



ANNUAL REPORT 2017-2018

KEY FIGURES

Complaints received **9 794**



Total complaints finalised **8 808**



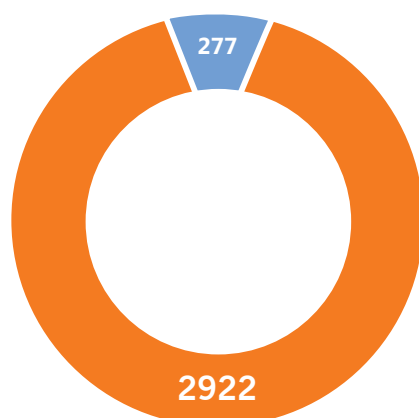
Formal determinations **4 405**



88% increase from 2016/17 in favour of complainants

86% complaints finalised within six months

Complaints carried over to 2018/19



■ Less than 6 months
■ More than 6 months

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Vision

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

Values

The OPFA strives to act professionally at all times and endeavours to promote the following values:

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

Mission

The mission of the OPFA is to resolve complaints in terms of the Act in order to uphold the integrity of the pension fund industry and to protect the interests of pension fund members.

PART A: GENERAL INFORMATION

GENERAL INFORMATION

| | |
|----------------------------|--|
| Registered name: | Office of the Pension Funds Adjudicator |
| Registered office: | Block A, 4 th Floor, Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Pretoria 0181 |
| Postal address: | PO Box 580 Menlyn 0063 |
| Bankers: | Standard Bank of South Africa Limited South African Reserve Bank |
| Auditors: | Auditor-General of South Africa |
| Telephone Number/s: | 012 748 4000 012 346 1738 |
| Fax Number: | 086 693 7472 |
| Email Address: | enquiries@pfa.org.za |
| Website: | www.pfa.org.za |

LIST OF ABBREVIATIONS

| | |
|------|---|
| OPFA | Office of the Pension Funds Adjudicator |
| PFA | Pension Funds Adjudicator |
| FSB | Financial Services Board |
| FSCA | Financial Sector Conduct Authority |
| AGSA | Auditor General of South Africa |
| NT | National Treasury |
| CFO | Chief Financial Officer |
| ACT | Pension Funds Act |
| PFMA | Public Finance Management Act |
| TR | Treasury Regulations |
| FSRA | Financial Sector Regulations Act |
| SCM | Supply Chain Management |
| FSOS | Financial Services Ombud Scheme |
| TCF | Treating Customers Fairly |



FOREWORD BY THE MINISTER

Nhlanhla Nene, MP
Minister of Finance

“

To address the shortcomings of the current system, the Financial Sector Regulation Act (Act 9 of 2017) creates an Ombud Council, a statutory body tasked with ensuring that customers are able to access effective, independent, fair and timely dispute resolution.

”

The overhaul of the country's regulatory architecture for the financial sector reached a major milestone in April 2018 with the launch of the Financial Sector Conduct Authority and the Prudential Authority.

The next milestone in this reform journey will be the launch of the overhauled ombud schemes to drive the financial sector to serve South Africans better. Financial services ombudsmen resolve complaints brought by consumers (and, in some cases, small businesses) against banks, insurers and other financial institutions.

An ombudsman provides an independent, impartial, fair, timely and efficient dispute resolution process that is free to consumers. It is independent of, and external to, the companies that are being complained about.

An effective ombud system can be a cost-effective and practical way to resolve complaints without having to go to court. At their best, ombudsmen aim to redress the imbalance of resources and expertise that is likely to exist between a consumer and a financial institution, so that neither party needs a lawyer.

There are currently six different schemes, each providing an impartial dispute resolution platform that is free to consumers and external to financial institutions.

There are many differences in how these ombud schemes are established and how they operate, including the fact that some are established through statute while others are established through industry initiative.

While this fragmented system has helped resolve disputes of many customers, it has weaknesses, inconsistencies and inefficiencies that may be hampering the achievement of good customer outcomes. The system is, among other things, underutilised. Hence, the reform of the system in terms of the Twin Peaks regime, as the new regulatory architecture is commonly referred to.

To address the shortcomings of the current system, the Financial Sector Regulation Act (Act 9 of 2017) creates an Ombud Council, a statutory body tasked with ensuring that customers are able to access effective, independent, fair and timely dispute resolution. The Ombud Council will set rules for the ombud schemes to drive consistent approaches and adherence to minimum best standards.

The Act also requires that all financial institutions belong to an ombud scheme if one exists for its line of business.

The Twin Peaks reform seeks to:

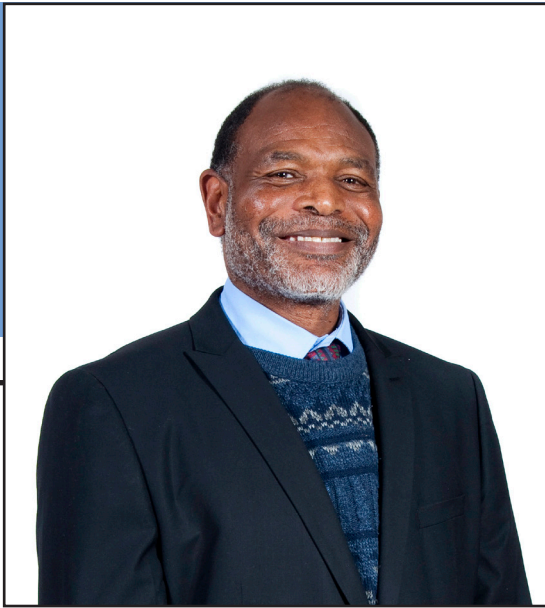
- Ensure that all financial products and services are covered by the Ombud system.

