



ANNUAL REPORT

2024 |
2025

UNEMPLOYMENT INSURANCE FUND

ANNUAL REPORT

2024

2025

PUBLISHER

Department of Employment and Labour
Unemployment Insurance Fund
Directorate: Communication and Marketing
230 Lilian Ngoyi Street
Pretoria
0002

LAYOUT, DESIGN, EDITING AND DISTRIBUTION

Directorate: Communication and Marketing

RP NUMBER

223/2023

ISBN NUMBER

978-0-621-51315-8

ANNUAL REPORT
UNEMPLOYMENT INSURANCE FUND
2024|2025

PART A: GENERAL INFORMATION	4
1. PUBLIC ENTITY'S GENERAL INFORMATION	5
2. LIST OF ABBREVIATIONS/ACRONYMS	6
UIF EXECUTIVE COMMITTEE	7
3. FOREWORD BY THE CHAIRPERSON	9
4. COMMISSIONER'S OVERVIEW	14
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	16
6. STRATEGIC OVERVIEW	17
6.1.Vision	17
6.2.Mission	17
6.3.Values	18
7. LEGISLATIVE AND OTHER MANDATES	19
8. ORGANISATIONAL STRUCTURE	20
PART B: PERFORMANCE INFORMATION	22
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	23
2. OVERVIEW OF PERFORMANCE	23
2.1.Service Delivery Environment	23
2.2.Organisational environment	24
2.3.Key policy developments and legislative changes	24
2.4.Progress towards achievement of institutional Impacts and Outcomes	25
3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	29
4. REVENUE COLLECTION	67
5. CAPITAL INVESTMENT	67
PART C: GOVERNANCE	74
1. INTRODUCTION	75
2. PORTFOLIO COMMITTEES (if applicable)	75
3. EXECUTIVE AUTHORITY	76
4. THE ACCOUNTING AUTHORITY / BOARD	76
5. RISK MANAGEMENT	106
6. COMPLIANCE WITH LAWS AND REGULATIONS	108
7. MINIMISING CONFLICT OF INTEREST	108
8. CODE OF CONDUCT	108
9. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	109
10. COMPANY /BOARD SECRETARY	109
11. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	109

PART D: HUMAN RESOURCE MANAGEMENT	111
1. INTRODUCTION	112
2. HUMAN RESOURCE OVERSIGHT STATISTICS	114
PART E: PFMA COMPLIANCE REPORT	121
1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES	122
1.1.Irregular expenditure	122
1.2.Fruitless and wasteful expenditure	127
1.3.Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))	129
2. LATE AND/OR NON-PAYMENT OF SUPPLIERS	132
3. SUPPLY CHAIN MANAGEMENT	132
PART F: FINANCIAL INFORMATION	140
1. REPORT OF THE EXTERNAL AUDITOR	143
2. ANNUAL FINANCIAL STATEMENTS	161

PART A:

GENERAL INFORMATION

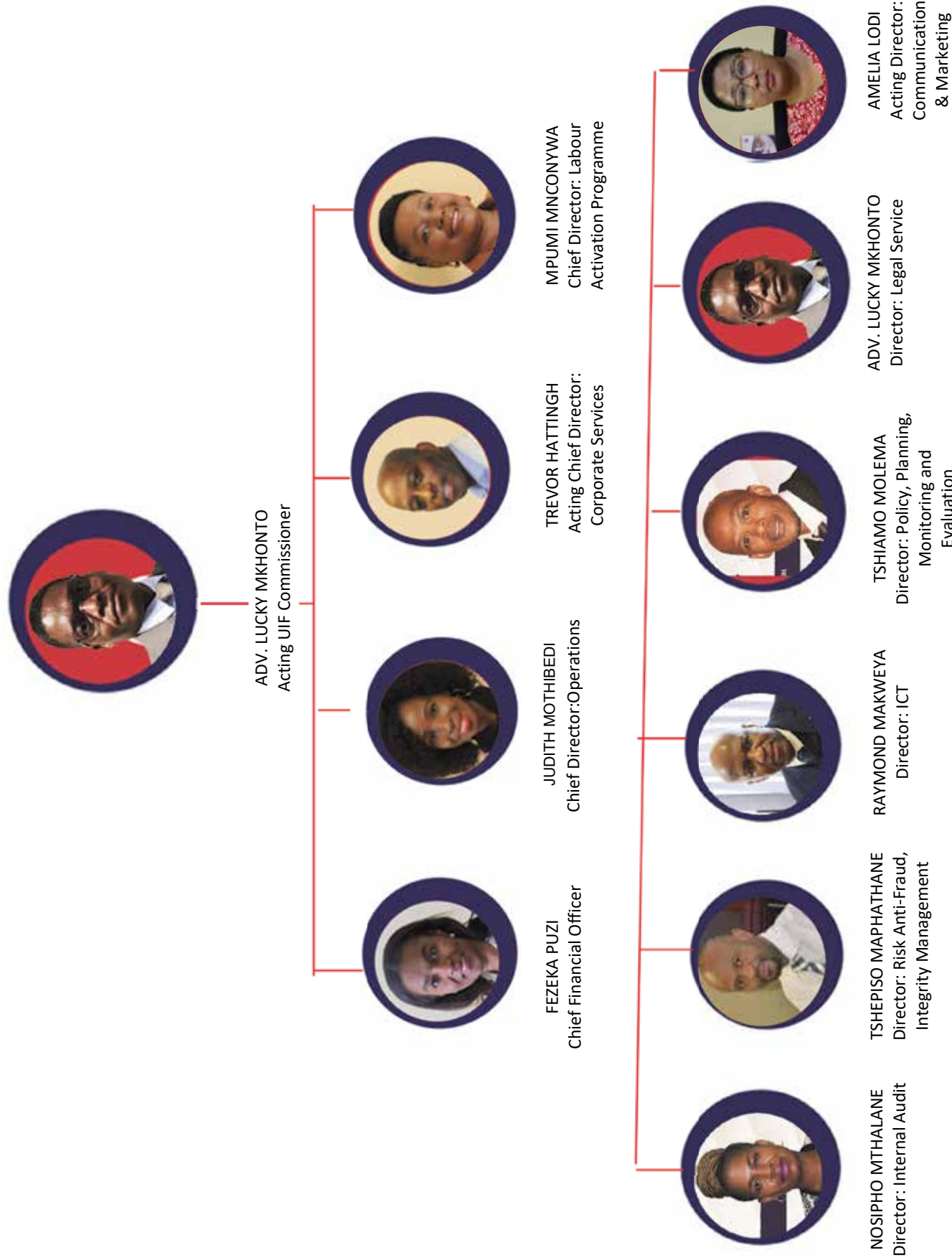
1. PUBLIC ENTITY'S GENERAL INFORMATION

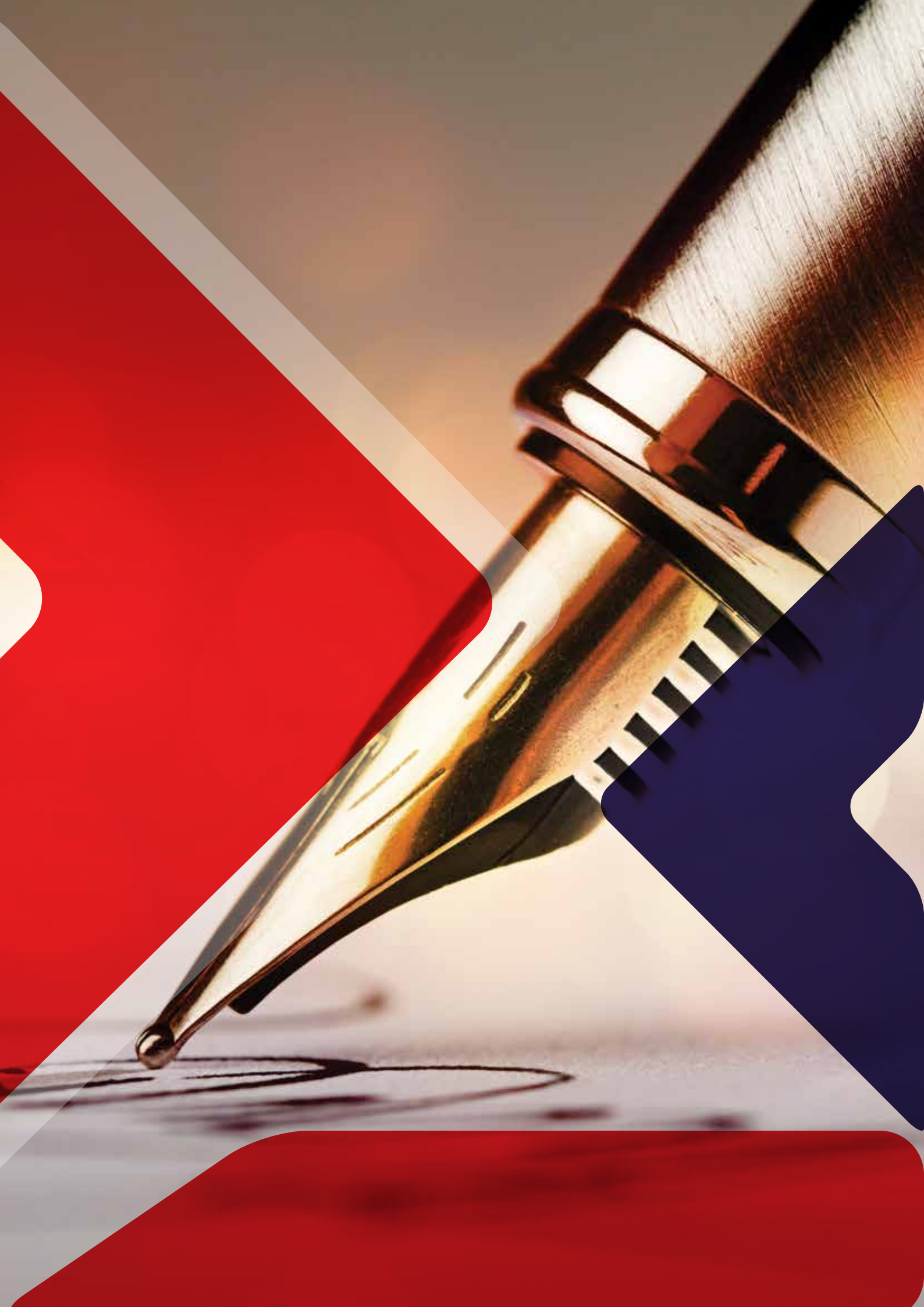
Registered Name:	Unemployment Insurance Fund
Registration Number:	Schedule 3 A Public Entity, established in terms of Section 4 (1) of the Unemployment Insurance Act, 63 of 2001 as amended
Physical Address:	230 Lillian Ngoyi Street Pretoria 0002
Postal Address:	PO Box 1851 Pretoria 0001
Telephone Number/s: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

2. LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
MEC	Member of Executive Council
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
PFMA	Public Finance Management Act, Act 1 of 1999
TR	Treasury Regulations
SCM	Supply Chain Management

UIF EXECUTIVE COMMITTEE





3. FOREWORD BY THE CHAIRPERSON



Ms Zodwa Manase
Board Chairperson
Unemployment Insurance Fund

3.1. INTRODUCTION

The Unemployment Insurance Fund has well-documented challenges, these identified through an analysis of organisational milestones remaining to be fulfilled.

3.2.1. A HIGH-LEVEL OVERVIEW OF THE INSTITUTION'S STRATEGY

Overview of strategic focus areas at the conclusion of the prior year

At the conclusion of the prior year (the 2023/24) annual report; we concluded this report by presenting and tabling organisational strategic focus areas over the medium to long-term period for the UIF. These strategies were as follows:

- The final approval and the implementation of the 'Whole and Responsive Enterprise Architecture ICT Strategy' at the institution.
- Conscious and intentional improvement of the effectiveness of internal control systems and a generally effective internal control environment.
- Completion of currently in-progress medium to long-term exit strategy in respect of 'unlisted investee entities in distress without a prospect of recovery'.
- Addressing the institution's structural defects through completing and implementing the 'Organisation-wide project currently reviewing the holistic structure of the UIF both Legally and Operationally'. Implementation of the 'Fit For Purpose Project' Recommendations. Reinforcement of institutional capacity will be required for a successful implementation of these recommendations.
- An overhaul of the institution's Performance Management System, starting from the planning of organisational performance i.e. the development of the Annual Performance Plan; the Measurement, Reporting, and substantiation of Organisational Performance for Audit Purposes concluding with Formally Linking and Measuring the Performance of Senior Management that must necessarily be reflective of Organisational Performance.

- Improvement of the Audit Outcomes; addressing and eliminating the current year qualifying issues on subsequent audits. Simultaneously addressing and eliminating the 'matters of emphasis' reported in the Auditor General's report on subsequent audits.
- Addressing the control gaps at the Labour Activation Programme inclusive of an overhaul of the process to procure and adjudicate on projects to be potentially funded by the Programme, improving the effectiveness of Governance in LAP and implementing effective monitoring and control mechanisms to ensure that all UIF funds expended on LAP projects necessarily translate into value for money for the UIF.
- Addressing the effectiveness and the efficiency of Operations at Labour Centres country-wide, where the UIF's customers (the employees contributing to the UIF) are serviced on a daily basis.
- Ultimately transforming and running the UIF as a true insurance business with the following outcomes: Requisite Skills, Effectiveness of Operations (delivering on core business), Effective internal control systems and environment; Achieving and maintaining good audit outcomes and producing a financially sound entity.

3.2.2 PERFORMANCE OF THE INSTITUTION AGAINST ITS LEGISLATED ROLE AS THE UNEMPLOYMENT INSURANCE FUND

Overview of performance against the strategic focus areas identified in section 2.1 above.

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

- The Enterprise Architecture ICT Strategy' was approved and partially implemented in the current reporting period of 2024/25
- The combined assurance process was established and fully implemented during the reporting period leading to the timeous submission of the AFS in line with PFMA requirements.
- We report that temporal Financial Management skills to professionally manage the institution's investment portfolio through the contracting of third-party resources has been done and continues to be done while awaiting the implementation of a permanent solution through the implementation of the 'Fit For Purpose Structure'.
- The 'Fit For Purpose Project' recommendations was not implemented as it has dependency on the unbundling project which is currently in process of stakeholder engagement.
- Various service delivery projects were implemented to address the improve the customer services at the entry point. The implementation of the Business Intelligence has since facilitated the increase payments of benefits, the USSD has enabled the beneficiaries to track their submitted benefits claim. The procurement of busses to provide service at the rural areas is at the final stage. The implementation and rolling out of the kiosks at labour centres has afforded the beneficiaries a channel to submit the claims using free online services. Pre completed banking form was launched with two banks ABSA and Capitec to enable the beneficiary to upload. The free Wi fi rolled out to labour centres to enable UIF beneficiaries to access the free UIF services. The mobile APP was rolled out to enable the beneficiaries to access services conveniently.

- During the reporting period an active task team was formed to facilitate the plan of achieving the unqualified AFS by 2026/27.
- Concerns remain over the modus operandi of the Labour Activation Programme. The Board was and continues to be concerned about the effectiveness of governance at the LAP and the value for money on UIF funds expended by the Labour Activation Programme on its projects year after year. An informed and holistic plan to address the Labour Activation Programme in its entirety remains to be developed.
- The legal status of the Board is that it remains as an Advisory Board, with the well-documented implications of this status quo. The institution has embarked on an organisation-wide strategic project to review the holistic structure of the UIF both legally and operationally.

3.2 STRATEGIC RELATIONSHIPS

The UIF has the following strategic relationships:

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

3.4. CHALLENGES FACED BY THE BOARD.

Challenges reported in the prior year, remain as challenges in the current year. They are as follows:

- The Board remains an Advisory Board; accordingly, it is not legally or functionally empowered to implement its vision and turnaround plan for the UIF. This structural defect is exacerbated by the overall culture of organisational non-performance.
- The absence of joint planning, coordination, and execution between the Board, Management, the Accounting Authority and the Executive Authority during the year under review.

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

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

The strategic focus areas directly emanate from the focus areas reported in the prior year, remain as focus areas in the current year. They are as follows:

- The finalisation of the 'Whole and Responsive Enterprise Architecture ICT digitalisation Strategy' at the institution implementation.
- Conscious and intentional improvement of the effectiveness of internal control systems and a generally effective internal control environment.
- Completion of currently in-progress medium to long-term exit strategy in respect of 'unlisted investee entities in distress without a prospect of recovery'.
- Improvement of the Audit Outcomes; addressing and eliminating the current year qualifying issues on subsequent audits. Simultaneously addressing and eliminating the 'matters of emphasis' reported in the Auditor General's report on subsequent audits.
- Addressing the control gaps at the Labour Activation Programme inclusive of an overhaul of the process to procure and adjudicate on projects to be potentially funded by the Programme, improving the effectiveness of Governance in LAP and implementing effective monitoring and control mechanisms to ensure that all UIF funds expended on LAP projects necessarily translate into value for money for the UIF.
- Addressing the effectiveness and the efficiency of Operations at Labour Centres country-wide, where the UIF's customers (the employees contributing to the UIF) are serviced on a daily basis.
- Fast-tracking the UIF Act amendment in line with the unbundling project and
- Addressing the institution's structural defects through completing and implementing the 'Organisation-wide project currently reviewing the holistic structure of the UIF both Legally and Operationally'. Reinforcement of institutional capacity will be required for a successful implementation of these recommendations.

3.6. HIGHLIGHTS

We highlight the following success areas either as milestones executed or as milestones in progress:

- The temporal contracted third-party resources. Financial Management skills which assist with the professional management of the institution's investment portfolio through the reporting period.
- The submission 2024/25 AFS in line with the legislative requirement.
- The commencement of the unbundling stakeholder engagements.
- Performance management processes has significantly improved on programme 1 and 2.

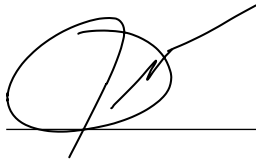
3.7 ACKNOWLEDGEMENTS /APPRECIATION

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

- The Honourable Minister of the Department of Employment and Labour (the Department) Ms A. N Meth and the Ministry Team for the leadership provided.
- The Chairperson of the Public Investment Commission (the PIC) the Honourable Deputy Minister of Finance Dr D Masondo for his strategic support during the year
- The Acting Director-General of the Department.
- The Commissioner and the Management Team.
- NEDLAC.
- The PIC Management.
- CCMA
- Productivity SA

3.8. CONCLUSION

The UIF Board, UIC, Management and the stakeholders will have to collectively work diligently so as to achieve the critical and major organisational milestones to facilitate the objective of short term insurance to beneficiaries, job creation, preservation. This will ensure significant improvement on service delivery (both Benefits claims and LAP) and investment management.



Ms Z. Manase
Board Chairperson
Unemployment Insurance Fund

4. COMMISSIONER'S OVERVIEW



Name: Lucky Mkhonto
Acting UIF Commissioner

The Unemployment Insurance Fund (UIF) Annual Report demonstrates a continued commitment to deliver social protection to contributors and beneficiaries with integrity, transparency and accountability.

During the period under review, the Fund maintained financial stability and ensured that benefits were paid to qualifying contributors. Pleasing to note in this regard is that, for the 2024/25 financial year, the UIF managed to spend 99% of its allocated budget.

We continued to implement training projects and employment initiatives through the Labour Activation Programme (LAP) in partnership with private businesses and government entities.

The Fund continued to process outstanding COVID19 Temporary Employer- Employee Relief Scheme (COVID-19 TERS) and WABU special relief scheme applications of workers. These outstanding claims emanate from disputes and appeals, or arbitration process that needed to be finalised.

In ensuring that monies paid out in respect of COVID-19 TERS reached their intended beneficiaries, the UIF initiated the Follow the Money project to verify claims we received. Since the inception of the project in 2021, the Fund has recovered at least R2.5 billion from employers.

A number of service delivery initiatives were put in place to enhance customer experience at the point of entry. Through the installation of kiosks at labour centres, clients now have a self-service platform to submit their claims. The last phase of the purchase of 17 mobile buses to provide service to rural communities is almost complete and will soon provide an additional service platform to our clients.

We continue to work with ABSA and Capitec bank to ensure that clients are able to draw pre-completed banking forms from ATMs, consideration is made to expand this service to other banks as well. The provision of free Wi-Fi at 126 labour centres across the country continues to add significant value the customer experience at service point levels.

It is worth noting that the Unemployment Insurance Fund has not been without challenges. Capacity constraints, particularly in the areas of ICT infrastructure and human resources, have impacted service turnaround times. The Fund implemented a manual process to address system challenges and introduced overtime across all provinces to expedite claims processing during the review period. As a result, 93% of claims were finalised within 15 working days against the annual target of 92%.

Other adverse challenges include the UIF advisory Board, which is not legally or functionally empowered to implement its vision and turnaround plan for the UIF, including the

absence of joint planning, coordination, and execution between the UIF Board, Management, the Accounting Authority, and the Executive Authority during the year under review. These were reported in the prior year and severely restrict the Board's effectiveness as a governance structure.

In the area of Supply Chain Management (SCM), the Fund continues to uphold the principles of fairness, transparency, and cost-effectiveness. UIF has reviewed the Supply Chain Management (SCM) policy to include transformation requirements for preferential procurement. These are the preferential procurement targets as per our annual procurement plan 40% target for women, 30% for youth, and lastly 7% for persons with disability.

Audit matters raised in the previous year have been thoroughly examined, and corrective actions are being implemented to strengthen governance and resolve underlying issues. Despite ongoing operational difficulties, strategies such as accelerated digitisation, skills development, and stricter financial controls have been developed.

On behalf of management and staff, I wish to express sincere appreciation to our social partners, and all stakeholders for their continued support and collaboration. The UIF remains committed to fulfilling its mandate with integrity and accountability, ensuring that it continues to serve as a reliable pillar of social protection.



(Lucky Mkhonto)
Acting Commissioner
Unemployment Insurance Fund
Date: 29/08/2025

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

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the AGSA

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

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

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

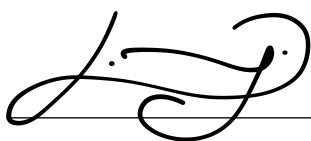
The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully



Acting Unemployment Insurance Commissioner
Mr Lucky Mkhonto
Date: 29/08/2025



Chairperson of the Board
Ms Z. Manase
Date: 29/08/2025

6. STRATEGIC OVERVIEW

6.1. Vision

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

6.2. Mission

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

The mission can be further elaborated as follows:

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

6.3. Values

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

7. LEGISLATIVE AND OTHER MANDATES

The UIF is a Schedule 3 A Public Entity, established in terms of Section 4 (1) of the Unemployment Insurance Act, 63 of 2001 as amended

7.1 Constitutional mandate

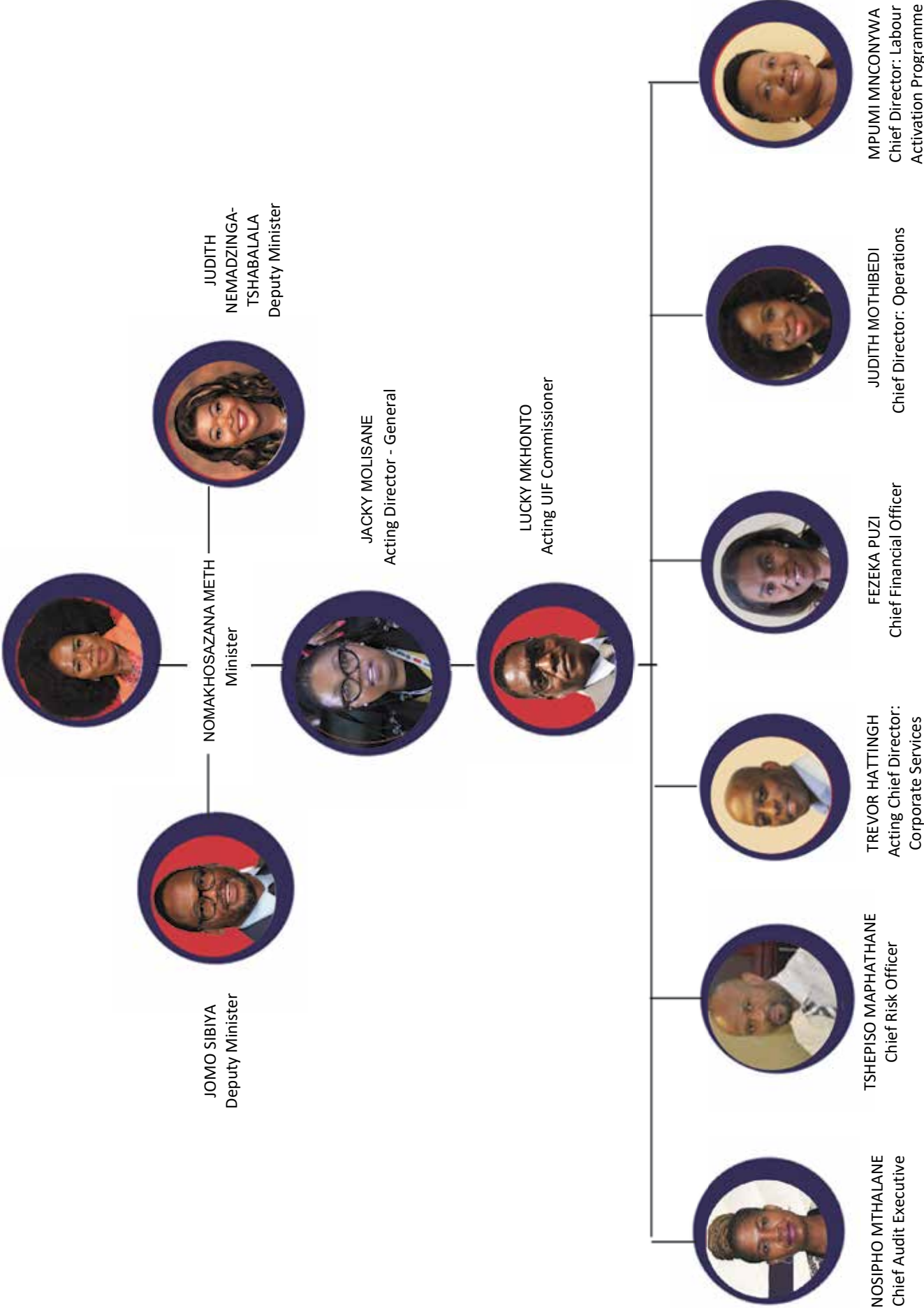
The supreme mandate of the UIF is derived from section 27 (1) (c) of the Constitution of the Republic of South Africa. The UIF provides social security to its contributors in line with section 27 (1) (c), which states that “everyone has the right to social security”.

7.2 Legislative Mandate

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

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

8. ORGANISATIONAL STRUCTURE





PART B:

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 144 of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

Employability programmes

During the period under review, a total of 28 563 beneficiaries were recruited to participate on Public Employment Programmes for enhanced employability, of these, 83% are youth and women. This was against the annual target of 360 000 which could not be achieved due to delays in finalising employability contracts and enhanced due diligence measures, including a revised funding agreement.

Support to business enterprise

The Fund supported over 860 business enterprises through the Labour Activation Programmes. This was against the annual target of 90. The support provided both monetary and non-monetary which includes access to markets, nurturing, business turnaround, restructuring or establishment of a cooperative. The target was exceeded due to the continuation of NYDA projects and Productivity SA which are supporting several business enterprises.

Unemployment benefits

A total of 625 912 valid unemployment claims with complete information were received through various Labour Centres, of 583,990 claims were finalised within 15 working days. The office implemented a manual process to address system challenges and introduced overtime across all provinces to expedite claims processing. As a result, 93% of claims were finalized within 15 working days against the annual target of 92%.

In-service benefits

A total of 49,718 for valid maternity, illness and adoption claims with complete information were received through various Labour Centres, of which 44,929 claims were finalised. This translates to 90% against the annual target of 92% within 10 working days. The system challenges had a high negative impact on the turnaround time for this benefits. The intervention of manual process and overtime were put in place and the performance improved to 90% however the target of 92% could still not be achieved due to increase of volumes of in service claims as compared to the previous financial year.

Deceased benefits

A total of 6,276 valid deceased benefit claims with complete information were received through various Labour Centres, of which 6,921 claims were finalised within 20 working days. This translates to 91% against the annual target of 92% within 20 working days. The target was missed by 1%. The target for valid claims is higher as compared to the invalid claims, as a result the system challenges had a high negative impact on the turnaround time for valid death benefits. Intervention of overtime was put in place and the performance improved to 91% however the target of 92% could still not be achieved.

2.2. Organisational environment

The new Minister, Deputy Ministers and the acting Director –General of the Department of Employment and Labour were appointed during the period under review. The instability at the UIF management is continuing as the UIF Commissioner was put on precautionary suspension as a result, three acting commissioners alternated on this acting position. The review of the Macro-organizational structure by the Price Water Coppers was concluded and the recommendations are being implemented by the Fund.

There is growth in the demand for UIF services whilst capacity and infrastructure of the Fund remained the same. The Fund will fast track the implementation of Fit-for- purpose structure as well as the unbundling processes. There is an increase in capacity of processing staff at the Labour centers. The processing officials have been approved to work overtime and the system capacity will be reviewed to handle the huge volumes. The SITA network challenges at the labour centers have been escalated to SITA.

In order to function effectively and efficiently, the UIF requires a strong and strategic organisational support structure complemented by up-to-date soft and hard infrastructure. The delivery of social insurance services requires amongst others; an adequate and capable cadre of personnel, and reliable, skilled personnel and reliable ICT services.

2.3. Key policy developments and legislative changes

No major changes

2.4. Progress towards achievement of institutional Impacts and Outcomes

PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact statement : A labour market which is conducive to decent employment			
Outcome	Outcome Indicators	Five year target	Progress
Functional and Efficient UIF	Improved audit opinion obtained from auditors	Clean audit opinion obtained by March 2025	The Fund received a qualified during the period under review.
	Improved compliance with Protection of Personal Information Act (POPIA)	100% of POPIA implemented by 31 March 2025	93% (26/28) of POPIA implemented
	Improved resolution of reported incidents of Fraud and corruption	80% of simple cases finalised within 90 working days by 31 March 2025	100% (24/24) of simple cases finalised within 90 working days)
		80% of complex cases finalised within 365 calendar days by 31 March 2025	39% (170/440) of complex cases finalised within 365 calendar days
	Improved turnaround time to pay suppliers	100% valid invoices paid 30 calendar days after receipt by March 2025	75% (13977/18722) of valid invoices paid within 30 calendar days of receipt
	Increased verification of identified COVID-19 TERS payments	24 623 of identified COVID-19 TERS payments verified by 31 March 2025	26 321 identified COVID-19 TERS payments verified
	Increased verification of WABU payments	100% of WABU payments verified by 31 March 2024	89% (5 916/6 661)
	COVID-19 TERS Impact Evaluation conducted	COVID-19 TERS impact evaluation report produced by 31 March 2024	5 COVID-19 TERS projects evaluated
			COVID-19 TERS impact evaluation report was produced
	Impact assessment on LAP	LAP impact evaluation report	5 LAP projects evaluated

Impact statement : A labour market which is conducive to decent employment			
Outcome	Outcome Indicators	Five year target	Progress
	projects conducted	produced by 31 March 2024	32 Kiosks and 11 buses were not rolled out during the 2023/24 financial year. The indicator was removed from 2024/25 APP which is where the significant progress was made in terms of procurement. The non-achievement was due to the high work volumes and the inadequate Human Resource capacity in the procurement space during the execution period.
	Improved accessibility to UIF services by clients	32 Kiosks rolled out by 31 March 2024 21 Buses deployed to provinces by 31 March 2025	
	Improved claims management system	An Integrated Claims Management System deployed by 31 March 2024	
	Improved compliance with the	93% of the approved strategic asset	An Integrated Claims Management System is not deployed. The ECC6 system was developed and successfully migrated to Linux. Labour Activation Programmes (LAP) Temporary Employee Relief Scheme (TERS) system has been deployed live. Engagements with Banks for integration took place. Quality Assurance review in progress. 100% - 5% = 95%

Impact statement : A labour market which is conducive to decent employment			
Outcome	Outcome Indicators	Five year target	Progress
Strengthened institutional capacity of the Fund.	approved strategic asset allocation mandate	allocation mandate implemented by 31 March 2025	
	Improved knowledge of client experience Improved Human Resource Capacity	4 Client experience surveys conducted by 31 March 2025 Vacancy rate reduced to ≤7% by 31 March 2025	4 Client experience surveys conducted Vacancy rate was reduced to 3.6% (22 vacancies/600 establishment)
More decent jobs created	Improved turnaround for approving or rejecting valid Temporary Employer/Employee Scheme (TERS) applications by the delegated Authority.	90% of valid Temporary Employer/Employee Scheme (TERS) applications approved or rejected by the delegated Authority within 20 working days by 31 March 2025	32% (19/59)
	Improved participation of beneficiaries in employability programmes	155 000 beneficiaries participating in employability programmes by 31 March 2025	42343
		50% of vulnerable groups participating in employability programmes by 31 March 2025	83% (23 583 /28 563)
	Improved compliance with funding agreements by funded partners Increase in the number of business enterprises supported	90% of funded project monitored by 31 March 2025 170 businesses supported by 31 March 2025	89% (411/460) 1277
An inclusive and	Improved social security	98% of new companies with	100% (248 172/249 168)

Impact statement : A labour market which is conducive to decent employment			
Outcome	Outcome Indicators	Five year target	Progress
responsive social security coverage	coverage	complete, accurate and verified information created with registration document (UI 54) within 1 working day by 31 March 2025	
		99% of complete, accurate and verified benefit payment documents created within 3 working days by 31 March 2025	92% (13 872 787/15 155 369)
		95% of Unemployment benefit claims with complete, accurate and verified information approved or rejected within 15 working days by 31 March 2025	91% (4 373 272/ 4 789 481)
		95% of In-service benefits; Maternity, illness and adoption benefit claims with complete, accurate and verified information approved or rejected within 7 working days by 31 March 2025	89% (467 009/525 073)
		95 % of deceased benefit claims with complete, accurate and verified information approved or rejected within 10 working days by 31 March 2025	92% (58760/ 63 797)

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

Programme 1: Administration.

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

Chief Directorates and purpose:

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

Programme 2: Business Operations

Purpose: To collect contributions and pay benefits

Programme 3: Labour Activation Programme

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

Institutional outcomes that each programme contributes to:

Programme	Outcome
Programme 1: Administration	• Functional and Efficient UIF • Strengthened institutional capacity of the Fun
Programme 2: Business Operations	An inclusive and responsive Social security coverage
Programme 3: Labour Activation Programme	More decent jobs created

Programme 1:Administration								
Purpose: provide management, strategic and administrative support services to management								
Outcome	Output	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	Reasons for deviations
Functional and Efficient UIF	Implemented audit action plans	% of audit action plans implemented	93/122(76%) of external audit findings resolved	70% (86/123) of audit action plan implemented	100% of audit action plans implemented	Not Achieved 34% (48/140) % of audit action plans implemented.	Target missed by 66%	Implementation progress coincided with the 2023/24 AGSA audit
	Implemented POPIA Implementation matrix	% of POPIA implemented	New indicator	100% (23/23)	100% of POPIA implemented	Not Achieved 60% (3/5) of the POPIA activities were implemented.	Target missed by 40%	Lack of capacity in the OUIIC.
	Fraud and corruption cases investigated	% of fraud and corruption cases finalised	39% (51/131) of cases finalised within 90 working days.56 finalised outside turnaround time.	100% (9/9)	80% of simple cases finalised within 90 working days	Achieved 100% (15/15 simple cases finalised within 90 working days)	Target overachieved by 20%	Fewer simple cases received
				87% (61/70)	80% of complex cases finalised within 365 calendar days	Not Achieved 65% (40/62)	Target missed by 35%	Cost Containment Measures: The Fund's temporary suspension of travel for investigations hindered progress, as critical steps (such as obtaining witness statements and conducting interviews) could not be completed. This created a four-month backlog until the Commissioner granted approval for investigator travel.

Programme 1:Administration								
Purpose: provide management, strategic and administrative support services to management								
Outcome	Output	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	Reasons for deviations
Strengthened institutional capacity of the Fund								Transition in Leadership: Delays occurred due to the handover between the retired Senior Practitioner and the acting Senior Practitioner, affecting case allocation efficiency
	Suppliers paid within 30 calendar days	% of valid invoices paid within 30 calendar days of receipt	99.7% (1305/1309)	80.4% (3241/4030)	100% of valid invoices paid within 30 calendar days of receipt	Not Achieved 52% (4 282/8178) invoices paid within 30 days	Target missed by 48%	Increase in volumes of invoices received due to accelerated implementation of LAP projects, travelling and implementation of Follow The Money project
	Reduced vacancy rate	% of vacancies reduced	4.8% (29 vacancies /602 establishment)	Vacancy Rate:5.2% >4 months:31 posts (33-2 posts in OE process) Establishment :600(602-2 posts in OE process)	Vacancy rate reduced to ≤7%	Achieved 3.6% (22 vacancies/600 establishment)	No deviation, the target requires any figure which is equal or less than 7%	N/A
Functional and Efficient UIF	Verified COVID-19 TERS payments	Number of identified COVID-19 TERS payments verified	1130 identified COVID-19 TERS payments verified	10 719	14123 identified COVID-19 TERS payments verified	Achieved 14 472	Target overachieved by 1 349	The appointment of 27 service providers led to more payments being verified

Programme 1:Administration								
Purpose: provide management, strategic and administrative support services to management								
Outcome	Output	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	Reasons for deviations
	Compliance with the strategic asset allocation mandate	% compliance with the approved strategic asset allocation mandate	No indicator	100%-5% 95%	90%	Achieved 100%	Target overachieved by 10%	Favourable economic conditions
	Conducted client experience surveys	Number of Client experience surveys conducted	No indicator	2 client experience surveys conducted	2 client experience surveys conducted	Achieved 2 client experience surveys were conducted	No deviation	N/A
	COVID-19 TERS evaluation reports produced	Number of COVID-19 TERS projects Evaluated	No indicator	COVID-19 TERS impact evaluation report was produced	5 COVID-19 TERS projects evaluated	Achieved 5 COVID-19 TERS projects were evaluated	No deviation	N/A
	LAP evaluation reports produced	Number of LAP projects evaluated	No indicator	LAP impact assessment report was produced	5 LAP projects evaluated	Achieved 5 LAP projects were evaluated	No deviation	N/A
	Implemented PwC recommendations	% of PwC recommendations implemented	No indicator	No indicator	70% of PWC recommendations Implemented	Not Achieved 45% (24/53) recommendations implemented	Target missed by 25%	Procurement process took longer than anticipated in procuring the service provider to assist with the implementation of the Micro-structure.

Programme 2: Business Operations								
Purpose : To collect contributions and pay benefits								
Outcome	Output	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	Reasons for deviations
An inclusive and responsive social security coverage	Improved turnaround time to create a registration document (UI54)	% of new companies with complete, accurate and verified information created with registration document (UI 54) within 1 working day	100%(510/511) within 1 working day	100%(47535/47577)	97% of new companies with complete, accurate and verified information created with registration document (UI 54) within 1 working day	Achieved 100% within 1 working day	Target overachieved by 3%	Effective monitoring tool/ process put in place to ensure that the registration requests are received, allocated and finalised within one working day.
						Province		
						Created		
						Finalised		
						Finalised %		
						CIPC		
						Eastern Cape		
						Free State		
						Gauteng		
						Head		

Programme 2: Business Operations									
Purpose : To collect contributions and pay benefits									
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025			Reasons for deviations
						Office	87	81	
						KwaZulu-Natal	666	663	100%
						Limpopo	979	955	98%
						Mpumalanga	14	14	100%
						North West	161	159	99%
						Northern Cape	374	359	96%
						UIF Online	25,210	25,209	100%
						Western Cape	1,268	1,257	99%

Programme 2: Business Operations																								
Purpose : To collect contributions and pay benefits																								
Outcome	Output	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	Reasons for deviations																
						<table><tr><td>Grand Total</td><td>43,103</td><td>43,002</td><td>100%</td></tr></table>	Grand Total	43,103	43,002	100%														
Grand Total	43,103	43,002	100%																					
	Improved turnaround time to create Benefit payment documents	% of complete, accurate and verified benefit payment documents created within 5 working days	96% (2834207/ 2940 733) within 3 working days	68% (1694 287/2 484 534)	95% of complete , accurate and verified benefit payment documents created within 5 working days	Not achieved 89% within 5 working days <table><tr><th>Province</th><th>Create d</th><th>Finali sed</th><th>Finali sed %</th></tr><tr><td>Eastern Cape</td><td>278,113</td><td>241,551</td><td>87%</td></tr><tr><td>Free State</td><td>159,885</td><td>150,197</td><td>94%</td></tr><tr><td>Gauten</td><td>809,07</td><td>721,6</td><td>89%</td></tr></table>	Province	Create d	Finali sed	Finali sed %	Eastern Cape	278,113	241,551	87%	Free State	159,885	150,197	94%	Gauten	809,07	721,6	89%	Target missed by 6%	Turnaround time is only 5 working days as a result the system challenges had a high negative impact on the turnaround time for processing of payment documents. Intervention of manual process and overtime were put in place and the performance improved to 89% however the target of 95% could still not be achieved due to a 23% increase in volumes of payment requests as compared to the previous financial year.
Province	Create d	Finali sed	Finali sed %																					
Eastern Cape	278,113	241,551	87%																					
Free State	159,885	150,197	94%																					
Gauten	809,07	721,6	89%																					

Programme 2: Business Operations									
Purpose : To collect contributions and pay benefits									
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025			Reasons for deviations
						g	5	28	
						Head Office	1	1 100%	
						KwaZulu-Natal	623,470	562,015 90%	
						Limpopo	270,853	240,030 89%	
						Mpumalanga	194,334	174,261 90%	
						North West	172,820	164,150 95%	
						Northern Cape	81,045	69,782 86%	
						Western Cape	465,304	408,247 88%	

Programme 2: Business Operations										
Purpose : To collect contributions and pay benefits										
Outcome	Output	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	Reasons for deviations
						Grand Total	3,054,900	2,731,862	89%	
						Breakdown by Nationality				
						Natio nality	Creat ed	Finalize d	% Finalis ed	
						FN ID	25,132	24,459	97%	
						RSA ID	3,029,768	2,707,403	89%	
						Grand Total	3,054,900	2,731,862	89%	

Programme 2: Business Operations									
Purpose : To collect contributions and pay benefits									
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025			Reasons for deviations
An inclusive and responsive social security coverage	Improved turnaround time to approve or reject valid unemployment benefit claims	% of Unemployment benefit claims finalised within the set timeframes	89%(925543/1039973) within 15 working days	94% (950174/1007309)	92% of valid unemployment benefit claims with complete , accurate and verified information approved or rejected within 15 working days	900 62			Deviation from planned target to Actual Achievement 2024/2025
						Target overachieved by 1%			
						The office implemented a manual process to address system challenges and introduced overtime across all provinces to expedite claims processing. As a result, 93% of claims were finalized within 15 working days.			
						12% (77,837) of finalized claims were done after hours and 81% (506,153) during normal working hours.			Overtime was worked in every quarter of the financial year due to increase in volumes of claims as compared to previous financial year and also as a result of systems challenges.

