATEMENT OF **FINANCIAL PERFORMANCE**

	Note(s)	2025 R	2024 R
REVENUE			
Revenue from exchange transactions			
Interest revenue		1,301,453	2,319,531
Revenue from non-exchange transactions			
Revenue from non-exchange transactions - Levies	12	120,516,107	88,858,855
Interest from non-exchange transactions - Levies		13,057	59,245
Total revenue from non-exchange transactions		**120,529,164**	**88,918,100**
TOTAL REVENUE	13	**121,830,617**	**91,237,631**
EXPENDITURE			
Auditor's remuneration - external		(1,987,052)	(1,657,528)
Auditor's remuneration - internal		(697,782)	(440,928)
Consulting and professional fees		(1,847,700)	(966,972)
Depreciation and amortisation	14	(4,845,654)	(5,694,478)
IT Maintenance and Support		(14,033,878)	(10,078,688)
Operating lease rentals	15	(4,886,916)	(6,045,413)
Legal expenses		(888,981)	(836,958)
Other operating costs	16	(9,509,678)	(9,236,195)
Personnel costs	17	(59,886,586)	(55,663,381)
TOTAL EXPENDITURE		**(98,584,227)**	**(90,620,541)**
SURPLUS/(DEFICIT) FOR THE YEAR		**23,246,390**	**617,090**

STATEMENT OF CHANGES IN NET ASSETS

	Note(s)	Accumulated surplus / deficit	Total Net Assets
Balance at 01 April 2023		**44,739,831**	**44,739,831**
Changes in net assets			
Surplus for the year		617,090	617,090
Total changes		617,090	617,090
Balance at 01 April 2024		**45,356,921**	**45,356,921**
Changes in net assets			
Surplus for the year		23,246,390	23,246,390
Total changes		23,246,390	23,246,390
Balance at 31 March 2025		**68,603,311**	**68,603,311**

CASH FLOW STATEMENT

	Note(s)	2025 R	2024 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Revenue from non-exchange transactions-Levies		119,551,825	92,257,859
Interest		1,301,453	2,319,530
Other cash items		1,125	84,316
		120,854,403	94,661,705
Payments			
Employee costs		(59,163,077)	(52,015,933)
Suppliers		(32,760,725)	(32,096,118)
		(91,923,802)	(84,112,051)
Net cash flows from operating activities	18	**28,930,601**	**10,549,654**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(7,197,389)	(1,782,582)
Purchase of intangible assets	9	(2,666,596)	(725,843)
Proceeds from sale of property, plant and equipment		8,161	180,000
Net cash flows from investing activities		**(9,855,824)**	**(2,328,425)**
Net increase/(decrease) in cash and cash equivalents		**19,074,777**	**8,221,229**
Cash and cash equivalents at beginning of the year		34,141,683	25,920,453
Cash and cash equivalents at end of the year	4	**53,216,460**	**34,141,682**

STATEMENT OF COMPARISON **OF BUDGET AND ACTUAL AMOUNTS**

Modified Cash Basis

STATEMENT OF FINANCIAL PERFORMANCE	Approved budget	Adjust-ments	Final Budget	Actual amounts on compara-ble basis	Difference between final budget and actual	Refer-ence
	R	R	R	R	R	R
REVENUE						
Revenue from exchange transactions						
Interest Received	1,067,950	-	**1,067,950**	1,301,453	**233,503**	
Revenue from non-exchange transactions						
Revenue from non-exchange transactions - Levies	106,948,708	-	**106,948,708**	120,516,107	**13,567,399**	Note 26
Total revenue	**108,016,658**	**-**	**108,016,658**	121,817,560	**13,800,902**	
EXPENDITURE						
Personnel Cost	(61,913,000)	-	**(61,913,000)**	(59,965,185)	**1,947,815**	Note 26
Intangible Assets	(1,500,000)	-	**(1,500,000)**	(2,666,596)	**(1,166,596)**	Note 26
Property, plant and equipment	(6,403,658)	-	**(6,403,658)**	(7,197,388)	**(793,730)**	Note 26
Legal Expenses	(585,375)	-	**(585,375)**	(888,981)	**(303,606)**	
Depreciation and amortisation	(3,019,743)	-	**(3,019,743)**	(4,845,656)	**(1,825,913)**	Note 26
Lease rentals on operating lease	(9,950,747)	-	**(9,950,747)**	(4,886,916)	**5,063,831**	Note 26
Auditor's remuneration - External	(1,722,281)	-	**(1,722,281)**	(1,987,052)	**(264,771)**	
Auditor's remuneration - internal	(686,313)	-	**(686,313)**	(697,782)	**(11,469)**	
Consulting and professional fees	(1,930,959)	-	**(1,930,959)**	(1,847,700)	**83,259**	
Other operating costs	(9,744,383)	-	**(9,744,383)**	(9,018,428)	**725,955**	Note 26
IT Maintenance and Support	(10,560,199)	-	**(10,560,199)**	(12,225,141)	**(1,664,942)**	Note 26
Total expenditure	**(108,016,658)**	**-**	**(108,016,658)**	**(106,226,825)**	**1,789,833**	
Surplus before taxation	**-**	**-**	**-**	**15,590,735**	**-**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**15,590,735**	**-**	

STATEMENT OF FINANCIAL PERFORMANCE	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	R
RECONCILIATION						
Basis difference						
Non-cash items				(1,829,533)		
Provisions				(391,854)		
Acquisition of PPE and Intangible Assets				9,863,985		
Interest from non-exchange transactions - Levies				13,057		
Actual Amount in the Statement of Financial Performance				**23,246,390**		

The basis for the explanation on the statement of comparison of Budget and Actual Amounts on note 26 is based on the approved materiality framework,

SIGNIFICANT **ACCOUNTING POLICIES**
AS AT 31 MARCH 2025

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 BASIS OF PREPARATION

Basis of accounting

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 89 of the PFMA.