- Reduce fragmentation of the ombud system, making it easier to promote awareness of the role and functioning of the ombud schemes to financial customers.
- Develop best practice standards of conduct across all ombuds (whether voluntary or statutory), taking into account governance, complaints handling, jurisdiction and reporting.

As the Twin Peaks implementation takes effect, I would encourage the management and staff of the Office of the Pension Fund Adjudicator (OPFA) to remain focused on the adjudicator's mission to resolve complaints of retirement fund members and their beneficiaries in order to uphold the integrity of the pension fund industry as well as protect the interests of pension fund members. The OPFA has dutifully carried out this mission for 20 years. That is a lot of history to draw upon as we embark on this journey towards an overhauled ombud system for the financial sector.



NHLANHLA NENE, MP
MINISTER OF FINANCE



MESSAGE FROM THE CHAIRMAN: FINANCIAL SERVICES BOARD

Abel Sithole
Chairperson

“

While even one complaint is one too many, the fact that the 2017/18 financial year saw the OPFA receive a record number of 9 794 complaints is indicative of the fact that this tribunal is regarded as a beacon of hope by aggrieved members.

”

It is my privilege and pleasure to contribute to the annual report of the Office of the Pension Funds Adjudicator (OPFA) on the occasion of its 20th Anniversary.

I am pleased to note from the operational report of the Pension Funds Adjudicator, Ms Muvhango Lukhaimane, that despite the significant increase in complaints lodged, the OPFA has strived to maintain the efficiencies and turnaround times of complaints lodged by disgruntled pension fund members.

The integration of work and people processes to achieve greater efficiency; regular monitoring and evaluation; and proactive management of performance on the part of staff, have all combined to heighten service levels and quality.

While even one complaint is one too many, the fact that the 2017/18 financial year saw the OPFA receive a record number of 9 794 complaints is indicative of the fact that this tribunal is regarded as a beacon of hope by aggrieved members.

I am pleased that this increase can be attributed to efforts made by the OPFA to enlighten the public of its presence through roadshows, publicising determinations and improved turnaround times which have instilled public confidence in the efficacy of the OPFA.

It is of concern though that a high number of complaints are being determined, in some cases because of reluctance on the part of funds/administrators to provide information.

Also worrying is that 70% of complaints finalised concerned non-payment of withdrawal benefits or dissatisfaction with the withdrawal benefit amount paid, where employers failed to pay contributions within a specific period of time.

Funds must respond sooner to employers' non-compliance with the payment of contributions before it is too late.

A perennial feature of complaints is that death benefit lumpsum payments remain the second highest number of complaints finalised. It is heartening that guidelines are to be released by the OPFA on how funds can address the problem of lack of documentation causing the failure by funds to properly determine the actual extent of each dependant's financial dependency on the deceased where traditional records cannot be obtained.

The OPFA has been beleaguered with complaints relating to products that are not explained properly and are likely to mislead or deceive. It is hoped that with the implementation of the Twin Peaks model of regulation, the Financial Sector Conduct Authority (FSCA) will investigate unfair business conduct relating to poor advice on selection of investment portfolios, switching investment portfolios and deductions from investment savings, especially causal event charges. The OPFA holds the expectation that conduct standards will also be set in relation to the fair treatment of customers when acquiring retirement annuity products.

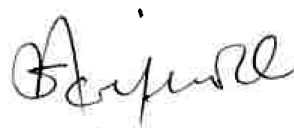
The power of the FSCA to declare specific conduct to be unfair business conduct will also assist the OPFA in cases where the conduct of a fund or administrator prejudices members financially or otherwise.

The OPFA is also enthusiastically readying itself for the impending changes within the financial services Ombud space, with the creation of the office of the Chief Ombud and the capacitation of the FSOS Council. This can only augur well for consumers and also ensure that resources and efficiencies are maximised.

The OPFA's move towards Twin Peaks will build on the TCF initiatives already in place and also assist in the expeditious resolution of complaints before this Tribunal. I am optimistic that regular collaboration by the OPFA with the FSCA on matters of common concern in the implementation of Twin Peaks will only result in reducing systemic risk, increasing transparency and financial stability, and enhancing the integrity of financial markets.

Finally, I must compliment the OPFA for maturing into the organisation that it is today.

Great leaders are only as good as their teams and I must also thank the staff of the OPFA for their everyday contribution that has translated into tasks becoming easier to execute, changes becoming easier to implement and problems becoming easier to solve.



ABEL SITHOLE
CHAIRMAN: FINANCIAL SERVICES BOARD



MESSAGE FROM THE PENSION FUNDS ADJUDICATOR

Muvhango Lukhaimane

“
As we look forward to the next 20 years, the OPFA is poised to join the new ombud schemes dispensation with much vigour in the knowledge that stakeholders, especially fund members, stand to be the biggest winners in a more integrated and streamlined financial services complaints' management landscape.”