Programme 2: Business Operations									
Purpose : To collect contributions and pay benefits									
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025			Reasons for deviations
						58	80		
						Mpumalanga	45,214	43,435	96%
						North West	48,757	46,716	96%
						Northern Cape	16,789	13,355	80%
						Western Cape	121,948	111,028	91%
						Grand Total	625,912	583,990	93%
Breakdown by Nationality									
						Province	Created	Finalised	Finalised %

Programme 2: Business Operations																						
Purpose : To collect contributions and pay benefits																						
Outcome	Output	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	Reasons for deviations												
						FN ID 2,861 2,331 81%																
						RSA ID 623,051 581,659 93%																
						Grand Total 625,912 583,990 93%																
			No target	No target	60% of invalid unemployment benefit claims finalised within 30 working days	Achieved 81% within 30 working days <table><tr><th>Province</th><th>Created</th><th>Finalised</th><th>Finalised %</th></tr><tr><td>Eastern Cape</td><td>73,413</td><td>58,684</td><td>80%</td></tr><tr><td>Free</td><td>13,5</td><td>12,4</td><td>92%</td></tr></table>			Province	Created	Finalised	Finalised %	Eastern Cape	73,413	58,684	80%	Free	13,5	12,4	92%	Target overachieved by 21%	The office implemented a manual process to address system challenges and introduced overtime across all provinces to expedite claim processing. As a result, 81% of claims were finalized within 30 working days. Intervention of manual process and overtime that were put in place contributed to the over achievement. 8% (50,477) of finalized claims were done after hours. Overtime was worked in every quarter of the financial year due to
Province	Created	Finalised	Finalised %																			
Eastern Cape	73,413	58,684	80%																			
Free	13,5	12,4	92%																			

Programme 2: Business Operations									
Purpose : To collect contributions and pay benefits									
Outcome	Output	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	Reasons for deviations
						Western Cape	73,8 78	59,2 74	80%
						Grand Total	654, 878	531, 324	81%
Breakdown by Nationality									
						Province	Created	Finalised within 30days	% Finalised
						FN ID	4620	1952	42%
						RSA ID	6502 58	52937 2	81%
						Grand	6548	53132	81%

Programme 2: Business Operations																													
Purpose : To collect contributions and pay benefits																													
Outcome	Output	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	Reasons for deviations																				
							<table><tr><td>Total</td><td>78</td><td>4</td></tr></table>	Total	78	4																			
Total	78	4																											
	Improved turnaround to approve or reject valid in-service benefit claims	% of In-service benefit claims finalised within the set timeframes	85%(101 021/118 816) within 10 working days	90%(106 298/117 806)	92% of valid In-service benefit claims (maternity, illness and adoption) with complete, accurate and verified information	Not achieved 90% within 10 working days <table><tr><th>Province</th><th>Created</th><th>Finalised</th><th>Finalised %</th></tr><tr><td>Eastern Cape</td><td>3,343</td><td>2,849</td><td>85%</td></tr><tr><td>Free State</td><td>2,927</td><td>2,860</td><td>98%</td></tr><tr><td>Gauteng</td><td>6,674</td><td>6,111</td><td>92%</td></tr><tr><td>KwaZulu-</td><td>10,25</td><td>9,866</td><td>96%</td></tr></table>		Province	Created	Finalised	Finalised %	Eastern Cape	3,343	2,849	85%	Free State	2,927	2,860	98%	Gauteng	6,674	6,111	92%	KwaZulu-	10,25	9,866	96%	Target missed by 2%	Turnaround time for valid in service benefits is lesser compared to unemployment turnaround time as a result the system challenges had a high negative impact on the turnaround time for in service benefits. Intervention of manual process and overtime were put in place and the performance improved to 90% however the target of 92% could still not be achieved due to increase of volumes of in service claims as compared to the previous financial year
Province	Created	Finalised	Finalised %																										
Eastern Cape	3,343	2,849	85%																										
Free State	2,927	2,860	98%																										
Gauteng	6,674	6,111	92%																										
KwaZulu-	10,25	9,866	96%																										

Programme 2: Business Operations									
Purpose : To collect contributions and pay benefits									
Outcome	Output	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
					approved or rejected within 10 working days	Natal	6		
						Limpopo	4,902	4,418	90%
						Mpumalanga	2,362	2,181	92%
						North West	3,219	3,091	96%
						Northern Cape	792	547	69%
						Western Cape	15,243	13,006	85%
						Grand Total	49,718	44,929	90%
Breakdown by Nationality									
						Province	Created	Finalised	Finalised %

Programme 2: Business Operations										
Purpose : To collect contributions and pay benefits										
Outcome	Output	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	Reasons for deviations	
						FN ID	422	345	82%	
						RSA ID	49,29	44,58	90%	
						Grand Total	49,71	44,92	90%	
						Breakdown by benefit type				
						Province	Created	Finalised	Finalised	
						Adoption	15	15		
						Illness	7,502	6,686		
						Maternity	41,123	37,277		
						Parental	1,078	951		
						Grand Total	49,718	44,929		

Programme 2: Business Operations									
Purpose : To collect contributions and pay benefits									
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025			Reasons for deviations
						0	6	7	
						Mpumalanga	5,29	3,20	
							7	0	60%
						North West	2,59	1,84	
							2	0	71%
						Northern Cape	2,39	1,46	
							9	6	61%
						Western Cape	15,9	10,5	
							48	74	66%
						Grand Total	95,2	64,8	
							59	60	68%
Breakdown by Nationality									
						Provi	Creat	Finalis	% Final

Programme 2: Business Operations											
Purpose : To collect contributions and pay benefits											
Outcome	Output	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	Reasons for deviations
						nce	ed	ed	ised		
						FN ID	1,142	279	24%		
						RSA ID	94,552	64,581	68%		
						Grand Total	95,694	64,860	68%		
Breakdown by benefit type											
						Province	Created	Finalised	% Finalised		
						Adopti			58%		

Programme 2: Business Operations																			
Purpose : To collect contributions and pay benefits																			
Outcome	Output	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	Reasons for deviations								
						on	73	42											
						Illness	14,872	9,462	64%										
						Maternity	78,770	54,247	69%										
						Parental	1,544	1,109	72%										
						Grand Total	95,259	64,860	68%										
						Not achieved													
An inclusive and responsive social security coverage	Improved turnaround time to approve or reject valid deceased benefit claims	% of deceased benefit claims finalised within the set timeframes	89%(12357/13836)	96%(13785/14312)	92% of valid deceased benefit claims with complete , accurate	91% within 20 working days				Target missed by 1%	The percentage target is higher for valid death benefits as compared to the invalid deceased benefits, as a result the system challenges had a high negative impact on the turnaround time for valid death benefits.								
				<table><tr><td>Province</td><td>Created</td><td>Finalised</td><td>Finalised %</td></tr><tr><td></td><td></td><td></td><td></td></tr></table>				Province	Created	Finalised	Finalised %								
Province	Created	Finalised	Finalised %																

Programme 2: Business Operations											
Purpose : To collect contributions and pay benefits											
Outcome	Output	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	Reasons for deviations
					and verified information approved or rejected within 20 working days	Eastern Cape	1,053	942	89%		Intervention of overtime was put in place and the performance improved to 91% however the target of 92% could still not be achieved.
						Free State	577	562	97%		
						Gauteng	931	761	82%		
						KwaZulu-Natal	1,221	1,156	95%		
						Limpopo	676	625	92%		
						Mpumalanga	580	532	92%		
						North West	483	461	95%		
						Northern Cape	206	111	54%		
						Western Cape	1,194	1,126	94%		

Programme 2: Business Operations																															
Purpose : To collect contributions and pay benefits																															
Outcome	Output	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	Reasons for deviations																					
						<table><tr><td>Grand Total</td><td>6,921</td><td>6,276</td><td>91%</td></tr></table> Breakdown by Nationality <table><tr><td>Province</td><td>Created</td><td>Finalised</td><td>Finalised %</td></tr><tr><td>FN ID</td><td>31</td><td>27</td><td>87%</td></tr><tr><td>RSA ID</td><td>6,890</td><td>6,249</td><td>91%</td></tr><tr><td>Grand Total</td><td>6,921</td><td>6,276</td><td>91%</td></tr></table>			Grand Total	6,921	6,276	91%	Province	Created	Finalised	Finalised %	FN ID	31	27	87%	RSA ID	6,890	6,249	91%	Grand Total	6,921	6,276	91%			
Grand Total	6,921	6,276	91%																												
Province	Created	Finalised	Finalised %																												
FN ID	31	27	87%																												
RSA ID	6,890	6,249	91%																												
Grand Total	6,921	6,276	91%																												
			No target	No target	60% of invalid deceased benefit claims finalised within 30 working days	Target achieved 62% within 30 working days			Target overachieved by 2%	Turnaround time for invalid death benefits is longer compared to the valid death benefit turnaround time as a result the system challenges had a minor negative impact on the turnaround time for invalid in service benefits. Intervention of manual process and overtime that were put in place																					

Programme 2: Business Operations																							
Purpose : To collect contributions and pay benefits																							
Outcome	Output	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	Reasons for deviations														
						<table><tr><td>Northern Cape</td><td>490</td><td>278</td><td>57%</td></tr><tr><td>Western Cape</td><td>1,557</td><td>956</td><td>61%</td></tr><tr><td>Grand Total</td><td>11,551</td><td>7,174</td><td>62%</td></tr></table>		Northern Cape	490	278	57%	Western Cape	1,557	956	61%	Grand Total	11,551	7,174	62%				
Northern Cape	490	278	57%																				
Western Cape	1,557	956	61%																				
Grand Total	11,551	7,174	62%																				
Breakdown by Nationality																							
						<table><tr><th>Province</th><th>Created</th><th>Finalised</th><th>% Finalised</th></tr><tr><td>FN ID</td><td>71</td><td>31</td><td>44%</td></tr><tr><td>RSA ID</td><td>11,480</td><td>7,143</td><td>62%</td></tr></table>		Province	Created	Finalised	% Finalised	FN ID	71	31	44%	RSA ID	11,480	7,143	62%				
Province	Created	Finalised	% Finalised																				
FN ID	71	31	44%																				
RSA ID	11,480	7,143	62%																				

Programme 3: Labour Activation Programme								
Purpose: Labour market integration measures that seek to introduce, retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship and preserving jobs.								
Outcome	Output	Output Indicator	Audited Actual Performance 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	Reasons for deviations
More decent jobs created	Improved turnaround time to approve or reject valid TERS applications	% of valid Temporary Employer / Employee Relief Scheme (TERS) applications approved or rejected by the delegated Authority within 20 working days	100%(4/4) approved within 20 working days	100%(4/4) Within 20 working days	90% of valid Temporary Employer/ Employee Scheme (TERS) applications approved or rejected by the delegated Authority within 20 working days	Not Achieved 46% (11/ 24)	Target missed by 44%	The approval of TERS projects was delayed due to a change in leadership at the UIF. The legally required formal appointment of the acting Commissioner had not yet been finalised, and proceeding without it would have risked significant negative audit findings. As a result, approvals and rejections of valid TERS applications could not be concluded within the expected timeframes.
	Increase in the	Number of	8457	5319	360 000	Not Achieved 28 563	Target missed by	Delays in finalising

Programme 3: Labour Activation Programme								
Purpose: Labour market integration measures that seek to introduce, retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship and preserving jobs.								
Outcome	Output	Output Indicator	Audited Actual Performance 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	Reasons for deviations
	number of beneficiaries participating in employability programmes	beneficiaries participating in employability programmes (Job creation including presidential employment stimulus			beneficiaries participating in employability programmes		331 437	Employability contracts arose from enhanced diligence measures, including a revised funding agreement template and additional compliance steps. To strengthen accountability, applicants were required to submit written employment commitments, and over 330 site visits were conducted to verify the recommended projects. While necessary for ensuring programme integrity, these processes extended the approval timeline and impacted the pace of implementation. Some of the recommended projects had to be dropped due to lack of the required information.
More decent jobs created	Increase in the percentage of Vulnerable groups (Youth / Women) participating in employability programmes	% of vulnerable groups participating in employability programmes	New Indicator	90%	50% of vulnerable groups participating in employability programmes	Achieved 83% (23 583 /28 563)	Target overachieved by 33%	Majority of beneficiaries were women and youth.

Programme 3: Labour Activation Programme									
Purpose: Labour market integration measures that seek to introduce, retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship and preserving jobs.									
Outcome	Output	Output Indicator	Audited Actual Performance 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	Reasons for deviations	
	Funded projects monitored	% of funded projects monitored	94% (102/108)	90% (224/248)	90% of funded projects monitored	Achieved 90% (94/104)	No deviation	N/A	
	Increase in the number of business enterprises	Number of business enterprises supported	New Indicator	313	90 business enterprises	Achieved. 862	Target overachieved by 772	Continuation of NYDA projects and Productivity SA which is supporting several business enterprises.	
	Labour Activation Programme Strategy implemented	Review of the Labour Activation Programme strategy	New Indicator	New Indicator	Labour Activation Programme strategy reviewed by the UIC	Achieved. Labour Activation Programme strategy reviewed by the UIC	No deviation	N/A	

Linking performance with budgets

a) Summary of expenditure

Item	2024/2025					2023/2024				
	Budget R'000	Actual Revenue R'000	(Over)/Under		Budget R'000	Actual Revenue R'000	(Over)/Under		R'000	
Benefits payments	18 161 466	18 881 044		-719 578	16 305 546	15 114 391		1 191 155		
Change in benefits payable	3 057 872	-67 126		3 124 998	3 479 950	-931 482		4 411 432		
Labour Activation Programmes (Schemes)	9 884 290	1 279 766		8 604 524	850 000	660 622		189 378		
Administration	7 672 365	10 819 296		-3 146 931	5 519 121	3 735 795		1 783 326		
Total	38 775 993	30 912 980		7 863 013	26 154 617	18 579 326		7 575 291		

b) Summary of income

Item	2024/2025					2023/2024				
	Budget R'000	Actual Revenue R'000	(Over)/Under		Budget R'000	Actual Revenue R'000	(Over)/Under		R'000	
Revenue collected	25 827 755	26 060 538		-232 783	24 644 803	24 881 163		-236 360		
Total	25 827 755	26 060 538		-232 783	24 644 803	24 881 163		-236 360		

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

Item	2024/2025			2023/2024		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	Income	R'000	R'000	Income	R'000
		R'000			R'000	
Other revenue from non- exchange transactions	25 449	250 394	-224 945	165 919	329 900	-163 981
Other revenue from exchange transactions	5 784	7 300	-1 516	5 543	6 085	-542
Share of profit/loss from equity accounted investments	0	0	0	0	0	0
Investment Revenue	12 174 039	11 431 874	742 165	11 104 365	11 714 467	-610 102
Fair value adjustment/ unrealised	-4 810 652	9 904 640	-14 715 292	-378 775	-3 742 907	3 364 132
RealisedGains/Losses on investments	1 584 593	812 563	772 030	-2 564 148	2 582 174	-5 146 322

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

Item	2024/2025			2023/2024		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	Income	R'000	R'000	Income	R'000
Technical Reserve	10 242 805	-2 790 269	13 033 074	-545 870	-1 782 598	1 236 728
TOTAL	19 222 018	18 575 903	646 115	7 787 034	8 370 305	-583 271

Summary of financial Information
Summary of income, expenses and reserves

Summary of financial Information
Summary of income, expenses and reserves

Item	2024/2025			2023/2024		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Total revenue	25 827 755	26 060 538	-232 783	24 644 803	24 881 163	-236 360
Other revenue from non- exchange transactions	25 449	250 394	-224 945	165 919	329 900	-163 981
Other revenue from exchange transactions	5 784	7 300	-1 516	5 543	6 085	-542
Share of profit/loss from equity accounted investments	0	-29,642	29,642	0	-85,055	85,055
Administration expenditure	-6 649 427	-4 599 093	-2 050 334	-5 519 121	-3 735 795	-1 783 326
Benefit Expenditure	-18 161 466	-18 881 044	719 578	-16 305 546	-15 826 055	-479 491

Item	2024/2025			2023/2024		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Change in benefits payable	-3 057 872	67 126	-3 124 998	-3 479 950	931 482	-4 411 432
Labour Activation Programmes	-9 884 290	-1 279 766	-8 604 524	-850 000	-660 622	-189 378
Fair value adjustment/ unrealised	-4 810 652	9 904 640	-14 715 292	-378 775	4,235,416	-4 614 191
Realised Gains / Losses on investments	1 584 593	1 046 309	772 030	-2 564 148	2 582 174	-5 146 322
Investment Revenue	12 174 039	11 431 874	742 165	11 104 365	11 714 467	-610 102
Impairment on other financial assets	0	-849 107	849 107	0	-695 484	695 484
Reversal of other financial assets	0	366 366	-366 366	0	129 205	-129 205
Gain /losses on the disposal of property plant and Equipment	-2 110	-151	-1 959	-5 550	-6	-5 544
Impairment on investments in associates and interest in Joint ventures	0	-156 589	156 589	0	-737 346	737 346
Technical Reserve	10 242 805	50 270 613	-40 027 808	-545 870	47 480 344	-48 026 214
Net Surplus for the year	7 294 608	23 100 149	-15 805 541	6 271 670	15 872 276	-9 600 606

The overall performance information of the Fund from 01 April 2024 to 31 March 2025 is at 62% of targets that were achieved. 73% of the budget was spent for the financial year 2024/25						
Programme 01 - Administration						
	2024/2025		2023/2024			
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 01 - Administration						
Improve Financial Management	2 700 568		596 401	2 562 739		-102 448
		2 104 167			2 665 187	
Total	2 700 568	2 104 167	596 401	2 562 739	2 665 187	-102 448
The programme purpose is to provide management, strategic and administrative support services to the Fund. To carry out this objective Programme 01 spent 78% of the allocated budget for the financial year 2024/25 and achieved 58% of the set targets						
Programme 02 - Business Operations						
	2024/2025		2023/2024			
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 02 - Business Operations						
Improve service delivery	22 041 958	21 873 833	168 125	19 263 875	17 316 672	1 947 203
Total	22 041 958	21 873 833	168 125	19 263 875	17 224 316	1 947 203

The programme purpose is to collect contributions and pay benefits. To carry out this objective Programme 02 spent 99% of the allocated budget for the financial year 2024/25 and achieved 63% of the set targets						
Programme 03 - Labour Activity Programme						
	2024/2025			2023/2024		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 03 - Labour Activation Programme						
Labour Activation Programmes	9 955 043	1 286 912	8 668 131		663 104	190 498
Total	9 955 043	1 286 912	8 668 131	853 602	676 131	190 498
Total Administrative budget	34 697 569	25 264 912	9 432 657	22 680 216	20 565 634	2 035 253
The programme purpose is to provide labour market programmes. To carry out this objective Programme 03 spent 13% of the allocated budget for the financial year 2024/25 and achieved 67% of the set targets. The programmes is also mandated to Fund Labour Activation schemes. The transfers made to entities responsible for implementation of Labour Activation Programmes were 90% of the allocated budget						

Strategy to overcome areas of under performance

- Discuss monthly reports at the Minister's In Year Monitoring meeting
- Assist directorates to provide verifiable reasons and corrective measures that will be closely monitored and reported on.
- Apply lessons learned from the previous audit findings
- Consider inputs from the ADG, Portfolio Committee and DEXCOM
- Advise management to commit on targets that are achievable after considering the entire value chain and set the realistic target and time frames
- Fill all vacancies and contract posts
- Rapidly comply with the requests for implementing the new structure i.e. Job profiles, work study analysis etc)
- Take account of monthly performance against Operational Plan and Performance Agreements (as they underpin the achievement of the APP)
- Identify bottlenecks, effect remedial/corrective action & unblock operational challenges
- Review quality of evidence for claimed achievement
- Share innovative ideas, lessons learned, and identify opportunities
- Ensure inclusion of APP performance in performance agreements
- Ensure integrated planning, alignment to budget and procurement plans
- Support function planning to be informed by the plans of core functions

Strategy to overcome areas of under performance

- Discuss monthly reports at the Minister's In Year Monitoring meeting
- Assist directorates to provide verifiable reasons and corrective measures that will be closely monitored and reported on.
- Apply lessons learned from the previous audit findings
- Consider inputs from the ADG, Portfolio Committee and DEXCOM
- Advise management to commit on targets that are achievable after considering the entire value chain and set the realistic target and time frames
- Fill all vacancies and contract posts
- Rapidly comply with the requests for implementing the new structure i.e. Job profiles, work study analysis etc)
- Take account of monthly performance against Operational Plan and Performance Agreements (as they underpin the achievement of the APP)
- Identify bottlenecks, effect remedial/corrective action & unblock operational challenges
- Review quality of evidence for claimed achievement
- Share innovative ideas, lessons learned, and identify opportunities
- Ensure inclusion of APP performance in performance agreements
- Ensure integrated planning, alignment to budget and procurement plans
- Support function planning to be informed by the plans of core functions

4. REVENUE COLLECTION

Sources of revenue	2024/2025			2023/2024		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue including interests and penalties less Refunds	25 827 755	26 060 538	(232 783)	24 644 803	24 881 434	(236 631)
Total	25 827 755	26 060 538	(232 783)	24 644 803	24 881 434	(236 631)

According to Statistic South Africa Quarterly Labour Force Survey Q4: 2024 results, there was an increase of 132 000 in the number of employed persons and as a result the Fund registered 43,103 new employers that contributed in the increase of revenue received for the year under review as compared to the previous year of 2023/24. The increase in the recovery of interests and penalties by 18% as compared to the previous year also contributed to the increase of total revenue received

5. CAPITAL INVESTMENT

The Fund's unlisted properties are classified as Investment Properties and under the Public Investment Corporations (PIC's) management as part of the investment portfolio except Erf 3384, Pretoria, Gauteng, which was reclassified from Investment Property to Property, Plant and Equipment on 1 April 2024 under Buildings Work-In-Progress for the period that the building is being prepared for occupation by the Fund. Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for administrative purpose.

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

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

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

Infrastructure projects Buildings	31 March 2025										31 March 2024									
	Purchase Price	Additions	Refurbishment	Acc depr	Impairments	Carrying Amount	Fair Value Adjustments	Valuation	Purchase Price	Additions	Refurbishment	Acc depr	Impairments	Carrying Amount	Fair Value Adjustments	Valuation				
Erf 895 (a portion of erf 252) Bisho	41,350	23,255,920	-	-	-	23,297,270	- 9,197,270	14,100,000	41,350	23,255,920	-	-	-	23,297,270	- 9,797,270	13,500,000				
Portion 5 (remainder extent) of erf 43, Thohoyandho	1,939,890	-	35,749,511	-	-	37,689,401	- 22,889,620	14,799,782	1,939,890	-	35,749,511	-	-	37,689,401	- 22,289,620	15,399,782				
Erf 1112, Marshalltown, City of Johannesburg	74,897,610	-	-	-	-	74,897,610	- 30,997,610	43,900,000	74,897,610	-	-	-	-	74,897,610	- 21,197,610	53,700,000				
Erf 222, Annadale, Polokwane (Baobab)	10,118,205	-	4,659,707	-	-	14,777,911	- 4,228,197	10,549,714	10,118,205	-	1,187,760	-	-	11,305,964	- 5,306,250	5,999,714				
Erf 7339, Bendor, Extension 86, Polokwane	4,060,328	-	37,498,471	-	-	41,558,800	- 9,908,800	31,650,000	4,060,328	-	37,323,260	-	-	41,383,589	- 11,308,589	30,075,000				
Portion 67 (a portion of portion 21) on Farm Syferkuil (Unilim)	-	-	301,428,939	-	-	301,428,939	- 159,353,939	142,075,000	-	-	195,777,969	-	-	195,777,969	- 69,227,969	126,550,000				
Sunnyside Campus	54,078,213	-	242,030,335	-	-	296,108,548	- 240,108,622	55,999,925	54,078,213	-	241,409,108	-	-	295,487,321	- 240,487,395	54,999,925				
WF Nkomo Building	7,875,000	230,122,110	-	-	-	237,997,110	-	237,997,110	7,875,000	41,615,636	379,112,152	-	-	428,602,788	- 155,702,788	272,900,000				
Total	145,135,596	23,255,920	621,366,963	-	-	789,758,480	- 476,684,059	313,074,421	153,010,596	64,871,556	890,559,760	-	-	1,108,441,912	- 535,317,492	573,124,420				

Investment property in the process of being constructed or developed

Portion 5 (remainder extent) of Erf 43, Thohoyandou

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

The building was inherited from the Venda Government after amalgamation and probably built more than 15 years ago as a three-storey office building. The property is currently improved with 1 903m² of existing office building and is deemed as the highest and best use of the property.

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. The valuation experts elected to apply the Discounted Cash Flow Method, as the primary method, to determine the value.

Office rentals range between R83/m² and R114/m² in the market for this designated area. A gross monthly market rental of R120.00/m² was assumed in the valuation with an annual escalation of 5%.

The Subject Property has been improved with a single three-storey office block. The improvement has been built to take advantage of the slope. The external finishes are painted face brick, a glass facade with some sections covered in tiles and plaster. The internal finishes consist of suspended ceilings, plastered brick walls and dry walling in some sections for partitions and floors are concrete covered in tiles and carpets. The improvements forming part of the Subject Property have been noted to predominantly be in average to below average condition as expected for this type of property and building within this area. Some maintenance issues were however noted on site although not material in terms of having an impact on the Market Value of the Subject Property. The Subject Property comprises of 2 portions of land being Portions 4 and 5 of Erf 43 Thohoyandou-BA. The Subject Property as a whole is located along Garden Route within the boundaries of the Thulamela Local Municipality and as a corner site, enjoys exposure from Garden Route as well as 2 unnamed streets; accessibility to the site is achievable from the unnamed streets. Portion 4 of Erf 43 Thohoyandou-BA has been noted during the site inspection to be irregular in shape and fairly flat in gradient while Portion 5 of Erf 43 Thohoyandou-BA has been noted to be fairly rectangular in shape and fairly flat in gradient. The Subject Property is further surrounded by a perimeter boundary with specific site entrance and exit points. As guided by SAPOA/IPD Cap and Discount Rate Survey and Rode report the following valuation parameters were applied on the investment:

- Market Capitalisation Rate of 11.75% (2024: 11.75%)
- Exit Capitalisation Rate of 12.50% (2024: 12.50%)
- Discount Rate of 15.75% (2024: 16.25%)
- Escalation of new rental of 5.00% (2024: 5.00%)
- Vacancy Rate of 10.00% (2024: 10.00%)

- Expense Growth Rate of 6.50% (2024: 6.50%)

Erf 222, Annadale, Polokwane

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

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

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. The valuers elected the Cashflow Method of Valuation to determine the fair value of the property. This method assumes a holding period of 10 years, whereupon the Net Operating Rental Income of each year is projected forward, taking into account lease escalations and property expenditure escalations. The Subject Property has been improved with 6 triple-storey residential blocks currently utilised as student accommodation. The residential improvements comprise of 30 units with each unit occupying 3 floors; the ground and first floors of each unit have separate entrances while the second floor is a loft accessible from the first floor through internal stairs. Each floor of each unit further accommodates 2 single beds per floor while the ground and first floors of each unit accommodate kitchen and shower facilities. Other improvements noted during the site inspection include a management office, paved external reticulation areas, covered and uncovered parking bays as well as a perimeter boundary wall with guarded single access and exit points. The Subject Property further accommodates 2 temporary wooden structures with 1 utilised as a security guard room and the other utilised as a laundry room; these structures, due to their nature, have not been included as part of the Gross Floor Area. The improvements forming part of the Subject Property have been noted to predominantly be in below-average condition. The discussion with the property owner is that renovations are imminent and should be completed before end of the calendar for students to take occupation in 2025.

Market Rent of R4,333.33 / Bed per month.

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

- Exit Capitalisation Rate of 10.75% (2024: 10.00%)

- Capitalisation rate of 10.25% (2024: 9.00%)

- Discount Rate of 14.25% (2024: 14.75%)

- Vacancy Rate of 3.00% (2024: 3.00%)

- Expense Growth Rate of 6.50% (2024: 6.50%)

- Escalation of renewal period of 5.00% (2024: 5.50%)

Erf 7339, Bendor, Extension 86, Polokwane

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

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

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. The valuers elected the Cashflow Method of Valuation to determine the fair value of the property. This method assumes a holding period of 10 years, whereupon the Net Operating Rental Income of each year is projected forward, considering lease escalations and property expenditure escalations. The valuation expert has taken note of the purchase price in 2018 of R14,000 000 that show a rate of R1,140/m² based on the bulk land, also the selling price the previous land value showed an 8% year on year increase that seems to be to the higher end of the market but not unreachable in the large Polokwane area. Erf 7339 Bendor Extension 86, being the Subject Property, is located within the boundaries of the Polokwane Local Municipality at the location noted as Corner Diemeer Street and Hillary Drive, Bendor, Polokwane. As a corner site, the Subject Property enjoys exposure from both streets although accessibility is only achievable from Hillary Drive. The site / land on which the improvements are located is considered to be slightly irregular in shape and slightly downward sloping in gradient from the Southern boundary towards Diemeer Street. The site as a whole is surrounded by a perimeter boundary wall while the external reticulation areas, predominantly a large vacant portion of land, have been left in their natural vegetation state.

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

Market rent of R 4,333.33/bed per month.

- Exit Capitalisation Rate of 11.00% (2024: 11.25%)

- Capitalisation Rate of 10.25% (2024: 10.25%)

- Escalation of new rental of 5.00% (2024: 5.50%)

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

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

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

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

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. The valuation expert's primary method of valuation is the Discounted Cashflow Method of Valuation in the derivation of Market Value.

The following valuation parameters were applied on the investment:

- Market rent of R3,553.33/bed per month
- Exit Capitalisation rate of 11.00% (2024: 10.75%)
- Market Capitalisation Rate of 10.25% (2024: 10.25%)
- Income growth rate 5.00% (2024: 6.50%)
- Expense growth rate 6.00% (2024: 6.50%)

- Discount Rate of 14.25% (2024: 14.75%)

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

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

The property was reclassified from Investment Property to Property, Plant and Equipment on 1 April 2024 under Buildings Work-In-Progress for the period that the building is being prepared for occupation. An impairment loss of R34,902 (R'000) was recognised for the building under development. The property is currently being developed with an eight-storey commercial office building. Site improvements will include a guardhouse, parking bays as well as a perimeter boundary wall with guarded single access and exit points. On completion, the improvements are expected to be of modern A-grade standard, with routine maintenance and cleaning noted as required in order to ensure that the improvements and the property as a whole remain in well-maintained condition.

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

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

Currently the process to consolidate and register Remainder of Erf2, Remainder of Portion1 of Erf5, Remainder of Portion2 of Erf6, Remainder of Erf60, Erf82 and Erf83 Trevenna into Erf90 Trevenna will be finalized post the valuation date. The consolidation and registration processes of Remainder of Portion50 of Erf843, Remainder of Portion39 of Erf834, Remainder of Erf1422, Erf1432 and Erf1432 into Erf1458 Sunnyside will also be finalized post the valuation date. The Municipality has approved the consolidation and rezoning of the above properties. The Surveyor Generals Office and Deeds Offices processes are yet to be finalised. The process to transfer and register Remainder of Erf2, Remainder of Portion1 of Erf5, Remainder of Portion2 of Erf6 and Remainder of Erf60 from the City of Tshwane Municipality to the UIF has not been finalized, however a sale agreement is in place and signed by all parties and a lodgement will be submitted to the Deeds Office in the new financial year. The valuation expert applied all these assumptions as conditions in the valuation as at 31 March 2022. The Fund bought the properties which are adjacent to each other to develop a 11,661m² "Labour Campus" to accommodate the Fund, Compensation Fund and the Department of Employment and Labour. National Treasury has granted approval for the Compensation Fund and the Department of Labour to participate in the development. Improvements to the Property will comprise of three 24-storey office buildings with 13 floors of office space, 10 levels of parking including 4 basement level parkings, and a service level at the top. The buildings will comprise of P Grade office accommodation with superior finishes and facilities.

PART C:

GOVERNANCE

1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

During the 2024/25 financial year, the Unemployment Insurance Fund was requested to appear before the SCOPA, Portfolio Committees (PC) and Select Committees, as reflected in the table below:

Date	COMMITTEE	BRIEFING/ TOPIC
20 Nov 2024	Portfolio Committee	Unemployment Insurance Fund on its first quarterly progress report for the 2024/25 financial year
30 Oct 2024	Select Committee on Economic Development and Trade meeting	2023/2024 Annual Report and the reasons as to why UIF could not manage to table Annual Reports to Parliament
18 September 2024	Portfolio Committee	Briefing by the Department of Employment and Labour on the 3 rd Quarterly Performance Report of the ff entities in meeting their Strategic Objectives 2023/24: UIF;
05-Mar-25	Scopa	Persistent late tabling of Annual Reports by both UIF and Compensation Fund; Perpetual poor audit outcomes of Compensation Fund that have gone over 10 years
06-Mar-25	Office of the Chip Whip	launch of the Department's Job Creation Programme
12-Mar-25	Portfolio Committee	Update on Labour Activation programme
19-Mar-25	Portfolio Committee	Briefing on the 2024/25 Quarter 3 Performance Report (QPR3) of the following entities of DEL: UIF & CF. he briefing will integrate progress with regards to proposed remedial action by AGSA) (c) Consistent regression or declining audit outcomes of UIF (d) Explanation on the management of revenue from non-exchange transaction and statutory receivable pertaining to both Funds, as they remain a concern to SCOPA.

3. EXECUTIVE AUTHORITY

The Minister of Employment and Labour, through NEDLAC (social partners) nominations extended the term of the UIF Advisory Board (“the Board”) for continuity purposes from 30 April 2024 to October 2024. The Term of interim members resumed from February 2025 to May 2025.

The Board is appointed to advise the Minister of Employment and Labour on issues related to the administration of the UIF as a social security instrument. The Board held meetings with the Acting Director General (ADG) during April 2024 and there were no Board advisory meetings which were held with the Minister during the 2024/25 financial year to address general UIF matters.

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

- The MTEF budget for the period 01 April 2024 to 31 March 2025 was recommended and submitted to the Minister of Employment and Labour for approval on **27 March 2024** and approved on **25 April 2024**.
- The first draft APP is submitted to the Executive Authority on 31 October and the final draft is submitted by 31 January of the following year to the Minister. The APP was recommended by the UIF Board and submitted for approval by Executive Authority on 31 January 2024
- The Strategic plan is submitted once in 5 years by 31 October and 31 January of the preceding financial year to the Minister. The Strategic plan was recommended by the UIF Board and submitted for approval by Executive Authority on 31 January 2021. The Revised Strategic Plan was submitted to the Minister on 31 January 2023.

4. THE ACCOUNTING AUTHORITY

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

5. THE ADVISORY BOARD

In terms of section 47 of the Unemployment Insurance Act, the Minister of Employment and Labour must establish the Unemployment Insurance Board. All members were appointed in terms of section 49 (2) of the UI Act, 2001, which outlines that each NEDLAC constituency (Organised labour, Organised Business, Organised Community) must be represented by three members and three state representatives. During the 2024/25 reporting year, the Board constituted of 11 members including the Board Chairperson for the period until April 2024. The Board comprised of 10 members including the Chairperson for the period as from October 2024 to March 2025 (reference Table in paragraph 5.3),

UIF Board Key Highlights/Achievement

- The LAP Committee (LAPC) with the support of some of the Board members participated in the launch and performed oversight visits on LAP projects to fully understand the operation, assess the efficiency and effectiveness of the implementation processes, impact on society and benefits of unemployment LAP projects to advise the Minister. The comprehensive report was compiled and reported to the Board which was subsequently used as input to the Minister's advisory note.
- Joint Boards, Investment Committees (IC) and EXCO with the Public Investment Corporation (PIC) were held to address relevant strategic outcomes and to advise the Minister on matters of concern. The UIF is in the process of convening a Joint Audit Committee (AC) with PIC
- The Board has resolved to establish the nominations committee subject to approval by the Executive Authority.
- The 360 degrees Board and its Committee, (inclusive of the AC) Chairpersons of committees and individual members was conducted in collaboration with external evaluator and IoDSA. The outcomes were provided at the end of the evaluation process.
- The Investment Service Level Agreement between UIF and PIC was drafted.
- Improved and Maintained information management (Board Committee workshops were conducted).
- The Investment Committee (IC) with the support from some of the Board members and the Public Investment Corporation (PIC) participated in the launch of the Adowa Properties 2nd new student village in Johannesburg. The IC further conducted an oversight visit to two of the investee companies in their investment portfolio to fully understand the operations, social impact, and job creation benefits of the investees to determine and assess the value added to the portfolio.

UIF Board Key Challenge

- The delay in finalisation of Implementation of the UI Act Amendment No.10 of 2016, section 36 A (1) to facilitate the appointment of the Regional Appeals Committee members throughout the provinces of South Africa. 6 out of 9 Provinces had active RAC meetings to adjudicate appeals cases. The appeals process was delayed which had a negative impact on beneficiaries.
- The significant gaps in the LAP service provider appointment contractual processes and implementation of the LAP projects, and inappropriate behaviour, conduct and compromised ethics by LAP service providers experienced by members during LAP oversight visits.
- There is an inadequate contract management and monitoring and evaluation of the LAP projects.
- The advice as presented by the LAPC and Board has not been implemented nor has it received feedback.

5.1. THE ROLE OF THE BOARD IS AS FOLLOWS:

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

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

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

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

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

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

5.2. BOARD CHARTER

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

During the 2024/25 financial year, the Board held one (1) special meeting, one (1) meeting with the ADG and three (3) quarterly meetings to deliver on its mandate and to advise to the Minister of Employment and Labour on oversight matters.

5.3. COMPOSITION OF THE BOARD

The record of Board composition within the period of April 2024 to March 2025 for Extended Term

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Zola Luswazi	Independent appointment by the Minister	01-May-21	30-Apr-24	Bachelor of Accounting Science (UNISA), Certificate of Theory in Accountancy (UNITRA); Chartered Accountants (SA).	MFS Chartered Accountants, Audit, Corporate Governance and Financial Management.	1. Director at MFC Chartered Accountants. (Own company). 2. Director at ZL Multi-Finance Solutions Pty Ltd (Own dormant company).	Board Committee (Chairperson)	0 Board
Ogalaletseng Gaarekwe	State Representative	01-May-21	30-Oct-24	B.Com, CMA, MBA	Finance related fields	No other Directorships and Board Memberships.	Investment Committee (Chairperson). Audit Committee. Board Committee.	3 IC 4 AC 3 Board
Theminkosi Josopu	Community Constituency	01-May-21	30-Oct-24	Higher Certificate in Public Management (Regenesys Business School), Bachelor of Arts (Nelson Mandela University), Bachelor of Arts Honours (Nelson Mandela University). Currently studying MEd in Education and Work (University of the Witwatersrand).	Governance, Organisational Development, Management, Stakeholder Relations, Data Collection and Analysis Report Writing.	1. Chairperson (Capacity Building and Governance Committee): National Skills Authority. 2. Chairperson: (Economic Governance and Management Committee): African Peer Review Mechanism. 3. Director: Mwalimu Youth Development Foundation (Non-Profit Organisation.)	Labour Activation Programme Committee (Chairperson). Social Ethics and Transformation Committee Board Committee.	1 LAPC 1 SETC 5 Board
Martie Keyter	Labour Constituency	01-May-21	30-Oct-24	National Diploma: Labour Relations Practice,	Legal, Financial, Corporate Governance	1. Trustee: Motor Industry Retirement	Financial Advisory Committee	3 FAC

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				BPROC.		Fund. 2. Trustee: Cooperates Pension Fund. 3. Shareholder: 6% Shares at Close Corporation Agriculture.	(Chairperson). Board Committee	4 Board
Thandiwe Alina Mfulo	Community Constituency	01-May-21	30-Oct-24	Social Programme, Inclusive Education and Diploma Secretarial Course	Community Services, Business Administration,	1. No other Directorships and Board Memberships. 2. Shareholder: 5% Shares at Sasol Inzalo Share Scheme.	Investment Committee. National Appeals Committee. Board Committee.	3 IC 1 NAC 2 Board 2 LAPC
Vuyiswa Miya	Business Constituency	01-May-21	30-Apr-24	LLB, Post Graduate Diploma in Labour Law	Legal & Labour and Commercial Law. Litigations, Mediation; Corporate Governance.	1. Non-Executive Director: National Nuclear Regulator. 2. Non-Executive Director: Compensation Fund. 3. Non-Executive Director: MIBFA (Metal Industries Benefit Funds Administrators).	National Appeals Committee (Chairperson). Labour Activation Programme Committee. Board Committee.	0 NAC 0 LAPC 0 Board
Sam Ngongo	Business Constituency	01-Jul-22	30-Oct-24	Diploma in Business Management; Professional Body of Psychology; Management Development Phase3; Bachelor of Art in Personnel Management (Fort Hare)	Business Management. Investment Management, Corporate Governance, Legal Matters,	Midlands Retirement Fund Board of Trustee; KZN Provident Fund Board of Trustees; Chairperson MBA KZN retirement Fund; Tolosa Director: CEO of Trading; CEO of Dambuza Community development. Deputy President of MBSA (Master Builders South	Investment Committee Social Ethics and Transformation Committee Board Committee.	3 IC 2 SETC 3 Board 2 LAPC

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g. Audit committee / Ministerial task team)	No. of Meetings attended
						Africa) and Board Member of Master Builder Association KZN.		
Mabuza Ngubane	State Representative	01-May-21	30-Oct-24	B.Tech Management, National Diploma: Public Management, NQF6 Certificate programme: Total Quality Management	Public Administration, Quality Management, Skill Development Management	SASCE	Financial Advisory Committee. Social Ethics and Transformation Committee Board Committee.	3 FAC 2 LAPC 2 SETC 4 Board
Hamilton Daluxolo Ntsinde	Community Constituency	01-May-21	30-Oct-24	Bachelor of Biblical Studies, Honorary Doctoral Degree Award: Doctor of Philosophy	Engineering / Electrical	1. No other Directorships and Board Memberships. 2. Owner: Mithwa Pty Ltd (Company owned by the member but has not been active for many years).	Financial Advisory Committee. Board Committee.	5 FAC 8 Board
Brenda Sibeko	State Representative	01-May-21	30-Oct-24	Bachelor of Commerce, Certificate in Economic Policy Formulation; Postgraduate Diploma in Health Management	Social Security; Economics and Policy Development and Implementation.	1. Director: Sineliwe Home Property Investments. 2. Director: Royal Albatross Pty Ltd Share Investment. 3. Shareholder: Vodacom, Telkom and MTN share schemes.	Labour Activation Committee. National Appeals Committee. Board Committee.	1 NAC 2 Board
Louwresse Specht	Business Constituency	01-May-21	30-Oct-24	LLB, MBA, certificate in HRM	Legal & Compliance; Corporate Governance; Finance and Strategy	No other Directorships and Board Memberships.	Financial Advisory Committee. Audit Committee. Board Committee.	3 FAC 1 NAC 4 AC 3 Board
Edward Malometje	Labour Constituency	01-May-21	30-Oct-24	Grade 11	Labour Relation; Policy development.	National Minimum Wage Commission (	Investment Committee.	3 IC

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
						Economy Development and Labour Council(NEDLAC) EXCO and MANCO; METAL and Engineering Council(Bargain Council((MEIBC); Millennium Labour Council(MLC); Compensation fund(CF); National Council of Trade Union(NACTU); Central Committee as Deputy National General Secretary.	Programme Committee. Social Ethics and Transformation Committee Board Committee.	1 NAC 2 SETC 5 Board

The record of Board composition within the period of April 2024 to March 2025 for Interim Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Zodwa Penelope	Independent appointment by the Minister	01-Feb-25	30-May-25	B Com, B Compt Hons, H Dip Tax, Blockchain Technologies: Business Innovation & Application, Artificial Intelligence: Implications for Business Strategy, FinTech, Cybersecurity – Managing Risk in the Information Age, Women Transforming Leadership Programme, Digital Marketing: Disruptive Marketing: Disruptive Strategy Program, Algorithmic Trading Program.	Accounting, Artificial Finance Corporate Leadership, FinTech, Research, Petroleum Taxation, Intelligence, Management, Governance, Auditing, Medical Advisory,		Board Committee (Chairperson)	2 Board induction meetings
Ogalaletseng Gaarekwe	State Representative	01-Feb-25	30-May-25	B.Com, CMA, MBA	Finance related fields	No other Directorships and Board Memberships.	Investment Committee Audit Committee. Board Committee.	2 Board induction meetings
Thembinkosi Josopu	Community Constituency	01-Feb-25	30-May-25	Higher Certificate in Public Management (Regenesys Business School), Bachelor of Arts (Nelson Mandela University), Bachelor of Arts Honours (Nelson Mandela University).	Governance, Organisational Development, Project Management, Stakeholder Relations, Data Collection and Analysis Report	1. Chairperson (Capacity Building and Governance Committee): National Skills Authority. 2. Chairperson: (Economic Governance	Labour Activation Programme Committee (Chairperson). Social Ethics and Transformation	2 Board induction meetings

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				Currently studying MEd in Education and Work (University of the Witwatersrand).	Writing.	and Management Committee): African Peer Review Mechanism. 3. Director: Mwalimu Youth Development Foundation (Non-Profit Organisation.)	Committee Board Committee.	
Martie Keyter	Labour Constituency	01-Feb-25	30-May-25	National Diploma: Labour Relations Practice, BPROC.	Legal, Financial, Corporate Governance	1. Trustee: Motor Industry Retirement Fund. 2. Trustee: Cooperates Pension Fund. 3. Shareholder: 6% Shares at Close Corporation Agriculture.	Financial Advisory Committee (Chairperson). Board Committee	1 Board induction meetings
Sesedi Paulet Pelo	Community Constituency	01-Feb-25	30-May-25	Bachelor of Arts (Human Social and Social Studies), Cert Labour Relations Management, Cert in Advance Management Development Programme	Human Social and Social Studies, Community Relations, Management and Labour relations.		Social Ethics and Transformation Committee National Appeals Committee. Board Committee.	2 Board induction meetings
Zizile Lushaba Nyawo	Business Constituency	01-Feb-25	30-May-25	PGDip Business Bcom Management, Honours Industrial Psychology, Bcom Degree Industrial Psychology	Human Capital, Skills Development, Human Resources, Analytics, Engineering, Training		National Appeals Committee (Chairperson). Labour Activation Programme Committee. Board Committee.	2 Board induction meetings
Hillary Ian MacMaster	Business Constituency	01-Feb-25	30-May-25	LLM (Cum Laude), BA (Hons) Industrial Relations (cum laude), B. Juris,	Human Resources, Corporate Governance, Labour Law, Strategic Relations, Policy Development, CCMA, Labour Relations, Expert		Investment Committee Social Ethics and Transformation Committee Board Committee.	2 Board induction meetings