These annual financial statements have been prepared on the 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.

1.2 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The accounting authority and management are of the view that there is no economic threats that will significantly impact the operations of the OPFA and the cash reserves currently available will provide a buffer to ensure the entity meets its short-term commitments as they fall due. The approval of the base budget for the OPFA after the transition and implementation of the FSR Act, changes in the Pension Funds Act and the promulgation of Financial Sector and Deposit Insurance Levies Act 11 of 2022 has strengthened and positively impacted the mandate of the OPFA and its going concern.

1.3 MATERIALITY

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

Assessing whether an omission or misstatement could influence decisions of users, and be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, furthermore, the entity considers its materiality significance framework to objectively determine what to present and disclose in the financial statements.

1.4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

Impairment testing of receivables from exchange and non-exchange transactions

The entity assesses its receivables from exchange and non-exchange transactions for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the OPFA makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables from exchange and non-exchange transactions is calculated individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an entity includes assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Impairment testing for non-financial assets

The OPFA has judged all non-financial assets to be non-cash generating based on the entity's objective of using these assets to deliver a service and not to generate a commercial return. The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable service amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and assumptions.

Useful lives and residual values of intangible assets

The OPFA reassesses the useful lives and residual values of intangible assets on an annual basis. In reassessing the useful lives and residual values of intangible assets, management considers the condition and the use of the individual assets to determine the remaining period over which the asset can and will be used. The change is accounted for as a change in accounting estimate. Refer to accounting policy on Intangible Asset

Useful lives and residual values of property, plant and equipment

The OPFA reassesses at each reporting date whether there is any indication that entity expectations about the residual values and the useful lives of its property, plant and equipment have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change accounted for as a change in accounting estimate.

Management had planned to replace the signage in anticipation of the promulgation of the CoFI Bill, which requires the organisation's name to be changed to Retirement Fund Ombud. However, the CoFI development process was still underway at the end of the financial year. As a result, the signage's useful life was reassessed, even though the overall amendment is considered immaterial.

When making a judgment on fully depreciated assets still being used by the entity, management considers whether the principles of GRAP standards on property, plant and equipment were appropriately applied, whether all relevant facts and circumstances were considered in determining the useful lives of the assets in prior years and the material impact of adjustments on the entity's financial statements. If the transactions are material, management adjusts the financial statements and when the adjustments are not material and are not cost effective, management does not make adjustments.

Armotisation of an intangible asset implemented in phases

Amortisation of intangible assets commences when it is available for use and in a condition as set out by management, and it is written down on a straight-line basis over its useful life. For the year under review, the OPFA commenced with the implementation of an ERP system (Finance and

SCM components) which was still in progress at year end. The initial costs incurred has been capitalised. However, as the system is not considered available for use, depreciation has not yet commenced.

1.5 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 in more than one period.

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

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

Property, plant and equipment is 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 or to replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Property, plant and equipment is 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. Depreciation for Property, plant and equipment commences on the date when the asset is available for use.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Plant and machinery	Straight-line	10 to 20 years
Furniture and fixtures	Straight-line	5 to 15 years
Motor vehicles	Straight-line	5 to7 years
Office equipment	Straight-line	3 to 15 years
IT equipment	Straight-line	3 to 15 years
Library books	Straight-line	4 to 8 years
Leasehold improvements	Straight-line	Lease period
Signage	Straight-line	Lease period

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in accounting estimate.

Certain items with a cost price of less than R5,000 may be recognised as property, plant and equipment if management deems it proper or otherwise they are expensed. All such items recognised as assets in the asset register will be removed from the register once fully depreciated. These assets shall be moved to inventory list if deemed useful.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 derecognition 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 derecognition 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.

1.6 INTANGIBLE ASSETS

An asset is identifiable if it either:

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

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.
An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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.

Embedded software which controls the functions of hardware equipment is recognised as part of the cost of the hardware.

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 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.
- 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. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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.

Armotisation commences when the intangible asset is available for use.

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. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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.

For the year under review, the OPFA commenced with the implementation of an ERP system (Finance and SCM components) which was still in progress at year end. The initial costs incurred has been capitalised but because the system is not considered available for use, depreciation has not yet commenced.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Useful life
Computer software	Straight-line	3 to 5 years

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 derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 FINANCIAL INSTRUMENTS

Classification

The entity classifies financial assets and financial liabilities into the following categories:
- Financial assets measured at amortised cost which comprise of receivables from exchange and non-exchange transactions and cash and cash equivalents.
- Financial liabilities measured at amortised cost which comprise of trade and other payables from exchange transactions.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is reassessed on an annual basis and financial assets designated as at fair value through surplus or deficit.

Initial recognition and subsequent measurement

Financial instruments are recognised initially at fair value when the OPFA becomes a party to the contractual provisions of the instruments plus transaction cost.

The OPFA classifies financial instruments, or their component parts, on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement.

Receivables from exchange and non-exchange transactions.

These financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

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 surplus or deficit. When a receivable is uncollectable, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised in surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at banks and other short-term deposit or highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost.

Trade and other payables from exchange transactions

These financial liabilities are recognised at amortised cost and are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the OPFA assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default on payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Trade receivables and payables are subject to a 30-day collection or payment terms, which is consistent with the terms used in the public sector. Short-term receivables and payables are consequently not discounted and any time value of money is considered immaterial.

Derecognition of financial assets

An entity shall derecognise a financial asset only when:

(a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;

(b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

(c) the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity shall:
   - (i) derecognise the asset; and
   - (ii) recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset shall be allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations shall be measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph shall be recognised in surplus or deficit in the period of the transfer.

1.8 STATUTORY RECEIVABLES

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.9 LEASES

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The operating lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The operating lease assets are derecognised when the entity no longer anticipates economic benefits or service potential to flow from the asset.