A little over 20 years ago, on 1 January 1998 then Minister of Finance, Honourable Trevor Manuel, appointed Prof John Murphy as the first Pension Funds Adjudicator. It was a momentous occasion aimed at affording ordinary pension fund members the opportunity to be heard in a forum that would issue binding determinations without the formality and cost of traditional legal processes.

Since then, the OPFA has contributed to the development of retirement fund policy, legislative and regulatory amendments whilst ensuring much needed access to alternative dispute resolution in a complex area of law.

2017/18 has by far been the most challenging since my appointment as the fifth Pension Funds Adjudicator. The number of justiciable complaints increased by over 30%. In resolving the complaints, it was imperative to maintain our turnaround times without compromising the quality of our output. Staff had to work together in order to streamline processes and share information speedily. I must also thank funds and administrators for their co-operation in helping the OPFA to resolve disputes expeditiously and economically.

As can be gleaned from the operational report, most of the complaints point to weak governance within funds' and administrators.

Fund members are forced to approach the OPFA on a myriad of issues that should be attended to by funds in the ordinary course of business, the most frequent being non-payment or late payment of contributions by employers and non-payment of benefits by funds and administrators.

As we look forward to the next 20 years, the OPFA is poised to join the new ombud schemes dispensation with much vigour in the knowledge that stakeholders, especially fund members, stand to be the biggest winners in a more integrated and streamlined financial services complaints' management landscape.

The success of the OPFA is attributable in no small measure to the support the OPFA has received from many quarters. Industry associations such as Batseta, Institute of Retirement Funds of Africa and the Pension Lawyers Association stayed the course with the OPFA, advising, correcting and engaging whenever necessary in the interests of maintaining a sound retirement funds industry. I must also thank the media for creating greater understanding among South Africans about the role of the OPFA. Retirement fund news is not the most interesting of conversations, however the media has kept the topic and our work alive in the minds of many South Africans.

In particular I make mention of Mr Abel Sithole, Chairperson of the FSB Board and all members of the FSB Board for their guidance and support at all times. It was difficult at the best of times, however we all stayed true to the mandate of the OPFA.

I wish to thank the former Adjudicators, Prof John Murphy, Adv Vuyani Ngalwana, Ms Mamodupi Mohlala and the late Charles Pillai, for their contribution to what the OPFA is today.

My thanks also go out to all former and present OPFA staff for their contribution to building this organisation to what it is today. The well-oiled machine that the OPFA has become is largely due to the hard work and dedication of all the OPFA staff and management team. I also recognise that they in turn are dependent on the support of their families and as such personally extend my thanks not only to the staff but also their families.

Here's to the next 20 years.

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

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

The annual report is complete, accurate and is free of 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 have been prepared in accordance with South African Standards of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

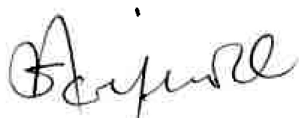
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that 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 entity for the financial year ended 31 March 2018.

Yours faithfully



Mr. AM Sithole
Chairperson (FSB)