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: committee / Ministerial task team)	No. of Meetings attended
					Support, Automotive, Legislation, Training, Compliance, Consulting, Management, Dispute Resolutions, Diversity, Audit, Industrial Relation, Collective Bargaining, Advocacy, Employment Law			
Mabuza Ngubane	State Representative	01-Feb-25	30-May-25	B.Tech Management, National Diploma: Public Management, NQF6 Certificate programme: Total Quality Management	Public Administration, Quality Management, Skill Development Management	No other Directorships and Board Memberships.	Financial Advisory Committee. Social Ethics and Transformation Committee Board Committee.	2 Board induction meetings
Skumbuzo Mpanza	Community Constituency	01-Feb-25	30-May-25	Bachelor of Arts.	Parliament, Corporate Governance, Strategic Leadership, Business Operations, Compliance, Environmental Management, Quantity Survey, Informal Trade, SMMEs, Local Government, Secretariat, Human Resources Development, Employee Relations, Municipal Finance, Politics, Trade Union, Labour Law, International Relations		Financial Advisory Committee. Board Committee.	2 Board induction meetings
Ian Jacobs (Member Resigned)	Business Constituency	01-Feb-25	30-April-25	B Proc, UNISA non-Degree Purpose Course (Law of Delict), Cert in Labour	Law, Leadership and Transformation, Executive Coaching, Human		Financial Advisory Committee. Audit Committee.	1 Board induction meetings

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date end of term/ resignation	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
				Relations, Executive Education Diploma, CAPAM Executive Mangement Programme, LLM (Incompleted), Cambridge University Prince of Wales Programme on Sustainability, Misconduct and Presiding Officer Course, Dispute Resolution Programme, Strategic Planning and Management, Aligning Strategy, Advanced Management and Leadership Training, Project Management/Service Delivery/Policy and Knowledge Management, PMT Course Legal Practice Council, Admitted Attorney of the High Court of South Africa	Resources, Government Policy, Labour Relations, Water Law, Bargaining Council, Public Service, Employee Relations, Boards,		Board Committee.	
Edward Malometje Thobejane	Labour Constituency	01-Feb-25	30-May-25	Grade 11	Labour Relation; Policy development.		Investment Committee. (Chairperson) Labour Activation Programme Committee. Social Ethics and Transformation Committee Board Committee.	2 Board induction meetings

TOTAL BOARD AND COMMITTEES ATTENDANCE RECORD PER BOARD MEMBER FOR THE PERIOD OF 2024/25 FINANCIAL YEAR

BOARD MEMBER DETAILS								MEETINGS ATTENDED								
Title	SURNAME	FIRST NAME	Date	Date Term	Extended	Interim	Qualifications	Competences / Area of Expertise	Board	IC	FAC	LAPC	NAC	SETC	AC	Total in 25 FY
Meetings per Committee																
Ms	Gaarekwe	Ogalaletseng Anastasia	01-May-21	30-Apr-24	30-Oct-24	01 Feb 2025 to May	BCom, CMA, MBA	Finance related fields	3	3	–	–	–	–	4	10
Mr	Josopu	Thembinkosi	01-May-21	30-Apr-24	30-Oct-24	01 Feb 2025 to May	Higher Certificate in Management (Regenesys School), Bachelor of Arts (Mandela University), Bachelor of Arts (Nelson Mandela University). Currently studying MEd in Education and Work (University of the Witwatersrand).	Governance, Organisational Development, Project Management, Stakeholder Relations, Data Collection and Analysis Report Writing.	5	–	–	1	–	1	–	7
Ms	Keyter	Martie	01-May-21	30-Apr-24	30-Oct-24	01 Feb 2025 to May	National Diploma: Labour Relations Practice, BPROC.	Legal, Financial, Corporate Governance	4	–	3	–	–	–	–	7
Mr	Luswazi	Zola	01-May-21	30-Apr-24	N/A	N/A	Bachelor of Accounting Science, Certificate of theory in Accountancy	MFS Chartered Accountants, Audit, Corporate Governance and Management	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Ms	Mfulo	Alina Thandiwe	01-May-21	30-Apr-24	30-Oct-24	N/A	Social Entrepreneur Programme, Inclusive Education and	Community relations, Business	2	3	–	2	1	–	–	8

Ms	Miya -Mokwana	Vuyiswa	01-May-21	30-Apr-24	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0
Mr	Ngubane	Mabuza	01-May-21	30-Apr-24	30-Oct-24	01 Feb 2025 to May 2025	B.Tech Public Management, National Diploma : Public Management , NQF6 Certificate Programme: Total Quality Management	Human Resources Development, Skills Development, Corporate Governance	4	–	3	2	–	2	–	–	11
Dr	Ntsinde	Hamilton Daluxolo	01-May-21	30-Apr-24	30-Oct-24	N/A	Bachelor of Biblical Studies, Honorary Doctoral Degree Award: Doctor of Philosophy	Engineering / Electrical	3	–	3	–	–	1	–	–	7
Mr	Ngongo	Bhekisisa	01-Jul-22	30-Apr-24	30-Oct-24	N/A	BA Personnel Management, Business Management	Human Resources Management, Business Management	3	3	–	2	–	2	–	–	10
Ms	Sibeko	Brenda	01-May-21	30-Apr-24	30-Oct-24	N/A	Bachelor of Commerce, Certificate in Policy Formulation, Masters in Social Security Policy and Administration	Social security	2	–	–	–	1	–	–	–	3

Ms	Specht	Louwresse	01-May-21	30-Apr-24	30-Oct-24	N/A	LLB, MBA, certificate in HRM	Legal and Compliance; Corporate Governance; Finance and Strategy	3	–	3	–	1	–	4	11
Mr	Thobejane	Edward Malometje	01-May-21	30-Apr-24	30-Oct-24	01 Feb 2025 to May	Grade 11	Labour Relation; Policy development.	5	3	–	2	1	2	–	13
Ms	Manase	Zodwa Penelope	N/A	N/A	N/A	01 Feb 2025 to May	B Com, B Compt Hons, H Dip Tax, Blockchain Technologies: Business Innovation & Application Artificial Intelligence: Implications for Business Strategy, FinTech, Cybersecurity – Managing Risk in the Information Age, Women Transforming Leadership Programme, Digital Marketing: Disruptive Marketing: Disruptive Strategy Program, Algorithmic Trading Program	Accounting, Taxation, Artificial Intelligence, Finance Management, Corporate Governance, Leadership, Auditing, FinTech, Medical Research, Petroleum	2	N/A	N/A	N/A	N/A	N/A	N/A	2

Mr	Mpanza	Skhumbuzo	N/A	N/A	N/A	01 Feb 2025 to May	Bachelor of Arts	Parliament, Corporate Governance, Strategic Leadership, Business Operations, Compliance, Environmental Management, Quantity Informal Trade, SMMEs, Local Government, Secretariat, Human Resources Development, Employee Relations, Municipal Finance, Trade Union, Labour Law, International Relations	2	N/A	N/A	N/A	N/A	N/A	N/A	2
Mr	MacMaster	Hillary Ian	N/A	N/A	N/A	01 Feb 2025 to May	LLM (Cum Laude), BA (Hons) Industrial (cum laude), B. Juris.	Human Resources, Corporate	2	N/A	N/A	N/A	N/A	N/A	N/A	2

Ms	Lushaba Nyawo	Zizile	N/A	N/A	N/A	01 Feb 2025 to May	PGDip Business Management, Bcom Honours Industrial Psychology, Bcom Degree, Industrial Psychology	Human Capital, Skills Development, Human Resources, People Analytics, Engineering, Training	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Mr	Jacobs	Ian	N/A	N/A	N/A	2 Feb 2025 to April 2025 (Member Resigned)	B Proc, UNISA non-Degree Purpose Course (Law of Delict), Cert in Labour Relations, Executive Education Diploma, CAPAM Executive Management Programme, LLM (Incomplete), Cambridge University Prince of Wales Programme on Sustainability, Misconduct and Officer Course, Dispute Resolution me, Strategic, Planning Management, Aligning Strategy, Advanced	Law, Leadership and Transformation , Executive Coaching, Human Resources, Government Policy, Labour Relations, Water Law, Bargaining Council, Public Service, Employee Relations Boards,	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1

5.4. BOARD AND COMMITTEE MEETINGS DETAILS

The following represents the Board and Committees as at 30 April 2024

Committee	No. of meetings held	No. of members	Name of members
Board Committee	0	12	Mr Z. Luswazi, Ms M. Keyter, Mr M. Ngubane, Dr HD. Ntsinde, Ms L. Specht, Ms OA. Gaarekwe, Ms AT. Mfulu, Mr S. Ngongo, Mr EM. Thobejane, Mr T. Josopu, Ms V. Miya, Ms B. Sibeko.
Financial Advisory Committee (FAC)	0	4	Ms M. Keyter, Mr M. Ngubane, Dr HD. Ntsinde, Ms L. Specht
Investment Committee (IC)	0	4	Ms OA. Gaarekwe, Ms AT. Mfulu, Mr S. Ngongo, Mr EM. Thobejane
Labour Activation Programme Committee (LAPC)	0	4	Mr T. Josopu, Ms V. Miya, Ms B. Sibeko, Mr EM. Thobejane
National Appeals Committee (NAC)	0	4	Ms V. Miya, Ms AT. Mfulu, Ms B. Sibeko, Mr EM. Thobejane
Social Ethics and Transformation Committee (SETC)	0	4	Mr EM. Thobejane, Mr M. Ngubane, Mr T. Josopu, Mr S. Ngongo,
Audit Committee (AC)	0	6	Ms J. Nkosi, Ms L. Specht, Ms N. Sweepers, Mr L Mangquku, Ms F Mkhize, Ms P Mzizi

The following represents the Board and Committees as at 30 Oct 2024

Committee	No. of meetings held	No. of members	Name of members
Board Committee	3	12	Mr T. Josopu, Ms M. Keyter, Mr M. Ngubane, Dr HD. Ntsinde, Ms L. Specht, Ms OA. Gaarekwe, Ms AT. Mfulu, Mr S. Ngongo, Mr EM. Thobejane, Ms B. Sibeko.
Financial Advisory Committee (FAC)	3	4	Ms M. Keyter, Mr M. Ngubane, Dr HD. Ntsinde, Ms L. Specht
Investment Committee (IC)	3	4	Ms OA. Gaarekwe, Ms AT. Mfulu, Mr S. Ngongo, Mr EM. Thobejane
Labour Activation Programme Committee (LAPC)	2	4	, Ms V. Miya, Ms B. Sibeko, Mr EM. Thobejane, Ms. AT. Mfulu
National Appeals Committee (NAC)	1	4	Ms L. Specht, Ms AT. Mfulu, Ms B. Sibeko, Mr EM. Thobejane
Social Ethics and Transformation Committee (SETC)	2	4	Mr EM. Thobejane, Mr M. Ngubane, Dr HD. Ntsinde, Mr S. Ngongo,
Audit Committee (AC)	5	6	Ms J. Nkosi, Ms L. Specht, Ms N. Sweepers, Mr L Mangquku, Ms F Mkhize, Ms P Mzizi

The following represents the Board and Committees as at 30 May 2025

Committee	No. of meetings held	No. of members	Name of members
Board Committee	2	12	Mr Z. Manase, Ms M. Keyter, Mr M. Ngubane, Mr. S Mpanza, Ms Z. Lushaba Nyawo, Ms OA. Gaarekwe, Ms. S. P. Pelo., Mr Mr. I. Jacobs (resigned April 2025), Mr EM. Thobejane, Mr T. Josopu, Mr. H.I. MacMaster.
Financial Advisory Committee (FAC)	0	4	Ms M. Keyter, Mr M. Ngubane, Ms. S.P.Pelo, Ms Z. Lushaba Nyawo.
Investment Committee (IC)	0	4	Mr EM. Thobejane, Ms OA. Gaarekwe, Mr. S.Mpanza, Mr.H.I MacMaster,
Labour Activation Programme Committee (LAPC)	0	4	Mr T. Josopu, Mr. H. I MacMaster, Ms M. Ngubane, Mr EM. Thobejane
National Appeals Committee (NAC)	0	4	Mr. H.I. MacMaster, Mr. S Mpanza, Mr. M.Ngiubane, Mr EM. Thobejane
Social Ethics and Transformation Committee (SETC)	0	4	Mr EM. Thobejane, Mr M. Ngubane, Mr T. Josopu, Mr S. Ngcongco,
Audit Committee (AC)	3	6	Ms J. Nkosi, Ms M. Phiri, Dr. D.Dlamini, Ms F Mkhize, Adv. C .Weapond

5.5. REMUNERATION OF BOARD MEMBERS

- The remuneration of the Board and its committee members for the full term of their office is based on the approved rates as prescribed by the National Treasury. The yearly approved rates are applied upon approval by the Minister of Finance, which is received in the circular TR 20.2.2. The Board members are eligible to also claim data costs as approved by the Accounting Authority to compensate for the use of data for purposes of attending the Board and its Committee meetings for the period of 2024/25 financial year. The rate of the data cost is R100.00 per hour for the entire duration of the meeting, limited to the hours per meeting as prescribed by National Treasury TR20.2.2.
- The two UIF Board members nominated to attend the Audit Committee in line with their term of office are remunerated differently for attending Audit Committee meetings. The two members were paid at the rate applicable to Audit Committee members approved by the Accounting Authority. The SAICA rates are the base of the approved rates for the Audit Committee.
- The State representatives are eligible to claim travelling costs and data costs for the period of 2024/25 financial year. The State members who claimed travelling costs for the attendance of meetings from UIF were processed.

Board Members	Appointment date	R'000			
		2024-2025			
		Fees for services	Expense allowances	Total	
Gaarekwe	Board 01 May 2021	0	1	1	
Josopu T	Board 01 May 2021	68	99	167	
Luswazi Z	Board Chairperson 3 May 2021	7	-2	5	
Mfulo T	Board 01 May 2021	119	329	448	
Miya V	Board 01 May 2021	-6	13	7	
Ntsinde HD	Board 01 May 2021	87	212	299	
Ngongo BS	Board 01 July 2022	64	104	168	
Sibeko B	Board 01 May 2021	2	15	16	
Specht L	Board 01 May 2021	150	-	150	
Thobejane EM	Board 01 May 2021	144	90	234	
Mpanza TS	Board 01 November 2024	7	2	9	
		705	868	1 573	
Audit Committee		R'000			
		2023-2024			
		Fees for services	Expense allowances	Total	
Masibudu PM	Audit 01 December 2024	97	3	100	
Dlamini P	Audit 01 December 2024	108	3	111	
Mangquku LM	Audit 3 March 2023	356	12	368	
Mzizi P	Audit 01 May 2023	207	2	208	
Nkosi J	Audit Chairperson 01 February 2023	913	36	949	
		1 745	58	1 802	
Risk Committee		R'000			
		2023-2024			
		Fees for services	Expense allowances	Total	
Skeepers N	Risk Chairperson 21 September 2021	381	4	385	
Terhoeven CF	Risk 23 June 2020	-	-	-	
Mkhize SF	Risk 04 April 2022	527	10	537	
Magan V	PMRC Chairperson 08 August 2022	18	-	18	
Weaponond JC	Risk 04 April 2022	542	197	739	
		1 662	212	1 874	
ICT Committee		R'000			
		2023-2024			
		Fees for services	Expense allowances	Total	
Sithole IJ	DEL Governance structure 06 August 2021	9	-	9	
Ndlangisa M	DEL Governance structure 06 August 2021	9	-	9	
Patel SA	DEL Governance structure 06 August 2021	9	-	9	
Maseko ED	DEL Governance structure 06 August 2021	14	-	14	
Arends JB	DEL Governance structure 06 August 2021	9	-	9	
		50	-	50	
Board Members	Appointment date	R'000			
		2023-2024			
		Fees for services	Expense allowances	Total	
Gaarekwe	Board 01 May 2021	0	2	2	
Josopu T	Board 01 May 2021	49	1,00	50	
Luswazi Z	Board Chairperson 3 May 2021	72	21,14	93	
Mfulo T	Board 01 May 2021	81	61,58	142	
Miya V	Board 01 May 2021	42	4,42	47	
Ntsinde HD	Board 01 May 2021	69	13,66	83	
Ngongo BS	Board 01 July 2022	70	12,00	82	
Sibeko B	Board 01 May 2021	0	1,80	2	
Specht L	Board 01 May 2021	88	-	88	
Thobejane EM	Board 01 May 2021	118	12,00	130	
Mpanza TS	Board 01 November 2024				
		554	95,61	650	
Audit Committee		R'000			
		2023-2024			
		Fees for services	Expense allowances	Total	
Masibudu PM	Audit 01 December 2024	0	-	0	
Dlamini P	Audit 01 December 2024	0	-	0	
Mangquku LM	Audit 3 March 2023	390	8	398	
Mzizi P	Audit 01 May 2023	184	-	184	
Nkosi J	Audit Chairperson 01 February 2023	709	12	721	
		1 219,75	17,46	1 237,21	
Risk Committee		R'000			
		2023-2024			
		Fees for services	Expense allowances	Total	
Skeepers N	Risk Chairperson 21 September 2021	705,74	13,68	719,43	
Terhoeven CF	Risk 23 June 2020	347	9	356	
Mkhize SF	Risk 04 April 2022	135,00	-	135,00	
Magan V	PMRC Chairperson 08 August 2022	421,11	-	421,11	
Weaponond JC	Risk 04 April 2022	75	-	75	
		1 491,32	20,58	1 511,90	
ICT Committee		R'000			
		2023-2024			
		Fees for services	Expense allowances	Total	
Sithole IJ	DEL Governance structure 06 August 2021	262	-	262	
Ndlangisa M	DEL Governance structure 06 August 2021	252	-	252	
Patel SA	DEL Governance structure 06 August 2021	253	-	253	
Maseko ED	DEL Governance structure 06 August 2021	277	-	277	
Arends JB	DEL Governance structure 06 August 2021	215	-	215	
		1 259	-	1 259	

Regional Appeals Committee

Arendse(Frantz) NR	Regional 01 October 2022
Nchabeleng M	Regional 01 October 2022
Nkosi BQ	Board 01 October 2022
Mndayi ZI	Regional 01 October 2022
Dedeza T	Regional 01 February 2023
Mamabolo MJ	Regional 01 January 2023
Kunene L	Regional 01 March 2023
Wessels IJ	Regional 01 October 2022
Diepu P	Regional 01 October 2022
CN Mashabane Wit	Regional 02 February 2022
Netshidzivhani L Wit	Regional 27 June 2023
Leyden S	Regional 1 November 2021
Makhado F	Regional 1 November 2021
Nkosi AN	Regional 1 November 2021
Saku EM	Regional 1 November 2021
Vdhannok I	Regional 01 October 2022
Zwane T	Regional 1 November 2021
Swartz QA	Regional 01 October 2022
Tsikwe TTSR	Regional 26 June 2024
Bale NL	Regional 23 June 2024
Mhlari NP	Regional 23 June 2024
M M MULLHOLLAND	Regional 23 June 2024
D KRAPOHL	Regional 18 January 2023

R'000			
2024-2025			
Fees for services	Expenditure allowances	Total	
-	-	-	
6	1	7	
3	-	3	
3	-	3	
-	-	-	
-	-	-	
4	-	4	
-	-	-	
7	-	7	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
1	-	1	
1	-	1	
8	-	8	
8	-	8	
4	-	4	
1	-	1	
46	1	47	
4 209	1 140	5 348	

R'000			
2023-2024			
Fees for services	Expenditure allowances	Total	
2,00	-	2,00	
1,00	0	1,00	
7	1	7	
5	-	5	
2	-	2	
4	-	4	
10	1	11	
5	1	6	
9	-	9	
11	-	11	
1	-	1	
5	-	5	
8	-	8	
3	-	3	
8	-	8	
1	-	1	
16	-	16	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
97	3	100	
4 621	137	4 758	

COMPANY /BOARD SECRETARY

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

AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2025, set out in three parts:

Part 1: Audit Committee Reflections – 2025

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.8-3.1.16. 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. The Audit Committee understands and has internalised the requirements of the Global Internal Audit Standards™ in its work. The Audit Committee 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. I can confirm that the Audit Committee has functioned without hindrance or limitations throughout the reporting period.

The Committee commends management in addressing the standing non-compliance finding of failing to submit Annual Financial Statements within the regulated timeframes and the significant improvement in the outcomes of Programme 1 and 2 performances. The Committee further acknowledges management interventions in introducing measures for monitoring fraud and risk related issues emanating from fraudulent submission of benefits and COVID -19 claims. The implementation of Follow the Money project has been faced with various challenges where employers who submitted claims have not been collaborating with the verification teams. The Committee notes the emerging risks and capacity challenges within the Labour Activation Programme and urges management to urgently address capacity, governance and controls deficiencies.

Part 2: Audit Committee Composition and Meeting Attendance

The audit committee consists of 07 members. The committee is properly constituted, with a balanced representation of independent members with a diverse and appropriate mix of qualifications, skills, and experience. The committee convened 08 times during the year with 03 being ordinary meetings and the remainder special meetings.

The table below list member's meeting attendance for the 2025 financial year:

(Title/ Position)	Name	Surname	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
Ms	Jabulile	Nkosi	BCompt (Accountancy), Higher Diploma Computer Auditing, CISA, CIA	No	3	8
Dr (Risk Committee Chairperson)	Natalie	Skeepers	PHD Engineerng Management; Executive Development Programme; Mphil in HIV/AIDS Management; BTech in Environmental Health; National Diploma in Environmental Health and National Diploma in Public Health	No	3	5
Mr	Luyanda	Manquku	Chartered Accountant (South Africa) Master of Business Leadership; Advanced Company Law I&II; Honours Bachelor of Accounting Sciences; Bachelor in Commerce Honours (Accounting)	No	2	5
Ms	Pumla	Mzizi	Chartered Accountant (South Africa)	No	2	2

(Title/ Position)	Name	Surname	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
			BCom Hons in Transport Economics BCom Hons in Accounting (CTA)			
Ms	Louwresse	Specht	LLB, MBA, certificate in HRM	No	2	4
Ms (ICT Steering Committee Chairperso n)	Fikile	Mkhize	Matric, Bachelor of Commerce, Masters of Business Leadership	No	3	8
Ms	Ogalaletseng	Gaarekwe	B Com, CMA, MBA	Yes	1	4
Adv (Risk Committee Chairperso n)	Collen	Weapond	Matric, BComm Honours IT, MTech Forensic Investigation, Bachelor of Law (LLB) B.Tech Policing, Diploma in Education	No	1	3
Dr	Dumisani	Dlamini	Matric, Bachelor of Taxation, Post Graduate Diploma in Business Management, Masters of Commerce, Doctor	Yes	1	3

(Title/ Position)	Name	Surname	Qualifications	Is the AC member an employee of an organ of state? (Yes / No)	Number of ordinary meetings attended	Number of special meetings attended
			of Business Administration			
Ms	Margaret	Phiri	Grade 12, B Com. Accounting, CTA/BCompt honours	No	1	3

Part 3: Audit Committee Focus Areas

The following was reviewed during the year under review:

Effectiveness of the internal control systems

Our review of internal control system is informed by management, internal audit and external audit assurance. The overall internal control environment requires improvement especially around unlisted investment, financial accounting, accounts payable and Labour Activation Programme. Management is urged to augment the capacity of internal control unit in ensuring the internal controls are monitored throughout the organisation.

Effectiveness of the Internal Audit Function (IAF)

The committee is satisfied that Internal Audit adequately discharged its functions and responsibilities during the year under review. Internal Audit is commended for leading the combined assurance in financial reporting, performance and operations. Management is urged to implement all internal audit remedial action timeously. A slight improvement has been noted in the financial statements, however internal audit is encouraged to augment compliance reviews forcing on controls around payment of invoices within 30 days and procurement processes.

Activities of the IAF

Reviews were concluded on performance information, financial management compliance and regulatory, procurement, operations, and ICT reviews. Furthermore, value adding consulting engagements were also completed under special projects during the year under review. At the end of the financial year, 96% of the approved risk-based audit plan was reported as complete.

Effectiveness of risk management

Risk Management Committee implementation plan focused on the monitoring of the strategic risk, operational risk, fraud risks. Overall assessment of risk management requires improvements, as risk management practices are not fully embedded in the operations throughout the organisation.

Adequacy, reliability, and accuracy of financial and performance information

Performance management processes have significantly increased, with the notable improvement on programme 1 and 2. Management is urged to improve controls within the programme 3 and increase capacity to ensure proactive monitoring of projects.

Financial management process remained stagnant as management interventions were not timely implemented to address prior qualification issues. Further effort is required in ensuring that un-listed invested process managed at PIC are adequately and timely implemented.

Compliance with legal and regulatory provisions

The committee is pleased that the non-compliance with the Public Finance Management Act and Treasury Regulations, that related to the non-submission of the AFS has been addressed. Management is urged to put in place appropriate steps to prevent irregular, fruitless and wasteful expenditure, non –payment of invoices 30 days after receipt of an invoice.

The quality of the in-year management and monthly/quarterly reports submitted in terms of legislation

The public entity has submitted monthly and quarterly reports to the Executive Authority. The committee has consistently reviewed the financial, non-financial management and reporting practices. Significant improvement is required in the unlisted investments environment, accounting controls and management of LAP programmes 3.

Combined Assurance

Combined Assurance Framework has been established focus on operational information, financial statements and supply chain management processes. Internal Audit has been instrumental in pioneering the combined assurance within the organisation, significant improvement has been noted on the performance management.

Evaluation of the annual financial statements

The committee reviewed the annual financial statements prepared by the public entity. Financial management has improved post COVID -19 TERS disbursement, and a steady increase has been noted in the revenue generated through contributions. At the time of the submission of the financial statements management did not have sufficient time to address interventions relating to the unlisted investments, Non-SARS Revenue and Follow the money as due to limited time between the date of the last audit and the 31st May submission deadline.

External Audit

There has been an Improvement in addressing the audit compliance backlog where financial statements have been submitted to Auditor General for auditing on the 31st of May 2025. The Steering Committee process were instrumental in ensuring timely submission of audit information.

Auditor-General's Report

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for Unlisted investment, non-SARS revenue and follow the money.

The Committee has considered the Auditor General's final draft Management and Audit Reports; the Committee concurs with the Auditor General's opinion. The Committee has noted with concern stagnation and noted management interventions that will be implemented post the audit process. The Committee commends the AGSA team on availing themselves to engage on audit challenges. Post audit workshop will be held where challenges and key areas of improvement in financial and performance management controls.

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

Conclusion

The established and implemented combined assurance processes lead by internal audit has significant contributed to the improvement of performance management audit outcomes. Significant improvement has been noted on the area of performance information with the improved outcome on programme 1 & 2. Programme 3 remain an area of concern with increased effort to improve governance, oversight and the internal controls. The financial reporting remains stagnant with qualification on unlisted investmnets, benefits payments (COVID TERS) due to delay in the finalisation of the planned intervention, the recently added qualification on the 2% non-SARS collected revenue is in a process of being cleared as the organisation is awaiting the exemption approval by the Minister of Finance.



Ms. Jabulile Nkosi
Chairperson of the Audit Committee
Unemployment Insurance Fund
(Date) 21 August 2025

INTERNAL CONTROL UNIT

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

INTERNAL AUDIT AND AUDIT COMMITTEES

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

Summary of audit work conducted during the 2024/25 financial year

Internal Audit conducted a wide range of operational, financial, compliance, performance information, cyclical, advisory and information technology audit assignments in line with the 2024/25 internal audit plan approved by the audit committee. In addition to planned audits, Internal Audit also responded to ad-hoc management requests and assignments.

Below is the list of completed audits during the 2024/25 financial year.

TYPE OF AUDITS	PLANNED AUDITS	AUDIT COMPLETED
Financial Review	1	1
Compliance Review	8	8
Performance Information (Pre-determined objectives)	4	4
ICT Review	2	2
Regulatory Review	2	2
Follow up Review	5	5
Operational Review	6	5
TOTAL (Planned)	28	27

1. OVERALL INTERNAL CONTROL ASSESSMENT

The reviews performed were in terms of the approved 2024/25 Internal Audit Plan and were designed to review controls for significant risks that could hinder the organisation's ability to achieve its strategic objectives. The controls were designed and implemented by management. In line with the requirements of **Standard 14.5 (Engagement conclusions)** of the Global Internal Auditors standards, Internal auditors must develop an engagement conclusion that summarizes the engagement results relative to the engagement objectives and management's objectives. Assurance engagement conclusions must include the internal auditors' judgment regarding the effectiveness of the governance, risk management, and/or control processes of the activity under review, including an acknowledgment of when processes are effective. These micro-conclusions are listed in individual Internal Audit Reports, which were shared with Management and the Audit Committee.

Assessment of Internal Control, Risk Management and Governance Processes

Internal auditors exercise due professional care by considering the adequacy and effectiveness of governance, risk management and control processes. The opinion on internal controls, risk management and governance processes is based on an accumulative view of audits performed for the 2024/25 financial year.

1.1 Internal Controls

The opinion is based on an accumulative view of audits performed for the 2024/25 financial year. Internal Audit conducted **27** (96%) audits out of **28** audits for the 2024/25 financial year. Out of the **27** audits conducted, **8** were assessed as **"Unsatisfactory"**, **19** were assessed as **"Needs improvement"**.

The overall internal control environment of **UIF Needs improvement** due to the significance of the findings raised, internal controls not fully managing the key risks, noncompliance with the policies and procedures, recurring audit findings and risks which are not managed effectively.

1.2 Risk Management

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

1.3 Governance

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

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

Furthermore, internal audit noted the recurring findings due to inadequate action plans and/or non-implementation of audit action plans that required intervention by the UI Commissioner and the Audit Committee with a specific focus on, Investment management, Labour Activation Programme, POPIA implementation Review and Internal Financial Controls Review.

Overall Conclusion of the Control Environment

In our opinion, the control environment within the areas audited is rated as **"Needs Improvement"** due to the significance of issues raised, internal controls not fully managing the key risks and controls

not implemented fully, non-compliance with the policies and procedures, recurring audit findings and risks which are not managed effectively”, Based on the findings raised, which could negatively impact the accomplishment of good governance practices for certain business objectives, management is advised to address raised findings through remedial actions using existing levels of management and authority. Management should develop an action plan to improve the audit outcomes, address qualification areas and the action plan should be monitored quarterly to measure progress and effectiveness.

5. RISK MANAGEMENT

This report provides an overview of the activities and effectiveness of the Unemployment Insurance Fund's (UIF) integrated systems for risk management, fraud prevention, and ethical governance for the 2024/2025 financial year. The UIF has adhered to the requirements of the Public Finance Management Act (PFMA) and the National Treasury's Public Sector Risk Management Framework (PSRMF). The overall risk posture is managed and controlled, with robust frameworks in place to identify, assess, and mitigate strategic and operational risks. Significant progress has been made in fraud detection and consequence management, resulting in multiple successful convictions. The continued embedding of a risk-aware and ethical culture remains a cornerstone of the Fund's governance.

- The UIF's Risk Management Framework is mandated by:
- Section 51(1) (a) (i) of the PFMA, requiring effective, efficient, and transparent systems of risk management.
- The National Treasury Public Sector Risk Management Framework (PSRMF).

Oversight Structure:

- The Risk Management Committee (RMC), chaired by an independent chairperson, provides strategic oversight and advice.
- The RMC Charter was reviewed and approved in the 2024/2025 financial year.
- The Committee works in tandem with the Audit Committee, which holds overarching responsibility for control, governance, and risk oversight.

The Unemployment Insurance Fund (UIF) has noted progress on the implementation of the Compliance Management, Combined Assurance Model and review of the Business Continuity Management Policy. The responsibilities of the Audit Committee with respect to risk management are formally defined in its charter. The Audit Committee is responsible for oversight of the Public Entity control, governance and risk management. Furthermore, the Committee has provided the Accounting Authority and management with independent counsel, advice and direction in respect of risk management. Risk Management continues to be embedded into the strategic and operational processes of the Unemployment Insurance Fund (UIF) as required by the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999) (PFMA) and Treasury regulations TR3.2.1 that supports the achievement of the Public Entity's strategic and operational objectives. This concerted effort is attributed to the Public Entity's improved performance and the risk culture

Annual Risk Landscape and Assessment

The UIF operates in a complex environment characterized by economic volatility, high demand for services, and evolving cyber threats. Our proactive risk management approach has been critical to navigating these challenges.

Assessment Methodology:

- Risks were identified and assessed at both strategic and operational levels.
- A standardized process was used to prioritize risks based on inherent likelihood and impact before mitigation.
- Mitigation strategies were implemented to reduce risks to an acceptable residual risk level.
- Progress on mitigation actions are monitored and reviewed by the RMC on a quarterly basis.

Key Strategic Risk Focus Areas included:

- Cybersecurity and Data Privacy
- Service Delivery Interruption
- Reputational Damage
- Non-compliance with Legislation
- Financial Sustainability

FRAUD AND CORRUPTION

The UIF maintains a culture of zero tolerance towards fraud and corruption, in line with the Public Service Regulations, 2016.

Prevention and Detection Measures:

- A comprehensive Fraud Prevention Strategy is in effect.
- Multiple, confidential whistleblowing mechanisms (Hotline, Email, Fax, walk-ins) are available and protected.
- Ongoing awareness campaigns educate officials on identifying and reporting fraud.

Key Initiatives and Outcomes for 2024/2025:

- Prevention Strategy: The multi-faceted fraud prevention strategy is actively implemented, focusing on awareness, detection, and response.
- Protected Reporting Mechanisms: Multiple confidential channels remain operational, including a dedicated Fraud Hotline, email, and fax line, ensuring whistle-blowers are protected from occupational detriment.

Investigation and Consequence Management: All reported cases are vigorously pursued including Covid19Ters matters. To date:

- 22 criminal Covid19Ters matters were finalised, resulting in convictions and sentences for fraud, theft, forgery, and related crimes.
- One significant matter was finalised in February 2025 with suspects convicted.
- Sentences ranged from fines to direct imprisonment, with a maximum sentence of 20 years secured.

CODE OF CONDUCT

The Code of Conduct sets the standards of integrity for public servants and operationalises legal framework put in place to promote integrity. The Code of Conduct sets out parameters of expected behaviour of public servants in the activities related to their professional duties. The Code of Conduct is administered by immediately report fraud, corruption, nepotism, maladministration and any act which violates any law which prejudicial to the interests of the public service.

Upholding the highest standards of professional ethics, as envisioned by the Constitution, is a cornerstone of our governance.

Measures Implemented:

- Financial Disclosure: 100% of Senior Management Service (SMS) members submitted their annual financial interest disclosures. Processes for other employees are firmly established.
- Ethical Culture Assessment: An organisation-wide Ethics Survey and lifestyle audits were initiated to understand and strengthen our ethical culture.
- Policy and Advocacy: Comprehensive guides and mandatory training on managing conflicts of interest, accepting gifts, and performing other remunerative work are in place and regularly communicated.
- Pre-employment Screening: Rigorous vetting processes for employees and service providers, alongside signed Codes of Conduct at every level, are standard practice to prevent conflicts from arising.

Any identified conflicts of interest are addressed immediately through progressive discipline or formal disciplinary processes, including reporting to external institutions where required.

UPHOLDING THE CODE OF CONDUCT

The Code of Conduct for public servants is actively administered to set clear expectations for integrity and professional behaviour.

- **Training and Advocacy:** Regular training sessions ensure the Code's principles are understood and lived by all staff.
- **Enforcement:** Any alleged breaches are investigated thoroughly and addressed through formal disciplinary processes, proportionate to the severity of the misconduct.

Conclusion and Forward Look

The UIF's integrated systems of risk management, fraud prevention, and ethical governance has room for improvement. The RMC is satisfied that the Accounting Authority has met its obligations under the PFMA.

For the upcoming year, our focus will remain on:

1. **Enhancing Data Analytics:** Leveraging technology to proactively identify emerging risks and fraudulent patterns.
2. **Deepening Ethical Culture:** Acting on the findings of the ethics survey to continuously improve our organisational integrity.
3. **Strengthening Resilience:** Finalising and testing the updated Business Continuity Plan to ensure operational readiness for any disruption.

The Committee commends management and staff for their commitment to upholding the highest standards of governance and accountability in service to the public.

6. COMPLIANCE WITH LAWS AND REGULATIONS

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

7. MINIMISING CONFLICT OF INTEREST

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

8. CODE OF CONDUCT

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

of Human Resource Management practices, identify roles and responsibilities in the execution of activities and outline matters pertaining to non-compliance to the policies

9. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

10. COMPANY /BOARD SECRETARY

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

The Fund's participation in job creation is also achieved through various investment activities undertaken through the Public Investment Corporation (PIC). Social Responsible Investments is a theme across other asset classes and could be listed or unlisted instruments. The decision to invest in Social Responsible Investments is a tactical decision made on a case by case basis. The bulk of UIF investments under this portfolio encompass Economic infrastructure, Social infrastructure, Agriculture, and Environmental infrastructure.

12. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	N/A
Developing and implementing a preferential procurement policy?	Yes	UIF has reviewed the Supply Chain Management (SCM) policy to include transformation requirements for Preferential Procurement. This are the preferential procurement targets as per our Annual procurement plan; 40% target for women, 30% for Youth and lastly 7 % for persons with disability.

Determining qualification criteria for the sale of state-owned enterprises?	No	N/A
Developing criteria for entering into partnerships with the private sector?	No	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	UIF has developed its own preferential policy

PART D:

HUMAN RESOURCES

1. INTRODUCTION

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

1.1 The key strategic human resource priorities

The key focus areas for the Directorates were:

- Maintaining a low vacancy rate and addressing the turnaround time for the filling of vacancies.
- Employment of people from designated groups.
- Implementing learning and development initiatives for staff.
- Implementing the UIF Internship Programme.
- Promoting sound labour relations.
- Promoting Employee health and wellness and implementing Diversity management programmes.
- Supporting directorates in implementing the findings and recommendations emanating from the employee experience survey.
- Implementation of the Employee Engagement and Change Management Strategies.
- Management of business processes and standard operating procedures.
- Implementation of the Performance Management and Development (PMDS) Policy.
- Implementation of OD interventions related to structure, job profiles and job evaluations.

1.2 Staff establishment

At the end of March 2025, the establishment of the Fund comprised of 602 permanent posts. The percentage of posts filled was 94.7% and 5.3% was vacant. The Fund furthermore appointed 75 Interns additional to the establishment on a twenty-four (24) months Internship programme.

The Fund placed a high priority on employment equity in support of government transformation initiatives. 48.8% employees on the UIF establishment were women, whilst 51.2% were men. 56% of Senior Management posts were filled by women. People with disabilities represented 3.5% of the total number of employees.

1.3 Organisational Effectiveness

For the financial year in question, the Directorate Organisational Effectiveness (DOE) implemented the employee engagement strategy which covered the on-boarding of newly appointed employees and the interviewing of employees exiting the Fund. Employee engagement interventions are aimed at determining the reasons behind staff turnover, so that the necessary remedial actions can be taken to close the gaps. The overall objective is to ensure that the UIF positions itself as the employer of choice whose employees remains continuously engaged. This intervention further ensures that the Fund does not lose on its human capital investment, as well as losing its institutional memory through staff turnover. The DOE also coordinated and facilitated processes related to the implementation of

the PMDS Policy, whose aim is to ensure that the key deliverables of employees were aligned to the strategic objectives of the Fund. Lastly, the policy ensures that UIF employees are appreciated for the services they render. The DOE further supported UIF directorates in implementing recommendations emanating from the employee experience survey. Lastly as per the scope, the DOE undertook organisational development and design and business processes support services.

1.4 Skills Development

The Fund is committed to the Education, Training and Development of its employees. For the year under review, two hundred and ninety-nine (299) officials were trained in different skills programmes through the implementation of the approved Workplace Skills Plan (WSP) and other training initiatives. In addition, 74 bursaries (National and Local) were awarded to officials to study further. Twenty (20) Business Training sessions were implemented in the provinces. The Fund also implemented a structured Internship programme and seventy-four (74) interns were trained on the following identified skills programmes: (1) UI Act Training, (2) Personal Finance Training, (3) Breaking Barriers, (4) Presentation Skills, (5) Project Management, (6) Intermediary Excel and (7) Personal Mastery.

1.5 Labour Relations

The Fund continued to harmonise labour relations through the enforcement of collective agreements and implementation of the Public Service disciplinary code and grievance procedures. During the 2024/25 financial year, six (6) grievances were received of which 100% were resolved within stipulated timeframes i.e. 30 working days. During the period 2024/25, two (2) formal disciplinary hearings were attended to by the Employee Relations section. One (1) disciplinary hearing was finalised, and one (1) disciplinary case was in progress by the end of March 2025. One (1) sanction was issued as an outcome of the disciplinary hearing. In addition, one (1) progressive/informal disciplinary matter was attended to, and a sanction of a written warning was issued to the implicated employee.

1.6 Employee Health and Wellness Programmes

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

During 2024/25, the Fund implemented Employee Health and Wellness programmes in line with the four functional pillars outlined in the Employee Health and Wellness Strategic Framework for the Public Service (2023). Five (5) programmes were implemented under the HIV, AIDS, STI and TB management pillar, as well as under the Health and Productivity Management pillar. Nine (9) programmes were implemented under the Wellness Management pillar. In line with pillar 4 (Safety, Health, Environment, Risk and Quality (SHERQ) management) an environmental inspection was conducted, and an Occupational Health and Safety Management Action Plan was developed and monitored.

Gender, Disability, Youth and Diversity management programmes were implemented as follows:

- Pillar 1 - Gender Mainstreaming: Seven (7) programmes implemented including a programme to raise awareness on Gender-based violence (Orange Day).
- Pillar 2 - Disability Mainstreaming: Four (4) programmes implemented such as Disability awareness and conducting a disability audit and needs analysis.
- Pillar 3 – Youth Empowerment: Youth Day commemoration and Youth capacity building were conducted under this pillar.

- Pillar 3 – Diversity management: Three (3) programmes were implemented for example Colleague Sensitivity programme.

1.7 Key challenges

- Finalization of misconduct cases received outside the stipulated timeframe.
- Inability to address all the risks identified in the Occupational Safety Action Plan. This was due to the Fund occupying a rented building.
- Adherence to PMDS guidelines and timeframes.
- Co-operation of stakeholders and process owners on business processes, job profiles and job evaluations.
- Implementation of employee experience survey recommendations.
- Implementation of the recommendations emanating from the Employee Engagement and Change Management strategies.

1.8 Key strategic focus for 2025/26

- Maintaining a low vacancy rate.
- Employment of people from designated groups.
- Implementing learning and development initiatives for staff.
- Facilitating the UIF Internship Programme.
- Promoting sound labour relations.
- Promoting employee health and wellness.
- Implementing diversity management programmes.
- Further supporting directorates in implementing the employee experience survey recommendations.
- Implementing the Employee Engagement and Change Management Strategies.
- Managing business processes, organisational development & design and PMDS activities.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

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

2.1 Personnel related expenditure

Personnel Cost by programme

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
UIF	2 516 826	1 860 241	73.91	3 720	500

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Senior Management (SR 13-16)	52 297	2.86	38	1 400
Professional qualified (SR 9-12)	334 007	17.96	369	905
Skilled (SR 6-8)	1 376 904	74.02	2,826	487
Semi-skilled (SR 3-5)	80 701	4.34	329	245
Un-skilled (SR 0-2)	15 439	0.83	158	98
TOTAL	1 860 241	100.00	3 720	500

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

Performance Rewards

No performance rewards (performance bonuses) were paid for the financial year in question.

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

Training Costs

Programme/activity/objective	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
UIF Training Budget	1 828 979 000	5 109 116	0.3%	299	17 087

Employment and vacancies

Programme/activity/objective	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
UIF	557	602	570	32	5.3%

Programme/activity/objective	2024/2025 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Top Management	1	1	1	0	0.0
Senior Management	23	24	24	0	0.0
Professional qualified	50	58	51	7	1.1%
Skilled	91	101	89	12	2%
Semi-skilled	290	329	298	9	1.5%
Unskilled	102	89	107	4	0.7%
TOTAL	557	602	570	32	5.3%

The vacancy rate of the Fund decreased by 2.2% to 5.3% from the previous financial year. The vacancy rate was highest in the SR 9-10 salary ranges, which represent skilled technical and academical qualified employees in junior management positions. Efforts were made to ensure that posts were filled within 4 months.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	23	1	0	24
Professional qualified	50	3	1	51
Skilled	91	5	5	89
Semi-skilled	290	10	7	298
Unskilled	102	10	3	107
Total	557	29	16	570

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	3	18.8%
Resignation	5	31%
Dismissal	0	0%
Retirement	8	50%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	16	100%

The number of service terminations decreased from thirty-eight (38) in the 2023/24 financial year to sixteen (16) in the 2024/25 financial year. The main reasons for officials leaving, were due to retirement, followed by resignations and death.