Operating Leases – Incentives

The lessee shall recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:
- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash- generating assets, are as follows:

The OPFA is a public entity and similarly to other 3A public entities, it renders services as mandated by law and not for a commercial return. Funding obtained is only determined based on the cost of operating and not for a purpose of furthering an enterprise. As result, the OPFA is designated a non-cash generating unit.

1.11 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. 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.

Retirement benefits

Payments to defined contribution retirement benefit schemes and pension fund are charged as an expense as they fall due. Payments made to industry managed retirement benefit schemes and FSCA pension fund are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement plan.

Incentive scheme

Incentive Scheme is the expected cost of bonus payments that is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. A liability is recognised for the amount expected to be paid to employees and the obligation can be estimated reliably. A provision for incentive scheme is raised on the estimated amount payable in terms of the performance bonus which is based on the business and employee's performance in the applicable year.

Long service award

Long service may be recognised by way of granting awards, which is solely at the discretion of the Adjudicator. The amount granted will be reviewed and approved on annual basis and the OPFA waivers/funds any taxation on it.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

Contingencies Contingent liabilities

(a) Possible obligations arising from past events, where the existence will be confirmed only by the occurrence or non occurrence of uncertain future events not wholly within the entity's control; or
(b) Present obligations arising from past events for which it is not probable that an outflow of resources embodying economic benefits or service potential will be required, or for which the amount cannot be reliably measured.

Contingent assets

(a) are possible assets arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of uncertain future events not wholly within the entity's control.

Contingent liabilities/assets are not recognized in the Statement of Financial Position but are disclosed unless the possibility of an outflow/inflow is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

1.13 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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.

Interest revenue

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.15 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Revenue is recognised when the asset is recognised and if an obligation arises from the receipt of the asset, the revenue is recognised to the extent that there is no further obligation. Revenue from non exchange transactions comprises of levies, penalties and other income. All registered pension funds are required to pay annual levies to fund the operations of the OPFA according to section 30R of the Pension Funds Act. Levies are raised in terms of the regulations published in the Government Gazette and are accounted for on an accrual basis.

The OPFA is funded in terms of section 30R of the Pension Funds Act by imposing levies on the pension funds industry as detailed in the Levies Act. The Levies Act still imposes the responsibility for collecting levy amounts on the FSCA and allocating to the OPFA the amount determined in accordance with the Act.

Debtors with levies outstanding beyond the prescribed period are charged interest based on s244 of FSR Act, which is recognised as non-exchange revenue.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Services in-kind

Except for financial guarantee contracts, the entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period. Services in kind provided by the FSCA to the OPFA are not reliably measurable and/or material.

1.16 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 agent

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

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

Binding arrangement

The entity assesses whether it is an agent or a 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 a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an 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.
- It is not exposed to variability in the results of the transaction.

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

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal- agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The OPFA is a party to a principal-agent arrangement with the FSCA, in which the OPFA is the principal.

The FSCA is responsible for the collection and administration of pension fund levies in terms of Financial Sector and Deposit Insurance Levies Administration Act on behalf of the Office of the Pension Funds Adjudicator.

The OPFA recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.17 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 BUDGET INFORMATION

The approved budget is prepared on a modified cash basis and presented by economic classification. The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The annual financial statements and the budget are not on the same basis of accounting and a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.19 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

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

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

1.20 OFFSETTING

Assets and liabilities, as well as revenue and expenses, are offset and the net amount is reported in the financial statements when there is a legally enforceable right to offset the recognized amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.21 PREPAYMENTS

Prepayments are payments made in advance for services or goods that have not been delivered for which the OPFA expects delivery in the next financial period.

Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

1.22 ROUNDING OFF

All figures in the financial statements were rounded off to the nearest rand.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
GRAP 2023 Improvements to the Standards of GRAP 2023	TBC	The impact of the is not material.
GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	TBC	The impact of the is not material.
GRAP 104 (as revised): Financial Instruments	01 April 2025	The adoption of this standard will have an impact on the results of the OPFA and will result in more disclosure than would have previously been provided in the financial statements.

4. CASH AND CASH EQUIVALENTS

	2025 R	2024 R
Cash and cash equivalents consist of:		
Cash at bank and on hand	49,867,007	4,049,479
Short-term deposits	3,292,995	29,991,542
Standard bank - Payroll Account	56,459	100,662
	53,216,461	**34,141,683**

Included in the Cash and Cash equivalents is an amount of R49 867 007, (Main Account R49 883 720, Petty Cash R3 952, Credit Card - R20 665) all held with Standard Bank SA for operations, a short term deposit of R3 292 995 held with the South African Reserve Bank and a further R 56 459 also held with Standard Bank SA for Payroll purposes. No restrictions attached to the use of cash and cash equivalents.

5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade and other debtors	773,389	938,074

Receivables from exchange transactions

Receivables become past due if payments are not received by the payment due date. Receivables consist mainly of study assistance which is payable by means of a work back arrangement amortised on a monthly basis over a maximum period of 24 months. As at 31 March 2025, none of the receivables from exchange transactions were past due nor impaired.

6. STATUTORY RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2025 R	2024 R
Statutory receivables	1,001,510	25,830

Statutory receivables from non-exchange transactions

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2025, 1,001,510 (2024: 25,830) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

3 months past due- Levies Debtor	1,001,510	25,830

Reconciliation for allowance for impairment for statutory receivables

Opening balance	28,006	-
Provision utilised/Write-off	(25,490)	-
Change to the statement of financial performance	785	28,006
	3,300	**28,006**

Statutory receivables from non-exchange transactions

The OPFA is funded in according with section 30R of the Pension Funds Act by imposing levies on the pension fund industry. The non-exchange statutory receivables are due to levies invoiced but not collected as at year end.