Ms. MA Lukhaimane
Pension Funds Adjudicator

LEGISLATIVE AND OTHER MANDATES

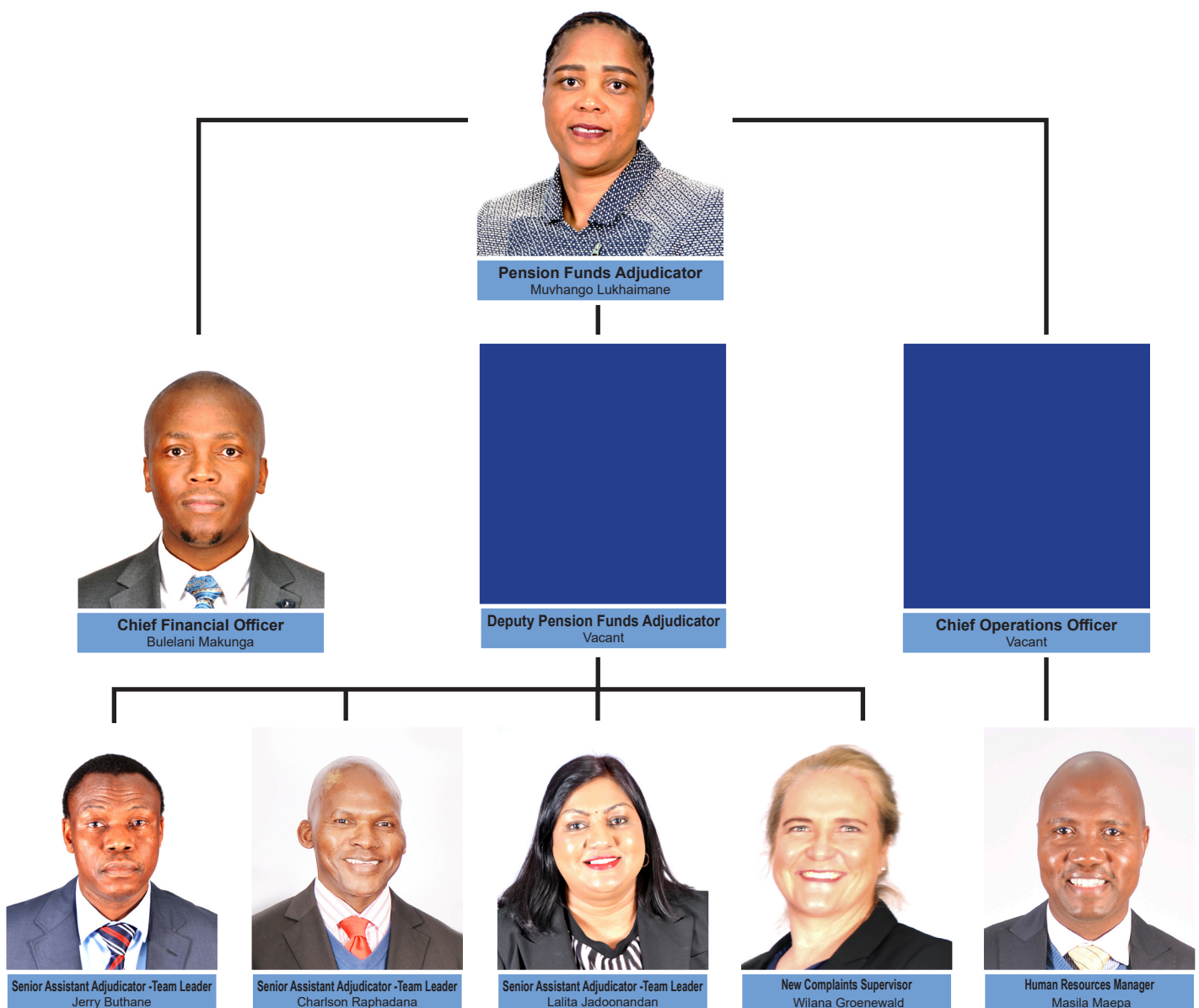
The Office of the Pension Funds Adjudicator is a PFMA Schedule 3A entity established in terms of section 30B of the Act with effect from 01 January 1998 to investigate and determine complaints lodged in terms of the Act. It is funded in terms of section 30R of the Act by way of levy imposed by national legislation and collected by the FSB. The mandate of the OPFA in terms of section 30D of the Act is to ensure a procedurally fair, economical and expeditious resolution of complaints by:

- Ensuring its services are accessible to all;
- Investigating complaints in a procedurally fair manner; and
- Reaching a just and expeditious resolution of complaints in accordance with the law.

The OPFA is committed to the National Development Plan 2030. The OPFA holds role players in the retirement fund industry to account as it reinforces measures put in place by the State (Social Protection) to make pensions safe and sustainable. By ensuring integrity in the system, the OPFA lays the basis for more acceptance of the envisaged mandatory savings. Through its involvement in the various tertiary institutions providing pension law training, the OPFA supports the development of specialised pension law programmes (further education and training), that in turn lay the basis for universities to conduct research in the sector.

Through its organisational development activities the OPFA strives to create a society where equal opportunities are granted and employees demonstrate their citizenry by accepting that they have both rights and responsibilities (nation building and social cohesion).

Management Committee



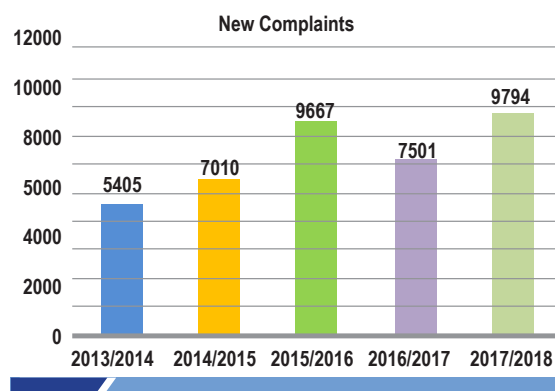


PART B: OPERATIONAL REPORT

OPERATIONAL REPORT

High emphasis on performance management and people development coupled with increased public awareness of the existence of the Office of the Pension Funds Adjudicator (OPFA) have contributed to another year of the OPFA upholding its mandate to ensure a procedurally fair, economical and expeditious resolution of complaints.

The 2017/18 financial year saw the office receive a record number of 9 794 complaints.



This is different from the previous highest number of complaints recorded in the 2015/16 financial year as the current complaints were mostly justiciable, unlike in the 2015/16 financial year when there was a flood of incomplete complaints that could best be termed as fishing enquiries from unscrupulous tracers and other third parties on behalf of unsuspecting members of the public. The 2017/18 number of new complaints received represented an increase of 30.57% to the prior year.

The increase can, therefore, be attributable to the increased awareness of members of the public of the existence and mandate of the OPFA through the stakeholder activities undertaken by both the OPFA and the various media platforms to regularly publicise rulings handed down by the OPFA and word-of-mouth referrals from complainants that have been timeously assisted by the OPFA. The ability to sustain improved turnaround times has also greatly enhanced the public confidence in the OPFA.

4 129 complaints were received through email, 1 284 via post, 1 134 via fax, 238 through the OPFA website and 3 009 were walk-ins.