Labour Relations: Misconduct and disciplinary action

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

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current %	Target %	Current %	Target %	Current %	Target %	Current %	Target %
Top Management (15-16)	100.0	81.8	0.0	0.4	0.0	0.6	0.0	2.0
Senior Management (13-14)	33.3	35.4	4.2	3.3	4.2	3.5	0.0	2.0
Professional qualified (11-12)	51.0	49.8	0.0	0.4	2.0	1.9	3.9	4.7
Skilled (9-10)	52.8	50.3	0	0.4	2.2	2.0	1.1	2.7
Semi-skilled (6-8)	46.1	44	2.0	1.9	0.6	0.8	1.1	2.8
Unskilled (3-5)	48.9	51.7	2.1	1.3	0	1.5	0.0	2.0
AVERAGE (%)	55.3	52.1	2.8	1.8	1.2	1.7	1.0	2.7

Levels	FEMALE									
	AFRICAN		COLOURED		INDIAN		WHITE			
	Current %	Target %	Current %	Target %	Current %	Target %	Current %	Target %		
Top Management (15-16)	0.0	12.7	0.0	0.4	0.0	0.4	0.0	0.0	1.7	
Senior Management (13-14)	41.7	41.7	0.0	0.4	4.2	3.3	12.5		10.4	
Professional qualified (11-12)	43.1	40.7	0.0	0.4	0.0	0.4	0.0		1.7	
Skilled (9-10)	37.1	37.6	1.1	1.1	3.4	2.6	2.2		3.2	
Semi-skilled (6-8)	36.0	37.6	3.4	2.5	1.2	1.1	9.8		9.2	
Unskilled (3-5)	46.8	37.4	2.1	3.1	0	0.4	0		2.6	
AVERAGE (%)	34.1	34.6	1.1	1.3	1.4	1.3	4.1		4.8	

Levels	Disabled Staff					
	Male			Female		
	Current	Target		Current	Target	
Top Management (15-16)	0.0	2.3		0.0	2.3	
Senior Management (13-14)	0.0	2.3		14.2	2.3	
Professional qualified (11-12)	7.7	2.3		0.0	2.3	
Skilled (9-10)	15.3	2.3		0.0	2.3	
Semi-skilled (6-8)	69.2	2.3		85.6	2.3	
Unskilled (3-5)	7.6	2.3		0.0	2.3	
TOTAL	100	-		100	-	

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

PART E:

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	39 709	76 523
Adjustment to opening balance	0	(30 659)
Opening balance as restated	0	45 864
Add: Irregular expenditure confirmed	0	0
Less: Irregular expenditure condoned	0	6 155
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable ¹	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	39 709	39 709

No confirmed cases in 2024/25 financial year

Reconciling notes

Description	2024/2025	2023/2024
-------------	-----------	-----------

¹ Transfer to receivables

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

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

Description ²	2024/2025	2023/2025
	R'000	R'000
Irregular expenditure under assessment	21 823	21 823
Irregular expenditure under determination	58 482	
Irregular expenditure under investigation	15 438	15 438
Total	37 261	37 261

Expenditure under determination relates to ICT cases reported at DEL.

c) Details of irregular expenditure condoned

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure condoned	0	6 155
Total	0	6 155

² Group similar items

None

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

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

None

e) Details of irregular expenditure recoverable

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure recoverable	0	0
Total	0	0

None

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

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

None

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
Total

None

h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)³

Description	2024/2025	2023/2024
	R'000	R'000
Total		

None

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

Disciplinary steps taken

None

³ Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023

⁴ Amounts of irregular expenditure related to the current year must be disclosed in the annual financial statements.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	146 961	146 939
Adjustment to opening balance	3 671	
Opening balance as restated	150 632	
Add: Fruitless and wasteful expenditure confirmed		22
Less: Fruitless and wasteful expenditure recoverable ⁵		
Less: Fruitless and wasteful expenditure not recoverable and written off		
Closing balance	150 632	146 961

No fruitless and wasteful expenditure confirmed for 2024/25 financial year

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	42	22
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	584	0

⁵ Transfer to receivables

Fruitless and wasteful expenditure for the current year	0	0
Total	626	22

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

Description ⁶	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment		
Fruitless and wasteful expenditure under determination	42	22
Fruitless and wasteful expenditure under investigation		
Total	42	22

None

c) Details of fruitless and wasteful expenditure recoverable

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure recoverable	61	0
Total	61	0

None

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

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure written off	0	0
Total	0	0

None

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

Disciplinary steps taken

None

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))⁷

a) Details of material losses through criminal conduct

Material losses through criminal conduct	2024/2025	2023/2024
--	-----------	-----------

⁷ Information related to material losses must also be disclosed in the annual financial statements.

	R'000	R'000
Theft		
Other material losses		
Less: Recoverable		
Less: Not recoverable and written off		
Total		

None

b) Details of other material losses

Nature of other material losses	2024/2025	2023/2024
	R'000	R'000
None		
Total		

Include discussion here where deemed relevant and criminal or disciplinary steps taken by the institution.
--

c) Other material losses recoverable

Nature of losses	2024/2025	2023/2024
------------------	-----------	-----------

	R'000	R'000
None		
Total		

None

d) Other material losses not recoverable and written off

Nature of losses	2024/2025	2023/2024
	R'000	R'000
None		
Total		

None

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	8179	555 589 835
Invoices paid within 30 days or agreed period	5115	467 139 912
Invoices paid after 30 days or agreed period	3064	88 449 923
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	0	0
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	0	0

Include reasons for the late and or non-payment of invoices, including reasons that the invoices are in dispute, where applicable.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Request for approval to deviate from the normal procurement processes and approve payment to maintain and service the teammate Software licenses used by internal audit for the period 01 May 2024	Wolters Kluwer	Sole source	N/A	116

Include reasons for the late and or non-payment of invoices, including reasons that the invoices are in dispute, where applicable.

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	8179	555 589 835
Invoices paid within 30 days or agreed period	5115	467 139 912
Invoices paid after 30 days or agreed period	3064	88 449 923
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	0	0
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	0	0

Include reasons for the late and or non-payment of invoices, including reasons that the invoices are in dispute, where applicable.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Request for approval to deviate from the normal procurement processes and approve payment to maintain and service the teammate Software licenses used by internal audit for the period 01 May 2024	Wolters Kluwer	Sole source	N/A	116

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
to 30 april 2024 and 01 May 2024 to 03 april 2024 for the UIF while waiting for SAP to be implemented				
Request for approval to deviate from the normal procurement processes to approve affiliation and payment of membership to the Institute of internal auditors South Africa for the Unemployment Insurance Fund.	The Institute of Internal Auditors South Africa (IIASA)	Sole source	N/A	67
Request for approval to deviate from the normal procurement processes and appoint the Institute of Internal Auditors South Africa to provide certifications for the internal auditors (CIA) part1 and 2 onlinde exams for six (06) officials of the Unemployment Insurance Fund	IIASA	Sole source	N/A	57
Request for approval to deviate from the normal procurement process and appoint ADAPT IT to provide the Caseware Licenses for a period of (12) twelve months.	ADAPT IT	Single source	N/A	158
Request for approval to deviate from the normal procurement process, and appoint Interfile to facilitate the transition and handover 7 of the virtual office (VO) and Ufiling Systems to Afrinova for the Unemployment Insurance Fund (UIF) for a period not exceeding six (6) months.	Interfile	Single source	N/A	9,101
Request for approval to renew ORACLE Weblogic licenses for the Computron and VO applications for a period of twelve (12) months from 18 November 2024 to 17 November 2025.	ORACLE	Sole source	ORA/01/21	1,880
Total				11,379

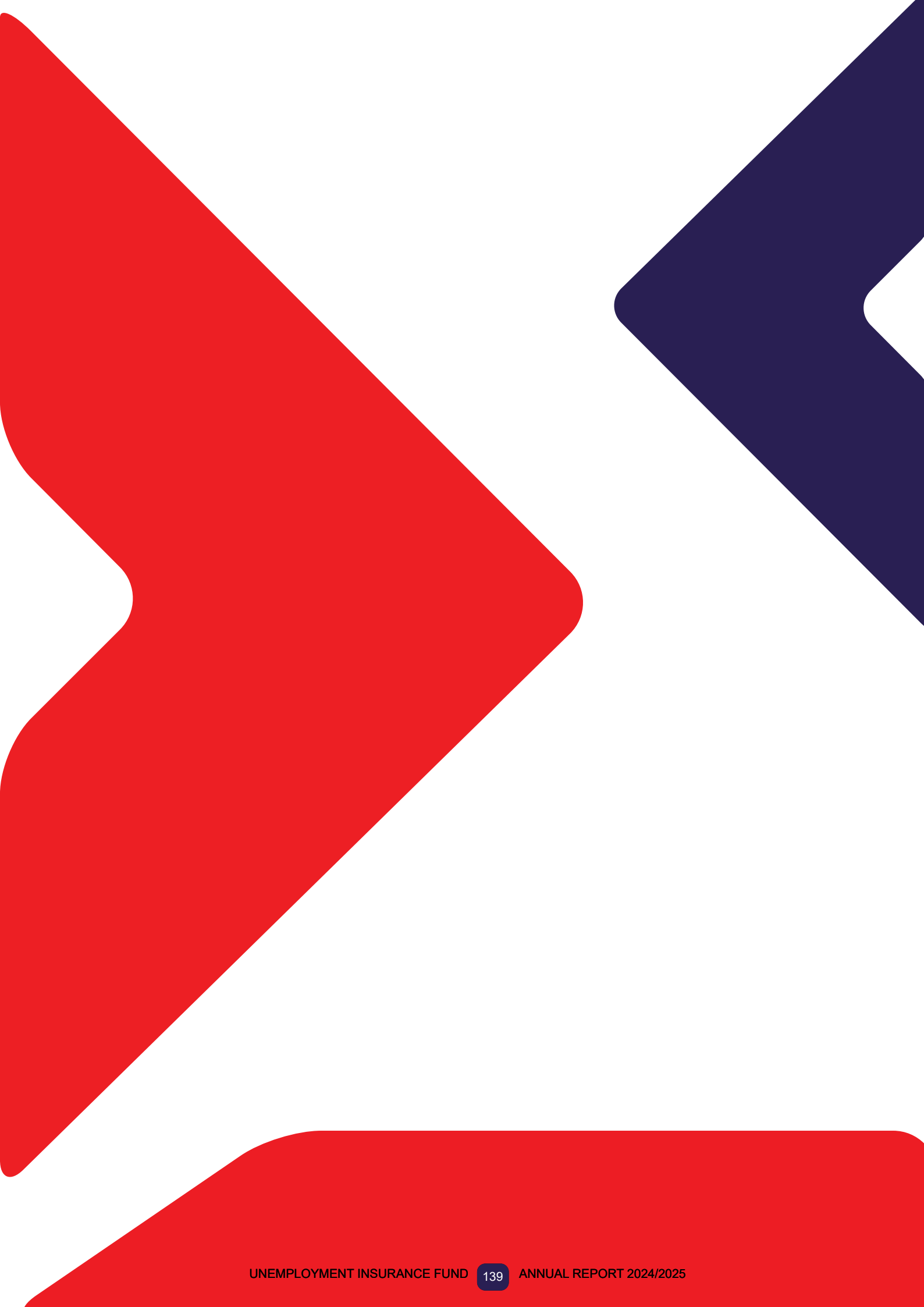
3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for approval to deviate from the normal procurement processes and extend the contract entered into between the UIF and Aluc Hygiene solutions to render Day to Day Cleaning services for a period not exceeding one month from 11 April 2024.	ALUC hygiene solutions	Expansion	AHS/01/23	513	None	171
Request for approval to deviate from the normal processes and to increase the scope of the contract entered into between the Fund and Maine Management CA currently appointed to render Internal Audit services for the UIF.	Maine Management CA	Variation	MAIN/01/22	9733	None	1,460
Request for approval to deviate from the normal procurement processes and increase the scope of the contract entered into between the Fund and Maine management and CA currently appointed to render	Maine Management CA	Variation	MAIN/01/22	9,733	1460	104

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Internal Audit Services for the Unemployment Insurance Fund.						
Requesting the BAC to deviate from the normal procurement processes and increase the scope of the USSD's monthly expenses from 700 000 sessions to 1 600 00 sessions for an amount of R213 657 120.00 (VAT Included) from 01 August 2024 to 01 March 2026.	Vodacom, MTN, Telkom	Variation	RT5/1/2021	37,951	None	86,315
Request for approval to deviate from the normal procurement processes to extend the period of the current contract entered into between the Fund and Gen2 enterprise software (Pty) Ltd without any additional cost to provide additional resource to finalize the data migration from Computron financial system to the new SAP ECC payment system for the UIF for a period of six (6) months.	Gen2 enterprise	Variation	GEN/01/22	1,186	none	546
Request for approval to deviate from the normal procurement processes and increase the scope of work and extend the contract entered into with ABSA Bank for a further period of twelve months in respect of the Account verification services (AVS) contract.	ABSA		ABSA/01/20	2,564	2,154	3,948
Request to recommend approval to deviate from the normal procurement processes and appoint the South African	State Theatre		SAT/01/22	2,284	6,168	4,719

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
State Theatre through single source procurement method for the provisioning of 311 parking bays on lease basis for a period of six (06) months with an option to extend the term on a month to month basis for a period not exceeding six (06) months.						
Request for approval to deviate from the normal procurement processes and appoint the Skg Towers (pty) (ltd) through single source procurement method for provision of office accommodation totalling 14 834 sqm and 69 parking bays for a fixed period of six (06) months and thereafter on a month to month basis for a period not exceeding six (06) months with an exit clause of three (03) months, and also to note the 8% consumer price index (cpi) increases effected on the anniversary date of the contract.	SKG Towers		SKG/01/21	82,463	158,872	21,502
Request for approval to deviate from the normal procurement processes and extend the contract entered into between the UIF and Masana Hygiene services (PTY) Ltd to render day to day cleaning services on a month to month basis for a period not exceeding six (06) months.	Masana hygiene services		MHS/01/24	4,399	None	1,987

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Request for approval to deviate from the normal procurement processes and extend the contract entered into between the UIF and ALUC Hygiene services (PTY) Ltd to render Deep Cleaning and hygiene services on a month to month basis not exceeding six (06) months.	ALUC Hygiene services		AHS/01/23	443	None	222
Total						120,974



PART F:

FINANCIAL INFORMATION

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

General Information

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

Index

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

	Page
Accounting Authority's Report	143
Statement of Financial Position	161
Statement of Financial Performance	162
Statement of Changes in Net Assets	163
Cash Flow Statement	164
Statement of Comparison of Budget and Actual Amounts	165
Accounting Policies	167-189
Notes to the Annual Financial Statements	190-288

Abbreviations

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

Accounting Authority's Report

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

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

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

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

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

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

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

The annual financial statements set out on pages 4 to 131, which have been prepared on the going concern basis, were signed by the accounting authority on 30 May 2025.



Ms Jacqueline Molisane
Acting Director General: Department of
Employment and Labour

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Unemployment Insurance Fund (UIF) set out on pages 161 to 288, 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, except for the effects and possible effects of the matters described in the basis for qualified opinion section in this auditor's report, the financial statements present fairly, in all material respects, the financial position of the UIF 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 (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Revenue from non-exchange transactions

3. The public entity did not account for revenue from non-exchange transactions in accordance with the requirements of GRAP 1, *Presentation of Financial statements* and GRAP 23, *Revenue from non-exchange transactions*. The public entity did not recognise revenue from non-exchange transactions for the non-South African Revenue Service (SARS) contributions for both the current and prior years based on declarations submitted by employers. I was unable to determine the full extent of the misstatement of revenue from non-exchange transactions stated at R26 060 million and the statutory receivables from non-exchange transactions stated at R2 244 million as it was impracticable to do so. Additionally, there was an impact on the surplus and deficit for the current period and accumulated surplus.

Benefit payments

4. I was unable to obtain sufficient appropriate evidence for the benefit payment related to covid-19 TERS. The public entity recognised expenditure in the current and prior years, however some of the employers paid could not be verified and underlying supporting documentation was not provided. I was unable to confirm these benefit payments by alternative means. Consequently, I was unable to determine if any adjustment was necessary to covid-19 TERS benefit payments stated at R127 million (2024: R275 million) in note 21 to the financial statements.

Contingencies

5. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for contingent assets. As described in note 41 to the financial statements, the restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by supporting audit evidence. Furthermore, I was unable to determine whether all contingent assets for the current year were disclosed as part of note 35 to the financial statements as a result of the effects of the restatement. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to contingent assets stated at R236 million (2024: R236 million) in the note 35 to financial statements.

Unemployment alleviation schemes

6. I was unable to obtain sufficient appropriate audit evidence for amounts disclosed as unemployment alleviation scheme for the current year as the public entity did not implement effective systems of internal control to maintain proper accounting records. I could not confirm the amounts for unemployment alleviation schemes by alternative means. Consequently, I was unable to determine whether any adjustments were necessary for unemployment alleviation schemes stated at R1 280 million disclosed in note 22 to the financial statements.

Investment revenue

7. The public entity did not correctly account for the investment revenue in the current year in accordance with GRAP 104, Financial instruments. Some investment revenue (interest revenue) did not agree to the underlying supporting records. Consequently, investment revenue for the current year as disclosed in note 29 to the financial statements was overstated by R351 million. Additionally, there was an impact on the surplus and deficit for the current period and accumulated surplus

Commitments

8. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figure for commitments (unemployment alleviation schemes). As described in note 41 to the financial statements, the restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to the commitments (unemployment alleviation schemes) corresponding figure stated at R6 444 million in the financial statements.

Investment in associates and other financial assets

9. I was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as unlisted equity, unlisted investments and investments in associates, disclosed in notes 3 and 13 to the financial statements. This was because the public entity did not implement effective internal control systems to verify the source data used to determine the fair value of the investments in associates, unlisted investments and unlisted equity, and the resultant impairment losses and reversal of impairment. I was unable to confirm the recorded respective amounts by alternative means.

10. In addition, I was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as income from equity accounted investments as the public entity did not implement effective systems of internal control to maintain reliable accounting records and information to support the amount disclosed in the financial statements. I could not confirm the amount for income from equity accounted investments by alternative means.
11. Consequently, I was unable to determine whether any adjustments were necessary to the following items, stated in notes 3, 12 and 13 of the financial statements:
- Unlisted investments, stated at R7 370 million (2024: R9 085 million)
 - Unlisted equity, stated at R810 million (2024: R867 million)
 - Investments in associates, stated at R2 139 million (2024: R2 451 million)
12. I also could not determine whether any adjustments were necessary to the following financial statements items in notes 13, 30 and 32:
- Impairment of other financial assets, stated at R849 million (2024: R695 million)
 - Reversal of impairment of other financial assets stated at R366 million (2024: R129 million)
 - Share of loss from equity accounted investments, stated at R29 million (2024: R85 million)
 - Impairment of investments in associates and interest in joint ventures stated at R156 million (2024: R737 million)
 - Fair value adjustments for unlisted investment instruments stated at R57 million (2024: R48 million)

Fair value adjustments

13. I was unable to obtain sufficient appropriate audit evidence to substantiate the amount recognised as fair value adjustments as supporting documentation was not provided to support the fair value adjustment amount. I was unable to confirm the amount for fair value adjustments by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the fair value adjustments stated at R9 904 million disclosed in note 30 to the financial statements.

Statement of comparison of budget and actual amounts

14. The public entity did not correctly prepare the statement of comparison of budget and actual amounts as required by GRAP 24, *Presentation of budget information in financial statements*. The final budget amounts presented in the statement of comparison of budget and actual amounts were not in line with the approved budget. I was unable to determine the full extent of the misstatement in the statement of comparison of budget and actual amounts as it was impracticable to do so.

Context for opinion

15. 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.

16. 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.
17. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other matter

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

Material losses

19. The entity had numerous unlisted investments that over the years have lost the full value invested.

Responsibilities of the accounting authority for the financial statements

20. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
21. 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

22. 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.
23. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 157 the annexure to the auditor's report, forms part of my auditor's report.

Report on the audit of the annual performance report

24. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof; I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
25. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 1: Administration	30	To provide management, strategic and administrative support services to management
Programme 2: Business operations	33	To collect contributions and pay benefits
Programme 3: Labour activation programme	56	Labour market integration measures that seek to introduce, retain and/or reintroduce workers into employment by enhancing their employability, enabling entrepreneurship and preserving jobs.

26. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
27. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

28. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

29. The material findings on the reported performance information for the selected programmes are as follows:

Programme 3: labour activation programme

Various indicators

30. Based on the audit evidence, the actual achievements for indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets have been achieved.

Indicator description	Target	Reported achievement
Number of beneficiaries participating in employability programmes (job creation including presidential employment stimulus)	360 000	28 567
% of funded projects monitored	90%	82%
Number of business enterprises supported	90	862

Percentage of valid Temporary Employer / Employee Relief Scheme (TERS) applications approved or rejected by the delegated authority within 20 working days

An achievement of 46% was reported against a target of 90%. However, the audit evidence showed the actual achievement to be only 40%. Consequently, the target was not achieved.

Other matter

31. I draw attention to the matters below.

Achievement of planned targets

32. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under achievements. This information should be considered in the context of the material findings on the reported performance information.

33. The tables that follow provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages [30 to 57].

Programme 2: Business operations

<i>Targets achieved: 63%</i>		
<i>Budget spent: 66%</i>		
Key indicator not achieved	Planned target	Reported achievement
% of complete, accurate and verified benefit payment documents created within five working days	95% of complete, accurate and verified benefit payment documents created within five working days	89% within five working days
% of in-service benefit claims finalised within the set timeframes	92% of valid in-service benefit claims (maternity, illness and adoption) with complete, accurate and verified information approved or rejected within 10 working days	90% within 10 working days
% of deceased benefit claims finalised within the set timeframe set timeframes	92% of valid deceased benefit claims with complete, accurate and verified information approved or rejected within 20 working days	91% within 20 working days

Programme 3: labour activation programme

Targets achieved: 67%		
Budget spent 13%		
% of valid Temporary Employer / Employee Relief Scheme (TERS) applications approved or rejected by the delegated authority within 20 working days	90% of valid Temporary Employer/ Employee Scheme (TERS) applications approved or rejected by the delegated authority within 20 working days	46%
Number of beneficiaries participating in employability programmes (job creation including presidential employment stimulus)	360 000 beneficiaries participating in employability programmes	28 567

Material misstatements

34. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 2 - Business operations and Programme 3 - Labour activation programme. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

36. 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.

37. 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.

38. 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.

39. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

40. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework or supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA.
41. Material misstatements of expenditure, current and non-current assets, cash flow statement and disclosure notes identified by the auditors in the submitted financial statements were corrected and the supporting records were provided, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure management

42. Resources of the UIF were not utilised economically, as required by section 57(b) of the PFMA.

Revenue management

43. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Consequence management

44. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against some of the officials who had incurred and/or permitted irregular expenditure in prior years, as required by section 51(1)(e)(iii) of the PFMA.
45. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

Other information in the annual report

47. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
48. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
49. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

50. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material inconsistency therein, I am required to communicate to those charged with governance and request that the information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

51. 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.

52. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

53. Proper record-keeping to ensure reliable financial and performance reporting was not implemented.

54. Management did not adequately review the financial statements and annual performance report resulting in material misstatements being identified during the audit.

55. The entity does not have the appropriate mix of skills to effectively provide strategic guidance and oversight, thereby increasing the risk of losses arising from investments in the unlisted investment portfolio.

56. Compliance with applicable laws and regulations is not strictly monitored, resulting in instances of non-compliance.

Material irregularities

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

Status of previously reported material irregularities

Covid-19 TERS payments to deceased individuals

59. In response to the impact of covid-19, the UIF introduced the TERS benefit, on 25 March 2020, through the covid-19 Temporary Employee / Employer Relief Scheme Directive issued under Government Notice 215 of 2020 reference number 43161.

60. The objectives of the scheme as provided for in section 2.1.1(a) (as amended by a government Notice issued on 25 May 2020) of the directive was "to make provision for the payment of benefits to workers who have lost income or have been required to take annual leave in terms of section 20 (10) of the Basic Conditions of Employment Act, 1997 (Act 75 of 1997) due to the covid-19 pandemic".

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

Covid-19 TERS payments to individuals that received normal benefits

66. On 25 March 2020, the UIF introduced the TERS) benefit through the covid-19 Temporary Employee / Employer Relief Scheme Directive issued under Government Notice 215 of 2020 reference number 43161.
67. The objectives of the scheme as provided for in section 2.1.1(a) (as amended by a Government Notice issued on 25 May 2020) of the directive was “to make provision for the payment of benefits to workers who have lost income or have been required to take annual leave in terms of section 20 (10) of the Basic Conditions of Employment Act, 1997 (Act 75 of 1997) due to the covid-19 pandemic”.
68. During the period of 27 March 2020 to 31 March 2021 and 1 April 2021 to 31 March 2022, the UIF made covid-19 TERS benefit payments to individuals who were found to have received payments on claims for other normal benefits (i.e. maternity, unemployment benefits and so forth during the same period. As these individuals were already receiving of a ‘normal benefit’ during the lockdown period for which the application was made, they were not eligible to benefit from the TERS benefit scheme. The payments made to these individuals were therefore invalid as they were ineligible to receive TERS benefits, while receiving normal benefits.
69. The payments made to these individuals were as a result of a lack of preventative and detective controls within the TERS application system and inadequate internal control processes being in place for capturing, monitoring and record keeping of TERS payments.
70. Therefore, there was non-compliance with section 51(1)(a)(i) of the PFMA, which is likely to result in a material financial loss for the UIF. The financial loss is considered likely as the monies paid to the beneficiaries may be recovered by the fund.

71. I notified the accounting authority of the material irregularity on 11 July 2024 and invited the accounting authority to make a written submission on the actions taken and that will be taken to address the matter.
72. The accounting authority submitted a written response with substantiating documentation; however, additional information was requested to clarify certain aspects of the response. Despite follow up efforts, I have not received the requested information from the accounting authority.

Covid-19 TERS overpayments

73. The UIF introduced the TERS benefit, on 25 March 2020, through the covid-19 Temporary Employee / Employer Relief Scheme Directive issued under Government Notice 215 of 2020 reference number 43161.
74. The objectives of the scheme as provided for in section 2.1.1(a) (as amended by a Government Notice issued on 25 May 2020) of the directive was “to make provision for the payment of benefits to workers who have lost income or have been required to take annual leave in terms of section 20 (10) of the Basic Conditions of Employment Act, 1997 (Act 75 of 1997) due to the covid-19 pandemic”.
75. During the period of 27 March 2020 to 31 March 2021, the UIF made covid-19 TERS benefit payments to beneficiaries that exceeded the claim amount (i.e. overpayments) and/or that exceed the payment thresholds. Beneficiaries were either paid monies which exceeded their claim amounts due to them (calculated on a predetermined formula) and/or, received payments of claim amounts which were above the threshold that could be received by a beneficiary (after factoring in variables).
76. The payments made to these individuals was as a result of a lack of preventative and detective controls within the TERS application system and inadequate internal control processes being in place for capturing, monitoring and record keeping of TERS payments.
77. Therefore, there was non-compliance with section 51(1)(a)(i) of the PFMA, which is likely to result in a material financial loss for the UIF. The financial loss is considered likely as the monies paid to the beneficiaries may be recovered by the fund.
78. I notified the accounting authority of the material irregularity on 11 July 2024 and invited the accounting authority to make a written submission on the actions taken and that will be taken to address the matter.
79. The accounting authority submitted a written response with substantiating documentation; however, additional information was requested to clarify certain aspects of the response. Despite follow up efforts, I have not received the requested information from the accounting authority.

Other reports

80. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
81. Multiple government agencies and institutions have carried out investigations on covid-19 TERS benefit claims. At the time of this report being signed, certain investigations were still in progress, while others have been completed, resulting in recommendations for possible legal actions. The precise schedule for concluding the ongoing investigations is currently unclear, and it is unknown when the related reports will be completed and released. It should be emphasized that the results of these investigations could have major consequences for both the people affected and the overall system of distributing benefits, necessitating thorough supervision and possible corrective measures after the findings are released.

Auditor-General

Pretoria
31 July 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a) (ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Second amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraphs 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraphs 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6

Legislation	Sections or regulations
National Treasury SCM Instruction No. 11 of 2020/21	Paragraphs 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraphs 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraphs 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

	Note(s)	2025 R'000	2024 *Restated R'000
Assets			
Current Assets			
Other financial assets	3	58,669,755	49,546,528
Receivables from exchange transactions	4	350,733	1,096,085
Receivables from non-exchange transactions	5	77,884	84,040
Statutory receivables from non-exchange transactions	6	2,244,118	2,148,216
Prepayments	7	303,188	14,615
Cash and cash equivalents	8	5,890,814	3,063,332
		67,536,492	55,952,816
Non-Current Assets			
Investment property	9	313,074	573,124
Property, plant and equipment	10	312,484	61,862
Intangible assets	11	104,099	107,317
Interest in joint ventures	12	5,489	5,505
Investments in associates	13	2,139,337	2,451,156
Other financial assets	3	104,225,540	92,127,978
		107,100,023	95,326,942
Total Assets		174,636,515	151,279,758
Liabilities			
Current Liabilities			
Operating lease liability	34	-	77
Payables from exchange transactions	14	1,206,798	856,416
Provisions	15	19,825,081	19,892,212
Benefits payable	16	29,528	55,734
		21,061,407	20,804,439
Non-Current Liabilities			
Provisions	15	15,903	16,261
Total Liabilities		21,077,310	20,820,700
Net Assets		153,559,205	130,459,058
Technical reserve	17	50,270,613	47,480,344
Accumulated surplus		103,288,592	82,978,714
Total Net Assets		153,559,205	130,459,058

* See Note 41

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

(Illustrating the classification of expenses by nature)		2025	2024
	Note(s)	R'000	*Restated R'000
Revenue from non-exchange transactions	19	26,060,538	24,881,163
Other income from non-exchange transactions	20	250,435	329,900
Benefit payments	21	(18,881,044)	(15,114,390)
Changes in benefits payable	21	67,126	931,482
Unemployment Alleviation Schemes	22	(1,279,766)	(660,623)
Gross surplus		6,217,289	10,367,532
Other revenue from exchange transactions	23	7,300	6,085
Auditors remuneration	24	(34,475)	(25,704)
Depreciation, amortisation and impairments	25	(24,983)	(17,888)
Employee costs	26	(1,860,241)	(1,672,845)
Administrative costs	27	(818,934)	(762,871)
Operating expenses	28	(1,830,858)	(1,285,143)
Operating surplus		1,655,098	6,609,166
Investment revenue	29	11,431,874	11,824,543
Losses on the disposal of property, plant and equipment	10	(151)	(7)
Impairment loss on building under development	10	(34,903)	-
Fair value adjustments	30	9,904,640	(4,235,416)
Gains/(Losses) from foreign exchange differences	30	(233,746)	480,495
Share of profit/(loss) from equity accounted investments	31	(29,642)	(85,055)
Reversal of impairment of other financial assets	32	366,366	129,205
Impairment of other financial assets	32	(849,107)	(695,484)
Realised Gains/Losses on investments	30	1,046,309	2,582,174
Impairment of investments in associates and interest in joint ventures	12&13	(156,589)	(737,346)
Surplus / (deficit) for the year		23,100,149	15,872,276

* See Note 41

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

	Technical reserve R'000	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	45,697,746	68,922,480	114,620,226
Adjustments			
Correction of errors	-	(33,444)	(33,444)
Restated* Balance at 01 April 2023	45,697,746	68,889,036	114,586,782
Changes in net assets			
Transfer to technical reserve	1,782,598	(1,782,598)	-
Net income (losses) recognised directly in net assets	1,782,598	(1,782,598)	-
Surplus previously reported	-	15,873,334	15,873,334
Correction of errors	-	(1,058)	(1,058)
Restated surplus for the year	-	15,872,276	15,872,276
Total recognised income and expenses for the year	1,782,598	14,089,678	15,872,276
Total changes	1,782,598	14,089,678	15,872,276
Restated* Balance at 01 April 2024	47,480,344	82,978,713	130,459,057
Changes in net assets			
Restated surplus for the year	-	23,100,148	23,100,148
Transfer to technical reserve	2,790,269	(2,790,269)	-
Total changes	2,790,269	20,309,879	23,100,148
Balance at 31 March 2025	50,270,613	103,288,592	153,559,205
Note(s)	17		

* See Note 41

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

		2025	2024
	Note(s)	R'000	*Restated R'000
Cash flows from operating activities			
Receipts			
Cash receipts from contributors		26,098,306	24,918,350
Other receipts		126,796	269,777
Interest received from operations		1,428,530	670,524
		<u>27,653,632</u>	<u>25,858,651</u>
Payments			
Employee costs and other compensation		(1,860,600)	(1,674,631)
Suppliers		(2,622,542)	(1,891,365)
Benefit payments		(18,907,256)	(15,158,282)
Unemployment Alleviation Schemes		(1,279,766)	(660,622)
		<u>(24,670,164)</u>	<u>(19,384,900)</u>
Net cash flows from operating activities	33	<u>2,983,468</u>	<u>6,473,751</u>
Cash flows from investing activities			
Acquisition of Property, plant and equipment		(34,541)	(54,655)
Acquisition of Investment property		(109,919)	(143,104)
Acquisition of Intangible assets		-	(17,514)
Net acquisition of other financial assets		(10,889,251)	(16,472,297)
Net disposal of investments in associates		125,607	250,654
Dividends received from investments in associates		(1)	-
Dividends received		1,415,942	1,640,599
Interest income from other financial assets		9,336,177	8,822,232
Net cash flows from investing activities		<u>(155,986)</u>	<u>(5,974,085)</u>
Net increase/(decrease) in cash and cash equivalents		2,827,482	499,666
Cash and cash equivalents at the beginning of the year		3,063,332	2,563,666
Cash and cash equivalents at the end of the year	8	<u>5,890,814</u>	<u>3,063,332</u>

* See Note 41

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Zero Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand Thousand						
Revenue						
Revenue from non-exchange transactions	25,827,755	-	25,827,755	26,060,538	(232,783)	43.1
Other income from non-exchange transactions	24,459	990	25,449	250,435	(224,986)	43.2
Other revenue from exchange transactions	5,789	(5)	5,784	7,300	(1,516)	43.3
Investment revenue	11,627,545	546,495	12,174,040	11,431,874	742,166	43.4
Total revenue	37,485,548	547,480	38,033,028	37,750,147	282,881	
Expenditure						
Benefit payments	(18,161,466)	-	(18,161,466)	(18,881,044)	719,578	43.5
Changes in benefits payable	(3,288,759)	230,887	(3,057,872)	67,126	(3,124,998)	43.6
Unemployment Alleviation Schemes	(3,900,000)	(5,984,290)	(9,884,290)	(1,279,766)	(8,604,524)	43.7
Auditors remuneration	(24,322)	(25,678)	(50,000)	(34,475)	(15,525)	43.8
Depreciation, amortisation and impairments	(39,410)	-	(39,410)	(24,983)	(14,427)	43.9
Employee cost	(2,541,551)	(14,518)	(2,556,069)	(1,860,241)	(695,828)	43.10
Administrative costs	(1,197,327)	(6,576)	(1,203,903)	(818,934)	(384,969)	43.11
Operating expenses	(2,168,392)	(633,758)	(2,802,150)	(1,830,858)	(971,292)	43.12
Finance costs	(5)	-	(5)	-	(5)	
Total expenditure	(31,321,232)	(6,433,933)	(37,755,165)	(24,663,175)	(13,091,990)	
Operating surplus	6,164,316	(5,886,453)	277,863	13,086,972	(12,809,109)	
Gains/losses on the disposal of property, plant and equipment	-	-	-	(151)	151	43.13
Impairment loss on building under development	-	-	-	(34,903)	34,903	43.14
Impairment of other financial assets	-	-	-	(849,107)	849,107	43.15
Fair value adjustments	(4,594,701)	(215,951)	(4,810,652)	9,904,640	(14,715,292)	43.16
Gains/(losses) from foreign exchange differences	-	-	-	(233,746)	233,746	43.17
Realised gains/losses on investments	1,513,461	71,133	1,584,594	1,046,309	538,285	43.18
Share of profit/(loss) from equity accounted investments	-	-	-	(29,642)	29,642	43.19
Reversal of impairment of other financial assets	-	-	-	366,366	(366,366)	43.20
Impairment of investments in associates and interest in joint ventures	-	-	-	(156,589)	156,589	43.15
Technical reserve	(638,262)	10,881,067	10,242,805	(2,790,269)	13,033,074	43.21
	(3,719,502)	10,736,249	7,016,747	7,222,908	(206,161)	
Surplus/(Deficit) for the year after reserves	2,444,814	4,849,796	7,294,610	20,309,880	(13,015,270)	
Actual amount on comparable basis as presented in the budget and actual comparative statement	2,444,814	4,849,796	7,294,610	20,309,880	(13,015,270)	

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Zero Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand Thousand						
Capital expenditure	(1,296,127)	-	(1,296,127)	(34,491)	(1,261,636)	43.22

Accounting Policies

1. Presentation of AFS

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

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

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

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

A summary of the significant accounting policies is disclosed below.

These accounting policies are consistent with the previous period, except as otherwise indicated in Note 41 of the AFS.

1.1 Going concern assumption

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

Additional information is included in Note 39.

1.2 Significant judgments, estimates and assumptions

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

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

1.2.1 Total Outstanding benefits recognised in the technical reserve

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

The Claims Handling Expenditure assumption considers movements in expenses attributable to paying claims over the last 3 financial years, which is then expressed as a percentage of total claims paid. This percentage is then applied to the projected claims still to be paid (Incurred But Not Approved (IBNA) and Approved But Not Paid (ABNP)) to determine the expense reserve under the Reserve Fund basis. This includes consideration of future planned changes to the expense structures, of which there currently are none. The Claims Handling Expenses (CHE) ratio for the 2025 financial year decreased to 16.9% of claims paid (2024: 17.3%), and was therefore used to calculate outstanding claims estimates under the Reserve Fund basis.

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

- CPI is expected to be 3.5% over the period considered in estimating the TOC;
- Salaries (and therefore benefits) will increase at 2% above inflation, i.e. 5.5%, which is also the rate used to discount future claims;
- As the salary escalation rate equals the discount rate, the absolute levels of these assumptions do not impact the level of the estimates.

Accounting Policies

1.2.2 Premium reserves recognised in the technical reserve

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

Unearned Premium Reserve

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

Premium Inadequacy Reserves

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

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

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

A Pay-As-You-Go (PAYG) rate is calculated and applied to future expenses and used in determining the premium reserve. The expense ratio of 0.335% remained unchanged at the 2024 level and was used to determine the Premium Reserve for the valuation as at 31 March 2025.

1.3 Financial instruments

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

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

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

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

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

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

Classification of financial assets and liabilities

Financial assets and financial liabilities at fair value

Financial instruments held-for-trading

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

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

Accounting Policies

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

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

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

Financial instruments at amortised cost

Investments

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

Cash and cash equivalents

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

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

Receivables

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

Payables

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

Recognition

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

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

Measurement

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

Accounting Policies

Fair value measurement principles

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

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

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

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

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

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

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

Gains and losses on subsequent measurement

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

Impairment of financial assets

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

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

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

Accounting Policies

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

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

De-recognition

Financial assets

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

- The rights to receive cash flows from the asset have expired;
- The Fund retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a "pass-through" arrangement; or
- The Fund has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities

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

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

Interest income and expense

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

Dividend income

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

1.4 Receivables from exchange transactions

Rent receivable

Rent receivable is measured at initial recognition at fair value.

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

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

Accounting Policies

Sundry receivables

Sundry receivables are measured at initial recognition at cost.

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

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

Bank interest receivable

Bank interest receivable is measured at initial recognition at cost.

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

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

1.5 Receivables from non-exchange transactions

Disallowances (benefits paid in error / overpayments)

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

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

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

Legal Claims Receivables – Contributions

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

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

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

Transactions under Investigation

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

Accounting Policies

Risk management transactions are categorised in:

- Transactions under investigation
- Actual fraud detected

Impairment is based on:

- Known receivables
- Unknown receivables

Known receivables

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

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

Unknown receivables

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

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

COVID-19 TERS receivables

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

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

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

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

1.6 Statutory receivables

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

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

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

Accounting Policies

1.7 Prepayments

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

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

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

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

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

1.8 Investment property

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

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

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

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

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

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

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

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

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

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

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

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

Accounting Policies

1.9 Property, plant and equipment

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

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

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

Property, plant and equipment are initially measured at cost.

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

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

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

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

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

Property, plant and Equipment that is not yet available for use is classified as Work-in-Progress. All costs relating to the development of the asset are capitalised to the Work-in-Progress assets and no depreciation is applicable. Upon completion of the asset and any necessary inspections, the asset becomes available for use and will be transferred and classified to its respective asset class. Furthermore, the asset will be depreciated over its useful life from this date.

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

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

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

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

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

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

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

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

Accounting Policies

1.9 Property, plant and equipment (continued)

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

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

1.10 Intangible assets

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

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

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

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

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

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

Accounting Policies

1.10 Intangible assets (continued)

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

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

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

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

Intangible assets are derecognised:

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

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

1.11 Impairment of non-cash-generating assets

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

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

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

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

Identification

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Reversal of an impairment loss

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

Accounting Policies

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

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

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

1.12 Interests in joint ventures

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

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

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

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

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

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

1.13 Interests in joint operations

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

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

1.14 Investments in associates

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

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

Accounting Policies

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

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

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

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

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

1.15 Leases

Operating leases - lessor

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

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

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

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

Operating leases - lessee

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

1.16 Benefit payments

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

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

Accounting Policies

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

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

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

Benefit payments consist of Unemployment Insurance benefits approved for payment to claimants in accordance with the conditions of the UI Act.

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

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

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

1.17 Provisions

Provisions are recognised when:

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

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

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the Fund settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses.

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

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

The TOC is separated into the following components:

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

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

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

Benefits payable provision - COVID-19 TERS

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

Accounting Policies

Benefits payable provision - WABU

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

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

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

Capped leave

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

1.18 Revenue from non-exchange transactions

Contribution revenue

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

Recognition and measurement

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

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

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

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

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

Employee remuneration information gap

In accordance with the UI Act:

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

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

Accounting Policies

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

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

Mitigation of the "employee remuneration information gap"

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

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

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

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

The following revenue streams have been classified:

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

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

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

Other revenue from non-exchange transactions

COVID-19 TERS

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

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

Overpayments

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

Accounting Policies

1.19 Revenue from exchange transactions

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

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

1.20 Employee benefits

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

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

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

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

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

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

1.21 Unemployment alleviation schemes

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

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

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

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

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

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

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

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

Accounting Policies

Contracts entered into with LAP partners are considered to be commitments which obligations are arising from an existing agreement that will become an actual liability upon the fulfilment of specified conditions. Contractual commitments are therefore an obligation to the external parties of the Fund which arises with respect to any legal contract made by the Fund with those external parties.

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

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

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

The scheme is intended to provide support to distressed companies and their workers who are at risk of retrenchment. Under the scheme, the Fund funds 75% of a worker's basic salary which may not exceed the threshold earnings as determined by the Minister from time to time in terms of section 6(3) of the Basic Conditions of Employment Act. Currently, the maximum amount a worker may receive is an amount of R12,849.00 ($R17,119.44 \times 75\%$) per month. The duration for a company to participate in TERS may not exceed 12 months. A condition to benefiting from TERS is that the distressed employer must conclude an agreement with its workers undertaking that no retrenchments will occur and that the employer will pay all social security contributions for its workers. Furthermore, an employer applying to participate in TERS must submit a turnaround strategy demonstrating how the employer intends to turn around the entity from its distressed state. If approved for participation in TERS, an employer may be referred to the Business Turnaround and Recovery Programme (BT&RP) which is administered and managed by Productivity South Africa.

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

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

COVID-19 TERS benefits

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

COVID-19 TERS benefits are approved for payment to claimants in accordance with the conditions of the UI Act.

COVID-19 TERS payments are recognised on the approval of the benefit claim. Provision is made at financial year end for Received But Not Approved claims (RBNA) and Incurred But Not Received claims (IBNR). An obligating event creates a legal or constructive obligation that results in the Fund having no realistic alternative to settling that obligation. The obligation event occurs when an employer as a direct result of Covid -19 pandemic close its operations and suffer financial distress. When the obligation event is incurred, a liability is recognised. The Fund is liable to only pay benefits for the cost of salary for the employees during the temporary closure of the business operations. Liability is measured at the salary benefits capped to a maximum amount of R17,712.00 per month, per employee and an employee will be paid in terms of the income replacement rate sliding scale (38% - 60%) as provided in the UI Act. Should an employee's income determined in terms of the income replacement sliding scale fall below the minimum wage of the sector concerned, the employee will be paid a replacement income equal to minimum wage of the sector concerned.

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

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

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

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

Accounting Policies

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

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

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

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

1.22 Budget

The Fund aligns its budget priorities with that of National Government and the Department of Employment and Labour by ensuring the budget delivers on priorities such as efficient service delivery, poverty alleviation and building sound institutional arrangements. The approved budget covers the period 1 April 2024 to 31 March 2025.

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

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

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

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

1.23 Contingencies

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

A contingent liability is:

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

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

1.24 Commitments

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

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

Accounting Policies

1.24 Commitments (continued)

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

1.25 Principal Agent Relationship

Identification

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

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

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

Identifying whether an entity is a principal or an agent

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

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

Binding arrangement

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

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

1.26 Fruitless and wasteful expenditure

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

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

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

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

Accounting Policies

1.26 Fruitless and wasteful expenditure (continued)

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

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

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

1.27 Irregular expenditure

Irregular expenditure

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

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

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

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

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

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

1.28 Changes in accounting policies, estimates and errors

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

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

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

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

1.29 Segment information

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

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

Accounting Policies

1.30 Related parties

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

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

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

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

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

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

1.31 Events after reporting date

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

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

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

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

1.32 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to Note 45 - Comparative figures.

1.33 Administration and Operating Expenditure

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

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

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

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

Accounting Policies

1.33 Administration and Operating Expenditure (continued)

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

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

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

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

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

1.34 Material Losses

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

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

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

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

Materiality

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

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

There were no new standards and interpretations of GRAP relevant to the Fund and its operations that were effective and adopted during the year under review.