7. PREPAYMENTS

Prepayments are payments made in advance for services that have not been delivered for which the OPFA expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

Prepayments		
Subscriptions	173,898	262,342
Computer Licenses	1,831,523	2,451,331
Licenses	309	309
Computer Support	337,022	481,422
Membership fees	38,286	35,317
Car tracking Services	772	716
Rental	556,232	464,977
	2,938,042	**3,696,414**

8. PROPERTY, PLANT AND EQUIPMENT

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	10,111,822	(6,818,469)	3,293,353	6,822,557	(6,779,221)	43,336
Plant and machinery	276,849	(167,262)	109,587	276,849	(153,420)	123,429
Furniture and fixtures	3,585,660	(1,468,453)	2,117,207	2,083,956	(1,634,204)	449,752
Motor vehicles	692,597	(121,187)	571,410	692,597	(57,959)	634,638
Office equipment	646,669	(191,894)	454,775	260,423	(217,629)	42,794
IT equipment	20,357,921	(12,558,467)	7,799,454	23,037,591	(12,908,406)	10,129,185
Library books	34,769	(24,925)	9,844	47,934	(32,792)	15,142
Signage	39,877	(39,823)	54	39,877	(39,796)	81
Total	**35,746,164**	**(21,390,480)**	**14,355,684**	**33,261,784**	**(21,823,427)**	**11,438,357**

Reconciliation of property, plant and equipment - 2025

	Opening Balance	Additions	Disposals/ scrapped	Depreciation	Total
Leasehold property	43,336	3,289,265	-	(39,248)	3,293,353
Plant and machinery	123,429	-	-	(13,842)	109,587
Furniture and fixtures	449,752	1,822,003	(4,446)	(150,102)	2,117,207
Motor vehicles	634,638	-	-	(63,228)	571,410
Office equipment	42,794	431,593	(3)	(19,609)	454,775
IT equipment	10,129,185	1,654,528	(1,622)	(3,982,637)	7,799,454
Library books	15,142	-	(251)	(5,047)	9,844
Signage	81	-	(1)	(26)	54
Total	**11,438,357**	**7,197,389**	**(6,323)**	**(4,273,739)**	**14,355,684**

Reconciliation of property, plant and equipment - 2024

	Opening Balance	Additions	Disposals/ scrapped	Depreciation	Total
Leasehold property	563,391	-	-	(520,055)	43,336
Plant and machinery	137,272	-	-	(13,843)	123,429
Furniture and fixtures	700,949	-	27	(251,224)	449,752
Motor vehicles	150,303	692,597	(150,000)	(58,262)	634,638
Office equipment	52,910	11,665	-	(21,781)	42,794
IT equipment	13,537,666	1,078,320	(62,764)	(4,424,037)	10,129,185
Library books	21,588	-	(2)	(6,444)	15,142
Signage	1,053	-	-	(972)	81
Total	**15,165,132**	**1,782,582**	**(212,739)**	**(5,296,618)**	**11,438,357**

Pledged as security: No Property, Plant and Equipment is pledged as security:

***Additions**

The balance of R7 197 389 for PPE in the current financial year 2024/25 is all cash additions including leasehold property. Repairs and maintenance related to PPE are immeterial and included as part of other operating costs in note 16.

9. INTANGIBLE ASSETS

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer Software	7,817,241	(3,747,422)	4,069,819	5,716,229	(3,720,189)	1,996,040

Reconciliation of intangible assets - 2025

	Opening Balance	Additions	Disposals/ scrapped	Depreciation	Total
Computer Software	1,996,040	2,666,596	(20,902)	(571,915)	4,069,819

Reconciliation of intangible assets - 2024

	Opening Balance	Additions	Amortisation	Total
Computer Software	1,668,058	725,843	(397,861)	1,996,040

Pledged as security

No intangible assets are pledged as security:

Intangible assets in the process of being constructed or developed

	2025 R	2024 R
Expenditure recognised in the carrying value of Intangible assets		
Intangible assets	1,391,695	-

The total addition on Intangible asset included costs of the Finance and SCM system which will form part of the overall ERP system. The cost capitalised relates to the initial costs of the projects which is still underway.

10. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	1,044,072	1,910,530
Sundry payables	365,586	98,013
PAYE payable	1,079,146	-
Accrued leave pay	2,163,338	2,241,936
	4,652,142	**4,250,479**

11. PROVISIONS

Reconciliation of provisions - 2025

	Opening Balance	Additions	Total
Provision for Incentive Scheme	2,629,000	470,452	3,099,452

Non-current liabilities	-	-
Current liabilities	3,099,452	2,629,000
	3,099,452	**2,629,000**

Incentive Scheme is a short term employee benefit which is expensed when it is probable that performance bonuses will be paid. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. A provision for incentive scheme is raised on the estimated amount payable in terms of the performance bonus which is based on the business, employee's performance in the applicable year and current year budget.

12. REVENUE

	2025 R	2024 R
Revenue from non-exchange transactions - Levies	120,516,107	88,858,855

13. REVENUE

Interest received	1,301,453	2,319,531
Revenue from non-exchange transactions - Levies	120,516,107	88,858,855
Interest from non-exchange transactions - Levies	13,057	59,245
	121,830,617	**91,237,631**

The amount included in revenue arising from exchanges of goods or services are as follows:

Interest received	1,301,453	2,319,531

The amount included in revenue arising from non-exchange transactions is as follows:

Revenue		
Revenue from non-exchange transactions - Levies	120,516,107	88,858,855
Interest from non-exchange transactions - Levies	13,057	59,245
	120,529,164	**88,918,100**

Revenue

The OPFA is funded in accordance with section 30R of the Pension Funds Act by imposing levies on the pension fund industry. Interest received is revenue earned from the short term deposit held with the South African Reserve Bank's Corporation for Public Deposits account as part of cash management.