2.2 Standards and Interpretations early adopted

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

2.3 Standards and interpretations issued, but not yet effective

Standards and interpretations issued, but not yet effective - Minister of Finance has not determined an effective date

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

GRAP 2023 Improvements to the Standards of GRAP 2023

Background

The ASB Board undertakes periodic revisions of the Standards of GRAP in line with best practice internationally among standard setters. The Improvements to the Standards of GRAP include changes resulting from amendments to the International Public Sector Accounting Standards and the International Financial Reporting Standards, as well as general improvements identified through consultation with stakeholders. The Improvements to the Standards of GRAP (2023) was approved by the Board and issued in November 2023.

The effective date of these improvements has not yet been set.

The Fund has not set a date to adopt the standard for the first time in the annual financial statements.

The impact of this standard is currently being assessed.

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The ASB Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity's operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The "intention" to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity's operations is rare, and only in the case of dissolution without any continuation of the entity's operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity's functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Notes to the Annual Financial Statements

Where some of an entity's functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity's financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The ASB Board's project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The Fund has not set a date to adopt the standard for the first time in the annual financial statements.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

Standards and interpretations issued, but not yet effective - Minister of Finance has determined an effective date

GRAP 104 (as revised) - Financial Instruments

Background

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

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

The most significant changes to the Standard affect::

- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of this interpretation is for years beginning on or after 1 April 2025.

The Fund expects to adopt the standard for the first time in the 2025/2026 annual financial statements.

It is unlikely that the standard will have a material impact on the Fund's annual financial statements.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
3. Other financial assets		
Designated at fair value		
Bills	621,846	476,876
Bonds	97,184,940	84,517,007
Listed equity	46,121,754	38,627,393
Unlisted equity	810,544	867,575
Unlisted financial instruments	39,316	41,247
	144,778,400	124,530,098
At amortised cost		
Fixed deposits	10,736,422	8,047,137
Investment income receivable	10,701	11,753
Unlisted investments	7,369,772	9,085,518
	18,116,895	17,144,408
Total other financial assets	162,895,295	141,674,506
Non-current assets		
At fair value	96,855,768	83,042,460
At amortised cost	7,369,772	9,085,518
	104,225,540	92,127,978
Current assets		
At fair value	47,922,632	41,487,639
At amortised cost	10,747,123	8,058,889
	58,669,755	49,546,528
Non-current assets	104,225,540	92,127,978
Current assets	58,669,755	49,546,528
	162,895,295	141,674,506

Fair value hierarchy of financial assets at fair value

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

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Level 1		
Bonds	55,564,465	49,416,493
Listed equities	32,633,211	26,004,788
Unit trusts (foreign)	13,488,543	12,622,605
	101,686,219	88,043,886
Level 2		
Bills and negotiable certificates of deposits	621,846	476,876
Bonds	41,620,475	35,100,514
	42,242,321	35,577,390
Level 3		
Unlisted equity	810,544	867,575
Unlisted financial instruments	39,316	41,247
	849,860	908,822
	144,778,400	124,530,098

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

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

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

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

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

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

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

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Allowance for expected credit losses

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

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

- The counterparty is experiencing significant financial difficulties.
- There has been a breach of contract, such as a default.
- The Fund has, for economic or contractual reasons relating to the counterparty's financial difficulties, granted the counterparty a concession
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.
- An active market for the financial asset has disappeared because of financial difficulties.
- There has been a purchase or origination of the financial asset at a deep discount that reflects incurred credit losses
- There have been significant changes in national or local economic conditions that correlate with defaults or counterparties.

The movements recognised were R154 million for 2025 (2024: R446 million).

4. Receivables from exchange transactions

Interest and dividends receivable	341,246	1,090,021
Rent receivable	14,146	14,086
Allowance for impairment - Rent receivable	(4,981)	(8,371)
Sundry receivables	15,458	15,487
Allowance for impairment - Sundry receivables	(15,136)	(15,138)
	350,733	1,096,085

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

Receivables from exchange transactions past due but not impaired

Receivables from exchange transactions which are less than 3 months past due are not considered to be impaired. At 31 March 2025, R341 million (2024: R1,090 million) were past due but not impaired.

The amounts past due but not impaired are as follows:

1 month past due	341,246	1,090,021
------------------	---------	-----------

Receivables from exchange transactions impaired

As of 31 March 2025, rent receivables from exchange transactions of R14.1 million (2024: R14 million) were impaired and an allowance raised. The amount of the allowance was R4.9 million as of 31 March 2025 (2024: R8.3 million).

The ageing of these receivables is as follows:

Rent receivable		
0 to 3 months	664	1,767
3 to 6 months	995	838
More than 6 months	12,487	11,481
	14,146	14,086

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

As of 31 March 2025, sundry receivables from exchange transactions of R15.4 million (2024: R15.4 million) were impaired and provided for.

The amount of the allowance for impairment of sundry receivables was R15.1 million as of 31 March 2025 (2024: R15.1 million).

The ageing of these receivables is as follows:

Sundry receivables

0 to 3 months	1	97
3 to 6 months	6	-
More than 6 months	15,451	15,390
	15,458	15,487

Reconciliation of allowance for impairment of receivables from exchange transactions

Impairment of rent receivable

Opening balance	8,371	5,348
Allowance for impairment	(3,390)	3,023
	4,981	8,371

Impairment of sundry receivables

Opening balance	15,138	15,109
Allowance for impairment	(2)	29
	15,136	15,138

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

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

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

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

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

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
5. Receivables from non-exchange transactions		
Transactions under investigation debt	332,728	313,700
Allowance for impairment - transactions under investigation debt	(271,489)	(250,152)
Disallowances and overpayments debt	315,229	301,863
Allowance for impairment - disallowances and overpayments debt	(307,476)	(302,545)
Legal claims - contributions debt	5,782	6,087
Allowance for impairment - legal claims debt	(5,667)	(5,721)
Covid19 TERS Receivable	20,411	22,374
Allowance for impairment – Covid-19 TERS Receivable	(11,634)	(1,566)
	77,884	84,040

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

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

Transactions under investigation

Transactions under investigation debt increased from R313 million in 2024 to R332 million in 2025.

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

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

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

Disallowances and overpayments debt

Disallowances and overpayments debt balance increased from R301.8 million in 2024 to R315.2 million in 2025.

The ageing of disallowances and overpayments debt is as follows:

0 to 3 months	60,752	62,849
3 to 6 months	31,088	27,598
More than 6 months	223,389	211,416
	315,229	301,863

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Risk of paying benefits in error

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

The risk of paying benefits in error arises due to:

- Poor compliance by employers
- Employers are expected to declare before the 7th of each month, new and existing employers, however late declaration can result in payment authorised over start work date.

However, when employers do declaration and there is a false declaration by the client, then the system controls take over and are discrepancies are red flagged and either underpayment or overpayments are raised and recovered from further benefits or paid by the client. (Classified as work and draw)

The above are the main reasons for payments paid in error.

Overpayment policy

An overpayment policy was developed to guide, assist and standardise the management of debts arising from benefits paid in error by the provincial offices. When overpayments (benefits paid in error) are noted the Fund starts with the recovery of benefits paid in error as per section 35 of the UI Act and institutes section 61(6) to recover the loss from any outstanding benefits payable which are due. In addition, the Fund may institute the suspension of contributors as per UI Act section 36. Since the approval of the policy there has been a major improvement in the general administration of debt management.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Debt collection

During the financial year under review the Fund collected R123.2 million in total; in set offs, R119.8 million and bank deposits R3.3 million. For the financial year ended 31 March 2024 the Fund collected R98.4 million in total; in set offs R94.9 million and bank deposits of R3.4 million.

Legal claims - contribution debt

Legal claims - contribution debt balance increased from R6 million on 2024 to R5.7 million in 2025.

The ageing of legal claims is as follows:

1 to 6 months	432	415
7 to 12 months	285	80
More than 12 months	5,065	5,592
	5,782	6,087

Risk of loss of revenue from claim debtors

Contributors who are either deceased, or go into liquidation or insolvency due to financial distress, present a financial risk to the Fund.

The Fund's exposure can be limited through the lodging of claims with liquidators, as published in the Government Gazette in order to recover all monies owed to the Fund.

Covid Ters Debt

Covid Ters debt balance decreased from R22.3 million in 2024 to R20.4 million in 2025.

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

Allowance for impairment for transactions under investigation debt

The amount of the allowance for impairment was R271 million as at 31 March 2025 (2024: R250 million):

Opening balance	250,152	131,410
Movement	21,337	118,742
	271,489	250,152

Factors considered for impairment are based on historical evidence of recoverability and non-recoverability of transactions under investigation.

Allowance for Impairment of disallowances and overpayment debt

The amount of the allowance for impairment was R307.4 million as at 31 March 2025 (2024: R302.5 million).

Opening balance	302,545	303,675
Movement in prior year allowance	(3,289)	6,926
Amounts written off as uncollectable	(96,785)	(100,684)
Disallowances and overpayments cancelled	(24,216)	(211)
Disallowances and overpayments recovered	(209)	(21,140)
New allowances for impairment	129,430	113,979
	307,476	302,545

The above reconciliation only provides for the movement of the allowance between the prior and the current financial year and therefore only reflects written-off amounts that were previously provided for.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Factors considered for impairment are based on the age of the receivable (younger and older than 60 years), history of the recovery of payments (the receivable currently settling the debt, or no history exists), whether the overpayments are older than 270 days and whether the receivable is a South African citizen or not.

Allowance for impairment of legal claims contribution debt

The amount of the allowance for impairment was R5.6 million as at 31 March 2025 (2024: R5.7 million)

Opening balance	5,721	5,146
Movement in prior year balance	157	(219)
Amounts written off as uncollectable	(1,014)	(626)
Contribution debt recovered	(62)	(344)
New allowance for impairment	865	1,764
	5,667	5,721

The above reconciliation only provides for the movement in allowance between the prior and the current financial year and therefore only reflects written-off amounts that were previously provided for.

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

Allowance for impairment of Covid-19 TERS debt

The amount of allowance for impairment was R11.6 million as at 31 March 2025 (2024: R1.5 million).

Opening balance	1,566	12,697
Movement in prior year balance	9,548	(8,365)
Contribution debt recovered	(113)	(2,970)
New allowance for impairment	633	204
	11,634	1,566

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

6. Statutory receivables from non-exchange transactions

Funds at National Treasury are contribution revenue collected by SARS from registered employers, declared as owing to the Fund on reporting date through the National Revenue Account. Employers with employees earning more than the tax threshold are required by legislation to register their businesses at SARS and the Fund and pay Unemployment Insurance contributions to SARS. Employers pay contributions of 2% of the value of each employee's pay per month. The employer and employee each contribute 1% and the 1% contribution is capped at R17,712.00 per month.

Per legislation SARS is required to levy interest on overdue accounts and all contributions are payable to the Fund as per the UI Contributions Act, section 11(3). The Director General must, within 14 days after receipt of the notice from the Commissioner in terms of section 8(4), authorise the transfer of the amount of the contributions, interest and penalties paid into the NRF to the Fund. Funds are requested by the Fund via the Department of Employment and Labour.

The Fund had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

National Treasury	2,244,118	2,148,216
-------------------	-----------	-----------

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Statutory receivables impaired:

Statutory receivables were not considered to be impaired as these receivables originate from the UI Contributions Act between SARS and the Fund. Section 11(1) of the UI Contributions Act states that contributions, interest and penalties collected by SARS in terms of this Act must, after deduction of any refunds, be paid into the NRF. Subsequently, according to section 11(2) of the UI Contributions Act, the total amount of contributions, interest and penalties paid into the NRF in terms of subsection (1) is a direct charge against the NRF for the credit of the Fund. SARS is required according section 8(4) to notify the Director-General of the Department of Employment and Labour of the amount of the contributions, interest and penalties collected from, and refunds made to, employers during the previous month after which, in 14 days after receipt of the notification the Director-General authorises the transfer of the SARS collections paid into the NRF to the Fund.

7. Prepayments

Prepayments - GCIS	15,652	7,413
Prepayments - LAP	86,923	7,197
Prepayments - Other	200,613	5
	303,188	14,615

Prepayments relate to advance payments made to the following organisations:

Government Communication and Information System (GCIS)

Prepayments were made in relation to advertising, exhibitions and marketing.

Other prepayments

National School of Government

The Department of Employment and Labour (DEL) incurs expenditure throughout the country on behalf of entities that report to the Department, including the Unemployment Insurance Fund. An advance is paid at the beginning of the financial year to cater for expenditure to be incurred by the Department on behalf of the Fund, taking into account the inherent delays brought by retrospective monthly claims. Monthly DEL claims are paid throughout the financial year and the March DEL claim is set off against the standing advance. The advance remaining after the set off is reported under prepayments as DEL advance.

LAP Partners

Prepayments relate to advance payments made for training programmes in terms of Section 48(1)(a)(iv) of the UI Act, as amended and Section 5(d) of the UI Amendment Act, No.10 of 2016 that provides that the Fund must be used for financing of the retention of contributors in employment and the re-entry of contributors into the labour market and any other scheme aimed at vulnerable workers. The programmes for which prepayments were made relate to LAP Training of the Unemployed (TOU) and Temporary Employer/Employee Relief Schemes (TERS). The remaining balance of advances made to Labour Activation Programmes (LAP) partners was R86.9 million as at 31 March 2025 (2024: R7.1 million).

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	5,590,814	1,863,332
Short-term deposits	300,000	1,200,000
	5,890,814	3,063,332

Cash on hand and bank balances

Cash at banks earns interest at floating rates based on daily bank deposit rates. The fair value of cash and cash equivalents is R5,890 million (2024: R3,063 million).

Bank overdraft

Bank overdrafts are due to bank accounts on which after trading hours transactions were processed and only cleared the following banking date that is after the reporting date. The Fund does not have approved overdraft facilities and accordingly there are no unused bank overdraft facilities.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Pledged as security

None of the Fund’s assets has been pledged as collateral of any kind.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Notes to the Annual Financial Statements

Figures in Rand Thousand

9. Investment property

	2025	2024
Cost /	Cost /	
Valuation	Valuation	Valuation
	313,074	573,124

Land and buildings

Reconciliation of investment property - 2025

Opening balance	Additions	Transfer to PPE	Fair value adjustments	Total
573,124	109,919	(272,900)	(97,069)	313,074

Land and buildings

Reconciliation of investment property - 2024

Opening balance	Additions	Fair value adjustments	Total
511,032	143,087	(80,995)	573,124

Land and buildings

Pledged as security

No investment property was pledged as security.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Investment property in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Investment property

Opening balance	890,560	747,455
Additions/capital expenditure	109,919	143,105
Transferred to complete items	-	-
	1,000,479	890,560

Details of property

Erf 895 (a portion of Erf 252), Bisho

Extent 826 m², Title deed number: T376/1985-CS

- Purchase price: 2 May 1985	41	41
- Additions since purchase or valuation	23,256	23,256
- Refurbishments (work-in-progress)	-	-
- Fair value adjustment	(9,197)	(9,797)
	14,100	13,500

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

The Discounted Cash Flow Method of valuation was the preferred method of valuation and the basis on which the Value-in Use Value of the property was determined. In this instance the property's value-in use can be considered its market value and ultimately its fair value.

The current gross rental is R120.00/m², escalating at 4.5% per annum.

The Subject Property is a double-story office block. The entrance is provided on Phalo Avenue to the South of the subject property with the emergency fire escape located on the northern side of the subject property. Parking is street parking and additional open field parking is provided to the north of the Subject Property. The improvements forming part of the Subject Property have been noted to predominantly be in below-average condition as expected for this type of property and building within this area. Some maintenance issues were however noted as required on site although not material in terms of having an impact on the Market Value of the Subject Property. These maintenance issues like gardening that have to be attended to ensure that the Subject Property is in well-maintained condition.

The Subject Property is located on the corner of Phalo Avenue and Rharhabe Road, in Bisho CBD, Eastern Cape. Bisho CBD is mainly an office node owing to its history as the capital of the former Ciskei homeland and is currently the Provincial Capital as the Eastern Cape government. The Subject Property, as well as the node within which it is located, is an office node and houses The Provincial Legislature, Premier's Residency, Traditional Leaders House and many Eastern Cape government department offices. Some of the buildings in the node are dated, however, new offices have been built to the south of the CBD with over 6,000m² built in 2020 and an additional 8,000m² to be available later in the year to have 14,000m² available of office accommodation. The Bisho node is further located north of King Williams Town, and about 70km from East London. The Subject Node, together with the surrounding areas, accommodates a number of amenities in the form of private and public facilities, products, services and other different types of offerings, all benefiting the residents in the area as well as the surrounding areas.

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

- Market Capitalisation Rate of 11.50% (2024: 11..25%)
- Exit Capitalisation Rate of 12.25% (2024: 12.25%)
- Discount Rate of 15.50% (2024: 15.75%)
- Escalation of new rental of 4.50% (2024: 5.00%)
- Vacancy Rate of 10.00% (2024: 10.00%)
- Expense Growth Rate of 6.50% (2024: 6.50%)

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Portion 5 (remainder extent) of Erf 43, Thohoyandou		
Extent of portion 5: 2 051 m ² , Title deed number: TG83889/2011PTA		
- Purchase price: 24 November 2011	1,940	1,940
- Refurbishments (work-in-progress)	35,750	35,750
- Fair value adjustment	(22,890)	(22,290)
	14,800	15,400

The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation experts elected to apply the Discounted Cash Flow Method, as the primary method, to determine the value.

The building was inherited from the Venda Government after amalgamation and was probably built more than 15 years ago as a three-storey office building. The property is currently improved with 1 903m² of existing office building and is deemed as the highest and best use of the property. Office rentals range between R83/m² and R114/m² in the market for this designated area.

A gross monthly market rental of R120.00/m² was assumed in the valuation with an annual escalation of 5%.

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

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

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

- Market Capitalisation Rate of 11.75% (2024: 11.75%)
- Exit Capitalisation Rate of 12.50% (2024: 12.50%)
- Discount Rate of 15.75% (2024: 16.25%)
- Escalation of new rental of 5.00% (2024: 5.00%)
- Vacancy Rate of 10.00% (2024: 10.00%)
- Expense Growth Rate of 6.50% (2024: 6.50%)

Erf 1112, Marshalltown, City of Johannesburg

Extent 2 082 m ² , Title deed number: T37743/2018		
- Purchase price: 30 August 2018	74,897	74,897
- Additions since purchase/valuation	-	-
- Fair value adjustment	(30,900)	(21,199)
	43,997	53,698

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

The valuers elected to apply through the interpretation and forecast of the 5 Year Discounted Cashflow Method of Valuation to determine the fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand Thousand

2025
R'000

2024
R'000

The Building comprises of 18 floors configured to 4 basement parking levels and 14 floors above including the ground floor. The outside of the building is concrete, plastered with aluminum glass finishes with black steel fence around the street facing ends. Access into basement parking is both on Marshall Street and Anderson Street. The inside of the building has A-grade finishes which are white boxed with a combination of open office space and glass partitioned reception landing areas. The basement offers a space for a gym facility for tenants and 170 basement parking bays. There are 6 operational lifts. The subject property fully vacant, has been for some time and without constant upkeep its condition will deteriorate.

A gross monthly market rental of R70/m² gross, with parking spaces available at R700.00 per parking bay was assumed in the valuation.

The following valuation parameters were applied on the investment:

- Vacancy Rate of 5.00% (2024: 5.00%)
- Discount Rate of 16.00% (2024: 16.50%)
- Exit Capitalisation Rate of 11.00% (2024: 11.50%)
- Escalation of new rental of 2.00% (2024: 2.00%)
- Expense Growth Rate of 6.50% (2024: 6.50%)

Erf 222 Annadale, Polokwane

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

- Purchase price: 7 September 2019
- Additions since purchase/valuation
- Refurbishments (work-in-progress)
- Fair value adjustment

10,118	10,118
-	-
4,660	1,188
(4,228)	(5,306)
10,550	6,000

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

The valuers elected the Cashflow Method of Valuation to determine the fair value of the property. This method assumes a holding period of 10 years, whereupon the Net Operating Rental Income of each year is projected forward, taking into account lease escalations and property expenditure escalations.

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

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

Market Rent of R4,333.33 / Bed per month.

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

- Exit Capitalisation Rate of 10.75% (2024: 10.00%)
- Capitalisation rate of 10.25% (2024: 9.00%)
- Discount Rate of 14.25% (2024: 14.75%)
- Vacancy Rate of 3.00% (2024: 3.00%)
- Expense Growth Rate of 6.50% (2024: 6.50%)
- Escalation of renewal period of 5.00% (2024: 5.50%)

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Erf 7339, Bendor, Extension 86, Polokwane		
Extent 6 819 m ² , Title deed number: 3656/2019T		
- Purchase price: 20 May 2019	4,060	4,060
- Refurbishments (work-in-progress)	37,498	37,323
- Fair value adjustment	(9,908)	(11,308)
	31,650	30,075

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

The valuers elected the Cashflow Method of Valuation to determine the fair value of the property. This method assumes a holding period of 10 years, whereupon the Net Operating Rental Income of each year is projected forward, considering lease escalations and property expenditure escalations.

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

The valuation expert has taken note of the purchase price in 2018 of R14,000 000 that show a rate of R1,140/m² based on the bulk land, also the selling price the previous land value showed an 8% year on year increase that seems to be to the higher end of the market but not unreachable in the large Polokwane area.

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

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

Market rent of R 4,333.33/bed per month.

- Exit Capitalisation Rate of 11.00% (2024: 11.25%)
- Capitalisation Rate of 10.25% (2024: 10.25%)
- Vacancy reversion rate of 1.00% (2024: 3.00%)
- Expense Growth Rate of 6.50% (2024: 6.50%)
- Escalation of new rental of 5.00% (2024: 5.50%)

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

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

- Purchase price: 13 February 1992	-	7,875
- Additions since purchase/valuation	-	41,616
- Refurbishments (work-in-progress)	-	379,112
- Fair value adjustment	-	(155,703)
	-	272,900

The property was reclassified to property, plant and equipment on 1 April 2024.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Erf 834 portion 50, Sunnyside, Pretoria and Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria		
Extent 743 m ² , 308 m ² and 2 519 m ² Title deed number: T85860/2017, T85860/2017 and T93418/2015		
Extent 974 m ² and extent 4 695 m ² Title deed number: T85860/2017 and T85860/2017		
- Purchase price: 29 October 2015 and 22 November 2017	54,078	54,078
- Refurbishments (work-in-progress)	242,030	241,409
- Fair value adjustments	(240,108)	(240,487)
	56,000	55,000

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

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

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

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

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

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

In determining our Fair Value for the Subject Property, we have applied the Market Approach (Comparable Sales), which is based on comparing the subject assets with identical or similar assets for which price information is available, such as a comparison with market sales transactions in the same, or closely similar, type of asset within an appropriate time horizon.

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

Special assumptions made:

- The Sunnyside land is vacant
- The end of useful life value is thus the land value in 10 years
- The current land value is estimated at R56 million with a market growth of 4% per annum over 10 years
- A nominal demolition costs of R551,300 have been deducted
- The value at the end of useful life is thus R74.5 million
- The land value has been determined at R56 million
- The site is not improved and no building value is attributed

Portion 67 (a portion of portion 21) on Farm Syferkuil 921, Limpopo

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

- Purchase price: 29 January 2020	-	-
- Refurbishments (work-in-progress)	301,429	195,778
- Fair value adjustment	(159,354)	(69,228)
	142,075	126,550

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

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

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

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

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

The following valuation parameters were applied on the investment:

- Market rent of R3,553.33/bed per month
- Exit Capitalisation rate of 11.00% (2024: 10.75%)
- Market Capitalisation Rate of 10.25% (2024: 10.25%)
- Income growth rate 5.00% (2024: 6.50%)
- Expense growth rate 6.00% (2024: 6.50%)
- Discount Rate of 14.25% (2024: 14.75%)

Details of valuation

Erf 895 (a portion of Erf 252), Bisho

The effective date of the valuation is 31 March 2025. The market valuation The valuation was performed by Spectrum Valuations and Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations and Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation was based on the discounted cash flow method together with market research in the direct vicinity of the property. Spectrum Valuations and Asset Solutions (Pty) Ltd certified that the market value of the property was R14.1 million as at 31 March 2025.

Portion 5 (remainder extent) of Erf 43, Thohoyandou

The effective date of the valuation is 31 March 2025. The market valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation experts elected to apply the Discounted Cash Flow Method, as the primary method, to determine the value. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R14.80 million as at 31 March 2025.

Erf 1112, Marshalltown, City of Johannesburg

The effective date of the valuation is 31 March 2025. The market valuation was performed by Broll Valuation and Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation and Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuers elected to apply through the interpretation and forecast of the 5 Year Discounted Cashflow Method of Valuation to determine the fair value. Broll Valuation and Advisory Services (Pty) Ltd certified that the market value of the property was R43.90 million as at 31 March 2025.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Erf 222, Annadale, Polokwane

The effective date of the valuation is 31 March 2025. The market valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The Discounted Cashflow Method of Valuation in the derivation of Market Value for the Subject Property. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R42.20 million (UIF – 25%: R10.55 million) as at 31 March 2025.

Erf 7339, Bendor, Extension 86, Polokwane

The effective date of the valuation is 31 March 2025. The market valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation was based on the Discounted Cashflow method. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R126.60 million (UIF – 25%: R31.65 million) as at 31 March 2025.

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng, extent 8,454 m²

The property was reclassified as Property, plant and equipment on 1 April 2024.

Erf 834 portion 50, Sunnyside, Pretoria, extent 2 519 m² and Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria, extent 6,720 m².

The following valuations were combined: Erf 834 portion 50, Sunnyside, Pretoria, extent 2,519 m² Title deed number: T93418/2015, Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria, extent 6,720 m² Title deed number: T85860/2017.

Separate valuation reports were obtained and information per the valuation reports are provided below:

Erf 834 portion 50, Sunnyside, Pretoria, extent 2,519 m²:

The effective date of the valuation is 31 March 2025. The market valuation was performed by Broll Valuation & Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation & Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. In determining our Fair Value for the Subject Property, we have applied the Market Approach (Comparable Sales), which is based on comparing the subject assets with identical or similar assets for which price information is available, such as a comparison with market sales transactions in the same, or closely similar, type of asset within an appropriate time horizon. Broll Valuation & Advisory Services (Pty) Ltd certified that the market value of the property was R56.00 million as at 31 March 2025.

Erf 82 and Erf 83 Trevenna, and Erf 1431 and Erf 1432 Sunnyside, Pretoria, extent 6,720 m²:

The effective date of the valuation is 31 March 2025. The market valuation was performed by Broll Valuation & Advisory Services (Pty) Ltd, professional registered valuers. Broll Valuation & Advisory Services (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. In determining our Fair Value for the Subject Property, we have applied the Market Approach (Comparable Sales), which is based on comparing the subject assets with identical or similar assets for which price information is available, such as a comparison with market sales transactions in the same, or closely similar, type of asset within an appropriate time horizon. Broll Valuation & Advisory Services (Pty) Ltd certified that the market value of the property was R56.00 million as at 31 March 2025.

Portion 67 (a portion of portion 12) of the farm Syferkuil 921, Limpopo, extent 5 007m²

The effective date of the valuation is 31 March 2025. The valuation was performed by Spectrum Valuations & Asset Solutions (Pty) Ltd, professional registered valuers. Spectrum Valuations & Asset Solutions (Pty) Ltd is not connected to the Fund and has recent experience in the location and category of the investment property being valued. The valuation expert's primary method of valuation is the Discounted Cashflow Method of Valuation in the derivation of market value. Spectrum Valuations & Asset Solutions (Pty) Ltd certified that the market value of the property was R568.30 million (UIF – 25%: R 142.075 million) as at 31 March 2025.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025	2024
R'000	R'000

Maintenance of investment property and rental income

Amounts recognised in surplus or deficit

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

Erf 1112, Marshalltown, City of Johannesburg

Municipal services	(4,496)	(7,114)
--------------------	---------	---------

Erf 222, Annadale, Boabab Manor, Polokwane

Rental income	1,950	850
---------------	-------	-----

Erf 895 (a portion Erf 252), Bisho

Rental income	2,813	2,813
Municipal services	(2,578)	(660)

235	2,153
------------	--------------

Portion 5 (remainder extent) of Erf 43 Thohoyandou

Rental income	2,414	2,294
Municipal services	(245)	(238)

2,169	2,056
--------------	--------------

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng (reclassified as property, plant and equipment on 1 April 2024)

Municipal service	-	(7,427)
-------------------	---	---------

Notes to the Annual Financial Statements

Figures in Rand Thousand

10. Property, plant and equipment

	2025		2024	
	Cost / Valuation	Accumulated depreciation and impairment	Cost / Valuation	Accumulated depreciation and impairment
Land	7,875	-	7,875	-
Buildings	264,110	-	264,110	-
Furniture and fixtures	14,247	(13,906)	341	(13,661)
IT equipment	125,582	(87,695)	37,887	(68,821)
Leasehold improvements	10,105	(10,047)	58	(9,861)
Motor vehicles	3,857	(2,281)	1,576	(1,855)
Office equipment	2,154	(1,894)	260	(1,831)
Telecom equipment	7,455	(7,078)	377	(6,906)
Total	435,385	(122,901)	312,484	(102,935)
			164,797	61,862

Notes to the Annual Financial Statements

Figures in Rand Thousand

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfer from investment properties	Other changes, movements	Depreciation	Impairment loss	Total
Land	-	-	-	7,875	-	-	-	7,875
Buildings	-	33,988	-	265,025	-	-	(34,903)	264,110
Furniture and fixtures	601	-	(1)	-	(6)	(253)	-	341
IT equipment	58,577	-	(89)	-	-	(20,601)	-	37,887
Leasehold improvements	244	-	-	-	-	(186)	-	58
Motor vehicles	1,569	433	-	-	-	(426)	-	1,576
Office equipment	315	70	(4)	-	-	(121)	-	260
Telecom equipment	556	-	(1)	-	-	(178)	-	377
	61,862	34,491	(95)	272,900	(6)	(21,765)	(34,903)	312,484

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	900	10	(2)	(307)	601
IT equipment	18,556	53,103	(5)	(13,077)	58,577
Leasehold improvements	838	-	-	(594)	244
Motor vehicles	112	1,527	-	(70)	1,569
Office equipment	441	13	-	(139)	315
Telecom equipment	735	-	-	(179)	556
	21,582	54,653	(7)	(14,366)	61,862

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Pledged as security

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

Assets subject to lease (Net carrying amount)

Leasehold improvements	58	244
------------------------	----	-----

Details of properties

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

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

- WF Nkomo site: reclassified from Investment Properties: 1 April 2024	7,875	-
- WF Nkomo building: reclassified from Investment Properties on 1 April 2024	230,122	-
- Additions since purchase or valuation	33,988	-
	271,985	-

Details of property

Erf 3384, Pretoria, Reg. Div. J.R. Gauteng, extent 8 454 m²

The property was reclassified from Investment Property to Property, Plant and Equipment on 1 April 2024 under Buildings Work-in-progress for the period that the building is being prepared for occupation. An impairment loss of R34,902 (R'000) was recognised for the building under development.

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

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

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

IT equipment	44,011	10,095
--------------	--------	--------

Delay in the completion of IT Equipment

The implementation of the solution was impacted negatively by the COVID-19 regulations as all the biometric devices were deemed to be spreading the COVID-19 virus. Due to this regulation the software contract expired. However, based on the need of this solution the Fund has embarked on a procurement process to procure the software to realise the maximum value of the security benefits of this implementation.

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Total
Opening balance	10,095	10,095
Additions/capital expenditure	33,988	33,988
Transferred to completed items	(72)	(72)
	44,011	44,011

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Total
Opening balance	10,023	10,023
Additions/capital expenditure	-	-
Transferred to completed items	72	72
	10,095	10,095

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	6,797	8,618
Other repair and maintenance	1,359	490
	8,156	9,108

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

11. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	95,808	(11,142)	84,666	95,808	(8,117)	87,690
Intellectual property	14,718	-	14,718	14,718	-	14,718
Right-to-lease	5,600	(885)	4,715	5,600	(691)	4,909
Total	116,126	(12,027)	104,099	116,126	(8,808)	107,317

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	87,690	(3,024)	84,666
Intellectual property	14,718	-	14,718
Right-to-lease	4,909	(193)	4,715
	107,317	(3,217)	104,099

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	73,505	17,513	(3,328)	87,690
Intellectual property	14,718	-	-	14,718
Right-to-lease	5,102	-	(193)	4,909
	93,325	17,513	(3,521)	107,317

Pledged as security

No intangible assets were pledged as security.

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets

Reconciliation of work-in-progress

Opening balance	79,523	70,425
Transfer to completed assets	-	9,098
	79,523	79,523

Intellectual property

The Fund acquired the U-Filing system (intellectual property), software solely developed for the Fund. This enabled the Fund to automate certain processes. This simplified the receipt of employee remuneration information from employers directly into the Fund's systems and streamlined the payment of contributions in line with the declaration information. Unemployment claims were simultaneously aligned through an online claims process.

The U-Filing system has an indefinite useful life. As such it is subjected to an annual impairment review. There are presently no indicators of impairment. The software is specific to the Fund and cannot be sold in the open market. The value in use indicates that the Fund will utilise the software for many years to come collecting revenues well in excess of the carrying value of the software. The software is therefore not impaired.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

12. Interest in joint ventures

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

Name of company	Listed / Unlisted	% holding 2025	% holding 2024	Carrying amount 2025	Carrying amount 2024	Fair value 2025	Fair value 2024
Kefolile Consumer Brands (Pty) Ltd	Unlisted	50.00 %	50.00 %	-	-	-	-
Matseke Medical CC	Unlisted	51.00 %	51.00 %	5,489	5,505	18,577	5,505
				5,489	5,505	18,577	5,505

The carrying amounts of joint ventures are shown net of impairment losses, where applicable. Impairment losses are calculated as the difference between the fair value based on the valuations performed by the external valuers and the carrying amounts as at 31 March.

Fair values and impairment assessments were performed based on valuation estimates performed by independent external valuation experts.

2025	Opening balance R'000	Surplus/(deficit) for the year R'000	Dividends R'000	Impairment R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-	-	-
Matseke Medical Consultants CC	5,505	(16)	-	-	5,489
	5,505	(16)	-	-	5,489

2024	Opening balance R'000	Surplus/(deficit) for the year R'000	Dividends R'000	Impairment R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-	-	-
Matseke Medical Consultants CC	36,689	(10)	-	(31,174)	5,505
	36,689	(10)	-	(31,174)	5,505

2025	Principal place of business	Nature of business	Dividends R'000	Percentage holding	Fair value R'000	Year end
Kefolile Consumer Brands (Pty) Ltd	RSA	Investment holdings - special purpose vehicle	-	50 %	-	31 March
Matseke Medical Consultants CC	RSA	Health care	-	51 %	18,577	30 June
			-		18,577	

Annual Financial Statements for the year ended 31 March 2025

Figures in Rand Thousand

2024	Principal place of business	Nature of business	Dividends R'000	Percentage holding		Fair value R'000	Year end
Kefolile Consumer Brands (Pty) Ltd	RSA	Investment holdings - special purpose vehicle	-	50	%	-	31 March
Matseke Medical Consultants CC	RSA	Health care	-	51	%	5,505	30 June
			<u>-</u>			<u>5,505</u>	
			Kefolile Consumer Brands (Pty) Ltd 31 March 2025 R'000	Matseke Medical CC Management Accounts 31 March 2025 R'000	Kefolile Consumer Brands (Pty) Ltd 31 March 2024 R'000	Matseke Medical CC Management Accounts 31 March 2024 R'000	
Non-current assets			-	5,487	-	5,487	
Current liabilities			-	(18)	(410,422)	-	
Non-current liabilities			-	(318)	(149,198)	(318)	
Equity/Net assets/Net liability			-	5,150	(559,620)	5,169	
Revenue			-	-	-	-	
Surplus/(Deficit).			-	(14)	(63,248)	(19)	

Even though the Fund has more than 50% shareholding in Matseke Medical Consultants CC, the Fund does not have board representation.

The Fund paid the following shareholder loans to Kefolile Consumer Brands (Pty) Ltd: R74 million as at 31 March 2019 and R2.8 million as at 31 March 2020. Both loans mature on 31 December 2026.

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'0002024
R'000**Application of GRAP 36 Investments in Associates and Joint Ventures**

As per GRAP 36, the Fund applies equity accounting based on the latest available financial information. Audited financial information is the most preferred reliable information to use however, the Fund uses a combination of audited and unaudited financial information to equity account due to either the unavailability of audited information or difference in financial year ends. If a combination of audited and unaudited financial information was used to calculate the Fund's interest in the surplus / (deficit) of the investee, the split therefore is reflected in Note 31.

The draft information received was evaluated for reasonability in accordance with GRAP 36 Investments in Associates and Joint Ventures and adjusted for prior periods corrections, differences in reporting frameworks and consequentially accounting policies, differences in reporting dates and then used as basis for applying the equity method.

Assessment for impairment of the Fund's investments in the investees is based on the Fund's accounting policies.

The Fund provides the following detailed information if un-audited information is used to equity account for investees:

Kefolile Consumer Brands (Pty) Ltd

This investment is accounted for as a joint venture in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having joint control.

The investee applies IFRS as its reporting framework.

The investee applied the same accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The investee submitted management accounts for the period 1 April 2024 to 31 March 2025.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes. However, no share in surplus/(deficit) was recognised in the current or prior reporting period, since the investment was already fully impaired.

No share of loss was recognized for the current period as the investment has been fully impaired.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

	31 March 2025 R'000	31 March 2024 R'000
Current assets	-	-
Non-current assets	-	-
Current liabilities	-	(410,422)
Non-current liabilities	-	(149,198)
Net assets / (liabilities)	-	(559,620)
Revenue	-	-
Surplus / (deficit)	-	(63)

Matseke Medical Consultants (Pty) Ltd

This investment is accounted for as a joint venture in accordance with GRAP 36 Investments in Associates and Joint Ventures as a result of the Fund having joint control.

The investee applies IFRS as its reporting framework.

The investee applied the same accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The investee submitted the following information: audited financial statements for the period 1 May 2023 to 30 June 2024. The audited financial statements are the latest available financial information which has been used to account for the Fund's share of profit/loss for the period.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

No impairment loss was recognised in the 2025 financial year since the fair value of the Fund's share in the investee is not lower than the carrying amount (2024: R31.1 million).

	31 March 2025 R'000	31 March 2024 R'000
Current assets	-	-
Non-current assets	5,487	5,487
Current liabilities	(18)	-
Non-current liabilities	(318)	(318)
Net assets / (liabilities)	5,150	5,169
Surplus / (deficit)	(14)	(19)

13. Investments in associates

Name of entity	Listed / Unlisted	% holding 2025	% holding 2024	Carrying amount 2025	Carrying amount 2024	Fair value 2025	Fair value 2024
Bright Glacier Trading (Pty) Ltd	Unlisted	40.00 %	40.00 %	-	-	-	-
Clinix Health Group (Pty) Ltd	Unlisted	20.00 %	20.00 %	127,320	129,511	169,370	129,510
Daybreak Farms (Pty) Ltd	Unlisted	33.33 %	33.33 %	-	156,589	-	156,590
Educor Property Holdings (Pty) Ltd	Unlisted	42.00 %	42.00 %	-	-	-	-
Gray Jade Trade & Invest 69 (Pty) Ltd	Unlisted	33.00 %	33.00 %	-	-	-	-
Nature Cell Africa RF (Pty) Ltd	Unlisted	35.00 %	35.00 %	24,220	30,739	34,593	57,310
Razorite Health and Rehabilitation Fund En Commandite Partnership	Unlisted	19.57 %	19.57 %	242,083	246,870	272,000	256,327
Razorite Fund II En Commandite Partnership	Unlisted	43.55 %	40.01 %	790,664	790,069	909,000	834,508
Resultant Finance (Pty) Ltd	Unlisted	15.00 %	15.00 %	9,681	143,531	335,897	399,585
Southpoint Management Services (Pty) Ltd	Unlisted	40.00 %	40.00 %	232,632	231,446	391,800	263,089
The SA SME Fund Limited*	Unlisted	21.62 %	21.62 %	256,714	257,198	296,094	268,970
UIF Agri Fund En Commandite Partnership	Unlisted	100.00 %	100.00 %	456,023	465,203	464,153	473,378
Urban Lifestyle Investments (Pty) Ltd	Unlisted	42.00 %	42.00 %	-	-	-	-
				2,139,337	2,451,156	2,872,907	2,839,267

The carrying amounts of associates are shown net of impairment losses, where applicable. Impairment losses are calculated as the difference between the fair value based on the valuations performed by the external valuers and the carrying amounts as at 31 March.

Notes to the Annual Financial Statements

Figures in Rand Thousand

Movements in carrying value

2025	Opening balance R'000	Acquisition R'000	Disposal R'000	Impairment R'000	Surplus/ (deficit) for the year R'000	Management Fee R'000	Loan income R'000	Loan acquisition R'000	Loan disposal R'000	Dividends R'000	Total R'000
Clinix Health Group (Pty) Ltd	129,511	-	-	-	(2,191)	-	-	-	-	-	127,320
Daybreak Farms (Pty) Ltd	156,589	-	-	(156,589)	-	-	-	-	-	-	-
Naturecell Africa RF (Pty) Ltd	30,739	-	-	-	(6,520)	-	-	-	-	-	24,220
Razorite Health and Rehabilitation Fund En Commandite Partnership	246,870	-	-	-	(4,787)	-	-	-	-	-	242,083
Razorite Fund II En Commandite Partnership	790,069	-	-	-	(14,608)	15,946	-	-	(743)	-	790,664
Resultant Finance (Pty) Ltd	143,531	-	-	-	6,959	-	-	10,580	(150,084)	(1,305)	9,681
South Point Management Services (Pty) Ltd	231,446	-	-	-	1,185	-	-	-	-	-	232,632
The SA SME Fund Ltd	257,198	-	-	-	(484)	-	-	-	-	-	256,714
UIF Agri-Fund 1 En Commandite Partnership	465,203	-	-	-	(9,180)	-	-	-	-	-	456,023
	2,451,156	-	-	(156,589)	(29,626)	15,946	-	10,580	(150,827)	(1,305)	2,139,337

Notes to the Annual Financial Statements

Figures in Rand Thousand

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

Normal shares in associates

Name of entity	Principal place of business	Nature of business	Dividends R'000	Shareholding %	Fair value R'000	Financial year-end
Bright Glacier Trading (Pty) Ltd	RSA	Special Purpose Vehicle for Investment	-	40 %	-	30 June
Clinix Health Group (Pty) Ltd	RSA	Healthcare	-	20 %	169,370	30 September
Daybreak Farms (Pty) Ltd	RSA	Agriculture	-	33 %	-	31 March
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	-	42 %	-	31 December
Grey Jade Trade & Invest 69 (Pty) Ltd	RSA	Agriculture	-	33 %	-	31 March
Naturecell Africa RF (Pty) Ltd	RSA	Various	-	35 %	34,593	Last day of February
Razorite Health and Rehabilitation Fund En Commandite Partnership	RSA	Healthcare	-	19.57 %	272,000	31 March
Razorite Fund II En Commandite Partnership	RSA	Healthcare	-	40.01 %	909,000	31 March
Resultant Finance (Pty) Ltd	RSA	Asset rentals	-	15 %	335,897	Last day of February
South Point Management Services (Pty) Ltd	RSA	Student accommodation	-	40 %	391,800	Last day of February
The SA SME Fund Ltd	RSA	Various	-	21.62 %	296,094	Last day of February
UIF Agri-Fund 1 En Commandite Partnership	RSA	Agriculture	-	100 %	464,153	31 December
Urban Lifestyle Investments (Pty) Ltd	RSA	Investment in property holding	-	42 %	-	31 December
			-		2,872,907	

Notes to the Annual Financial Statements

Figures in Rand Thousand

Preference shares in associates

	Principal place of business	Nature of business	Shareholding %	Fair value R'000
Bright Glacier Trading (Pty) Ltd	RSA	Fast moving consumer goods	40 %	-
Clinix Health Group (Pty) Ltd	RSA	Healthcare	15 %	128,728
Daybreak Farms (Pty) Ltd - Pref A	RSA	Agriculture	33 %	-
Daybreak Farms (Pty) Ltd - Pref B	RSA	Agriculture	33 %	-
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	42 %	-
Resultant Finance (Pty) Ltd	RSA	Asset rentals	- %	323,021
				451,749

Summary of financial information

Name of entity	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000	Net assets / (liabilities) R'000	Revenue R'000	Surplus/ (deficit) R'000
Bright Glacier Trading (Pty) Ltd	-	-	(2,564,332)	-	(2,564,332)	-	(312,619)
Clinix Health Group (Pty) Ltd	640,686	775,626	(640,178)	(487,249)	288,885	1,428,717	2,496
Daybreak Farms (Pty) Ltd	534,803	779,815	(397,672)	(80,508)	836,438	3,387,804	(414,858)
Educor Property Holding (Pty) Ltd	379,295	1,661,960	(330,821)	(1,127,009)	583,424	52,090	3,158
Grey Jade Trade & Invest 69 (Pty) Ltd	121,232	25,687	(4,291)	(121,900)	20,728	127,283	6,922
Naturecell Africa RF (Pty) Ltd	6,489	95,649	(40,241)	(111,958)	(50,060)	-	(18,319)
Razorite Health and Rehabilitation Fund En Commandite Partnership	5,654	1,308,486	(4,590)	-	1,309,551	26,423	1,227
Razorite Fund II En Commandite Partnership	50,205	2,037,392	(2,103)	-	2,085,494	25,270	124,168
Resultant Finance (Pty) Ltd	343,823	89,358	(143,794)	(26,159)	263,228	51,460	49,192
South Point Management Services (Pty) Ltd	29,951	2,117,623	(61,865)	(852,495)	1,233,215	294,601	84,068
The SA SME Fund Ltd	1,136,075	550,422	(12,037)	(364,157)	1,310,303	81,280	26,551
UIF Afri Fund 1 en Commandite Partnership	131,305	822,039	(6,584)	-	946,759	39,805	8,910
Urban Lifestyle Investments (Pty) Ltd	161,564	1,774,798	(151,258)	(1,386,901)	398,203	81,789	(62,062)

Notes to the Annual Financial Statements

Figures in Rand Thousand

2024

Name of entity	Opening balance R'000	Acquisition R'000	Disposal R'000	Impairment R'000	Surplus/ (deficit) for the year R'000	Management Fee R'000	Loan income R'000	Loan acquisition R'000	Loan disposal R'000	Dividends R'000	Total R'000
Clinix Health Group (Pty) Ltd	170,344	-	-	(41,333)	499	-	-	-	-	-	129,510
Daybreak Farms (Pty) Ltd	320,792	-	-	(3,510)	(160,692)	-	-	-	-	-	156,590
Educor Property Holdings (Pty) Ltd	176,244	-	-	(177,570)	1,326	-	-	-	-	-	-
Grey Jade Trade & Invest 69 (Pty) Ltd	58,972	-	-	(61,401)	2,284	-	-	145	-	-	-
Naturecell Africa RF (Pty) Ltd	7,151	-	-	-	(6,412)	-	-	30,000	-	-	30,739
Razorite Health and Rehabilitation Fund En Commandite Partnership	241,955	-	-	-	240	2,769	-	1,906	-	-	246,870
Razorite Fund II En Commandite Partnership	758,686	-	-	-	49,864	6,486	-	45,356	(70,323)	-	790,069
Resultant Finance (Pty) Ltd	368,497	-	-	-	6,029	-	(7,356)	-	(223,639)	-	143,531
South Point Management Services (Pty) Ltd	233,819	-	-	-	33,627	-	-	-	(36,000)	-	231,446
The SA SME Fund Ltd	262,052	-	-	-	(4,854)	-	-	-	-	-	257,198
UIF Agri-Fund 1 En Commandite Partnership	456,293	-	-	-	8,910	-	-	-	-	-	465,203
Urban Lifestyle Investments (Pty) Ltd	438,225	-	-	(422,359)	(15,866)	-	-	-	-	-	-
	3,493,030	-	-	(706,173)	(85,045)	9,255	(7,356)	77,407	(329,962)	-	2,451,156

Notes to the Annual Financial Statements

Figures in Rand Thousand

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

Normal shares in associates

Name of entity	Principal place of business	Nature of business	Dividends R'000	Shareholding %	Fair value R'000	Financial year-end
Bright Glacier Trading (Pty) Ltd	RSA	Special purpose vehicle for investment	-	40 %	-	30 June
Clinix Health Group (Pty) Ltd	RSA	Healthcare	-	20 %	129,467	30 September
Daybreak Farms (Pty) Ltd	RSA	Agriculture	-	33.30 %	179,134	31 March
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	-	42 %	-	31 December
Grey Jade Trade & Invest 69 (Pty) Ltd	RSA	Agriculture	-	33 %	-	31 March
Naturecell Africa (Pty) Ltd	RSA	Various	-	35 %	57,310	Last day of February
Razorite Health and Rehabilitation Fund En Commandite Partnership	RSA	Healthcare	-	19.57 %	256,327	31 March
Razorite Fund II En Commandite Partnership	RSA	Healthcare	-	40.01 %	-	31 March
Resultant Finance (Pty) Ltd	RSA	Asset rentals	-	15 %	399,585	Last day of February
South Point Management Services (Pty) Ltd	RSA	Student accommodation	-	40 %	263,089	Last day of February
The SA SME Fund Limited	RSA	Various	-	21.62 %	268,970	Last day of February
UIF Agri-Fund 1 En Commandite Partnership	RSA	Agriculture	-	100 %	473,378	31 December
Urban Lifestyle Investments (Pty) Ltd	RSA	Investment in property holding	-	42 %	-	31 December
			-		2,027,260	

Notes to the Annual Financial Statements

Figures in Rand Thousand

Preference shares in associates

Name of entity	Principal place of business	Nature of business	Shareholding %	Fair value R'000
Resultant Finance (Pty) Ltd	RSA	Asset rentals	15 %	381,613
Clinix Health Group (Pty) Ltd	RSA	Healthcare	15 %	111,311
Daybreak Farms (Pty) Ltd - Pref A	RSA	Agriculture	33 %	119,229
Daybreak Farms (Pty) Ltd - Pref B	RSA	Agriculture	43 %	59,906
Educor Property Holdings (Pty) Ltd	RSA	Property ownership and development	42 %	-
				672,059

Summary of financial information

Name of entity	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000	Net assets/ (liabilities) R'000	Revenue R'000	Surplus/ (deficit) R'000
Bright Glacier Trading (Pty) Ltd	-	-	(2,564,332)	-	(2,464,332)	-	(312,619)
Clinix Health Group (Pty) Ltd	640,686	775,626	(640,178)	(487,249)	288,885	1,428,717	2,496
Daybreak Farms (Pty) Ltd	534,803	779,815	(397,672)	(80,508)	836,438	3,387,804	(414,858)
Educor Property Holdings (Pty) Ltd	379,295	1,661,960	(330,821)	(1,127,009)	583,424	52,090	3,158
Grey Jade Trade & Invest 69 (Pty) Ltd	121,232	25,687	(4,291)	(121,900)	20,728	127,283	6,922
Naturecell Africa (Pty) Ltd	6,489	95,649	(40,241)	(111,958)	(50,060)	-	(18,319)
Razorite Health and Rehabilitation Fund En Commandite Partnership	5,654	1,308,486	(4,590)	-	1,309,551	26,423	1,228
Razorite Fund II En Commandite Partnership	50,205	2,037,392	(2,103)	-	2,085,494	25,270	124,168
Resultant Finance (Pty) Ltd	343,823	89,358	(143,794)	(26,159)	263,228	51,460	49,192
South Point Management Services (Pty) Ltd	29,951	2,117,623	(61,865)	(852,495)	1,233,215	294,601	84,068
The SA SME Fund Ltd	1,136,075	550,422	(12,037)	(364,157)	1,310,303	81,280	26,551
UIF Agri-Fund 1 En Commandite Partnership	131,305	822,039	(6,584)	-	946,759	39,805	8,910
Urban Lifestyle Investments (Pty) Ltd	161,564	1,774,798	(151,258)	(1,386,901)	398,203	81,789	(62,062)

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Grey Jade (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee did not submit any financial information for the period. The Fund has taken all the necessary steps to obtain the financial information and no financial information has been received as at 31 March 2025 as such, no share of profit was recognized due to the lack of recent financial information.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

No impairment losses were recognized during the period.

Upon receipt of audited financial information, The Fund will recognize the share of profits and adjust the relevant prior periods

Naturecell Africa RF (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee presented unaudited financial information for the period 1 March 2024 to 28 February 2025, there is a month's difference in the reporting dates of the Fund and the investee. However, no adjustments were required for differences in reporting dates as there were no significant transactions.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

No impairment loss was recognised for period as the recoverable amount exceeds the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Resultant Finance (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The investee presented audited financial statements for the period 1 March 2024 to 28 February 2025. There is a month's difference in the reporting dates of the Fund and the investee. However, no adjustments were required for differences in reporting dates as there were no significant transactions.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

No impairment loss was recognised for period as the recoverable amount exceeds the carrying amount.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

South Point Property Management Services (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'0002024
R'000**Application of GRAP 36 Investments in Associates and Joint Ventures**

As per GRAP 36, the Fund applies equity accounting based on the latest available financial information. Audited financial information is the most preferred reliable information to use however, the Fund uses a combination of audited and un-audited financial information to equity account due to either the unavailability of audited information or difference in financial year ends. If a combination of audited and un-audited financial information was used to calculate the Fund's interest in the surplus / (deficit) of the investee, the split therefore is reflected in note 30.

The draft information received was evaluated for reasonability in accordance with GRAP 36 Investments in Associates and Joint Ventures and adjusted for prior period corrections, differences in reporting frameworks and consequentially accounting policies, differences in reporting dates and then used as basis for applying the equity method.

Assessment for impairment of the Fund's investment in the investees is based on the Fund's accounting policy.

The Fund provides the following detailed information if unaudited information is used to equity account per investees, accounted for as interests in associates:

Bright Glacier Trading (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The investee has failed to submit audited financial statements for a number of years and the Fund's efforts to obtain information did not yield positive results. The investee submitted management accounts for the period 1 April 2024 to December 2024 and although this is the most recent financial information, the Fund does not consider the information reliable to recognize a share of profit or loss for the period. It was noted from the last set of annual financial statements received by the Fund that the investee is not a going concern and is currently under litigation.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

No share of profit or loss was recognised during the period under review since the investment was impaired to Rnil in previous years and can no further be recognised.

Clinix Health Group (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The investee presented audited financial information for the period 1 August 2023 to 30 September 2024, and draft financial information for the period 1 October 2024 to 31 December 2024. The audited financial information was used for equity accounting as it is the most recent financial information that the Fund could rely on for equity accounting.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes. However, no share in surplus/(deficit) was recognised in the current or prior reporting period, since the investment was already fully impaired.

No impairment loss was recognised in the current period.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

The Investee presented unaudited financial information for the period 1 April 2024 to 31 March 2025.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

No impairment loss was recognised in the current period.

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Educor (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee failed to submit financial statements for the period and the Fund has instituted legal action against the non submission of financial statements to the Fund. as at 31 March 2025, the Fund has exhausted the available remedies through the PIC and there were no positive results.

Based on the current progress in the legal proceedings, the Fund may have to reclassify the investee to other financial assets.

Due to the lack of reliable financial no share of profits or impairment was recognized during the period and the investee was impaired to nil due to the value attached to the investee by independent valuers.

The SASME Fund Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The investee presented unaudited financial information for the period 1 March 2024 to 28 February 2025. There is a month's difference in the reporting dates of the Fund and the investee. However, no adjustment was required for difference in reporting dates as there were no significant transactions.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

No impairment loss was recognised during the period..

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

UIF Agri Fund 1 En Commandite Partnership (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee presented unaudited financial information for the period 1 April 2024 to 31 March 2025.

The investee applied similar accounting policies from prior years and no material differences were identified between the Fund's accounting policies and that of the investee.

The Fund performed variance analysis and ratio analysis on the information provided and concluded that the information was reasonable to use for equity accounting purposes.

No impairment loss was recognised for period as the recoverable amount exceeds the carrying amount.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Upon receipt of audited financial information, the Fund will compare the audited information to the draft financial information received. If the difference is material, an adjustment will be processed.

Urban Lifestyle Investments (Pty) Ltd

This investment is accounted for as an associate in accordance with GRAP 36 Investments in Associates and Joint Ventures.

The Investee failed to submit financial statements for the period and the Fund has instituted legal action against the non submission of financial statements to the Fund. as at 31 March 2025, the Fund has exhausted the available remedies through the PIC and there were no positive results.

Based on the current progress in the legal proceedings, the Fund may have to reclassify the investee to other financial assets.

Due to the lack of reliable financial no share of profits or impairment was recognized during the period and the investee was impaired to nil due to the value attached to the investee by independent valuers

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

14. Payables from exchange transactions

Payables	965,212	640,275
Accrued bonus	54,353	50,617
Accrued leave pay	84,271	74,767
Deposits received	79,383	68,519
Uncleared deposits	23,578	22,239
	1,206,798	856,417

Payables

Payables are subject to normal trade credit terms and relatively short payment cycles.

Leave pay and service bonus

The current leave pay accrual and service bonus accrual are based on the liability for the current leave cycle not utilised and service bonuses payable.

Deposits received

Deposits received are deposits received from debtors towards the settlement of their debt that will be allocated once the correct information is received.

Uncleared deposits received

Uncleared deposits received are deposits received but not allocated as at the end of the financial year that will be cleared on receipt of outstanding information.

15. Provisions

Reconciliation of provisions for 2025

	Opening Balance	Adjustment provision for the year	Utilised during the year	Total
Benefits payable - ABNP	8,861,867	3,246,341	(2,582,811)	9,525,397
Benefits payable provision - RBNA	2,559,985	4,041,161	(3,848,221)	2,752,925
Benefits payable provision - IBNR	5,504,331	1,316,250	(1,374,038)	5,446,543
Benefits payable provision - COVID-19 TERS	2,928,992	(720,883)	(142,403)	2,065,706
Benefits payable provision - WABU	36,638	(2,523)	-	34,115
Capped leave	16,660	36	(399)	16,297
	19,908,473	7,880,382	(7,947,872)	19,840,984

Reconciliation of provisions for 2024

	Opening Balance	Adjustment provision for the year	Utilised during the year	Total
Benefits payable - ABNP	8,712,082	3,353,027	(3,203,243)	8,861,866
Benefits payable provision - RBNA	3,042,199	2,831,649	(3,313,863)	2,559,985
Benefits payable provision - IBNR	5,762,166	1,346,510	(1,604,345)	5,504,331
Benefits payable provision - COVID-19 TERS	3,270,178	(27,618)	(313,568)	2,928,992
Benefits payable provision - WABU	36,671	337	(370)	36,638
Capped leave	18,052	(1,387)	(5)	16,660
	20,841,348	7,502,518	(8,435,394)	19,908,473

Non-current liabilities	15,903	16,261
Current liabilities	19,825,081	19,892,212
	19,840,984	19,908,473

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'0002024
R'000**Benefits payable provision - ABNP**

Claims approved but not fully paid provides for claims which have occurred prior to the reporting date, but which have not yet been paid by that date. It therefore includes Approved But Not yet fully Paid (ABNP) claims.

Benefits payable provision - RBNA

Claims Reported But Not Approved (RBNA) are received at reporting date but not approved yet.

Benefits payable provision - IBNR

Incurred But Not Reported claims have not yet been received but the incident date occurred at the reporting date.

Benefits payable provision - COVID-19 TERS

These are the COVID-19 TERS relief benefit claims Reported But Not Approved yet and/or Incurred But Not Reported yet.

Benefits payable provision - WABU

Destroyed, affected or looted workplaces: Temporary Financial Relief Scheme Direction, 2021.

"This directive was signed on 6 August 2021, governing provision form UIF funds of temporary financial relief to vulnerable employees who because of closure of a workplace, as a result of unrest, are not being paid remuneration either in full or in part. These payments are still being paid and an estimate had to be made in terms of the future value that will be paid."

COVID-19 Temporary Employee/Employer Relief Scheme (TERS)

On 15 March 2020 the President declared a national state of disaster in South Africa in terms of the Disaster Management Act, 2002, following the declaration of the global COVID-19 pandemic by the World Health Organisation. Government had to act swiftly to minimise the economic impact of the pandemic. On the 23 March 2020, the President announced a national lockdown for 21 days from 27 March 2020.

On 25 March 2020 the Minister of Employment and Labour issued a Directive in terms of Regulation 10 (8) of the regulations issued by the Minister of Corporative Governance and Traditional Affairs in terms of Section 27 (2) of the Disaster Management Act 2002, to implement steps in respect of the administration of the COVID-19 through the COVID-19 Temporary Employee/Employer Relief Scheme to prevent escalation of the COVID-19 infections funded through the National Disaster Benefit.

The Fund was mandated to create a special benefit as per the COVID-19 Temporary Employee/Employer Relief Scheme (COVID-19 TERS).

Directive 1 signed on 26 March 2020: The introduction of the National Disaster Benefit to be used for social security during the lockdown period meant to assist employers and employees that suffer financial distress as a direct result of COVID-19 pandemic.

Directive 2 signed on 6 April 2020: The amendment of Directive No 1 to enhance the COVID-19 TERS benefit and clarification of sliding scale (38%-60%) and R 3 500 (absolute) minimum wage.

Directive 3 signed on 9 April 2020: The amendment of Directive No 1 and 2 after consultation with Social Partners to legalise and compel employers to apply on behalf of their employees.

Directive 4 signed on 26 April 2020: The amendment of Directive No 1, 2 and 3 to remove section 12 on calculation of COVID-19 TERS benefits to top up the salaries of employees who received income from their employers.

Directive 5 signed on 30 April 2020: Make provision for employees to apply for COVID-19 TERS for themselves if their employer is unable to or refuses to apply for them.

Directive 6 signed on 25 May 2020: To define a contributor; or an employee as defined by the UI Act who should have received benefits under this Directive.

Directive 7 signed on 11 August 2020: To extend the COVID-19 TERS benefit effective from 01 July 2020 until 15 August 2020.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Directive 8 signed on 04 September 2020: To extend the COVID-19 TERS effective from 16 August 2020 and shall remain in operation for as long as the declaration of the COVID-19, as a national disaster subsists or until withdrawn by the Minister, whichever comes first.

Disaster Management Act: Directions: Coronavirus COVID-19 Temporary Employee/Employer Relief Scheme: Withdrawal published on 27 November 2020: withdrawal of Temporary Employee/Employer Relief Direction with effect from 15 October 2020.

Capped leave

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

The Fund changed its leave policy in 2002 due to the new dispensation. The Fund capped all employees' unused leave from the previous years prior to June 2000, limiting employees to take such leave during their working life at the Fund under specific conditions. Capped leave is payable, based on the salary notch at the date of termination, which is only applicable if the termination of service is as a result of retirement, ill-health, death or specific leave conditions.

The liability is recalculated on an annual basis as at 31 March based on the employee's current salary and number of capped leave days. Employees' salaries increase annually with a pay progression in the event that the employee performed above expectation.

16. Benefits payable

Benefits payable - Normal benefits - approved

Opening balance	55,244	99,741
Claims approved	18,728,038	14,794,946
Payments made	(18,754,185)	(14,839,443)
	29,097	55,244

Benefits payable - COVID-19 TERS benefits - approved

Opening balance	490	277
Claims approved	126,800	274,791
Payments made	(126,859)	(274,578)
	431	490

Benefits payable - Workers Affected By Unrest Benefit - approved

Claims approved	-	370
Payments made	-	(370)
	-	-

Benefits payable - Total benefits - approved

Opening balance	55,734	100,018
Claims approved	18,854,838	15,070,107
Payments made	(18,881,044)	(15,114,391)
	29,528	55,734

Benefits payable consists of Vouchers that are Open and not paid as of 31 March 2025 and COVID-19 TERS payables (refunds). The total amounts to R29 million (2024: R55 million).

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

17. Technical reserve

The accumulated surplus reflects the net financial position of the Fund and is the difference between the assets and liabilities recognised in the Statement of Financial Position.

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

The Fund must maintain sufficient technical reserves to cover these future benefit claims and associated expenses that it expects to pay in future. The amount for the technical reserve is determined annually by the Fund's external independent actuaries. The technical reserve is made up of the Unexpired Premium Reserve (UPR), Unexpired Risk Reserve (URR) and Additional Unexpired Risk Reserve (AURR).

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

The Premium Inadequacy Reserves consist of the Unexpired Risk Reserve (URR) which allows for the extent to which claims are expected to be different to the UPR and the Additional Unexpired Risk Reserve (AURR) which is determined where it is expected that future premiums (yet unearned and therefore distinct from the UPR) will be insufficient.

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

The technical reserve created from the accumulated surplus:

Unexpired Premium Reserve (UPR)	50,270,613	47,480,344
---------------------------------	------------	------------

18. Financial instruments disclosure

Categories of financial instruments

2025

Financial Assets	At fair value	At amortised cost	Total
Listed equity	46,121,754	-	46,121,754
Unlisted equity	810,544	-	810,544
Bonds	97,184,940	-	97,184,940
Bills and NCD's	621,846	-	621,846
Fixed deposits	-	10,736,422	10,736,422
Unlisted financial instruments	39,316	7,242,262	7,281,578
Investment income receivable	-	10,701	10,701
Cash and cash equivalents	-	5,890,814	5,890,814
Debtors - sundry	-	322	322
Debtors - rental	-	9,165	9,165
Interest and dividends receivable	-	341,246	341,246
	144,778,400	24,230,932	169,009,332
Financial Liabilities		At amortised cost	Total
Deposits received		79,383	79,383
Trade and other payables from exchange transactions		965,212	965,212
Uncleared deposits		23,578	23,578
		1,068,173	1,068,173

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

2024

Financial Assets	At fair value	At amortised cost	Total
Listed equity	38,627,393	-	38,627,393
Unlisted equity	867,575	-	867,575
Bonds	84,517,007	-	84,517,007
Bills and NCD's	476,876	-	476,876
Fixed deposits	-	8,047,137	8,047,137
Unlisted financial instruments	41,247	9,083,529	9,124,776
Investment income receivable	-	11,753	11,753
Cash and cash equivalents	-	3,063,332	3,063,332
Debtors - sundry	-	349	349
Debtors - rental	-	5,715	5,715
Interest and dividends receivable	-	1,090,021	1,090,021
	124,530,098	21,301,836	145,831,934

Financial Liabilities	At amortised cost	Total
Deposits received	68,519	68,519
Trade and payables from exchange transactions	640,275	640,275
Uncleared deposits	22,239	22,239
	731,033	731,033

19. Revenue from non-exchange transactions

Contributions received	25,687,590	24,564,528
Interest received	178,945	130,579
Penalties received	194,003	186,056
	26,060,538	24,881,163

Revenue from non-exchange transactions consists of unemployment insurance contributions, interest and penalties from registered employers in terms of the UI Contributions Act (Act No.4 of 2002).

Contributions received is net of refunds to employers to the amount of R 2.3 million (2024: R1.3 million). The portion of SARS contributions collected amounted to R25,570 million (2024: R24,414 million) and the NON SARS contributions amounted to R490 million (2024: R466 million)

Transitional Provisions and Application of Directive 6

The Fund has adopted the Standards of GRAP in accordance with Directive 6, issued by the Accounting Standards Board. The purpose of Directive 6 is to allow entities a transitional period to comply with certain recognition, measurement, and disclosure requirements under the Standards of GRAP.

Compliance with Directive 6

As permitted by Directive 6, the Fund has elected to apply transitional provisions for the following standards:

- GRAP 23 -Revenue from non-exchange transactions
- GRAP 108 - Statutory receivables

During the transitional period, the Fund has not fully complied with all the recognition, measurement, or disclosure requirements of these standards. The transitional provisions are applied to ensure an orderly and systematic adoption of GRAP.

Nature and Extent of Exemptions

Directive 6 allows exemptions from the full application of certain GRAP standards during the transitional period. The Fund has applied the following exemptions:

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

- Recognition Exemptions: Revenue from non-exchange transactions and Statutory receivables have not been recognised in the financial statements as required under GRAP 23 and GRAP 108 respectively
- Measurement Exemptions: Revenue from non-exchange transactions and Statutory receivables are measured using transitional provisions rather than the prescribed methods in GRAP 23 and GRAP 108 respectively
- Disclosure Exemptions: Full disclosure requirements under GRAP 23 and GRAP 108 have not been met

In line with Accounting Standards Board, Directive 6 effective 01 April 2012. The Fund as an affected Fund is required to disclose the progress made to date.

Progress Towards Full Compliance

The Fund is in the process of assessing the impact of the transitional provisions on its financial statements and implementing the necessary systems and controls for full compliance. The following progress has been made during the current reporting period:

- UIF has engaged the Director General on the prospects of increasing capacity of the inspectorate to enforce compliance, as at 31 March 2024 this has not been formalised but will be conceptualised in the following financial year
- The Fund has appointed employer auditors to enforce compliance of UI legislation in all provinces
- Development of SAP ERP to allow the matching of registration, declaration and contributions
- There is a process in place to build an automated employer application system to process declarations
- An Amendment of the UI Act to include the mandatory compliance certificate for companies the Fund conducts business with
- A formal collaboration with SARS is underway to share detailed information in relation to registration, declarations and contribution data

Expected Completion of Transitional Period

The transitional period for applying Directive 6 is continuously being evaluated by the Fund and where there is no change will be re-evaluated again on 31 March 2026. Once successful the Fund will fully comply with all recognition, measurement, and disclosure requirements under the applicable Standards of GRAP and retrospectively apply accrual accounting in accordance with GRAP.

Impact of Transitional Provisions on Financial Statements

The following impacts on the financial statements are noted due to the application of Directive 6:

- Revenue from non-exchange transactions may be understated or omitted due to the application of recognition exemptions.
- Measurement methods may not reflect the fair value as required under GRAP.
- Comparative information is not fully aligned with the current period's GRAP-compliant figures.

Assurance of Consistency and Future Compliance

The Fund is committed to achieving full compliance with GRAP standards in a systematic and consistent manner by the end of the transitional period. Measures are in place to address the gaps identified during the transitional phase.

20. Other income from non-exchange transactions

Other receipts from non-exchange transactions - COVID Ters	9,865	141,697
Other receipts from non-exchange transactions - Overpayments	240,570	185,000
Other receipts from non-exchange transactions - Interest received	-	3,203
	250,435	329,900

Other revenue from non-exchange transactions consist of recoveries from acknowledgement of debts and interest accrued relating to Covid19 TERS transactions, as well as recoveries of bad debt previously written off and overpaid benefits.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

21. Benefit payments

Benefit payments - WABU	-	370
Benefit payments - COVID-19 TERS	126,859	274,578
Benefit payments - Reduced Work Time	98,175	59,385
Benefit payments - Parental Paternity	4,372	3,261
Benefit payments - unemployment	15,924,738	12,028,480
Benefit payments - illness	463,060	435,269
Benefit payments - maternity	1,767,526	1,715,714
Benefit payments - adoption	234	233
Benefit payments - Parental Adoption	7	-
Benefit payments - dependents	496,073	597,100
	18,881,044	15,114,390

Change in benefits payable

Provision for COVID-19 TERS benefits	(863,285)	(341,186)
Provision for WABU	(2,523)	(33)
Change in provision for normal benefits	798,682	(590,263)
	(67,126)	(931,482)

Calculation of benefits

Section 13(3) of the UI Act states: "... a contributor's entitlement to benefits in terms of the Chapter accrues at a rate of one day's benefit for every completed four days of employment as a contributor is subject to a maximum accrual of 365 days benefit in the four-year period immediately preceding the date of application for benefits in terms of the Chapter, less any days of benefits received by the contributor during the period."

"Regulation No. 98 Government Notice No. 29594" issued by the Minister of Labour, published on 5 February 2007, entrenched the annual capping principles used by the Fund in the calculation of credit days and the processing of benefit claims in the SIYAYA Operational System.

COVID-19 TERS benefits

The Fund was mandated to create a special benefit as per the COVID-19 Temporary Employee/Employer Relief Scheme (COVID-19 TERS). Refer to Note 15 - Benefits payable, for further detail on these benefits.

Creation and maintenance of database

Section 57 of the UI Act prescribes that the Fund has to maintain a database of contributors. The Fund recognises the importance of the information captured on the database as it forms the basis for payment of unemployment insurance claims. Apart from the system controls by way of the various business rules built into the application, the Fund implemented various other controls. Declarations received are screened by the team leaders in the Employee Declaration Section (EDS).

- Employer record is verified to ensure that the address matches the master record
- Information on the form is verified to ensure that it is properly and correctly completed and dates and other fields meet business rule requirements
- Declarations captured at Fund headquarters are subjected to random sampling by the supervisors in the section and errors identified are corrected
- Declarations are updated directly from extracts of auditable payrolls of employers
- Identity numbers captured are validated against the population register

The Fund implemented a process to validate the declarations through basic electronic validation on claims and verification with U19 declarations received, to obtain a level of comfort regarding the completeness, accuracy and validity of the data captured on the database. The Fund validated the declarations on which the current year claims were based on before validating previous years due to the volume of declarations.

Consistent investigations are done to look at options to enhance business processes regarding the collection and maintenance of declaration data.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
22. Unemployment Alleviation Schemes		
Training and social plan funding	1,040,347	601,934
Temporary Employer/Employee Relief Scheme	239,419	58,689
	1,279,766	660,623
23. Other income from exchange transactions		
Rental income	7,296	6,081
Proceeds on disposals	4	4
	7,300	6,085
24. Auditors remuneration		
Fees	33,505	25,041
Expenses	970	663
	34,475	25,704
25. Depreciation, amortisation and impairments		
Computer software	3,024	3,329
Furniture and fixtures	253	307
IT equipment	20,601	13,077
Leasehold improvements	186	593
Motor vehicles	426	70
Office equipment	121	139
Telecom equipment	178	179
Right-to-lease	193	193
	24,983	17,888
26. Employee costs		
Basic	1,740,656	1,573,286
Housing benefits and allowances	69,604	62,503
Long-service awards	1,889	1,301
Other short term costs	360	1,184
Overtime payments	47,732	34,571
	1,860,241	1,672,845
Government Employee Pension Fund		
Employees of the Fund are members of Government Employee Pension Fund (GEPF) which is a defined benefit fund that has to adhere to strict regulations governing its financial liability to members and pensioners. GEPF, as a defined benefit fund is different from defined contribution funds.		
27. Administrative costs		
Bank charges	16,329	13,262
Bad debts written off	133,670	130,992
Computer expenses	211,924	186,855
Commission paid to SARS for the collection of contributions	383,553	366,217
Printing and stationery	10,538	9,954
Advertising, marketing and exhibitions	8,191	15,367
Fuel cost	9,760	8,902
Consulting fees - Internal Audit	2,547	2,591
Fees for services - Board Members	5,018	5,088
Legal fees	5,951	7,140
Training and staff development	7,611	6,132
Other	23,842	10,371
	818,934	762,871

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Included in bad debts written off are the following:		
Allowance for impairment		
Rent receivable	(3,390)	3,023
Sundry receivables	(2)	29
Transactions under investigation	21,336	22,856
Disallowances on overpayments	4,932	(1,130)
Legal claims	(55)	575
COVID-19 TERS	10,068	(11,131)
Amounts written off		
Disallowances and overpayment debt	99,441	115,531
Legal claims	1,340	1,245
Other	-	(6)
	133,670	130,992

28. Operating expenses

Computer services - U-filing	26,798	27,079
Consulting fees - administration and support	227,226	156,834
Consulting fees - contractors and special services	828,335	369,308
Lease rentals on operating lease	172,445	172,670
Investment portfolio - management fees	235,518	221,576
Investment portfolio - administration fees	42,029	41,323
Investment portfolio - transaction cost	23,778	32,664
Municipal services	30,679	32,856
Other operational costs	19,058	22,317
Telephone and fax	95,095	92,963
Travel and subsistence	129,897	115,553
	1,830,858	1,285,143

29. Investment revenue

Interest revenue		
Bank	908,117	697,084
Interest received - other	1,095,319	1,224,584
Listed financial assets	8,236,045	8,406,127
Other financial assets	1,192,393	1,496,748
	11,431,874	11,824,543

Investment revenue earned on financial assets by category

Interest earned on financial assets at fair value	8,236,045	8,406,127
Dividends earned on financial assets at fair value	1,192,393	1,496,749
Interest earned on financial assets at amortised cost	2,003,436	1,921,667
	11,431,874	11,824,543

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Rates of interest

	Fixed or floating rate	Effective weighted average rate 2025	Effective weighted average rate 2024
Cash and cash equivalents	Floating rate	7.75 %	4.75 %
Financial bonds	Fixed rate	9.12 %	9.39 %
Fixed deposits - First National Bank	Floating rate	7.60 %	4.75 %
Fixed deposits - PIC	Floating rate	7.93 %	4.75 %
Government bonds	Fixed rate	6.13 %	6.14 %
Manufacturing bonds	Floating rate	8.91 %	8.79 %
Parastatal bonds	Fixed rate	5.96 %	6.11 %
Parastatal bonds	Floating rate	10.82 %	9.00 %
Service bonds	Floating rate	9.11 %	- %
Treasury bills	Fixed rate	7.82 %	- %

30. Fair value adjustments

Investment property (Fair value gain/(loss))	(97,069)	(80,995)
Other financial assets		
• Investments at fair value (gain/(loss))	10,001,709	(4,154,421)
• Gains/(Losses) from foreign exchange differences	(233,746)	480,495
	9,670,894	(3,754,921)

Fair value per asset category

Listed equity	3,944,278	(799,915)
Bonds	5,014,773	(5,692,287)
Bills	4	563
Unlisted investment instruments	(57,030)	(47,965)
Foreign investment instruments	865,938	2,865,678
Investment property	(97,069)	(80,995)
	9,670,894	(3,754,921)

Breakdown of foreign portfolio fair value adjustments into components

Fund movement	1,099,684	2,385,183
Forex movement	(233,746)	480,495
	865,938	2,865,678

Independent valuations of all the Social Responsible Investments were performed at 31 March 2025 and all the market values adjusted.

Realised Gains/Losses on investments

Properties	-	-
Investments	1,046,309	2,582,174
	1,046,309	2,582,174

Realised Gains/Losses on investments per asset category

Listed equity	745,066	702,344
Bonds	289,682	1,880,239
Unlisted investment instruments	11,561	(469)
Foreign investment instruments	-	60
	1,046,309	2,582,174

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

31. Share of profit/(loss) from equity accounted investments

Joint ventures

Matseke Medical Consultants CC	(16)	(10)
--------------------------------	------	------

Associates

Urban Lifestyle Investments (Pty) Ltd	-	(15,866)
Clinix Health Group (Pty) Ltd	(2,191)	499
Daybreak Farms (Pty) Ltd	-	(160,692)
Educor Property Holdings (Pty) Ltd	-	1,326
Grey Jade Trading and Invest 69 (Pty) Ltd	-	2,284
Naturecell Africa RF (Pty) Ltd	(6,520)	(6,412)
Razorite Health and Rehabilitation Fund En Commandite Partnership	(4,787)	240
Razorite Fund II En Commandite Partnership	(14,608)	49,864
Resultant Finance (Pty) Ltd	6,959	6,029
Southpoint Management Services (Pty) Ltd	1,185	33,627
The SA SME Fund Ltd	(484)	(4,854)
UIF Afgri Fund 1 en Commandite Partnership	(9,180)	8,910
	(29,642)	(85,055)

2025

Joint Ventures

	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-
Matseke Medical Consultants CC	(16)	-	(16)
	(16)	-	(16)

Associates

	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Resultant Finance (Pty) Ltd	-	6,959	6,959
South Point Management Services (Pty) Ltd	-	1,185	1,185
Razorite Fund 1	-	(4,787)	(4,787)
UIF Agri-Fund 1	-	(9,180)	(9,180)
Clinix Health Group (Pty) Ltd	(2,191)	-	(2,191)
The SA SME Fund Limited	-	(484)	(484)
Razorite Fund 2	-	(14,608)	(14,608)
Naturecell Africa (Pty) Ltd	-	(6,520)	(6,520)
	(2,191)	(27,435)	(29,626)

	R'000
Income from Joint Ventures	(16)
Income from Associates	(29,626)
	(29,642)

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

2024

Joint Ventures

	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Kefolile Consumer Brands (Pty) Ltd	-	-	-
Matseke Medical Consultants CC	(10)	-	(10)
	(10)	-	(10)

Associates

	Audited financial information R'000	Un-audited financial information R'000	Total R'000
Resultant Finance (Pty) Ltd	6,029	-	6,029
South Point Management Services (Pty) Ltd	35,457	(1,829)	33,628
Daybreak Farms (Pty) Ltd	(160,692)	-	(160,692)
Razorite Fund 1	240	-	240
Educor Property Holdings (Pty) Ltd	-	1,326	1,326
UIF Agri-Fund 1	6,474	2,436	8,910
Clinix Health Group (Pty) Ltd	(5,365)	5,864	499
The SA SME Fund Limited	-	(4,854)	(4,854)
Razorite Fund 2	49,864	-	49,864
Naturecell Africa (Pty) Ltd	-	(6,412)	(6,412)
Grey Jade Trade & Invest	-	2,284	2,284
Urban Lifestyle: Share of P/L	-	(15,866)	(15,866)
	(67,993)	(17,051)	(85,045)

	R'000
Income from Joint Ventures	(10)
Income from Associates	(85,045)
	(85,055)

32. Impairment of other financial assets

Impairments

Other financial assets	849,107	695,484
------------------------	---------	---------

Reversal of impairments

Other financial assets	(366,366)	(129,205)
Total impairment losses recognised	482,741	566,279

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
33. Cash generated from operations		
Surplus/(Deficit)	23,100,149	15,872,276
Adjustments for:		
Depreciation and amortisation	24,982	17,888
Profit(loss) on sale of property, plant and equipment	151	7
Impairment of investments in associates and joint ventures	156,589	737,346
Fair value adjustments	(9,904,640)	4,235,416
Gains/(Losses) from foreign exchange differences	233,746	(480,495)
Impairment loss on property, plant and equipment	34,903	-
Impairment of debtors	32,889	14,222
Impairment of other financial assets	849,107	695,484
Dividends received	(1,192,393)	(1,224,584)
Realised gains/losses on investments	(1,046,309)	(2,582,174)
Share of profit/(loss) from equity accounted investments	29,642	85,055
Reversal of impairment of other financial assets	(366,366)	(129,205)
Bad debts written off	100,781	116,770
Interest from other financial assets	(1,095,319)	(1,496,748)
Interest received	(8,236,045)	(8,406,127)
Changes in working capital:		
Receivables from exchange transactions	(31)	(5,670)
Receivables from non-exchange transactions	(130,908)	(60,538)
Statutory receivables	(95,902)	(93,805)
Prepayments	(288,573)	(3,739)
Movement in bank interest receivable	520,413	(26,560)
Movement in lease liability	(77)	(381)
Movement in provisions - current	(67,132)	(931,089)
Movement in provisions - non-current	(358)	(1,786)
Payables from exchange transactions	350,375	186,472
Benefits payable	(26,206)	(44,284)
	2,983,468	6,473,751

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
34. Commitments		
Already contracted for but not provided for Unemployment Alleviation Schemes		
• Temporary Employer/Employee Scheme	663,756	17,345
• Employability	6,713,714	6,427,179
• Business Turnaround and Recovery	113,481	-
IT Enablement		
• Baraka IT Solutions	36,198	54,698
• OTB SA (Pty) Ltd	176,260	-
• Interfile	-	11,649
• Afrinova	111,639	-
Actuarial Services		
• True South	17,505	19,230
Professional Services		
• Maine Management and Chartered Accountants	-	989
Other Commitments		
• GEN2 Enterprise Software	1,204	7,647
• Hassler Business System	-	22
• Medaco	458	458
• Metrofile	2,953	1,691
• Nashua Communications/Plus 1 Communications	-	2,317
• Masana Hygiene Services	497	-
• Aluc Hygiene Services	52	-
• Nine IT	21,225	-
• Farani Doctec (Pty) Ltd	37,867	47,963
• The Mineral Water Man	329	338
	7,897,138	6,591,526

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

Operating leases

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	-	1,843
-------------------	---	-------

Operating lease liability

Opening balance	-	459
Operating lease expense	-	(382)
	-	77

2025

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Mobile Busses R'000	Total R'000
Not later than 1 year	7,167	6,361	-	13,528
Later than 1 year and not later than 5 years	-	7,260	-	7,260
	7,167	13,621	-	20,788

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

2024

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Mobile Busses R'000	Total R'000
Not later than 1 year	7,167	912	1,843	9,922
Later than 1 year and not later than 5 years	-	744	-	744
	7,167	1,656	1,843	10,666

Operating lease payments represent rentals payable by the Fund for buildings, parking, busses, machinery and equipment.

The building lease was extended for 12 months, which thereafter will be on a month-to-month basis. There were no payment escalations as the lease was over a 12-month period.

The parking lease was extended for 12 months, which thereafter will be on a month-to-month basis.

The machinery and equipment lease was extended for 12 months, which thereafter will be on a month-to-month basis. There were no payment escalations as the lease was over a 12-month period.

The lease for busses is for a period of 36 months and ends in June 2024 for the first two busses and September 2024 for the third bus. The payments escalate annually with 4.4%. The leases have been restated as a result of the third bus of which the contract ended in September 2024 and not June 2024.

No contingent rent is payable for any of the leases.

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	1,249	1,172
- in second to fifth year inclusive	7,572	7,110
- later than five years	144	1,855
	8,965	10,137

At reporting date, the Fund had one investment property that was generating rental income namely Portion 5 (remainder extent) of Erf 43, Thohoyandou. The lease agreement for Portion 5 (remainder extent) of Erf 43, is non-cancellable and is for a period of 9 years and 11 months. There are no contingent rents receivable.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

35. Contingencies**Contingent liabilities**

Normal benefits	765	846
COVID-19 benefits	1,047	1,047
Normal TERS benefits	13,790	13,790
Contractual disputes	57,767	57,767
Other	17	8
	73,386	73,458

Contingent assets

Recovery of amounts paid	236,014	236,014
	236,014	236,014

Litigation overview

There were hundred and seven (107) contingency cases of which a hundred and four (104) were against the Fund and three (3) for action taken by the Fund during the financial year ending 31 March 2025 including cases carried over that were still pending against the Fund during the financial year ended 31 March 2024. The cases include disputes for the payments of UIF benefits, COVID-19 TERS, contractual disputes, Normal TERS, Refund of the amount paid in error to the Fund and paid to the applicants for Covid-19 benefits, Labour Relations Dispute, Legislative compliance, specific performance and the Promotion to Access of Information Act (PAIA).

Three (3) cases were instituted by the Fund for the recovery of amounts paid.

Contingent liability - Cases against the Fund**UIF Benefits**

Seventy-one (71) of the cases relate to UIF normal benefits of which sixty-seven (67) of the cases relate to unemployment benefits to the amount of R764,941.11. Three (3) cases relating to death benefits' amount could not be determined. One (1) case, of which the amount could not be determined relate to an illness benefit.

Included in the seventy-one (71) cases which relate to UIF normal benefits, twenty-five (28) of the cases' amounts are yet to be determined.

COVID-19 TERS Benefits

Eight (8) of the cases relate to COVID-19 TERS benefits of which four (4) amount to R1,046,512.60 and the amounts of five (5) cases are yet to be determined.

Normal TERS Benefits

Two (2) of the cases relate to Normal TERS benefits amounting to R13,790,009.12.

Contractual disputes

Nine (9) cases relate to contractual disputes of which three (3) cases amount to a total- of R57,766,958.29. Six (6) cases' total amount are still to be determined.

Labour disputes

Three (3) cases relate to labour disputes of which the amounts are yet to be determined.

Other

Eleven (11) cases relate to PAIA requests, contempt applications, specific performance and declaration orders of which two (2) cases have a total amount of R17,680.00.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

SIU

During the financial year, the SIU rendered special investigating and collection services on behalf of the Fund relating to Covid TERS amounts, no expense has not been raised in this regard as the amount, timing and obligation are uncertain.

Litigation Overview

On 22 August 2020 the Minister of Employment and Labour referred allegations relating to irregularities on the Unemployment Insurance Fund to the SIU. The Minister requested the SIU to review the AGSA Report on findings relating to the TERS paid during Covid-19 as only one matter relating to the Covid 19 Awareness Campaign by UIF fell within the ambit of the Covid-19 PPE Proclamation R. 23 of 2020, the SIU commenced with an investigation in terms of a secondment agreement to review the information / records relating to the TERS payments.

The Secondment Agreement was entered into between the Department of Employment and Labour and the SIU 5 September 2020.

The SIU was able to secure sufficient evidence during the secondment investigation in support of a National UIF Proclamation. Proclamation, R.8 of 2021, was signed on 1 April 2021.

Contingent assets - Cases in favour of the Fund

Three (3) cases were instituted by the Fund to recover amounts to the value of R236,014,076.68.

COVID-19 TERS Benefit Payments - Contingent Asset

Proclamation R08 of 2021, granted the Special Investigating Unit permission to investigate maladministration in the affairs of UIF in relation to the payment of COVIDTERS and to recover any losses, damage or actual or potential prejudice suffered by the UIF.

The follow the money firms identified potential overpayment from the COVIDTERS payments and directed the employers to sign an acknowledgment of debt on those overpayments, however the employers refused to sign the AOD's. These transactions were handed over to the SIU for further assessment and investigation.

Of the un-signed AOD's reported in the previous financial year that amounted to R1,626,851,888.06, only R608 487 444. 21 are still under assessment by the SIU. The remainder of R1,018,364,443.85 un-signed AOD's were returned back to the "Follow-the-money" project for further verification and auditing as some employers produced evidence after the reporting date.

The un-signed AOD's to the amount of R608,487,444.21 is a contingent asset based on the potential receivables/refund depending on the recovery process by the Special Investigating Unit.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

36. Related parties

Relationships

Controlling entity	Department of Employment and Labour
Joint ventures	Refer to note 12
Associates	Refer to note 13
Other related party	Productivity South Africa
Other related party	Commission for Conciliation Mediation and Arbitration (CCMA)

Related parties for the Fund are Government Institutions and all receivables from and payables to these institutions arise from services rendered in pursuit of the mandate of the Fund. Due to the Public Service nature of the relationship between the Fund and its Related Parties, amounts owed to or owed by the Fund are not secured. Consequently, no guarantees are given or received and no provision is made for doubtful debts on outstanding amounts. No bad or doubtful debts were recorded in respect of Related Party balances.