14. DEPRECIATION AND AMORTISATION

Property, plant and equipment	4,273,739	5,296,618
Amortisation - Intangible assets	571,915	397,860
	4,845,654	**5,694,478**

15. LEASE RENTALS ON OPERATING LEASE

Premises		
Contractual amounts	4,486,669	5,776,680
Equipment		
Contractual amounts	400,247	268,733
	4,886,916	**6,045,413**

16. OTHER OPERATING COSTS

	2025 R	2024 R
Advertising and recruitment	473,645	603,181
Bank charges	65,823	73,386
Bad debts	1,659	25,006
Building services	122,993	89,004
Car track	2,260	1,432
Cellphone expenses	124,595	91,622
Cleaning	99,932	52,033
Office plants	54,000	35,319
Consumables	539,293	401,464
Courier Services	34,829	8,575
Conferences- Local	130,317	115,531
Electricity and water	962,047	653,937
Flowers and gifts	18,238	24,420
Foreign exchange loss	74	1,690
Fuel, parking, mileage, toll fees and car wash	98,392	48,305
Gain or/(loss) on sale of assets	19,063	32,737
Insurance	736,704	654,027
Internet expenses	616,081	558,039
Library expenses	22,120	-
Licenses	1,855	1,855
Membership fees	48,079	28,669
Off-site storage	387,196	334,349
Postage	156,699	97,333
Printing	87,482	119,495
Printing and stationery	678,985	463,574
Promotions	7,800	819,682
Rates and taxes	873,894	832,370
Refuse and sewerage	47,184	56,534
Repairs and maintenance	83,769	251,143
Secretariat fees	-	15,640
Staff welfare	219,141	301,072
Stakeholder engagement	69,430	180,007
Strategic planning and workshop	189,220	13,567
Study assistance	430,328	401,332
Subscriptions	234,179	215,209
Publications and newspapers	60,972	-
Telephone	449,052	597,595
Training and workshop	520,447	406,586
Foreign travel & accommodation	264,794	278,280
Travel and accommodation-local	577,107	317,522
Outreach	-	34,673
	9,509,678	**9,236,195**

17. PERSONNEL COSTS

	2025 R	2024 R
Salaries	47,915,842	41,414,919
Executive Medicals	375	16,941
Incentive scheme	2,243,821	3,386,447
Retirement annuity and pension fund contributions	4,683,551	3,744,998
UIF	155,557	143,774
SDL	501,226	451,161
Leave Commutation	1,529,645	2,073,095
Workmen's Compensation	69,065	29,423
Leave Liability adjustment	(78,598)	(24,435)
Employee group scheme	773,667	599,598
Employee assistance program	231,218	75,731
Long-service awards	79,890	59,000
13th Cheques	-	53,950
Acting allowances	-	21,693
Provision Incentive Scheme - Movement	470,452	2,629,000
	58,575,711	**54,675,295**

Remuneration of non-executive directors

Committee fees	916,156	673,757
Other	394,719	314,329
	59,886,586	**55,663,381**

18. CASH GENERATED FROM OPERATIONS

Surplus	23,246,390	617,090
Adjustments for:		
Depreciation and amortisation	4,845,656	5,694,478
Movements in provisions	470,452	2,629,000
Gain/loss from sale of assets and liabilities	19,063	32,733
Changes in working capital:		
Receivables from exchange transactions	164,685	332,319
Statutory Receivables	(975,680)	3,354,400
Prepayments	758,372	(1,917,805)
Payables from exchange transactions	401,663	(192,561)
	28,930,601	**10,549,654**

19. TAXATION

The Office of the Pension Funds Adjudicator is exempt from income tax in terms of section 10(1)(cA)(i)(bb) of the Income Tax Act 58 of 1962.

20. COMMITMENTS

	2025 R	2024 R
AUTHORISED CAPITAL EXPENDITURE		
Already contracted for but not provided for		
• Property, plant and equipment	1,113,961	-
• Intangible assets	577,368	5,772,718
	1,691,329	**5,772,718**
Total capital commitments		
Already contracted for but not provided for	1,691,329	5,772,718
AUTHORISED OPERATIONAL EXPENDITURE		
Already contracted for but not provided for		
• General expenditure	1,605,464	1,963,757
Total operational commitments		
Already contracted for but not provided for	1,605,464	1,963,757
TOTAL COMMITMENTS		
Total commitments		
Authorised capital expenditure	1,691,329	5,772,718
Authorised operational expenditure	1,605,464	1,963,757
	3,296,793	**7,736,475**
OPERATING LEASES - AS LESSEE (EXPENSE)		
Minimum lease payments due		
- within one year	6,385,269	303,954
- in second to fifth year inclusive	31,873,241	557,248
	38,258,510	**861,202**

Operating lease payments represent rentals payable by the entity for its office premises and photocopy machines. A new lease for office premises commencing on 1 April 2025 has been entered into for a 5 years period. The net consideration of the lease over the lease period is R38 257 493, after deducting the lease incentive of R577 371. Leases for photocopy machines are negotiated for an average term of at least three years. No contingent rent is payable.

21. CONTINGENCIES

Contingent Liabilities

Cost order

One (1) cost order was issued against the OPFA. In the matter by Brinant Security Services (Pty) Ltd v ML Rachoshi and Others Case No: 25318/2017, the Adjudicator issued a determination relating to ML Rachoshi and Brinant Security Services (Pty) Ltd ("Brinant") and Others. Brinant sought to appeal the determination and succeeded, with costs. The costs were sought against the member in the application; therefore, the matter was not defended by the OPFA. However, when the judgement was issued, a cost order was issued against the OPFA. The OPFA has instructed its attorneys to apply for a rescission of the order of costs against it. The total estimated cost order and related expenditure is R250 000.

Executive Incentive Bonuses

Approval from the Minister of Finance for the performance bonuses of the Adjudicator and Deputy Adjudicator for 2023/24 financial year has not been received. The total cost of the contingent liability is R 874 675

Contingent assets

The OPFA entered into a new 5 years lease agreement and the agreement provided for tenant installation allowance monies spent relating to the it, to be paid to the OPFA by the landlord, once certain conditions are met. The total value for the installations is R577 372.50 excluding VAT.