Entities under the control of the Department of Employment and Labour

The Director-General of the Department of Employment and Labour is the Accounting Authority of the Fund that forms part of the Department's Programme 5: Social Insurance.

Other entities under the control of the Department of Employment and Labour:

- Supported Employment Enterprises (SEE)
- National Economic Development and Labour Council (NEDLAC)
- Compensation Fund (CF)
- Commission for Conciliation Mediation and Arbitration (CCMA)
- Productivity South Africa

Productivity South Africa

The Social Plan is implemented in partnership with Productivity South Africa to implement the Business Turnaround and Recovery ("BT&R") Programme. Productivity South Africa provides support to enterprises facing economic distress in order to prevent job losses. This services has been extended to companies that apply for assistance through the Temporary Employer-Employee Relief Scheme that they may also benefit from the Business Turnaround and Recovery Programme.

CCMA

The Temporary Employer-Employee Relief Scheme aimed at distressed companies is funded by the Unemployment Insurance Fund (UIF). The scheme's first entry point is the Commission for Conciliation, Mediation and Arbitration (CCMA) that does administration of the scheme application and adjudication process. The UIF pays the CCMA for the administration of the scheme.

Department of Employment and Labour

The Fund shares various resources with the Department of Employment and Labour. Cost incurred by the Department of Employment and Labour on behalf of the Fund in executing its mandate in accordance with the UI Act is recovered from the Fund in according to the agreement between the Fund and the Department.

Department of Employment and Labour incurs expenditure on behalf of the Unemployment Insurance Fund daily on an ongoing basis. In this regard, the Fund pays an advance to the Department to cover expenditure estimated at approximately two months taking into consideration the time required for processes relating to claiming and settlement of the claim.

The Accounting Officer (Director-General) appointed an ICT advisory committee that is constituted of external ICT experts, to provide ICT advice on matters of ICT, to the entire Department (inclusive of the Funds – UIF and Compensation Fund). The funding model for the committee is 40/40/20 split of costs and the UIF carries and discloses its 40% expenditure share.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Related party balances		
Amounts included in prepayments regarding related parties		
Productivity South Africa	53,923	7,197
Department of Employment and Labour	200,608	-
Amounts included in payables from exchange transactions regarding related parties		
Department of Employment and Labour	-	105,769
Related party transactions		
Amounts included in Administrative cost regarding related parties		
Department of Employment and Labour	671,553	609,514
Amounts included in Employee cost regarding related parties		
Department of Employment and Labour	1,840,704	1,674,843
Amounts included in Operating expenses regarding related parties		
Department of Employment and Labour	16,294	15,816
Amounts included in Unemployment Alleviation Schemes regarding related parties		
Productivity South Africa	5,443	34,111
CCMA	1,834	1,174
Amounts included in Commitments under Unemployment Alleviation Schemes: Business Turnaround and Recovery		
Productivity South Africa	113,481	-

Notes to the Annual Financial Statements

Figures in Rand Thousand

Directors emoluments 2025

Name	Fees for services as a member of management	Basic salary R'000	Expense allowances R'000	State contribution: Medical R'000	State contribution: Pension R'000	Total R'000
Aderibigbe HA (Director: Budgets, Expenditure and Bank Recons)	1 March 2005	1,250	35	16	108	1,409
Briedenhann L (Director: Reporting)	1 October 2008	1,283	1	-	108	1,392
Duma P (Director: Labour Activation Programmes)	1 February 2018	1,106	17	-	110	1,233
Fololo Z (Director: Income and Accounts Receivable)	1 December 2013	1,001	143	17	115	1,276
Fourie ASC (Director: Treasury, Investments and Actuarial Services)	1 June 2014	1,018	75	33	112	1,238
Makweya KR (Director: ICT)	1 November 2022	1,107	14	-	111	1,232
Kumbi J (Chief Director: Operations)	1 March 2012	1,195	129	23	113	1,460
Makgamatho MR (Director: Compliance)	1 November 2014	1,111	102	16	115	1,344
Maphatane TI (Director: Risk Management)	1 March 2018	1,046	79	-	110	1,235
Mothibedi J (Chief Director: Operations)	1 December 2016	1,583	7	-	159	1,749
Mathabela AC (Director: Organisational Effectiveness)	1 February 2018	1,100	38	23	111	1,272
Mconywa NB (Chief Director: Labour Activation Programmes)	1 March 2013	1,338	69	9	120	1,536
Mkhonto LD (Adv) (Director: Legal Services)	1 October 2020	1,067	21	36	110	1,234
Mokgahla TME (Director: SP and M&E)	1 April 2021	-	-	-	-	-
Mthalande TN (Director: Internal Audit)	1 July 2021	1,048	-	-	105	1,153
Hattingh TS (Director: Communications)	1 November 2022	1,091	53	-	110	1,254
Naicker S (Director: Call Centre)	1 June 2019	1,106	28	-	110	1,244
Nape MW (Director: Labour Activation Programmes)	1 April 2016	1,140	15	-	113	1,268
Puzi TS (Chief Financial Officer)	1 April 2016	1,399	158	34	133	1,724
Ragavaloo PA (Director: Provincial Support)	1 July 2016	1,064	132	-	116	1,312
Ramoshaba M (Director: Supply Chain Management)	1 December 2017	1,182	27	-	109	1,318
Roux P (Director: Human Resource Management)	1 April 2016	1,096	40	8	113	1,257
Molema TJ (Director: SP and M&E)	1 September 2024	562	41	13	60	676
Van Wyk L (Director: Office of the UIC)	1 September 2015	944	242	-	117	1,303
Yawa EM (Adv) (Chief Director: Corporate Services)	1 April 2019	1,192	316	-	141	1,649
Zungu SF (Director: Labour Activation Programmes)	1 April 2016	1,040	115	17	113	1,285
		28,069	1,897	245	2,842	33,053

Notes to the Annual Financial Statements

Figures in Rand Thousand

Directors emoluments 2024

Name	Fees for services as a member of management	Basic salary R'000	Expense allowances R'000	Long-term service award R'000	State contribution: Medical R'000	State contribution: Pension R'000	Total R'000
Aderibigbe HA (Director: Budgets, Expenditure and Bank Recons)	1 March 2005	1,181	25	-	16	103	1,325
Briedenhann L (Director: Reporting)	1 October 2008	1,213	1	-	-	103	1,317
Duma P (Director: Labour Activation Programmes)	1 February 2018	1,045	6	-	-	105	1,156
Fololo Z (Director: Income and Accounts Receivable)	1 December 2013	940	147	-	17	110	1,214
Fourie ASC (Director: Treasury, Investments and Actuarial Services)	1 June 2014	967	76	-	33	106	1,182
Hattingh TS (Director: Communications)	1 November 2022	1,034	20	-	-	105	1,159
Makweya KR (Director: ICT)	1 November 2022	1,048	21	-	-	105	1,174
Mothibedi J (Chief Director: Operations)	1 March 2012	1,135	163	-	23	107	1,428
Makgamatho MR (Director: Compliance)	1 November 2014	1,050	30	-	16	109	1,205
Maphatane TI (Director: Risk Management)	1 March 2018	988	82	-	-	105	1,175
Maruping TS (UI Commissioner)	1 December 2016	1,486	16	-	-	149	1,651
Mathabela AC (Director: Organisational Effectiveness)	1 February 2018	1,041	26	11	23	106	1,207
Mkonywa NB (Chief Director: Labour Activation Programmes)	1 March 2013	1,273	89	-	9	114	1,485
Mkhonto LD (Adv) (Director: Legal Services)	1 October 2020	1,018	15	-	36	105	1,174
Shabangu TG (Director: Executive Support)	Contract ended	572	-	-	-	-	572
Mthlane TN (Director: Internal Audit)	1 July 2021	1,048	12	-	-	105	1,165
Naicker S (Director: Call centre)	1 June 2019	1,048	16	-	-	105	1,169
Nape MW (Director: Labour Activation Programmes)	1 April 2016	1,076	14	-	-	108	1,198
Mokgahla TME (Director: SP and M&E)	1 April 2021	658	41	-	-	70	769
Puzi TS (Chief Financial Officer)	1 April 2016	1,235	152	-	40	137	1,564
Ragavaloo PA (Director: Provincial Support)	1 July 2016	1,002	135	-	-	111	1,248
Ramoshaba M (Director: Supply Chain Management)	1 December 2017	1,015	9	-	-	102	1,126
Roux P (Director: Human Resource Management)	1 April 2016	1,044	44	-	8	108	1,204
Van Wyk L (Director: Office of the UIC)	1 September 2015	881	245	-	-	111	1,237
Yawa EM (Adv) (Chief Director: Corporate Services)	1 April 2019	1,126	274	-	-	134	1,534
Zungu SF (Director: Labour Activation Programmes)	1 April 2016	1,069	1	-	17	108	1,195
		27,193	1,660	11	238	2,731	31,833

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

Non-executive Board Members fees

2025	Appointment date	Fees for services R'000	Expense allowance R'000	Total
Name				
Gaarekwe O	Appointed: 1 May 2021	-	1	1
Josopu T	Appointed: 1 May 2021	68	99	167
Luswazi Z	Appointed: 3 May 2021	7	(2)	5
Mfulo T	Appointed: 1 May 2021	119	329	448
Miya V	Appointed: 1 May 2021	(6)	13	7
Ntsinde D	Appointed: 1 May 2021	87	212	299
Specht L	Appointed: 1 May 2021	150	-	150
Thobejane EM	Appointed: 1 May 2021	144	90	234
Mpanza TS	Appointed: 1 November 2024	7	2	9
Sibeko B	Appointed: 1 May 2021	2	15	17
Ngcongo BS	Appointed: 1 July 2022	64	104	168
Audit Committee				
Masibudu PM	Appointed: 1 December 2024	97	3	100
Dlamini P	Appointed: 1 December 2024	108	3	111
Mzizi P	Appointed: 1 May 2023	207	2	209
Mangquku L	Appointed: 3 March 2023	356	12	368
Nkosi J	Appointed: 1 February 2023	913	36	949
Risk Committee				
Skeepers N	Appointed: 21 September 2021	381	4	385
Weapon JC	Appointed: 4 April 2022	542	197	739
Magan V	Appointed: 8 August 2022	18	-	18
Mkhize SF	Appointed: 4 April 2022	527	10	537
Regional Appeals Committee				
Nkosi BQ	Regional	3	-	3
Nchabeleng M	Regional	6	1	7
Dlepu P	Regional	7	-	7
Krapohl D	Regional	1	-	1
Kunene L	Regional	4	-	4
Swartz QA	Regional	1	-	1
Tsikwe TTSR	Regional	1	-	1
Bale NL	Regional	8	-	8
Mhlari NP	Regional	8	-	8
Mulholland M	Regional	4	-	4
Mndayi ZI	Regional	3	-	3
ICT Committee				
Ndlangisa M	DEL Governance Structure	9	-	9
Arends JB	DEL Governance Structure	9	-	9
Sithole IJ	DEL Governance Structure	9	-	9
Patel SA	DEL Governance Structure	9	-	9
Maseko ED	DEL Governance Structure	14	-	14
		3,887	1,131	5,018

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

		2025 R'000	2024 R'000	
2024	Appointment date	Fees for services R'000	Expense allowances R'000	Total
Name				
Gaarekwe O	Appointed: 1 May 2021	-	2	2
Josupu T	Appointed: 1 May 2021	49	1	50
Luswazi Z	Appointed: 3 May 2021	72	21	93
Mfulo T	Appointed: 1 June 2021	81	62	143
Miya V	Appointed: 1 May 2021	42	4	46
Ntsinde D	Appointed: 1 May 2021	69	14	83
Specht L	Appointed: 1 May 2021	88	-	88
Thobejane EM	Appointed: 1 May 2021	118	12	130
Sibeko B	Appointed: 1 May 2021	-	2	2
Ngcongco BS	Appointed: 1 May 2021	70	12	82
Audit Committee				
Mzizi P	Appointed: 1 May 2023	184	-	184
Mangquku L	Appointed: 3 March 2023	390	8	398
Nkosi J	Appointed: 1 February 2023	709	12	721
Risk Committee				
Skeepers N	Appointed: 21 September 2021	705	14	719
Terhoeven CF	Appointed: 23 June 2020	347	9	356
Magan V	Appointed: 8 August 2022	421	-	421
Weaponond JC	Appointed: 4 April 2022	75	-	75
Mkhize SF	Appointed: 4 April 2022	135	-	135
Appeals Committee				
Leyden S	Regional	5	-	5
Nkosi BQ	Regional	7	1	8
Saku EM	Regional	8	-	8
Van der Hannok I	Regional	1	-	1
Zwane T	Regional	16	-	16
Arendse NR	Regional	2	-	2
Nchabeleng M	Regional	1	-	1
Wessels IJ	Regional	5	1	6
Dlepu P	Regional	9	-	9
Mashabane	Regional	11	-	11
Netshidzivhani L	Regional	1	-	1
Kunene	Regional	10	1	11
Makhado F	Regional	8	-	8
Mamabolo MJ	Regional	4	-	4
Nkosi AN	Regional	3	-	3
Dedeza T	Regional	2	-	2
Mndayi ZI	Regional	5	-	5
ICT Committee				
Ndlangisa M	DEL Governance Structure	252	-	252
Arends JB	DEL Governance Structure	215	-	215
Sithole IJ	DEL Governance Structure	262	-	262
Patel SA	DEL Governance Structure	253	-	253
Maseko	DEL Governance Structure	277	-	277
		4,912	176	5,088

37. Irregular expenditure and Fruitless and wasteful expenditure

Irregular and Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	-	13
------------------------------------	---	----

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

38. Risk management

Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Fund's continuing sustainability and management has the primary responsibility for the day-to-day management of risk. The Fund is exposed to a variety of risks: operational risk, regulatory and legislative risk, litigation risk, insurance risk and financial risk (including: market risk, price and interest rate risk, credit risk and liquidity risk) as well as model / valuation risks and concentration risk.

Risk management structure

The Accounting Authority is ultimately responsible for identifying and controlling risks, however there are separate bodies and business units responsible for managing and monitoring risks, as per section 51(1)(a)(i) of the PFMA.

Unemployment Insurance Board (UI Board)

The Fund's Board recommends the principles for overall risk strategy, as well as policies covering specific risk areas, such as operational risk, insurance risk, market risk (price and interest rate risk), liquidity risk and credit risk, use of derivative financial instruments and investment of excess liquidity to management and the Accounting authority for approval. The Fund's Board appointed sub-committees such as the Finance and Risk Advisory Committee (previously the Finance Advisory Committee) to oversee special areas of risk.

Investment Committee (Sub-committee of the UI Board)

The Investment Committee provides oversight on investment management of the Fund's investment portfolio by considering all investment performance and management reports to be presented to the UI Board. The Investment Committee also makes recommendations to both the UI Board and management with regards to the investment policy statement and asset allocation strategy. The Committee contributes to risk mitigation by reviewing risk management policies, including the review of the level of risk and appropriate risk measures for each asset class by recommending the investment mandate which is based on an asset and liability modelling study.

Audit and Risk Committee

The committee has oversight of risk capacity, risk appetite allocation and strategies for managing risk. The committee assists the board in carrying out its functions relating to the safeguarding of assets, the operation of adequate risk management and control processes and the preparation of financial statements in compliance with all applicable legislation and regulations as well as the oversight of the external and internal audit appointments and function. The committee does not assume the functions of management nor provides relief to board members for their joint and several responsibilities regarding their fiduciary duties and they must continue to exercise due care and judgment following their legal obligations.

Investment risk

Monitoring and controlling investment risks are primarily performed based on investment objectives expressed in an investment mandate, informed by an actuarial asset and liability modelling study. The managing of this mandate include (but not limited to) factors such as portfolio size, risk parameters, strategic asset allocation, diversification and performance benchmark tracking. This mandate is presented and explained to the UI Board that makes the necessary recommendations to the Accounting Authority for approval.

Capital management

Approach to capital management

The Fund seeks to optimise the structure and source of capital to ensure a sustainable organisation which can meet its unemployment insurance obligations as per the UI Act and consistently strives to improve benefits to its stakeholders. The Fund's approach to managing capital involves managing assets, liabilities and risks in a coordinated way.

Regulatory framework

The Fund had no significant changes in its policies and processes to its capital structure during the past year. The capital structure of the Fund consists of net debt (benefits payable detailed in Note 16 offset by cash and cash equivalents as detailed in Note 8) and equity of the Fund (comprising of the Technical reserve and Accumulated surplus).

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Asset Liability Management (ALM) framework

The main risk the Fund faces is that unemployment insurance benefit claims as per the UI Act, will be higher than its assets invested to meet expected benefit claim payments. The Fund manages this risk through an investment mandate with the PIC that is informed by Asset and Liability Modelling (ALM) studies. The Fund's Investment Committee commission regular Asset and Liability Modelling studies to ensure an appropriate investment policy and mandate is in operation.

The principle technique of the Fund's ALM is to match assets to the liabilities arising from administering the UI Act.

Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform; operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Fund cannot eliminate operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the Fund is able to manage the risk. Controls include effective segregation of duties, access control, authorisation and reconciliation procedures, staff education and assessment processes, including the use of a risk management section and internal audit that review the effectiveness of the control environment and external insurance policies. Business risks such as a change in environment and technology are monitored through the Fund's strategic planning processes.

Insurance risk

The Fund provides unemployment-, illness-, maternity-, adoption- and dependant benefits as prescribed by the UI Act. For unemployment claims, the most significant risk arises from changes in the employment market. The insurance risk covers a four-year period based on the fact that benefits accrue to a maximum of 238 days in the four-year period immediately preceding the date of the application of benefits.

The Fund's risk is limited through the UI Act, that allows a maximum accrual of 238 days' benefit in a four-year period, calculating the benefit payable to a contributor, based on the daily rate of remuneration of the contributor, subject to the prescribed maximum. Further, strict claim review policies to assess all new and ongoing claims in the operational system, that apply numerous controls based on external verification. Regular detail review of the claims handling procedures and ongoing investigation of possible fraudulent claims are some of the policies and procedures put in place to reduce the risk exposure of the Fund. The Fund maintains a fully funded position to mitigate its insurance risk. The financial funding position of the Fund is determined by comparing the Fund's accumulated surplus against an actuarial determined Cover Ratio as calculated below:

Insurance companies, that would have applied to the Fund had it been a short-term insurer and subject to the Insurance	Published (GRAP) basis R'million	Reserve Fund Basis R'million
Act	174,685	174,685
Non-actuarial liabilities	(1,199)	(1,199)
Claims liability and provision	(7,725)	(7,725)
TERS liability and provision	(2,066)	(2,066)
Unrest provision	(34)	(34)
Technical provisions: premiums	(50,271)	(50,271)
Reserve Fund	-	(83,410)
Accumulated surplus	113,390	29,980
Capital requirement		47,055
Cover ratio		42 %

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
R'million		
Capital requirement	44,403	Contingency Fund = R47,055
Rsik Margin	2,652	
Funds committed	33,003	Committed Expenses = R36,355
Unpaid claims expense	3,352	
Reserve Fund	83,410	

The Risk Margin is an actuarial estimate calculated by determining the cost of providing capital necessary to support the insurance obligations over their lifetime.

Previously, to determine whether the Fund was in a financially sound position, the surplus position of the Fund was restated under the 'Financial Soundness Basis'. This surplus was then assessed relative to the Capital Requirement (per the SARB rules applicable to private insurers).

In this Financial Soundness Assessment a "Reserve Fund" was established which makes explicit allowance for contingencies and potential near future commitments when valuing the surplus of the Fund. A Cover Ratio is then defined as the accumulated surplus as a percentage of the contingency fund component of the Reserve Fund. An acceptable Cover Ratio for a financially sound position ranges between 25% and 75%.

As the Fund's cover ratio of 42% is within the 25% to 75% range, The Fund is considered to be in a financially sound position and effectively mitigated insurance risk. The minimum capital required under the Solvency Basis (the "Capital Requirement") was calculated by making use of a "Standard Formula" with the following clarifications:

The parameters used in calculating underwriting risk was determined according to attachment 7 of FSI4.3 specifically for the lines of business underwritten by The Fund. The data for 31 March 2025 included the irregular experience of the 2021 financial year due to the COVID pandemic and resulted in higher volatility than seen before 2022 years. The assessment therefore make explicit allowance for the additional claims in 2021 within the Premium and Reserve Risk, enabling this component to be monitored over time.

This formula is calibrated to determine the capital required to withstand a 1-in-200 year deterioration in the balance sheet, over a 1-year time horizon.

The table below compares a high-level breakdown of the Capital Requirement as at 31 March 2025 in comparison to the number that was calculated the year before.

	31 March 2025 R'million	31 March 2024 R'million
SCR Market	25,236	20,300
SCR Non-Life	19,590	17,734
Diversification benefit	(9,220)	(7,924)
Basic solvency capital requirement	35,606	30,110
Capital Requirement Operational Risk	2,204	2,102
Capital Requirement SRI's	6,593	-
Solvency capital requirement	44,403	32,212

Market risk

Market risk represents the potential loss due to adverse movement in the market value of assets. The financial services industry is influenced by various unpredictable factors that include: economic conditions, monetary and fiscal policies, market liquidity, cost and availability of capital, political events, acts of terror, national disasters and investor sentiment.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

Any change to these factors may result in volatility in interest rates, exchange rates, equity and commodity prices, credit spreads and foreign exchange rates.

Exposure to market risk is formally managed through a diverse investment portfolio in accordance to the risk parameters and limits agreed with the asset manager in a formal investment mandate. Adherence to mandate requirements such as a tracking error limit relative to a chosen benchmark and liquidity needs assures market risk management. The following benchmarks are set out in the Fund's mandate and tracked by the asset manager:

Asset class	Benchmark
Cash & money markets	STEFI Composite
Equities	FTSE/JSE Capped SWIX
Foreign equity	MSCI All Country World Index
Inflation linked bonds	CIL
Listed property	J253
Nominal bonds	All Bond Index (ALBI)

For the Fund, the market risk consists of the following components and is estimated at:

Component	31 March 2025 R'million	31 March 2024 R'million
Interest rate risk	12,051	9,165
Equity risk	17,256	13,147
Property risk	996	931
Currency risk	4,047	3,787
Spread and default risk	1,909	1,774
Concentration risk	8,094	7,709
Diversification benefit	(19,116)	(16,213)
Market risk (SCR Market)	25,237	20,300

Equity Risk

The volatility of the domestic equity portion of the portfolio will not be more than 1% above the average total risk of the benchmark volatility. This tracking error maximum ensures that the Fund does not take excessive risk relative to the benchmark. The tracking error on the domestic equity portion of the portfolio is split between equities internally managed by PIC at a maximum tracking error of 1%, externally managed equities set at a maximum tracking error of 2% and listed property equities' tracking error set at 1% relative to the benchmarks.

The foreign equity portfolio will not be more than 2% above the average total risk of the benchmark for both the developed and emerging market equity portfolios. Equity risk is calculated as follows:

Equity class	31 March 2025			31 March 2024		
	Market value R'million	Equity Risk R'million	As % of market value	Market value R'million	Equity Risk R'million	As % of market value
Domestic (listed)	29,008	12,474	43 %	22,858	8,458	37 %
Foreign (listed)	13,489	5,800	43 %	12,623	5,554	44 %
Other	-	-	-	-	-	-
Diversification benefit	-	(1,018)	-	-	(865)	-
Total	42,497	17,256	86 %	35,481	13,147	37 %

Market Risk: Concentration risk

Concentration risk is the risk of losses arising due to poor diversification within an investment class. Excessive concentration in a particular or correlated asset class, sector, issuer, term structure or financial instrument type can result in undesirable risk exposures. The Fund manages this risk in accordance with the investment mandate, which dictates the level of concentration in an asset class.

Below are the largest exposures to single counterparties and the associated capital charge:

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Counterparty	31 March 2025	31 March 2024
	Exposure R'million	Exposure R'million
	Concentration risk R'million	Concentration risk R'million
RSA Government	87,734	75,274
Robeco Fund	13,489	12,623
Firststrand	6,864	5,028
Eskom	4,950	4,915
Standard Bank	-	-
ABSA	-	-
Independence credit	-	-
Total	8,095	7,709

In order to avoid excessive concentration of risk, the Fund's policies and procedures maintain a well-diversified portfolio.

Concentration and Movement of Risk per asset class

Asset class	2025	2024	Movement
Total cash and money market	10.74 %	8.60 %	2.14 %
Cash (Settlement Accounts)	3.48 %	1.38 %	2.10 %
Standard Bank	2.64 %	0.94 %	1.70 %
First Rand	0.84 %	0.44 %	0.40 %
Money Markets (Term Investments)	7.26 %	7.22 %	0.04 %
ABSA	1.33 %	1.14 %	0.19 %
First Rand	1.52 %	2.23 %	(0.71)%
Nedbank	1.34 %	1.26 %	0.08 %
Standard Bank	1.35 %	1.23 %	0.12 %
Investec	1.34 %	1.00 %	0.34 %
Treasury	0.39 %	0.35 %	0.04 %
Capital Markets	60.53 %	62.73 %	(2.20)%
Government Bonds	31.65 %	32.79 %	(1.14)%
Parastatals/SOE	2.51 %	2.98 %	(0.47)%
Corporate Bonds	0.45 %	0.90 %	(0.45)%
Inflation-linked Bonds	23.24 %	24.59 %	(1.35)%
Floating Rate Bonds	2.68 %	1.47 %	1.21 %
Domestic & Foreign Equity Holding	28.73 %	28.67 %	0.06 %
	100.00 %	100.00 %	

Market risk: Interest rate risk

Interest rate risk arises when the market value of assets is sensitive to changes in market yield curves or interest rate volatilities. This includes both the nominal and real yield curves. The Fund has the following exposure to interest-rate sensitive assets as at 31 March 2025:

Market value	31 March 2025 R'million	31 March 2024 R'million
Government bonds (fixed interest)	51,096	44,326
Government bonds (index-linked)	34,598	30,438
Corporate bonds (fixed interest)	8,597	4,713
Corporate bonds (index-linked)	2,894	2,593
Short term instruments (banks)	681	510
Short term instruments (government)	10,977	11,163
Total interest-rate sensitive assets	108,843	93,743

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Nominal interest rate risk can be split into real interest rate risk and inflation risk. The inflation portion of the interest rate risk is minimised by investing a significant mix of inflation linked bonds.

The sensitivity to interest rate movement is also managed by managing the duration of fixed interest exposure. Such duration is managed relative to an appropriate benchmark. To manage the duration, the asset manager utilises a combination of instruments to get closer to the benchmark duration.

The table below shows the assets above split per duration, and includes the corresponding contribution to interest rate risk. As would be expected, assets at longer durations are more sensitive to interest rate movements:

Asset duration (months)	31 March 2025			31 March 2024		
	Market value R'million	Interest rate risk R'million	As % of market value	Market value R'million	Interest rate risk R'million	As % of market value
< 3 years	24,738	1,329	5 %	43,763	4,501	10
3 - 6 years	32,527	4,951	15	27,913	4,165	15
6 - 9 years	32,851	6,170	19	7,908	1,428	18
9 - 12 years	7,000	1,564	22	5,738	1,361	24
12 - 15 years	11,620	3,600	31	3,805	1,156	30
15 - 18 years	107	37	34	4,615	1,531	33
>18 years	-	-	-	-	-	-
Liabilities	-	(2,736)	-	-	(2,741)	-
Diversification benefit	-	(2,863)	-	-	(2,236)	-
	108,843	12,052	11	93,742	9,165	11

Market risk: Property

Property risk arises when the market value of assets and liabilities are sensitive to changes in the level of market prices of property. Property risk for the Fund was calculated as follows:

	31 March 2025			31 March 2024		
	Market value R'million	Property risk R'million	As % of market value	Market value R'million	Property risk R'million	As % of market value
Total property exposure	3,984	996	25	3,725	931	25 %

Market risk: Currency risk

Currency risk arises when the market value of assets and liabilities are sensitive to changes in currency exchange rates.

The Fund holds units in a foreign equity unit trust. If the Rand appreciates against foreign currencies, the value of this investment becomes lower in Rand terms. So, the Fund is exposed to currency risk, which is calculated as follows:

	31 March 2025			31 March 2024		
	Market value R'million	Currency risk R'million	As % of market value	Market value R'million	Currency risk R'million	As % of market value
Total foreign exposure	13,489	4,047	30 %	12,623	3,787	30 %

Currency risk can also lead to an adverse impact on the valuation of foreign denominated investments. The Fund manages its currency risk exposure through the following interventions:

1. The Fund's currency risk exposure is primarily managed through the asset allocation prescribed in the Investment Management Agreement, i.e. through the asset allocation to Non-South African markets.
2. Ongoing exposure to foreign currencies is monitored and reported on a frequent basis. The hedging of currencies is occasionally implemented by taking into account short and long term macro-economic views on foreign exchange rates if and when required.

Foreign exchange accounting: The offshore portfolios are USD denominated, converted into ZAR using the IRESS closing FX rates and reported on a Gross Asset Value (GAV) method.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

The underlying Asset Managers use currency derivatives to ensure the portfolio is protected against all non-USD exposures and that the portfolio is always only exposed to exchange rate movements between the USD (the denominated currency) and ZAR (the reporting currency).

Market risk: Spread and default risk

Spread risk arises when the market value of assets is sensitive to change in credit spreads over the risk-free interest rate term structure. Default risk arises from potential losses due to credit default events, such as the default of the counterparty or issuer of a financial instrument held by an insurer. All assets that are subject to movements in credit spreads were included in the below calculation of exposure to market spread and default risk:

For the Fund default risk is split into three categories:

- Type 1 default risk covers exposures where the counterparty or issuer of the instrument may be rated;
- Type 2 exposures cover where the counterparty or issuer of the instrument is likely to be unrated;
- Type 3 exposures are exclusively for cash held at banking institutions

	31 March 2025			31 March 2024		
	Market value R'million	Risk charge R'million	% of market value	Market value R'million	Risk charge R'million	% of market value
Default risk: Type 1	4,241	57	1	-	-	-
Default risk: Type 2	3,301	495	15	3,310	496	15
Default risk: Type 3	1,701	56	3	1,863	81	4
Spread risk	108,843	1,314	1	93,742	1,196	1
Diversification benefit	-	(13)	-	-	-	-
Total	118,087	1,909	2	98,915	1,774	2

Liquidity risk

Liquidity risk arises when there are insufficient liquid capital assets (cash and readily convertible securities) available to meet the financial obligations on a timely basis.

Liquidity is held primarily in the form of money market instruments such as bonds, fixed deposits, listed shares and promissory notes as well as liquid debt issues from government, municipalities and other approved issuers.

The Fund's investment mandate stipulates the strategic asset allocation percentage of the total holdings that must comprise of liquid assets (cash and money markets). A significant portion of assets is held in cash and near-cash (money market).

Liquidity risk is also managed by investing a large portion of assets in instruments (money market, bonds and equities) that trade actively in efficient and liquid markets.

The below investment mandate was effective from 1 April 2024 until 31 March 2025.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

The investment structure was as follows:

Asset Class	Minimum Range		Proposed Strategic Asset Allocation (SAA)		Maximum Range		Benchmark
Cash and money market	-	%	7.00	%	20.00	%	STEFI Composite
Local Nominal Bonds	22.00	%	32.00	%	42.00	%	ALBI
Local Inflation Linked Bonds	12.00	%	22.00	%	32.00	%	CILI
Domestic equity	-	%	15.00	%	20.00		JSE CAPPED SWIX
International Equity	-	%	10.00	%	15.00	%	MSCI World Index
Domestic Listed Property	-	%	2.00	%	5.00	%	J253
Domestic Unlisted Property	-	%	1.00	%	5.00	%	IPD Index
Domestic Unlisted Debt and Equity	-	%	11.00	%	17.00	%	CPI
			100.00	%			

The above investment mandate was implemented from 1 January 2023, applying a phased-in approach best suited for the Fund, allowing the Fund to still capture opportunities in the market but attempting to realise minimal losses in the portfolio during the transition period. This mandate was fully implemented by 1 April 2023.

The Fund halted all further investments in unlisted investment instruments due to a combination of higher liquidity requirements and a lower risk appetite subsequent to the COVID-19 TERS benefits made from the portfolio.

Even though the new mandate's strategic asset allocation indicated a reduction in the unlisted debt and equity investments, these assets are highly illiquid and can only be exited according to prescripts. Any reduction in this asset class will be done in a responsible manner not to contribute further towards the unemployment rate.

Portfolio compliance

Financial Assets 2025	Value R'000	Actual Asset allocation
Cash and Money Markets	15,610,413	9.00 %
Local Nominal Bonds	55,564,465	33.00 %
Local Inflation-linked and Floating Rate Bonds	41,620,475	25.00 %
Listed Domestic Equity	29,008,429	17.00 %
Listed Domestic Property Equity	3,624,781	2.00 %
Unlisted Property	313,074	- %
Unlisted Debt and Equity Instruments	10,381,780	6.00 %
International Equity	13,488,543	8.00 %
Total value of Fund's portfolio	169,611,960	100.00 %

In addition to holding a minimum level of liquidity in the form of cash and near cash equivalents, the Fund also applies daily cash flow management and maturity profile allocation to assess and monitor its liquidity requirements and risk levels.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

Maturity profile on financial assets

2025 R'000	Receivable on demand	0 - 12 months	1 - 3 years	3 - 7 years	>7 years	Total
Capital market	-	422,139	3,303,047	24,562,209	68,897,545	97,184,940
Cash and cash equivalents	5,890,814	-	-	-	-	5,890,814
Listed equity	-	46,121,754	-	-	-	46,121,754
Money market	10,701	11,358,269	-	-	-	11,368,970
Unlisted Investments	-	-	-	-	8,219,632	8,219,632
Debtors - sundry	322	-	-	-	-	322
Debtors - rental	9,165	-	-	-	-	9,165
Interest and dividends receivable	341,246	-	-	-	-	341,246
	6,252,248	57,902,162	3,303,047	24,562,209	77,117,177	169,136,843

2024 R'000	Receivable on demand	0 - 12 months	1 - 3 years	3 - 7 years	>7 years	Total
Capital market	-	199,406	2,984,057	23,956,982	57,376,562	84,517,007
Cash and cash equivalents	3,063,330	-	-	-	-	3,063,330
Listed equity	-	38,627,393	-	-	-	38,627,393
Money market	11,753	8,524,013	-	-	-	8,535,766
Unlisted investments	-	-	-	-	9,994,340	9,994,340
Debtors - sundry	349	-	-	-	-	349
Debtors - rental	5,715	-	-	-	-	5,715
Interest and dividends receivable	1,090,021	-	-	-	-	1,090,021
	4,171,168	47,350,812	2,984,057	23,956,982	67,370,902	145,833,921

Maturity analysis on financial liabilities

The following table analyses the Fund's financial liabilities which will be settled on a gross basis:

2025 R'000	Payable on demand	Within 1 month	Within 12 months	Total
Bank overdraft	-	-	-	-
Deposits received	79,383	-	-	79,383
Payables from exchange transactions	-	129,345	835,867	965,212
Uncleared deposits	23,578	-	-	23,578
	102,961	129,345	835,867	1,068,173

2024 R'000	Payable on demand	Within 1 month	Within 12 months	Total
Deposits received	68,519	-	-	68,519
Payables from exchange transactions	-	147,594	492,681	640,275
Uncleared deposits	22,239	-	-	22,239
	90,758	147,594	492,681	731,033

Credit risk

This risk represents the risk that a counterparty or issuer fails to meet an obligation when it falls due.

The exposures may arise, for instance, from a deterioration in a counterparty's financial position, from a reduction in the value of securities held as collateral and from entering into contracts under which counterparties have long term obligations to repay.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Factors that influence credit decisions include credit rating agencies assessments of the general environment, the competitive market position of a counterparty or issuer, reputation, deal tenor as longer rated deals increase uncertainty of repayment, the level of volatility of earnings, corporate governance, risk management policies, liquidity and capital management.

The Credit Risk Policy is the primary tool used to communicate credit limits and exposures by constraining the magnitude and tenor of exposures to counterparties and issuers. The approved Credit Risk Policy is a standard inclusion in the investment mandates.

Credit risk limits incorporate measures of both current and potential exposures and are set and monitored by broad risk type, product type and maturity. Credit mitigation techniques include, where appropriate, the right to be furnished with collateral or an equity injection by counterparties in unlisted investments. Mitigation techniques are deal dependent.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial instruments in notes 3 and 18.

At fair value through surplus or deficit	Carrying value 2025 R'000	Fair value 2025 R'000	Carrying value 2024 R'000	Fair value 2024 R'000
Listed equity	42,200,858	46,121,754	30,746,097	38,627,393
Unlisted equity	1,766,411	810,544	1,490,898	867,575
Bonds	90,051,025	97,184,940	83,910,394	84,517,007
Unlisted financial instruments	39,316	39,316	41,247	41,247
Bills and Negotiable Certificate of Deposits	610,878	621,846	464,377	476,876
	134,668,488	144,778,400	116,653,013	124,530,098

At amortised cost	Carrying value 2025 R'000	Carrying value 2024 R'000
Investment income receivable	10,701	11,753
Unlisted financial instruments	7,369,772	9,085,518
Fixed deposits	10,736,422	8,047,137
	18,116,895	17,144,408

Collateral risk

This is regarded as integral to credit risk; no collateral was held on the Fund for the period under review, which is consistent with previous periods.

Other financial risks

Model / valuation risk

This risk arises from the dependence on systems, models, algorithms and assumptions used to price instruments and structures. The asset manager utilises Bloomberg's, Reuters and INet, as well as internally developed models. This risk is managed by ensuring that only models from credible sources are used. Audits are done on models to ensure that they are accurate and reliable. Models developed by the asset manager are benchmarked against external sources to ensure accuracy and reliability.

Commodity price risk

No funds under management have direct or derivative exposure to commodities. Indirect exposure through equities is well diversified and managed using equity risk limits.

Regulatory and legal risk

Regulatory risk is the risk arising from a change in regulations in any legal (legal risk being the risk that the company will be exposed to contractual obligations which have not been provided for), taxation and accounting pronouncements or specific industry regulations that pertain to the business of the Fund, hence the financial instruments are exposed to these risks.

In accordance with chapter 6, paragraph 48 of the PFMA, the Fund is classified as a Schedule 3 National Public Entity.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

In terms of section 55(1) of the PFMA, the Fund is required to prepare financial statements for each financial year in accordance with generally accepted accounting practice, unless the ASB approves the application of generally recognised accounting practice for the Fund.

The Fund received contribution revenue in accordance with the UI Contributions Act, 2002 and pays Unemployment Insurance benefits including the recovery of benefits in error in accordance with the UI Act.

The Fund is accordingly exposed to any changes in legislation and accounting pronouncements. The Fund is exceptionally vulnerable to the interpretation of legislation. In an attempt to mitigate the risk, management exercises a proactive approach where possible. With reference to the UI Act the Fund issues regulations in an effort to mitigate the risk of interpretation and complies with regulations issued regarding other applicable legislation.

Litigation risk

Legal proceedings could adversely impact the Fund's operating results and financial position for a particular period. The Fund has a well-established legal services team to deal with risks that may arise. Legal services instruct the State Attorney's Office to either defend or settle litigation against the Fund depending on the circumstances of the case and external lawyers are involved when required.

39. Going concern

The Fund was in a financially sound position as of 31 March 2025, based on the Cover Ratio under the new Reserve Fund Basis falling within the 25% to 75% range.

In this Financial Soundness Assessment a "Reserve Fund" was established which makes explicit allowance for contingencies and potential near future commitments when valuing the surplus of the Fund. A Cover Ratio is then defined as the accumulated surplus as a percentage of the contingency fund component of the Reserve Fund. An acceptable Cover Ratio for a financially sound position ranges between 25% and 75%. As the Fund's cover ratio of 42% is within the 25% to 75% range, The Fund is considered to be in a financially sound position.

The minimum capital required under the Solvency Basis (the "Capital Requirement") was calculated by making use of a "Standard Formula" with the following clarifications:

The parameters used in calculating underwriting risk was determined according to attachment 7 of FSI4.3 specifically for the lines of business underwritten by The Fund. The data for 31 March 2025 included the irregular experience of the 2021 financial year due to the COVID pandemic and resulted in higher volatility than seen before 2022 years. The assessment therefore make explicit allowance for the additional claims in 2021 within the Premium and Reserve Risk, enabling this component to be monitored over time. This formula is calibrated to determine the capital required to withstand a 1-in-200 year deterioration in the balance sheet, over a 1-year time horizon. The outcome of the minimum capital requirement under the Solvency Basis calculation was incorporated in the contingency fund component of the of the Reserve Fund calculation during the Cover Ratio assessment. The Cover Ratio under the new Reserve Fund Basis is a robust assessment of the Fund's financial soundness.

Following the going concern assessment, management is not aware of events or conditions that cast significant doubt on the Fund's ability to continue as a going concern for the 12 months after the reporting date, nor the period thereafter. The AFS have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The following factors were assessed to support the view of management that the Fund will continue as a going concern.

- The Fund remains able to provide for the following in its cash flow projections for the 2025/2026 financial year:
 - Worker credits for the next 48 months (four years);
 - Expected benefit payments in the 12 months after the reporting date;
 - Commitments in line with Labour Activation Programmes; and
 - Top-up payments to be made as a result of the late implementation of the UI Amendment Act of 2016.
- As a result, the Fund's cash flow projections indicate that it has adequate reserves to cater for its cash flow needs in short and medium term.
- The actuarial valuation assessment for the current financial year indicated that the contributions are sufficient to pay claims and expenses, therefore an Unexpired Risk Reserve and an Additional Risk Reserve was not required.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

- The Fund's actuaries assessed a projected financial soundness position for the next 10 financial years up to the 2034/2035 financial year on the basis that would have applied to if it had been an insurer regulated by the South African Reserve Bank. The projection indicates a consistent solvency ratio until 2035.
- The Fund is further undertaking budget austerity measures to align operation expenditure with its new financial reality to contribute towards strengthening the financial position.

The Fund's management is of the view that the aforementioned measures will be adequate to ensure the Fund is a going concern. Furthermore, support for the Fund in terms of the UI Act (No. 63 of 2001) Section 10(4) of this Act allows that where the Fund reflects a financial position that is insufficient or not increasing at a sufficient rate to meet payments for benefits that may be reasonably anticipated, the Director-General (Accounting Officer of the Fund) must report and make recommendations to the Minister of Employment and Labour. Section 10(4) of this Act allows that the Minister of Employment and Labour may request the Minister of Finance to adjust the national budget in Section 16 and 30 of the PFMA, to cover any deficit in the Fund. Section 16 of the PFMA allows that the Minister of Finance may authorise the use of funds from the NRF to defray expenditure of an exceptional nature which is currently not provided for and which cannot, without serious prejudice to the public interest, be postponed to a future parliamentary appropriation of funds. Section 30 of the PFMA allows that the Minister of Finance may table an adjustment budget in the National Assembly for any expenditure in terms of Section 16.

40. Events after the reporting date**Employability: Multiparty Funding Agreement Teacher's Assistance Programme**

Subsequent to the financial year end of 31 March 2025, but before the financial statements were authorised for issue, the UIF entered into a multiparty funding agreement relating to a Teacher assistance programme at a value of R 4 billion. The programme is structured as follows:

- The applicant to the programme is The Presidency
- Beneficiary is the Department of Basic Education (DBE),
- Implementing agent is the Industrial Development Corporation of South Africa (IDC) and
- Funding entity is the Unemployment Insurance Fund a schedule 3A public entity of the Department of Employment and Labour.

In April 2025 the Acting Director General of the Department of Employment and Labour signed the multiparty funding agreement.

The Teacher Assistant Programme in South Africa, is part of the Presidential Youth Employment Initiative (PYEI), providing unemployed youth with temporary employment in schools. It aims to support teaching and learning by assisting teachers in classrooms, with administrative tasks, and by providing support for learners with special needs. The programme also aims to address youth unemployment and offer a stepping stone to a career in education.

As this event occurred after the reporting date and does not relate to conditions that existed at that date, it is classified as a non-adjusting event in terms of GRAP 14 - Events after the reporting date. However, due to its materiality and strategic significance, it is disclosed in the financial statements to inform users of the financial statements. No adjustments have been made to the financial statements in respect of this multi-party funding agreement.

Labour Activation Programme: Employability

Subsequent to the financial year end of 31 March 2025, but before the financial statements were authorised for issue, the UIF entered into several agreements with private and public sector companies with a combined value of R68 million. These agreements were signed by the Acting Director General of the Department of Employment and Labour between April 2025 and 31 May 2025 and relate to the Unemployment Insurance Fund (UIF) Labour Activation Programme, which aims to support job creation, skills development, and re-integration of unemployed individuals into the labour market.

While these agreements were signed after the reporting date of 31 March 2025, they do not pertain to conditions that existed as at that date. As such, they are classified as non-adjusting events in terms of GRAP 14 – Events after the reporting date.

Due to the materiality and strategic significance of the projects are considered material and are disclosed to inform users of the financial statements. No adjustments have been made to the financial statements in respect of these agreements.

Labour Activation Programme: Temporary Employer- Employee Relief Scheme

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'0002024
R'000**TERS Agreements with South African Post Office and ArcelorMittal**

Subsequent to the financial year end of 31 March 2025, but before the financial statements were authorised for issue, the UIF entered into two significant agreements under the Temporary Employer/Employee Relief Scheme (TERS) programme. The agreements were signed by the Acting Director General of the Department of Employment and Labour with following specifics:

- On 17 May 2025, South African Post Office for an amount of R381 million and
- On 8 May 2025, ArcelorMittal South Africa for an amount of R 416 million.