22. RELATED PARTIES

Relationships
Schedule 3A Public Entity and under common control of the National Treasury

Related party balances

	2025 R	2024 R
Shared services costs incurred		
Financial Sector Conduct Authority	5,048,471	5,125,254

The OPFA shares ICT services, such as business application support, networking, Security, storage, backup and End user computing environment, with the FSCA.

	2025 R	2024 R
Amounts included in Trade Payables regarding related parties		
FSCA Payables	-	1,001,556

The FSCA provided cash advances to the OPFA during the financial year to cover operational cost when there was a delay in the approval of the OPFA budget by the Minister of Finance which resulted in liquidity issues. The advance was settled before year-end from the Levies collected by the FSCA. The total cash advance received amount to R62 260 833.

Remuneration of management

Management class: Non-executive committee members

2025

Name	Committee fees	Other remuneration received	Total
T Ajam	75,738	-	75,738
V Balgobind	92,141	32,330	124,471
N Esterhuizen	80,609	-	80,609
P Mokgobu	96,990	32,485	129,475
L Molebatsi	72,742	-	72,742
D Msomi	70,641	329,904	400,545
P Mvulane	39,335	-	39,335
TL Randall	72,742	-	72,742
S Hamdulay	48,495	-	48,495
L Senne (Resigned-November 2024)	30,714	-	30,714
P Sutherland	16,165	-	16,165
K Mofoua	48,495	-	48,495
T Kharametsane	72,743	-	72,743
V Barthus	29,097	-	29,097
A Ntuane	29,097	-	29,097
V Pangwa	29,097	-	29,097
J Mogadime (Retired- 30 June 2024)	11,315	-	11,315
	916,156	**394,719**	**1,310,875**

2024

	Committee fees	Other remuneration received	Total
T Ajam	67,893	14,548	82,441
V Balgobind	37,180	6,466	43,646
N Esterhuizen	74,359	14,549	88,908
P Koch	6,466	-	6,466
S Malatji	6,466	-	6,466
J Mogadime	53,345	14,548	67,893
P Mokgobu	40,413	14,548	54,961
L Molebatsi	37,179	6,466	43,645
D Msomi	59,487	42,756	102,243
P Mvulane	32,330	-	32,330
TL Randall	37,179	21,015	58,194
S Hamdulay	29,097	14,549	43,646
L Senne	35,563	-	35,563
P Sutherland	48,495	29,097	77,592
K Mofoua	29,097	-	29,097
T Kharametsane	25,864	21,015	46,879
V Barthus	21,014	37,180	58,194
A Ntuane	25,864	77,592	103,456
V Pangwa	6,466	-	6,466
Total	**673,757**	**314,329**	**988,086**

Other remuneration received relate to adhoc services that the governance committee members rendered to the OPFA including performance management for the executives, strategy session facilitation, interviews and similar engagements.

Management class: Executive management

2025

Name	Emoluments	Incentive bonus	Post-employment	Commutation	Total
M Lukhaimane, PFA	3,252,701	-	348,174	211,559	3,812,434
N Essop, DPFA	2,060,588	-	217,965	101,877	2,380,430
B Makunga, EHCS & CFO	2,549,814	408,000	272,660	111,858	3,342,332
L Jadoonandan, ER	1,604,351	124,956	-	-	1,729,307
LL Rabotapi, SAA-Team Leader	1,421,330	-	153,239	-	1,574,569
S Mothupi, SAA-Team Leader	1,775,952	-	136,197	43,502	1,955,651
NG Kutama, SAA-Team Leader	1,549,976	140,067	166,648	67,747	1,924,438
W Groenewald, NCUS	1,188,405	105,175	-	40,548	1,334,128
NP Ntshangase, SLA	1,207,667	-	129,923	-	1,337,590
C Manenzhe, ITSM	1,387,386	-	148,272	-	1,535,658
PT Sithole, HHC (Resigned -07 June 2024)	290,333	-	-	85,266	375,599
	18,288,503	**778,198**	**1,573,078**	**662,357**	**21,302,136**

2024

Name	Emoluments	Incentive bonus	Post-employment benefits	Commutation	Total
M Lukhaimane, PFA	3,103,999	557,195	331,481	203,422	4,196,097
N Essop, DPFA	1,824,657	182,326	195,680	120,822	2,323,485
B Makunga, CFO	2,065,430	500,642	219,258	173,043	2,958,373
S Mothupi, SAA-Team Leader	1,706,842	-	130,797	69,715	1,907,354
S Dooka-Rampedi, SAA-Team Leader(Resigned-30 September 2023)	649,887	-	75,769	245,839	971,495
NG Kutama, SAA-Team Leader	1,446,806	150,797	156,218	58,385	1,812,206
L Jadoonandan, ERM	1,521,698	153,538	-	-	1,675,236
W Groenewald, NCUS	1,132,498	74,402	-	42,806	1,249,706
S Ntsimane, ITSM (Resigned-31 December 2023)	1,384,255	228,609	-	206,004	1,818,868
LL Rabotapi, SAA-Team Leader (Appointed-01 December 2023)	467,555	-	50,512	-	518,067
PT Sithole, HHC (Appointed-01 August 2023)	1,025,132	-	-	-	1,025,132
NP Ntshangase, SLA (Appointed-01 January 2024)	293,312	-	31,688	-	325,000
	16,622,071	**1,847,509**	**1,191,403**	**1,120,036**	**20,781,019**

Employees of the OPFA are paid on a total cost to company basis, where applicable, salaries include retirement fund contributions, medical aid contributions and travel allowance. Total cost to company used for key management's total emoluments is the most reliable estimate as the total cost of direct and indirect benefits received are not always determinable. The OPFA benefit structure is both retirement fund and defined contribution pension fund. The OPFA also provides a comprehensive death benefit for all its staff including key management. The amounts are disclosed under Post employment and other benefits. Other short term and post-employment benefit payable by employer for a member of key management are not considered material.

PFA – Pension Funds Adjudicator DPFA – Deputy Adjudicator
SAA – Senior Assistant Adjudicator HR – Human Resources
EHCS & CFO – Executive Head Corporate Services & Chief Financial Officer SLA – Senior Legal Advisor
NCUS – New Complaints Unit Supervisor ERM – Early Resolution Manager
ITSM – Information Technology Senior Manager

23. RISK MANAGEMENT

Financial risk management

In the course of its day-to-day operations the OPFA is exposed to credit, liquidity and market risk. The OPFA has developed a comprehensive risk framework in order to monitor and control risks. The Internal audit function reports on a quarterly basis to the Audit and Risk Committees, independent governance committees that monitor risks and policies implemented by management to mitigate risk exposure. The risk management process relating to each of these risks is discussed under the headings below.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, other liquid financial instruments and the ability to settle debts as they become due. The entity endeavours to maintain adequate resources by monitoring rolling cash flow forecasts of the cash and cash equivalents on the basis of expected cash flow movements during the year.

The entity's financial liabilities mainly consist of Trade and Sundry payables which are presented in the statement of financial position for the year ended 31 March 2025 as part of payables from exchange transaction at R1 445 437 (2024:R2 008 543).

The entity's financial assets mainly consist of cash and cash equivalents and receivables from exchange at R53 216 461 (2024: R34 141 683) and R 773 389 (2024: R 938 074) respectively. All the identified financial assets and liabilities matured or will mature in less than 12 months and the impact of discounting is considered insignificant and immaterial. The entity has sufficient liquid resources to settle its creditors as and when they fall due. Leave accrual has been included to take into account maximum possible exposure, though management sees the risk as less likely. Consistency was maintained with prior year reporting for users to be able to compare year on year.

The table below analyses the OPFA's financial liabilities at reporting date

	Less than 1 year	Between 1 and years	Between 2 and 5 years	Over 5 years
At 31 March 2025				
Trade and other payables	1,445,437	-	-	-
At 31 March 2024				
Trade and other payables	2,008,543	-	-	-

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows, refer to note 4 & 5:

	2025 R	2024 R
Financial instrument		
Standard Bank Limited	49,867,007	4,049,479
Corporation for Public Deposits	3,292,995	29,991,542
Receivables from exchange transactions	773,389	938,074
Standard Bank Limited- Payroll Account	56,459	100,662

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations. Transactions with foreign exchange exposure are considered individually as and when they arise

24. GOING CONCERN

We draw attention to the fact that at 31 March 2025, the entity had an accumulated surplus of R68 603 311 and that the entity's total assets exceed its liabilities by R68 603 311. A positive cash and cash equivalents balance of R53 216 461 to fund short- term obligations as they fall due.

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

25. SEGMENT INFORMATION

General information

Identification of segments

The entity is organised and reports to management on the basis of its core mandate as set out in the Pension Funds Act. Due to the nature and design of the services provided by the entity, management reviews and evaluates the entity's risks as a whole, as all risks, resources and financial matters of the entity are directed to the delivery of its mandate.

The entity's operations are located in Pretoria, its only office in the country. Although the office services the public throughout the country, its operational risks and financial costs are limited to a single location. It is on this basis that management views the entity as a single segment to which adequate disclosure has been made in these annual financial statements.

26. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Revenue from non exchange transactions

Revenue collected was more than revenue expected due to increase in member numbers from pension funds for the year under review.

Personnel costs

The underspending on personnel costs is due to vacancies during the financial year in key positions such as Head of Human Capital, management has made some strides in filling most of the posts that were vacant for the year.

Intangible Assets

Computer Software was overspent mainly due to the implementation of the Finance and SCM system that started in the previous year and overlapped to the 2024/25 financial year. The spend was funded from the committed reserves rolled-over from the previous year. In addition, R1.3m was spent on ICT license renewal for WIFI, VPN, and antivirus systems.

Property, plant and equipment

The overspending in PPE is due to overspending on Computer Equipment, furniture and leasehold property due to the additional lease space which was procured, the additional server equipment from the decoupling project and furniture for the new offices.

Depreciation and amortisation

The over-allocation relates to acquisitions of assets in the prior years and additional intangible assets in the current year contributing to higher than budgeted depreciation and amortisation expense.

Operating lease rentals

The aggregate underspending is mainly due to delays in acquiring additional space in the prior year due to a cancelled tender when the OPFA and the prospective service provider could not agree on the SLA.

Information technology maintenance and support

Computer support and maintenance relates to ICT services provided by FSCA and other service providers.

The overspending is due to the post implementation maintenance and support services costs that are part of capital projects that have been implemented but were initially budgeted for under capital expenditure.

27. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance.

	2025 R	2024 R
Net surplus per the statement of financial performance	23,246,390	617,090
Adjusted for:		
Over recovery of Revenue	(13,800,902)	(846,823)
Underspending on expenditure	(1,789,833)	(9,345,500)
Gain on the sale of assets	19,063	32,737
Loss/(Gain) on foreign exchange	74	1,690
Acquisition of Intangible assets	(2,676,376)	(725,843)
Acquisition of Property plant and equipment	(7,187,608)	(1,782,583)
Provision for incentive scheme	470,452	2,629,000
Provision for bad debts	1,659	28,006
IT Maintenance and Support	1,808,736	-
Leave liability adjustment	(78,598)	-
Interest received from non-exchange transactions	(13,057)	-
Net deficit per approved budget	**-**	**(9,392,226)**

28. SERVICE IN-KIND

During the period under review the OPFA received services in kind from the FSCA at no charge which include payroll services, levy collection, secretariat services and other admin related services.

29. ACCOUNTING BY PRINCIPALS AND AGENTS

The OPFA is a party to a principal-agent arrangement with the Financial Sector Conduct Authority (FSCA). The OPFA is the principal in this arrangement, as the Levies Act provides for the imposition of financial sector levies on supervised entities for the funding of the OPFA as per the amended section 30R of the Pension Funds Act, whilst the Financial Sector and Deposit Insurance Levies Act 11 of 2022, imposses on the FSCA, the responsibility to execute the collection and administration of the financial sector levy to provide for the funding of the OPFA.

Entity as principal

Resources (including assets and liabilities) of the entity under the custodianship of the agent

There are no resources that have been recognised by the agent in its financial statements.
There is no risk for resource and/or cost implications for the entity if the principal-agent arrangement is terminated as the arrangement is anchored by legislation.

PART E

COMPLIANCE REPORT

PFA COMPLIANCE REPORT

PFMA COMPLIANCE REPORT

A. INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular Expenditure

a) Reconciliation of irregular expenditure

Description	2023/24 R	2024/25 R
Opening Balance	0	37 492,00
Add: Irregular Expenditure confirmed	37 492,00	-
Less: Irregular Expenditure condoned	-	37 492,00
Less: Irregular Expenditure not condoned and removed	-	-
Less: Irregular Expenditure recoverable	-	-
Less: Irregular Expenditure not recovered and written off	-	-
Closing balance	**37 492,00**	**0**

Irregular expenditure matters for R37 492.00 were identified by management in 2023/24. It relates to payment for the acquisition of services through the use of OPFA's established panel of service providers, which are not part of the scope of services contracted for, exceeding the contract value, and without obtaining necessary approvals. The expenditure was condoned.

Reconciling notes

Description	2023/24 R	2024/25 R
Irregular expenditure that was under assessment in 2024/25	-	-
Irregular expenditure that relates to 2023/24 and identified in 2024/25	37 492,00	-
Irregular expenditure for the current year	-	-
Total	**37 492,00**	**0**

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

Description	2023/24 R	2024/25 R
Irregular expenditure under assessment	-	0
Irregular expenditure under determination	37 492,00	-
Irregular expenditure under investigation	-	-
Total	**37 492,00**	**0**

c) Details of current and previous year's irregular expenditure condoned

Description	2023/24 R	2024/25 R
Irregular expenditure condoned.	-	37 492,00
Total	**-**	**37 492,00**

d) Details of current and previous year's irregular expenditure removed - (not condoned)

Description	2023/24 R	2024/25 R
Irregular expenditure NOT condoned and removed.	-	-
Total	**-**	**-**

e) Details of current and previous year's irregular expenditure recovered

Description	2023/24 R	2024/25 R
Irregular expenditure recovered.	-	-
Total	**-**	**-**

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

Description	2023/24 R	2024/25 R
Irregular expenditure written off	-	37 492,00
Total	**-**	**37 492,00**

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
N/A
Total

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

Description	2023/24 R	2024/25 R
N/A	-	-
Total	**-**	**-**

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
Consequence management was implemented against the employee for failing to prevent irregular expenditures in the 2023/24 Financial Year.

Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/24 R	2024/25 R
Opening Balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	-	23 332.00
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	23 332.00
Closing balance	**-**	**R0**

Fruitless and wasteful expenditure to the value of R23 332 was identified in the 2024/25 financial year. There was no Fruitless and wasteful expenditure identified for the 2023/24 financial year. The total amount has been recovered.

Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) & (iii)

There were no material losses identified in the 2023/24 and 2024/25 financial years.

B. INFORMATION ON LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value R
Valid invoices received.	719	28 748 239.12
Invoices paid within 30 days or agreed period	719	28 748 239.12
Invoices paid after 30 days or agreed period	-	-
Invoices older that 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older that 30 days or agreed period (unpaid and in dispute)	-	-

The OPFA is committed to ensuring that Small, Micro and Medium enterprises are paid on time and remain financially sustainable. In the 2024/25 financial year 100% of valid supplier invoices were settled within 30 days.

C. INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

	Name of Service Provider	Description of service	Contract Amount	Reasons
1.	Riverwalk Office Park	Office Lease	R39,498,808.98	Deviation for the procurement of the office accommodation with additional space
2.	Riverwalk Office Park	Office Lease	R5,553,522.00	Turnkey solution-3rd Floor revamping

Contract variations and expansions by more than 15%

	Name of Service Provider	Description of service	Contract Number	Original Contract Amount	Value of Previous contract variations	Variation Amount
1.	Riverwalk Office Park	Office Lease	OPFA/ OM012023	R21,511,967.46	R33,319,630.00	R3,501,441.00
2.	O.M.A Chartered Accountants	Internal Audit Services	RFQ75/2023	R407,077.00	None	R98,411.25
3.	O.M.A Chartered Accountants	Internal Audit Services	RFQ75/2023	R407,077.00	R98,411.25	R159 694.75
Total						R3,599,8552.25

All contract variations during the 2024/25 financial year were approved by the delegated authority.FSR ACT section 248 (7) states that in addition to the matters which must be included in the annual report and financial statements of the Financial Sector Conduct Authority referred to in section 55 of the Public Finance Management Act, the annual report must set out and contain a statement showing.

FSR COMPLIANCE REPORT

Reference	Requirements	Application
Section 248 (7)(a)	The total number of supervised entities who paid levies imposed in accordance with section 237(1)(b)	981
Section 248 (7)(b)	The total funds distributed from the designated bank account referred to in section 246(2) to the designated bank account of each financial sector body referred to in section 246 (1)	Not applicable
Section 248 (8)(a)	The total number of persons who paid fees determined by that financial sector body in the financial year	Not applicable
Section 248(8)(b)	The total number of supervised entities who paid levies imposed in accordance with section 237(1)(b)	981
Section 248(8)(c)	The total fees collected by the financial sector body	Not applicable
Section 248(8)(d)	The total levies collected on behalf of and received by the financial sector body	R120 516 107

NOTES

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Pension Funds Adjudicator

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