The TERS programme aims to provide temporary financial relief to distressed companies and workers in order to prevent retrenchments and sustain employment during periods of economic distress. These agreements are aligned with the broader objectives of the UIF Labour Activation Programme.

As the agreements were concluded after the reporting date and do not relate to conditions existing as at 31 March 2025, they are classified as non-adjusting events in accordance with GRAP 14 – Events after the reporting date.

Due to the materiality and strategic significance of the agreements they are considered material and are disclosed to inform users of the financial statements. No adjustments have been made to the financial statements in respect of these agreements.

Management continues to assess the financial and operational implications of the Labour Activation Programme. Further developments on this programme will be reported in subsequent reporting periods.

Daybreak Foods Business Rescue

Subsequent to the reporting date 31 March 2025, Daybreak Foods was formally placed under business rescue proceedings effective 20 May 2025. However, prior to year-end, the Fund was aware of the Daybreak's significant financial distress and the likelihood of liquidation as a result of the Court application made by three creditors of Daybreak in January 2025 for liquidation ordering final winding up, the court date was set for 20 May 2025. Settlement was reached out of court for the three creditors and the board of Daybreak placed Daybreak in Business Rescue effective 20 May 2025 which provided sufficient evidence that the carrying value and classification of the investment required reassessment.

As a result, the investment in Daybreak, previously classified as an investment in an associate in accordance with GRAP 36, has been reclassified as a financial asset at fair value through surplus or deficit under GRAP 104 – Financial Instruments as at 31 March 2025.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

41. Changes in accounting policies, estimates and errors

Statement of Financial Position

		Previously reported R'000	Correction R'000	Restated R'000
Assets				
Current Assets				
Other financial assets	3	49,546,528	-	49,546,528
Receivables from exchange transactions	4	1,096,085	-	1,096,085
Receivables from non-exchange transactions	5	66,155	17,885	84,040
Statutory receivables from non-exchange transactions	6	2,148,216	-	2,148,216
Prepayments	7	16,915	(2,300)	14,615
Cash and cash equivalents	8	3,063,332	-	3,063,332
		55,937,231	15,585	55,952,816
Non-Current Assets				
Investment property	9	573,124	-	573,124
Property, plant and equipment	10	61,946	(84)	61,862
Intangible assets	11	107,317	-	107,317
Interest in joint ventures	12	5,505	-	5,505
Investments in associates	13	2,473,700	(22,544)	2,451,156
Other financial assets	3	92,127,194	784	92,127,978
		95,348,786	(21,844)	95,326,942
Total Assets		151,286,017	(6,259)	151,279,758
Liabilities				
Current Liabilities				
Operating lease liability	34	295	(218)	77
Payables from exchange transactions	14	827,949	28,467	856,416
Provisions	15	19,892,212	-	19,892,212
Benefits payable	16	55,734	-	55,734
		20,776,190	28,249	20,804,439
Non-current Liabilities				
Provisions	15	16,261	-	16,261
Total Liabilities		20,792,451	28,249	20,820,700
Net Assets		130,493,566	(34,508)	130,459,058
Technical reserve	17	47,480,344	-	47,480,344
Accumulated surplus		83,013,222	(34,508)	82,978,714
Total Net Assets		130,493,566	(34,508)	130,459,058

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Statement of Financial Performance

		Previously reported R'000	Correction R'000	Restated R'000
Revenue from non-exchange transactions	19	24,881,163	-	24,881,163
Other income from non-exchange transactions	20	163,936	165,964	329,900
Benefit payments	21	(14,951,656)	(162,734)	(15,114,390)
Changes in benefits payable	21	931,482	-	931,482
Unemployment alleviation schemes	22	(673,649)	13,026	(660,623)
Gross surplus		10,351,276	16,256	10,367,532
Other revenue from exchange	23	5,119	966	6,085
Auditors remuneration	24	(25,704)	-	(25,704)
Depreciation, amortisation and impairments	25	(17,839)	(49)	(17,888)
Employee costs	26	(1,672,626)	(219)	(1,672,845)
Administrative cost	27	(762,717)	(154)	(762,871)
Operating expenses	28	(1,256,909)	(28,234)	(1,285,143)
Operating surplus		6,620,600	(11,434)	6,609,166
Investment revenue	29	11,824,553	(10)	11,824,543
Losses on the disposal of property, plant and equipment	10	(7)	-	(7)
Fair value adjustments	30	(4,235,434)	18	(4,235,416)
Gains/(Losses) from foreign exchange differences	30	480,495	-	480,495
Share of profit/(loss) from equity accounted investments	31	(62,509)	(22,546)	(85,055)
Reversal of impairment of other financial assets	32	126,296	2,909	129,205
Impairment of other financial assets	32	(693,379)	(2,105)	(695,484)
Realised Gains/(Losses) on investments	30	2,582,174	-	2,582,174
Impairment of investments in associates and interest in joint ventures	12&13	(769,455)	32,109	(737,346)
Surplus/(deficit) for the year		15,873,334	(1,058)	15,872,276

Errors

The following prior period errors were corrected and amounts reclassified.

1. Correction of error relates to Note 3. Other financial assets and Note 32. Impairment of Other Financial Assets and Reversal of impairment of other financial assets.

During the year under review, the Fund corrected the impairment loss for Gurb Investments and WME energy loan due to updated amounts in the latest valuation reports. In addition, the impairment loss for Friedshelf term loan and TCI-tiso loan were corrected based on the opening balance adjustments noted on the March 2025 valuation reports. The reversal of the impairments for Spilled Water and Mobile ST loans were also corrected based on adjustments noted on the valuation reports.

The errors were corrected as follow:

Statement of Financial Position - 31 March 2024

Non current assets

Increase in Other financial assets 784

Total net assets

Increase in Accumulated surplus (784)

Statement of Financial Performance - 31 March 2024

Increase in impairments of other financial assets 2,105
Increase in reversal of impairments of other financial assets (2,909)
Decrease in investment revenue 20

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
Increase in Net surplus/(deficit) for the year	(784)	

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

2. Correction of error relates to Note 4 - Receivables from exchange transactions

During the year under review the fund corrected its debtors relating to Rentals for Annandale, Baobab and Thohoyandou investment properties after the receipt of information of rental invoices relating to the financial year ending 31 March 2024 which understated the debtors.

Statement of Financial Position - 31 March 2024

Non current assets

Increase in receivables from exchange transactions - Rent receivable

-

Total net assets

Increase in Accumulated surplus

-

-

Statement of Financial Performance - 31 March 2024

Increase in other revenue from exchange transactions

966

Increase in Administrative cost - allowance for impairment debt

(966)

Decrease in Net surplus/(deficit) for the year

-

Note 4 Receivables from exchange transactions

	Previously reported R'000	Correction R'000	Restated R'000
Rent receivable			
Rent receivable	13,119	966	14,085
Allowance for impairment - Rent receivable	(7,404)	(966)	(8,370)
Net changes	5,715	-	5,715

3. Correction of error relates to Note 5 - Receivables from non-exchange transactions and Note 21 - Benefit payments

During the financial year under review, the Fund corrected the disclosure of other receivables from non-exchange transactions with regards to interest received relating to SIU transactions.

In addition, the Fund corrected Overpayments that were incorrectly included in Benefit payments.

Statement of Financial Position - 31 March 2024

Current assets

Increase in receivables from non-exchange transactions

3,230

Increase in receivables from non-exchange transactions

15,461

Total net assets

Increase in Accumulated surplus

18,691

-

Statement of Financial Performance - 31 March 2024

Increase in other income from non-exchange transactions (SIU)

3,230

Increase in other income from non-exchange transactions (Overpayments)

162,734

Increase in benefit payments

(162,734)

Administrative cost - decrease in bad debts

15,461

Increase in Net surplus/(deficit) for the year

18,691

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

4. Correction of error relates to - Note 10 Property, plant and equipment and Note 25 - Depreciation, amortisation and impairments

During the year under review the Fund corrected errors made on the recalculation depreciation on property, plant and equipments

Statement of Financial Position - 31 March 2024

Non-current assets

Decrease in property, plant and equipment (84)

Total net assets

Decrease in Accumulated surplus - opening balance (35)

Decrease in Accumulated surplus - current year (49)

-

Statement of Financial Performance - 31 March 2024

Increase in depreciation, amortisation and impairments (49)

Decrease in Net surplus/(deficit) for the year (49)

5. Correction of error relates to Note 6 Prepayments, Note 14 Payables from exchange transactions, Note 35 Operating lease liability, Note 27 Administrative cost and Note 28 Operating expenses

During the financial year under review, the Fund corrected accruals relating to unrecorded liabilities during the 2024 financial year which resulted in an understatement of payables. The error resulted in prior year expenditure being incorrectly recorded in the 2024/2025 financial year.

The Fund corrected LAP transactions with regards to Unemployment Alleviations Schemes.

In addition, the Fund corrected accruals relating to Board Member emoluments and corrected the error on the straight-lining of operating leases. The correction on operating leases was a result of the Fund that entered into an agreement for leasing mobile busses for a period of 36 months. The 36 months duration commenced upon the delivery of all three the busses, however only two busses were delivered in June 2021 and the third bus in September 2021. The operating lease calculation had to be corrected with regards to the bus that was received in September 2021 which was incorrectly calculated for a period of 33 months and not 36 months.

Statement of Financial Position - 31 March 2024

Current assets

Decrease in prepayments (2,300)

Liabilities

Non-current liabilities

Decrease in Payables from exchange transactions - LAP provisions 4,322

Decrease in Payables from exchange transactions - LAP accruals 10,911

Increase in Payables from exchange transactions (43,700)

Decrease in operating lease liability (2)

Total net assets

Decrease in Accumulated surplus - opening balance 15,597

Increase in Accumulated surplus - current year 15,191

-

Statement of Financial Performance - 31 March 2024

Decrease in Unemployment Alleviation Schemes 13,026

Decrease in Administrative cost 250

Increase in Operating expenses - Operating lease (13)

Increase in Operating expenses (28,235)

Increase in Employee cost (219)

Increase in Net surplus/(deficit) for the year (15,191)

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Note 7 Prepayments

	Previously reported R'000	Correction R'000	Restated R'000
Prepayments			
LAP	9,497	(2,300)	7,197
Net changes	9,497	(2,300)	7,197

Note 35 Operating lease liability

	Previously reported R'000	Correction R'000	Restated R'000
Operating lease liability			
Bus leases	295	(218)	77
Net changes	295	(218)	77

Note 14 Payables from exchange transactions

	Previously reported R'000	Correction R'000	Restated R'000
Included in payables:			
LAP accruals	184,278	(10,911)	173,367
LAP provisions	16,031	(4,322)	11,709
PIC Management fees	42,237	1,297	43,534
Creditors payable - provisions and accruals	262,705	42,403	305,108
Net changes	505,251	28,467	533,718

Note 22 Unemployment Alleviation Schemes

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
Employability	615,074	(13,140)	601,934
TERS	58,575	114	58,689
Net changes	673,649	(13,026)	660,623

6. Correction relates to Note 29 - Investment revenue and Note 30 - Fair value adjustments

During the year under review the Fund corrected an amount incorrectly included in Investment revenue to Fair value adjustments.

Statement of Financial Position - 31 March 2024

Total net assets

Increase in Accumulated surplus - opening balance	8
	(8)

Statement of Financial Performance - 31 March 2024

Decrease in investment revenue	(10)
Decrease in fair value adjustments	18
Increase in Net surplus/(deficit) for the year	8

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'000

2024
R'000

Note 29 Investment revenue

	Previously reported R'000	Correction R'000	Restated R'000
Investment revenue			
Interest received - other	1,224,594	(10)	1,224,584
Net changes	1,224,594	(10)	1,224,584

Note 30 Fair value adjustments

	Previously reported R'000	Correction R'000	Restated R'000
Fair value adjustments			
Investment property (Fair value gain/(loss))	(81,013)	18	(80,995)
Net changes	(81,013)	18	(80,995)

7. Error relates to Note 15 - Provisions and Note 16 - Benefits payable

During the previous financial year, the data provided to the actuaries was incomplete since it excluded Underpayments, Re-issues and Reversals of benefits payable. The data was resubmitted to the actuaries during the year under review. Even though the net effect of the reconciliation was Rnil, the reconciliation of the following items in the provision were updated:

Note 16 - Provisions

Reconciliation of provisions for 2024

	Previously reported R'000	Correction R'000	Restated R'000
Adjustment provision for prior year			
Benefits payable provision - ABNP	3,352,012	1,015	3,353,027
Benefits payable provision - RBNA	1,166,333	1,665,316	2,831,649
Benefits payable provision - IBNR	2,817,092	(1,470,582)	1,346,510
Utilised during the year			
Benefits payable provision - ABNP	(3,202,228)	(1,015)	(3,203,243)
Benefits payable provision - RBNA	(1,648,547)	(1,665,316)	(3,313,863)
Benefits payable provision - IBNR	(3,074,927)	1,470,582	(1,604,345)
Net changes	(590,265)	-	(590,265)

Note 16 - Benefits payable

	Previously reported R'000	Correction R'000	Restated R'000
Benefits payable - Normal benefits - approved			
Opening balance	99,741	-	99,741
Claims approved	14,632,212	162,734	14,794,946
Payments made	(14,676,709)	(162,734)	(14,839,443)
Net changes	55,244	-	55,244

	Previously reported R'000	Correction R'000	Restated R'000
Benefits payable - Total benefits - approved			
Opening balance	100,018	-	100,018
Claims approved	14,907,372	162,735	15,070,107
Payments made	(14,951,656)	(162,735)	(15,114,391)
Net changes	55,734	-	55,734

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

8. Error corrected relates to Note 47 Accounting by principals and agents

The Fund as the principal

Unemployment Alleviation Schemes

During the year the following transactions were corrected with regards to Unemployment Alleviation Schemes:

	Previously reported R'000	Correction R'000	Restated R'000
Tranche payments made for the Unemployment Alleviation Schemes (Note 22 Unemployment alleviation schemes)			
TERS	58,575	114	58,689
Employability	580,963	(13,140)	567,823
BT&R	34,111	-	34,111
Net changes	673,649	(13,026)	660,623

Commitments raised for the Unemployment Alleviation Schemes were included in Note 35 relating to GRAP 109

	Previously reported R'000	Correction R'000	Restated R'000
Commitments raised for Unemployment Alleviation Schemes			
TERS	6,823	10,522	17,345
Employability	1,305,768	5,121,411	6,427,179
Net changes	1,312,591	5,131,933	6,444,524

Prepayments made towards the execution of Unemployment Alleviation Schemes included in Note 7 Prepayments

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
Employability	9,497	(2,300)	7,197
Net changes	9,497	(2,300)	7,197

Payables raised in terms of the Unemployment Alleviation Schemes included in Note 14 Payables from exchange transactions were:

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
TERS	11,846	(137)	11,709
Employability	188,464	(15,097)	173,367
Net changes	200,310	(15,234)	185,076

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

9. Error relates to Note 35 - Commitments

During the financial year under review the Fund corrected the understatement of its contractual commitments:

	Previously reported R'000	Correction R'000	Restated R'000
Unemployment Alleviation Schemes			
TERS	6,823	10,522	17,345
Employability	1,305,768	5,121,411	6,427,179
Other			
Net changes	1,312,591	5,131,933	6,444,524

Operating leases - as a lessee

	Previously reported R'000	Correction R'000	Restated R'000
Buildings and other fixed structures			
Not later than 1 year	-	7,167	7,167
Net changes	-	7,167	7,167

10. Correction of error relates to Note 36 - Contingencies, Contingent Assets: COVID-19 TERS Cases

The Fund reported contingent assets that were overstated due fusion center cases which do not meet the definition of a contingent asset. During the year under review the Fund restated the amount disclosed under Contingencies by excluding cases that are at fusion center and thus in investigation by law enforcement agencies which was incorrectly included in Note 36 Contingencies for the financial year ended 31 March 2024. The disclosure note has subsequently been updated to ensure that they are removed as they do not meet the definition of a contingent asset.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

11. Correction of inconsistency in the accounting policy 1.21 Unemployment alleviation schemes; COVID-19 TERS benefits

The following paragraph has been revised to exclude the word "against COVID-19 TERS benefit payments":

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

Corresponding corrections of prior years were done with over- and under payments recorded in separate accounts and as such separated from benefit payment accounts.

12. Correction of Note 13. Investment in associates and Note 31. Share of profit/(loss) from equity accounted investments

During the year under review the Fund corrected Daybreak (Pty) Ltd's share of loss due to updated financial information received.

During the year under review the Fund corrected the impairment loss on Educor (Pty) Ltd due to audited financial statements received.

The errors were updated as follow:

Statement of Financial Position - 31 March 2024

Non-current assets

Decrease in Investments in associates	(22,545)
---------------------------------------	----------

Total net assets

Decrease in Accumulated surplus - opening balance	32,108
---	--------

Increase in Accumulated surplus - current year	(9,563)
--	---------

-

Statement of Financial Performance - 31 March 2024

Decrease in impairment loss of investments in associates and interest in joint ventures	32,108
---	--------

Increase in share of loss from equity accounted investments	(22,545)
---	----------

Increase in Net surplus/(deficit) for the year	9,563
---	--------------

Change in accounting estimates

1. Property, plant and equipment - Note 10 to the annual financial statements

According to the accounting standard on property, plant and equipment (GRAP 17), the Fund is required to assess at each reporting date whether there is any indication that the Fund's expectation about the residual value and the useful life of an asset have changed since the preceding reporting date, and if any such indication exists, the Fund shall revise the expected useful life and/or residual value accordingly.

During the year under review the following changes were made to the estimations employed in the accounting for transactions of property, plant and equipment:

	Previously reported R'000	Correction R'000	Restated R'000
Depreciation: Office equipment	68	42	26
Depreciation: Furniture and fixtures.	110	63	47
Depreciation: Leasehold improvements	163	86	77
	341	191	150

The Fund revised the useful lives of 790 furniture and fixture assets, 226 office equipment assets and leasehold improvements which resulted in the reduction of future depreciation.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025	2024
	R'000	R'000
Asset class	Estimated useful life	
	31 March 2025	31 March 2024
Furniture and fixtures	5 - 18 years	3 - 17 years
Office equipment	6 - 14 years	6 - 15 years
Leasehold improvements	9 - 10 years	9 - 15 years

The depreciation calculated based on the revised estimated average useful lives of the asset classes listed are included in the line item Depreciation, amortisation and impairments (Note 25) in the Statement of Financial Performance. The impact of the revision has decreased the depreciation charges by R191 (R'000).

The amount of the effect in future periods is not disclosed due to the fact that it is impractical. The Fund procures, sells and write-off assets on an ongoing basis. Furthermore, assets (individual assets) within these asset classes will come to the end of their useful lives.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

42. Reconciliation between budget and Statement of Financial Performance

Reconciliation of budget deficit with the deficit in the Statement of Financial Performance as at 31 March 2025:

Net surplus per the Statement of Financial Performance including transfers from technical reserves	23,100,149
Adjusted for:	
Revenue from non-exchange transactions	(232,783)
Other income from non-exchange transactions	(224,986)
Other revenue from exchange transactions	(1,516)
Investment revenue	742,166
Benefit payments	719,578
Changes in benefits payable	(3,124,998)
Unemployment Alleviation Schemes	(8,604,524)
Auditors remuneration	(15,525)
Depreciation, amortisation and impairments	(14,427)
Employee cost	(695,828)
Administrative cost	(384,969)
Operating expenses	(971,292)
Finance cost	(5)
Gains/(losses) on the disposal of property, plant and equipment	151
Impairment loss on building under development	34,903
Impairment of other financial assets	849,107
Fair value adjustments	(14,715,292)
Gains/(losses) from foreign exchange differences	233,746
Realised gains/(losses) on investments	538,285
Share of profit/(loss) from equity accounted investments	29,642
Reversal of impairment of other financial assets	(366,366)
Impairment of investments in associates and interest in joint ventures	156,589
Technical reserve	10,242,805
	7,294,610
Budget surplus as approved by the Minister	7,294,610
Capital expenditure	(1,296,127)
Net deficit per final budget	5,998,483

43. Budget differences

Material differences between budget and actual amounts

43.1 Revenue from non-exchange transactions

According to Statistic South Africa Quarterly Labour Force Survey Q4: 2024 results, there was an increase of 132 000 in the number of employed persons and as a result the Fund registered 43,103 new employers that contributed in the increase of revenue received for the year under review as compared to the previous year of 2023/24. The increase in the recovery of interests and penalties by 18% as compared to the previous year also contributed in increase of total revenue received.

43.2 Other income from non-exchange transactions

The over recovery was as a result of recoveries from approved benefits paid to applicants with overpayment debts

43.3 Other revenue from exchange transactions

The under-recovery of other revenue from exchange transactions was a result of projecting the budget for the year under review based on actual recoveries made in previous years.

43.4 Investment revenue

The equity markets remained volatile for the period under review and the UIF's listed domestic equity portfolio underperformed the benchmark return by 0.34%. This was the main driver for the variance between the actual and budget figures for 2025.

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'0002024
R'000**43.5 Benefit payments**

As the Unemployment rate remains high and has increased during the 2024/25 financial year, beneficiaries claim benefits for the full period as they are not absorbed back to employment. The motor industry has experienced the worst impact and the South African job market is saturated. At the time the budget was set, this could not be anticipated

43.6 Changes in benefits payable

At the time the budget was set, the Fund anticipated that a higher provision will have to be set aside for payment of benefit claims in subsequent financial years. However, an overall reduction is necessary based on the actuarial valuation as at 31 March 2025. As there has been slow utilisation of the TERS/WABU provision with only R900 million utilised during the 2024/25 financial year a reduction of the provisions was considered and effected. Based on the utilisation rate 80% of new TERS/WABU applications for 2024/25 is anticipated will be ultimately paid. For TERS/WABU claims that have been put on hold, the error description was considered and the probability of payment of the claims was based on the error description. The percentage of payments that will be ultimately paid was therefore reduced resulting in a lesser TERS/WABU provision. Benefit payments provision was slightly increased the increase in benefit payments.

43.7 Unemployment Alleviation Schemes

The variance is primarily due to the halting of the finalisation of recommended projects in May 2024. This was necessitated by concerns that some of the projects were at risk of no longer delivering the committed job opportunities, which are a key deliverable of the programme. As a result, a due diligence process had to be undertaken to verify the viability and job-creation potential of these projects before any further commitments could be made. Contracts for the new or revised projects were only concluded as and when the outcomes of the due diligence processes were finalised. Consequently, the delays impacted the timing of expenditure, and significant disbursements could not be made within the current financial year. The majority of the expenditure is expected to be realised in the next financial year, once all contractual and compliance processes are fully completed and implementation commences.

43.8 Auditors remuneration

The underspending is due to the extended audit timeframes. Fund was audited twice in the same Financial Year 2024/25 due to the submission of the Annual Financial Statements in 31 August 2024.

43.9 Depreciation, amortisation and impairments

The year end depreciation calculations were affected by delays the late approval of replacement of new fleet vehicles.

43.10 Employee costs

The vacancy rate for the Fund by the end of Q4 was 5.3%. The filling of vacancies was impacted by the Directive on the implementation of control measures when creating and filling posts that was issued by the Minister for the Public Service and Administration on 18 October 2023, in response to the National Treasury Guidelines regarding costing and budgeting for compensation of employees. In addition, 114 contract posts could not be advertised and filled due to the same Directive that halted recruitment processes.

43.11 Administrative costs

Included in administrative costs:

Bad debts overpayments

The under spending was as a result of over budgeting with the projection of new overpayment debts from TERS investigation.

Computer Services - Sita Data Line

The upgrade of the current data-line bandwidth was delayed by the Department of Employment and Labour. SITA has already been appointed to upgrade the data-line however SITA has not completed the tasking and implementation.

Write-off of overpayments

Underspending is due to improved recoveries of overpayment debt.

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'0002024
R'000**Venues and facilities**

The Fund had planned a workshop for the Follow-the-money project. The Follow-the-money workshop was postponed to the next financial year which contributed to the under-spending on venues and facilities.

Advertising

Underspending in advertising is due to delays from GCIS implementing campaigns. The implementation of the campaign resumed in January 2025 which led to late invoicing for the financial year 2024/25.

43.12 Operating expenses**Consulting Fees - Accountants and auditors**

The underspending is caused by delay in the processing and verification of the invoices due to late submission of invoices by Follow the Money companies.

Consulting Fees - Professional

The Letter of Engagement (LOE) from the SIU has expired and therefore no payment could be processed until the LOE has been renewed.

Consulting Fees - Administration and support

The underspending in Labour Activation Project project management office tender was due to no award which was made in terms of the PMO tender as none of the bidders scored above seventy (70) points on functionality. The main reason(s) bidders did not achieve a score of 70 points were: 1. Out of 54 proposals that were received only twenty eight (28) proposals passed the mandatory criteria and twenty six (26) proposals were disqualified because they did not comply with following disqualifying criteria: 2. Out of 28 proposals that were evaluated only one (1) proposal scored 70 points but the BEC committee decided that the tender be cancelled as the specification required a panel of service providers not one service. The appointment of the Probity service provider has recently been finalised, and payment will be processed after finalisation of the Supply Chain Management processes.

Computer services - External System Development

The contract for Kiosk was signed in September 2024. However, delays in invoicing and billing for the services was affected by hardware assembling and processing by the manufacturer. Delays in procurement process affected the finalisation of other ICT contracts (QMS, SAP support, ECM).

Communication - Cellphones

The underspending is due to the court interdict after the appointment of new service provider, all Fund's operational systems went down during the second quarter of the financial year under review. This affected the USSD services which expense the bulk of the budget in the cell phone account.

43.13 Loss on the disposal of property, plant and equipment

The loss is a result of the disposal of assets that has carrying values.

43.14 Impairment loss on building under development

The loss is as a result of the reclassification of the WF Nkomo building from Investment Properties to Property, Plant and Equipment as at 1 April 2024.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

43.15 Impairment of other financial assets

As at reporting date the Fund performs objective valuation assessments (carried out by external valuation experts) on all its unlisted financial investment instruments. If these valuation assessments indicate an impairment loss on an instrument, the amount of the loss is measured and processed in accordance with GRAP. The outcome of these valuation assessments at reporting date cannot be estimated prior to the reporting date since events such as economic conditions, significant financial difficulty, a breach of contract, a default or delinquency in interest or principal payments, legal action instituted against or by the obligator, the investee enters sequestration or other financial reorganization cannot be predicted. The Fund therefore does not budget for Impairment losses or Reversal of Impairment losses (which occur if, in a subsequent reporting period, the amount of the impairment loss decreases due to any unpredictable event, the impairment loss is reversed).

43.16 Fair value adjustments and Realised gains/losses

Fair value adjustments are based on the unpredictability of market movement fluctuations.

43.17 Gains/(losses) from foreign exchange differences

Exchange rate Gains/Losses are based on the unpredictability of global market movement fluctuations.

43.18 Realised gains/(losses) on investments

Realised gains/(loss) on sale of investments are dependent on prevalent market conditions, market price fluctuations and changes in the economic environment which can not be anticipated during budgeting process. The sale of bonds and domestic listed equities to achieve compliance with the investment mandate resulted in realised gains for the Fund on the sale date due to favourable market conditions, however those gains were less than originally anticipated.

43.19 Share of profit/(loss) from equity accounted investments

As at reporting date the Fund performs equity accounting for its share in the Profit/Loss in its interest in Associates and Joint Venture companies as per the GRAP standards. Since the Fund's share in the Profit/Loss in an investee company cannot be estimated prior to the reporting date due to events such as economic conditions, significant financial difficulty, a breach of contract, a default or delinquency in interest or principal payments, legal action instituted against or by the obligator, the investee enters sequestration or other financial reorganization cannot be predicted. The Fund therefore does not budget for its share in profit/loss in an investee company.

43.20 Reversal of impairment of other financial assets

As at reporting date the Fund performs objective valuation assessments (carried out by external valuation experts) on all its unlisted financial investment instruments. If these valuation assessments indicate an impairment loss on an instrument, the amount of the loss is measured and processed in accordance with GRAP. The outcome of these valuation assessments at reporting date cannot be estimated prior to the reporting date since events such as economic conditions, significant financial difficulty, a breach of contract, a default or delinquency in interest or principal payments, legal action instituted against or by the obligator, the investee enters sequestration or other financial reorganization cannot be predicted. The Fund therefore does not budget for Impairment losses or Reversal of Impairment losses (which occur if, in a subsequent reporting period, the amount of the impairment loss decreases due to any unpredictable event, the impairment loss is reversed).

43.21 Technical Reserves

Changes in the economic climate between the time the Technical Reserves estimates are set for budgeting purposes and the actuarial valuation at the reporting date resulted in higher Technical Reserves required than the prior year but lower than originally anticipated. This meant a higher transfer to Technical Reserves required compared to the prior year however than originally anticipated. This meant a higher transfer to Technical Reserves required compared to the prior year however a lower transfer compared to the budget set in this regard.

Unearned contributions at 31 March 2025 were 13% higher than 31 March 2024. However, the interest rate factor decreased from 1.08 to 1.06 which offset a part of the contribution increase over the inter-valuation period:

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
R'000		
		31 March 2024
Contributions received, earned after valuation date (1)	50,270,613	44,503,066
Interest rate factor (2)	1.06	1.08
Expected claims and expenses (3)	94.34 %	93.00 %
UPR (31 March 2025) = (1) x (2) x (3)	50,270,613	47,480,344

This slight decrease in the combined ratio couldn't be anticipated during the budget process, leading to higher transfer to the technical reserve than budgeted for.

R'000		31 March 2024
Openin UPR as (31 March 2024)	47,480,344	45,697,746
Change in salaries	2,908,866	3,207,008
Change in interest rate factor	(993,115)	-
Change in combined ratio	847,519	(1,424,410)
Closing UPR as at 31 March 2025	50,243,614	47,480,34

At budgeting the Fund anticipated the higher unearned contribution rate, however the decrease in the interest rate factor were not anticipated at that point in time. Hence the lower transfer to Technical reserve than budgeted for.

43.22 Capital expenditure

The Fund anticipated to procure new furniture in financial year 2024/2025 for WF Nkomo building , however the was a delay in procurement processes.The late approval in 28 March 2025 affected the procurement and replacement of fleet vehicles.

44. Changes made from the approved budget to the final budget

Other income from exchange transactions

The change in the budget was due to the reduction in overpayment recoveries.

Other income from non-exchange transactions

The significant increase of R985 million in the revenue budget was based on the increase in contributions revenue as a result of the recovery in the economy in the country and the increase in the compliance by employers. In addition the Fund anticipated an increase in new registrations of commercial and domestic employers.

Investment Revenue

The investment revenue budget was increased with R546 million due to improved economic conditions in the country and globally subsequent to the pandemic.

Chagne in Benefit Payments

The significant decrease of R230.8 million in the revenue budget was based on the increase in contribution revenue as a result of the recovery in the economy in the country and the increase of compliance by employers. In addition, the Fund anticipated an increase in new registrations from commercial and domestic employers

Unemployment Alleviation Schemes

The significant increase of R5.9 billion made to the Unemployment Alleviation Schemes this is implement the commitment by government to play a major role in mitigating unemployment, creating and preserving jobs.

Auditors remuneration

The increase of R25.6 million in budget was due the extended audit timeframes by AGSA. Fund was audited twice in the same financial year 2024/25

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Employee Cost

The budget for employee cost was revised up by R14.5 million. The Fund is implementing an improved organisational structure both at Head Office and in Provinces. To implement the revised structure which includes the appointment of additional recourses the Fund increased the budget accordingly.

Administrative Costs

The administrative cost budget was revised up by R 6.5 million to elevate the communication on claims to Unstructured Supplementary Services Data (USSD) platform and zero rated APP to promote self-service and reduce long queues at the Labour Centres.

Operating Expenses

The operating expenses budget was revised up by R632 million to increase the scope of the follow the money contracts (27 service providers appointed) and Special Investigation Unit to investigate the fraudulent related to COVID TERS.

Fair value adjustments

The fair value adjustments are based on the unpredictability of market fluctuations

Realised gains/(losses) in investments

The fair value adjustments are based on the unpredictability of market valuations.

Impairment of investments in associates and joint ventures

Impairments are based on the unpredictability of valuations.

Technical reserve

R10.8 billion was transferred from reserves was made to avail funds for Labour Activation Programmes to additional mandate of creating and preserving jobs.

45. Comparative figures

Certain comparative figures have been restated. Refer to note 41 for details on restated amounts relating to prior period errors. No retrospective changes were made with regards to changes in estimates and accounting policies.

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025
R'0002024
R'000**46. Accounting by principals and agents**

The Fund is a party to various principal-agent arrangements.

Details of the arrangements are as follows:**Unemployment alleviation schemes**

The following schemes fall under these principal-agent arrangements:

- Temporary Employer-Employee Relief Schemes (TERS)
- Employability
- Business Turnaround and Recovery Programmes (BT&RP)

All the above schemes are aimed at individuals in distress due to economic conditions and workers who may be at risk of retrenchment that might become unemployment claimants. TERS focuses on the retention of employees into jobs while the employer is assisted with a payroll allowance for each day that the employees are participating in the scheme. Employability focuses on the upskilling and training of the unemployed for reintegration back into the employment environment.

The training is typically provided through various public and private training institutions. engaging in poverty or unemployment alleviation initiatives. Applications from potential employer, public and private training institutions to participate in facilitating training interventions go through a strict process before the Fund enters into funding agreements. Significant terms and conditions relating to the funding agreement stipulate amongst other, the responsibilities regarding the Fund's financial obligation to the scheme, selection of participants for training and monitoring of the project.

Funding is reliant on progress monitoring. The participating institutions' responsibilities in terms of the training selected for the participants, progress reports and attendance register submissions to the Fund are set out in the agreement with detail attached in annexures to the binding agreements. Funds committed to these schemes may not be utilised for any other purpose and any unused funds at the end of the arrangement are returned to the Fund. Any changes in learner numbers are to be communicated and agreed upon between the Fund and the participating training institutions. The duration of the training varies between 3 and 36 months.

Public Investment Corporation (PIC)

The Fund has a principal-agent relationship with the PIC, in terms of the Unemployment Insurance Act the Public Investment Corporation Limited (PIC) invests surplus funds on behalf of the Fund. Furthermore, there is a legally binding agreement between the UIF and PIC. PIC invests on behalf of the Fund within set parameters and guidelines in accordance with the Fund's investment mandate, which is reviewed annually and amended if required. The mandate sets investment objectives for the PIC to achieve.

The PIC is an expert asset manager. The Fund procures this asset management expertise from the PIC. In the execution of this service to the Fund the PIC as asset manager will effectively act on behalf of the Fund. The PIC is therefore regarded as an agent of the Fund.

The Fund determines the significant terms and conditions of the transaction in the Fund's Investment Mandate as set out in the Strategic Asset Allocation as determined by the Fund.

The Fund provides the funds for investments according to the Strategic Asset Allocation.

Fund as Principal

The principal recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement.

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

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand

2025	2024
R'000	R'000

Resources (including assets and liabilities) of the entity under the custodianship of the agent

Unemployment Alleviation Schemes

The Fund is the principal based on the following considerations:

The Fund determines the significant terms and conditions of the transaction in selecting the learners for training purposes and determines the training specification with the relevant institution providing the training. The Fund has the ability to utilise all of the resources that result from the transactions for its own benefit as they report on achievements of targets set in terms of the Shareholder Compact. The Fund provides the resources for the training provided by the relevant institution. Any fees not utilised by the training institution is paid back to the Fund. The Fund is exposed to unemployment claimants if the training is not completed. The Fund is also exposed to variability in the results of the transaction because it will under achieve if targets are not met.

The duration of the training interventions ranges from 3 to 36 months depending on the identified training needs. Management fees (if any) are included in the tranche payments and vary per agreement. The Fund provides the resources for the training provided by the relevant institution. Any fees not utilised by the training institution is paid back to the Fund.

No assets or liabilities are under custodianship of the agent.

During the year, the following transactions were made with regards to the Unemployment Alleviation Schemes and the PIC

Tranche payments made for the Unemployment Alleviation Scheme (Note 22)

Unemployment alleviation schemes)

TERS	239,419	58,688
Employability	1,039,233	567,823
BT&RP	5,443	34,111

Public Investment Corporation (Included in Note 28 Operating expenses)

Investment portfolio - management fees	235,518	221,576
Investment portfolio - administration fees	42,029	41,323
Investment portfolio - transaction cost	23,778	32,664
	1,585,420	956,185

Commitments raised for the Unemployment Alleviation Scheme were included in Note 35 relating to GRAP 109.

Commitments raised for Unemployment Alleviation Schemes

TERS	663,756	17,345
Employability	6,713,714	6,427,179
BT&RP	113,481	-
	7,490,951	6,444,524

Receivables raised in terms of Unemployment Alleviation Schemes and the PIC Investment Income Receivable included in Note 4 were:

Unemployment Alleviation Schemes

Employability	-	14,966
Provision for bad debt	-	(14,966)

Public Investment Corporation

Investment income receivable	341,246	1,090,021
	341,246	1,090,021

Prepayments made in terms of the Unemployment Alleviation Schemes included in Note 7 were:

Unemployment Alleviation Scheme

Employability	86,923	7,197
	86,923	7,197

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

Contingent asset raised in terms of Unemployment Alleviation Schemes

Unemployment Alleviation Scheme

Employability	14,996	14,996
	14,996	14,996

Payables raised in terms of the Unemployment Alleviation Schemes and PIC investment portfolio management and transaction fees included in Note 14 were:

Unemployment Alleviation Scheme

TERS	140,620	11,960
Employability	209,613	177,438
Public Investment Corporation		
Investment portfolio management fees and transaction cost payable	48,376	44,285
	398,609	233,683

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

In the event where the agreement is terminated, any unused funds are to be returned to the Fund. Depending on the reason for termination, the Fund might need to find another training provider to perform the training of the learners resulting in further funding implications for the Fund.

In the event that the agreement with PIC is terminated, the PIC shall return all assets under management to the Fund and provide the Fund with a final statement of account to settle all outstanding receivables and payables. The PIC will then notify the Bank that its authority to act as the Fund's agent has ceased.

Contribution revenue from SARS

The Commissioner for SARS collects contributions from employers (registered in terms of the Fourth Schedule to the Income Tax Act) according to the UI Contribution Act. SARS shall pay all contributions, interest and penalties collected into the UIF as contemplated in section 9(3) of the UI Contribution Act.

The Fund is the principal in this arrangement and SARS is the agent in terms of the definition as per GRAP 109. SARS does not have the power to determine the significant terms and conditions of the transactions as it is mandated by UI Contributions Act, nor the ability to use the contributions collected for its own benefit. Furthermore, SARS is not exposed to variability in the results of transaction with contributors as the receive a fixed fee for collecting on behalf of the Fund.

The terms and condition of the arrangement is that there should be periodic reports, regarding:

- The contributions, interest and penalties collected as well as refunds made to employers.
- The performance by SARS of its obligations.
- Provision of information, as may be agreed upon, required by both parties to complete the relevant reports.

There are no resources under the custodianship of an agent.

In accordance with the UI Contribution Act, the compensation fee paid to SARS:

- One and a half percentage of the total amount collected or
- Where the actual expense exceeds one and half percent of that amount, the actual costs will be paid.

The purpose of this relationship is that SARS is established to administer the South African tax system including the Unemployment Insurance Contribution levy. SARS has access to all the employer-employee information from registered and operating companies in the country.

There are no significant risks related to this relationship based on the risk assessment done.

Fund as principal

The principal recognise revenue and expenses that arise from transactions with third parties in a principal-agent arrangement.

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

The Fund recognises assets arising from the principal-agent arrangements in accordance with the requirements of other standards of GRAP.

During the year, the following transactions were made with regards to SARS:

Revenue from non-exchange transactions

SARS contributions collected (Note 19)	25,570,180	24,881,163
--	------------	------------

Administrative cost

Commission paid to SARS for the collection of contributions (Note 27)	383,553	366,217
---	---------	---------

Year-end balances arising from the above transactions are included in Payables from exchange transactions (Note 14) and Statutory receivables from non-exchange transactions (Note 6):

Statutory receivables from non-exchange transactions

SARS	2,244,118	2,148,216
------	-----------	-----------

Payables from exchange transactions

SARS commission payable	33,662	92,993
-------------------------	--------	--------

In the event where the arrangement is terminated, the Fund will have to rely on employers to provide them with the employee's details which may be cumbersome to the Fund. The Fund would have to have processes to identify and account for the unemployment insurance contributions for all employed people in South Africa.

Collection of Covid TERS by SIU

The Department of Employment and Labour and the SIU entered into a Letter of Engagement (LoE) on 14 July 2021 with regards to the UIF TERS investigations conducted by the SIU under the Presidential Proclamation R8 of 2021 dated 1 April 2021. As per the schedule to the Proclamation, the SIU is mandated to investigate:

- Maladministration in the affairs of the UIF in relation to the payment of Covid-19 TERS benefits to persons who – (a) were not entitled to receive such payments; or (b) submitted false, irregular, invalid or defective applications to the UIF, including the causes of such maladministration.
- Any unlawful or improper conduct by – (a) officials or employees of the UIF; or (b) any other person or entity, in relation to the allegations set out in paragraph 1 of this Schedule, including the causes of such unlawful or improper conduct and any losses, damage or actual or potential prejudice suffered by the UIF or the State.

Fund as Principal

The Fund bears the significant risk and rewards from the recoveries and determines the terms and conditions of the collection process and provides instructions to the SIU in collection of these amounts. The Fund also has the ability to utilise all of the resources that result from the Covid-TERS collections for its own benefit, the Fund is therefore a Principal.

The fund recognizes revenue from Covid-TERS recoveries made on behalf of the Fund by the SIU as part of Transactions Under Investigations, furthermore the Fund also recognizes a receivable from the confirmed/signed AOD's from employers.

The Fund is liable to pay a fee to SIU in terms of the provision of the contract where SIU performs the Investigations, Recoupment and other service related to COVID-TERS and other benefits, the Fund therefore recognizes an expense for service provided in the Financial Statements.

No expense has been recognized in the current financial year as the invoice is in dispute. The details of the SIU invoice is disclosed under Note 36 Contingencies.

During the year the following transactions occurred with SIU:

Revenue from non-exchange transactions - other

Revenue from non-exchange transactions - other (SIU debtor)	24,020	56,373
---	--------	--------

UNEMPLOYMENT INSURANCE FUND

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

48. Material Losses

Disclosure with regards to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

Material losses through criminal conduct

Incident description

Fraudulent COVID-TERS claims were identified where payments were made by the Fund and as such the Fund suffered a financial loss.

4,244 12,646

Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct

Theft	4,244	12,646
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	4,244	12,646

Details of other material losses

Nature of other material losses

(Group major categories, but list material items)

None	-	-
Total	-	-

Other material losses recovered

Nature of losses

(Group major categories, but list material items)

None	-	-
Total	-	-

Other material losses written off

Nature of losses

(Group major categories, but list material items)

None	-	-
Total	-	-

Number of cases

Opening number of cases as at 1 April (after restatement)	22	-
Number of current year incidents	9	3
Number of prior year incidents discovered this year	-	-
Number of cases the Fund was unable to quantify that was referred to "Follow-the-money"	7	19
Number of recoveries	-	-
Closing number of cases as at 31 March	38	22

Proclamation R08 of 2021, granted the Special Investigating Unit permission to investigate maladministration in the affairs of UIF in relation to the payment of COVIDTERS and to recover any losses, damage or actual or potential prejudice suffered by the UIF.

The "follow the money" firms identified potential overpayments from the COVIDTERS payments and directed the employers to sign an acknowledgment of debt (AOD) on those overpayments, however the employers refused to sign the AOD's. These transactions were handed over to the SIU for further assessment and investigation.

Notes to the Annual Financial Statements

Figures in Rand Thousand	2025 R'000	2024 R'000
--------------------------	---------------	---------------

The Fund reports suspected fraud and corrupt activities related to COVID-19 TERS cases to law enforcement agencies specifically South African Police Services (SAPS). The COVID-19 TERS matters are referred to the Fusion Centre by SAPS for intervention.

The Fusion Centre was conceptualised as an operational hub to address priority financial crimes effectively and efficiently through a four-pronged approach consisting of prevention, detection, investigation, and resolution.

Nature of account

The fund suffers material losses due to fraud, criminal activities such as IT related fraud, interception of payments and payments being made into fraudulent bank accounts.

The fund established **Anti-Corruption and Investigation Management (ACIM)** to keep track of criminal allegations reported to it. ACIM investigates the allegations and recovers material losses caused by the criminal allegations.

Consequence management

The Fund implements criminal and disciplinary steps taken as a consequence of the material losses that occurred, as required by Section 55 (2) of the PFMA.

The Fund implements the following to combat losses:

- Disciplinary action is implemented against employees of the fund proven guilty of the allegations, as per the HR policies of the Fund, as a result of the investigation and legal proceedings.
- The Fund institutes criminal procedures to non-employees of the fund whom are proven guilty of the reported allegations as a result of the investigations.

ACIM recommends internal control improvements to the respective directorates to that ensure the incidents do not repeat and to minimize or eliminate the existing risks identified as a result of the reported allegations.



employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA