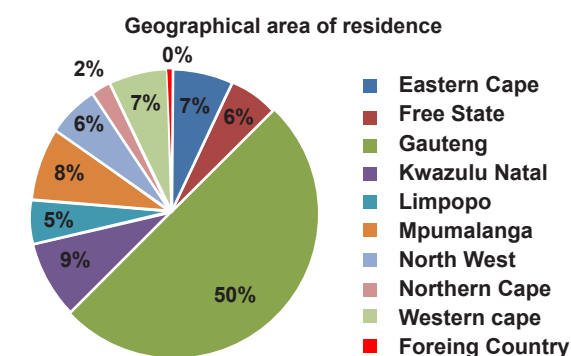
How complaints were received

| Email | Letter | Fax | Web Site | Walk-in | Total |
|-------|--------|-------|----------|---------|-------|
| 4 129 | 1 284 | 1 134 | 238 | 3 009 | 9 794 |

The reduction in walk-in complaints is to be welcomed as the idea with the OPFA is that complainants should be able to reach us in other ways, without the added burden of physically visiting our office. This also allows us to free up the administrative assistants responsible for assisting the complainants with completion of complaint forms, to attend to other duties in the complaints' resolution process.

The increase in the number of complaints lodged through the OPFA website is also to be welcomed as this means that more people visit our website where useful information is disseminated.

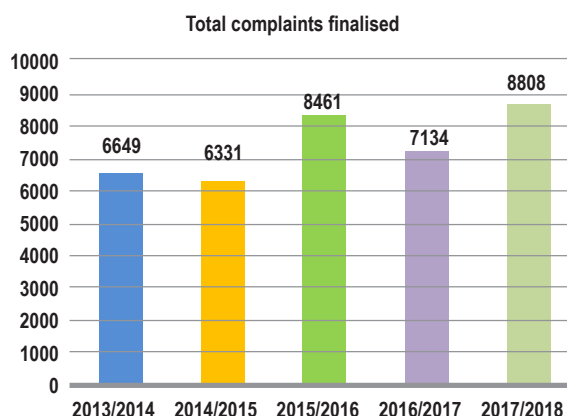
Gauteng continues to lead the other eight provinces with 50% of complaints lodged. KwaZulu-Natal is a distant second with 9% of complaints lodged from that province. For the rest of the provinces, complaints range between 2% and 8%.



With the acquisition of the shared mobile van between the OPFA and the Financial Services Board (FSB), more work will be done to reach complainants in far flung areas of the country and register their complaints conveniently, whilst also disseminating valuable information to members of the public, fund members, former fund members and beneficiaries.

“As key players in the pension fund industry, the respondents are expected to observe the application of the Act and act in utmost good faith, which was certainly absent in the present instance”.

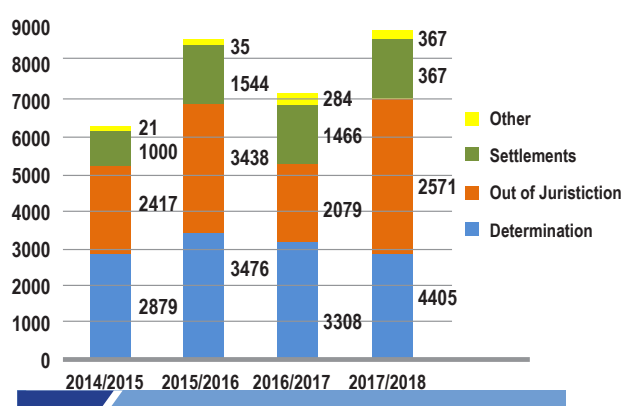
8 808 complaints were finalised during the year in review. This represents an increase of 23.35% from the 2016/17 financial year.



Again, the office did its best to finalise complaints expeditiously. This despite the fact that the funds that generate the largest number of complaints take on average 90 days to file responses with the OPFA instead of the 30 day period. This means stretched human resources are expected to send multiple reminders to funds to file responses on matters that are mostly straightforward. The stability in the management team assisted a lot in that regard.

4 405 complaints were determined, 2 571 were found to be out of out of jurisdiction, 1 462 were settled, with the rest of the 367 being closed for various other reasons.

OPERATIONAL REPORT Continued



The high number of complaints that are determined remains a matter of concern. In some instances, intransigence from funds/administrators to provide information to complainants is inexplicable and totally unnecessary.

In this regard the OPFA has resorted to escalating these issues to Board Chairpersons and Principal Officers of funds.

In the main, the OPFA could not have achieved its satisfactory turnaround times without the countless other funds and administrators that have obliged with timeous responses.

The quality of responses received has also improved since the OPFA revised its request letters to be specific about the type of information to include in a response to a complaint of a particular nature, including supporting documents to be submitted in that regard. This cooperation is appreciated as it is to the benefit of fund members and their beneficiaries.

The inability of Salt Employee Benefits (Pty) Ltd (Salt) to provide accurate responses timeously on the high volume of complaints relating to the Private Security Sector Provident Fund (PSSPF) negatively affected the OPFA's turnaround times.

At a certain stage, from the responses received, it was clear that the administration processes or systems were not up to the task as complainants' records could not be verified.

There was also a significant increase in complaints lodged against the Transport Sector Retirement Fund (formerly the Road Freight and Logistics Industry Provident Fund) which is also administered by Salt, adding to the latter's burden to comply with timelines.

It is, therefore, important that whenever there is a change in administrators, a risk and compliance analysis is carried out to ensure that there is little or no interruption for members.

Again, 70% of complaints finalised concerned the non-payment of withdrawal benefits or dissatisfaction with the withdrawal benefit amount paid. Unfortunately, most of these had to do with employers' non-compliance with section 13A of the Act which requires the payment of contributions within a specific period of time.

Whilst non-compliance remains high, the number of funds that have concluded acknowledgement of debt agreements with employers together with those that are formally pursuing employers to pay has significantly increased.

In a notable number of instances, however, the funds respond quite late to employers' non-compliance with the payment of contributions. By the time the funds take action, the employer is either under business rescue or voluntary liquidation.

In instances of voluntary liquidation and deregistration, employers simply set up a new entity and avoid paying the debts of the liquidated entity to the fund, thereby prejudicing members. In all instances, employers would also not pay over amounts deducted from employees' salaries towards member contributions.

Commercial umbrella funds sponsored by the large insurers and certain retirement fund administrators simply liquidate employer participation within three to six months of non-payment of contributions without following the prescribed process to demand outstanding contributions from delinquent employers.

Death benefit lumpsum payments remain the second highest number of complaints finalised. Funds continue to commence with their investigations quite late in the allocated 12 month period, especially retirement annuities.

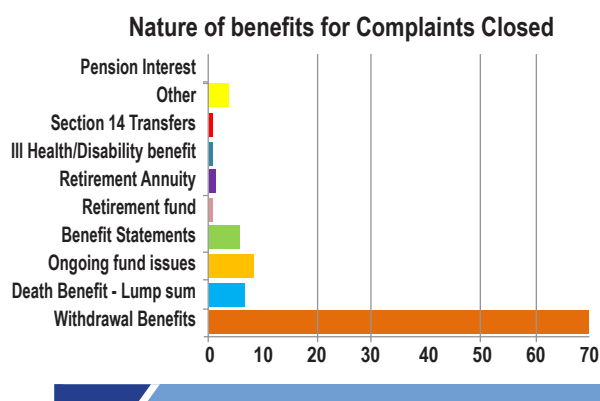
However, the biggest issue with death benefit lumpsums is the failure by funds to properly complete the second leg of the investigation. Once the deceased member's dependants and nominees have been confirmed, the next step is to determine the actual extent of each dependant/nominee's financial dependency on the deceased.

This step is often incomplete as there is no supporting information or documentation to substantiate the extent of dependency. The OPFA is working on a guideline to industry in instances where the usual supporting documentation e.g. bank statements etc. cannot be produced.

This is timely as there are now many ways to give money to a person without leaving any record of the transaction as such. Of the 2 571 matters deemed out of jurisdiction, 165 were referred to other entities/ organisations, whilst 2 406 were time barred.

In order to assist with the reduction of unclaimed benefits, all matters that are time barred due to the provisions of section 30I of the Act which prevents this office from dealing with complaints that are lodged more than three years from the date the cause of action arose, are referred to the FSB for investigation on the Unclaimed Benefits database.

The other 165 matters that were deemed out of jurisdiction were referred to other entities.



Only 37 complaints were referred to other Ombud offices, being the Banking Ombud (3), the FAIS Ombud (4) and the Long-Term Insurance Ombudsman (30). This confirms that consumers in financial services are now aware of the mandates of the different Ombuds.

Legislative and Policy Reforms

The Financial Sector Regulation Act 9 of 2017 (FSR) established the Twin Peaks model of financial sector regulation effective from 21 August 2017, thereby dividing the regulatory architecture into a Prudential Authority (South African Reserve Bank) and the Financial Sector Conduct Authority (formerly FSB).

The FSR sets out several changes to financial regulation. Although most of the changes will not affect the operation of the OPFA in terms of the adjudication of complaints, it is important to note the following:

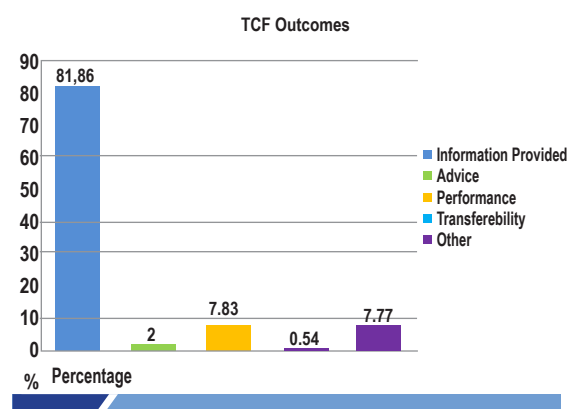
- Section 30A in Chapter VA of the Act makes provision for an Ombud scheme, which is a statutory ombud scheme for the purposes of the FSR;
- Section 30D of the Act provides that in addition to adjudicating complaints lodged in terms of section 30A(3), the OPFA will adjudicate complaints designated in terms of section 211 of the FSR. This relates to complaints referred to the OPFA by the Ombud Council established in the FSR;
- In adjudicating a complaint, the OPFA may, where appropriate, apply principles of equity, have regard to contractual arrangements and other legal relationships between a complainant and any financial institution;
- The OPFA is a statutory ombud and tribunal;
- The funds of the Adjudicator shall consist of funds accruing to the Adjudicator on the grounds of a budget submitted to and approved by the Minister of Finance (Effective from 1 April 2019).

In terms of the FSR, the FSCA may make conduct standards for or in respect of financial institutions and representatives of financial institutions.

A conduct standard may relate to the requirements for the fair treatment of financial customers, including in relation to design and suitability of financial products, the resolution of complaints concerning those products and disclosure of information to financial customers.

The FSCA and the National Treasury have already published Treating Customers Fairly (TCF) outcomes which are intended as a tool for self-regulation by the industry to measure themselves as to whether

or not in doing their business they are dealing fairly with the consumer by, *inter alia*, providing them with sufficient and clear information that will enable them to make informed choices when acquiring financial products. It is hoped that the FSCA will set conduct standards in relation to the fair treatment of customers when acquiring retirement annuity products. This will greatly assist in the consideration of equity whilst resolving disputes.



According to the FSR, a conduct standard may declare specific conduct in connection with a financial product or a financial service to be unfair business conduct if, *inter alia*, it is likely to be materially inconsistent with the fair treatment of the customer and is deceiving, misleading or is likely to deceive or mislead.

The OPFA continues to adjudicate many complaints involving retirement annuity products which, in most cases, are not explained properly to complainants and are likely to mislead or deceive. This is particularly so in relation to selecting investment portfolios, switching investment portfolios and deductions from investment savings, especially causal event charges. The power of the FSCA to declare specific conduct to be unfair business conduct will also assist the OPFA in cases where the conduct of a fund or administrator prejudices members financially or otherwise.

The OPFA adjudicates a significant number of complaints relating to the failure of some boards off management to administer a fund properly. This includes the failure of some funds to file responses to complaints lodged with the OPFA, which prevents this office from disposing of complaints expeditiously, which may amount to an unfair business conduct.

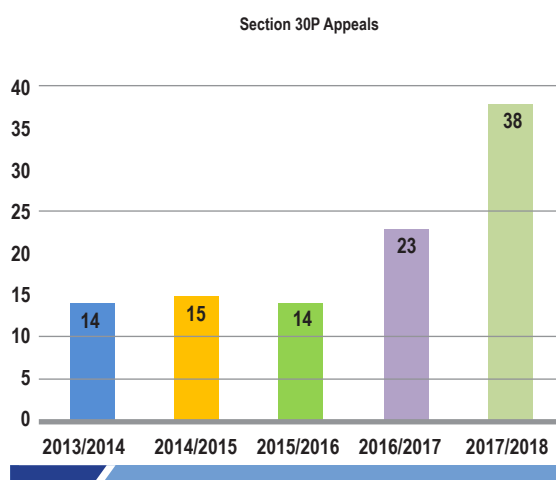
The establishment of the Ombud Council in the FSR is also a welcome development. The Ombud Council will be tasked with ensuring that financial customers have access to and are able to use affordable, independent and fair alternative dispute resolution processes for complaints about financial institutions in relation to financial products and financial services.

The Council will also promote co-operation between and co-ordination of the activities of ombuds, promote public awareness of ombud schemes, resolve overlaps of the jurisdictional coverage of different ombud schemes and facilitate customer access to appropriate ombuds. This initiative will bolster the OPFA's programme of public awareness that is already in place and facilitate a speedy resolution and referral of complaints to an appropriate ombud.

The Retail Distribution Review (RDR) also proposed a number of regulatory reforms relating to the distribution of financial products and was informed by the TCF initiative. The implementation of the proposals in relation to standard for upfront and on-going product fees on financial products is much appreciated as far as it relates to retirement annuity products.

The OPFA hopes that the move towards Twin Peaks will build on the TCF initiatives already in place and also assist in the expeditious resolution of complaints before this Tribunal. The OPFA will also leverage on its regular collaboration with the FSCA in relation to matters of common concern in the implementation of Twin Peaks.

Section 30P Appeals



38 section 30P appeals were lodged during the period under review, representing a 58% increase from the 2016/17 financial year. In a few of these matters, the High Court inadvertently issued cost orders against the OPFA, despite the fact that we are not a party to these disputes and the powers of the office are not administrative but rather judicial. These matters are on review/appeal.

A notable number of the reviews/appeals introduced new matters not canvassed with the OPFA as allowable in reviews. Of concern in these instances is that complainants are denied the opportunity to oppose these new facts raised as the review/appeal process in the High Court is costly.

STAKEHOLDER ENGAGEMENTS

The OPFA made use of the following media platforms to disseminate its message.

BROADCAST – TV

| |
|------|
| SABC |
|------|

BROADCAST – RADIO

| | |
|-----------------|------------------|
| Power FM | Izwi Lomzansi FM |
| Jacaranda FM | Ligwalagwala FM |
| East Wave Radio | Lesedi FM |
| Motsweding FM | Vuma FM |

PRINT - ONLINE

| | |
|----------------------|--------------------|
| Personal Finance | Pension World |
| FA News | Fin 24 |
| Insurance Gateway | Business Live |
| Sunday Tribune | Daily Dispatch |
| The Citizen | Sunday Independent |
| Pensions Africa | Cover |
| IOL | Moneyweb |
| Sowetan | EB Net |
| Risk Africa Magazine | News Everyday |
| The Star | Isolezwe |
| Financial Mail | ITI News |
| Soweto Urban | Bizcommunity |
| Today's Trustee | |

CONFERENCES ADDRESSED

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|--|
| Pension Lawyers Association Annual Conference |
| Batseta Winter Conference |
| Institute of Retirement Funds Africa Annual Conference |
| International Network of Financial Services Ombudsman Schemes (INFO) Annual Conference |

HUMAN RESOURCES MANAGEMENT

Human Resources Management continued its focus on creating a culture of high performance and becoming an employer of choice. Employee engagement activities aimed at Team development, Performance Management, Talent Management and Reward and Recognition continued. In order to achieve this within the regulatory framework, policies and procedures were reviewed in order to create governing processes and guidelines to implement those initiatives.

The time that it takes human resources to fill a vacancy with an appropriate individual, underscores the need to create a conducive climate and culture for talent management in light of the limited growth opportunities within the organisation.

The HR department had its focus on the following aspects:

Organisational Development

The focus was placed on the cultivation of a culture that is conducive for all employees to perform to the best of their abilities. Subsequent to the team-building exercises which were held the previous year, the identified initiatives of building staff engagement, team work and a code of conduct were implemented within the various teams. Regular team meetings and quarterly staff meetings were introduced as discussion and feedback mechanisms in addition to feedback meetings that are held between line managers and individual staff members.

“The respondent should also note that one of the reasons that results in the increase of unclaimed benefits is occasioned by the funds’ lack of expertise to identify beneficiaries and invalid/incomplete data maintained by funds and their administrators. These issues should under no circumstances be visited on the rightful claimants,”

The teams embarked on processes of developing their charters, code of conduct, and values that will guide their engagement with each other. These initiatives will continue to be implemented, reviewed and monitored in the following year.

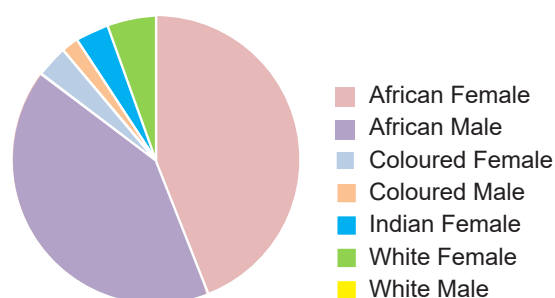
Performance Management

The OPFA places emphasis on a culture of high performance. In addition to the two main performance assessment sessions conducted for all staff during April and October, individual and team feedback meetings on performance continued to be held regularly. In its quest to foster a behaviour that is cohesive and team-orientated, the behavioural attributes were developed, introduced and factored into the performance agreements so that their impact can be measured and monitored.

Management of vacancies

The Chief Financial Officer and nine (9) other employees left the organisation during this reporting period. However the vacancy rate has since been reduced. Of the seven resignations, only 5 were regrettable. The OPFA strives for high performance and team cohesion. The maintenance of continuous performance measures at times results in some employees not being able to fulfil the required performance expectations of the organisation, thus opting to leave the organisation. However, a wellness plan was put in place to ensure that social support is provided to staff and their immediate family members to be able to cope with any potential life and work-related challenges.

Staff Complement



| Population Group | Female | | Male | |
|------------------|-----------|------------|-----------|------------|
| African | 25 | 46% | 21 | 38% |
| Coloured | 2 | 4% | 1 | 2% |
| Indian | 2 | 4% | 0 | 0 |
| White | 3 | 6% | 0 | 0 |
| Foreign | 0 | 0% | 0 | 0 |
| Total | 32 | 60% | 22 | 40% |

| Representation at management levels | | |
|-------------------------------------|----------------------|------------------------------|
| Levels | Executive management | Senior and middle management |
| | Female | Male |
| African | 1 | 3 |
| Coloured | 0 | 0 |
| Indian | 1 | 0 |
| White | 0 | 0 |
| Foreign | 0 | 0 |
| Total | 2 | 3 |
| Appointments | | 15 |
| Promotions | | 2 |
| Temporary Staff | | 1 |
| Transfer (Internal transfers) | | 2 |
| Terminations | | 10 |

Reasons for staff leaving

| Reason | Number | % of total no. staff leaving |
|--------------|-----------|------------------------------|
| Resignation | 7 | 70% |
| Dismissal | 3 | 30% |
| Total | 10 | 100% |

People Development

The organisation has made opportunities available to all staff to participate in meaningful training that will impact them positively. Staff underwent various training and skills programmes as indicated below. The organisation will continue implementing identified learning interventions.

| Course | Service Provider | No of employees |
|---|--|-----------------|
| New Managers Development Programme | Milpark Business School | 1 |
| Resilience in the Workplace | True North Coaching | 6 |
| Customer Care Training and Refresher | Leadership Launchpad | All staff |
| Business Continuity Management Training | Continuity SA | 4 |
| Legal Drafting | Honourable Judge Husain | 19 |
| Ethics Training | Ms Rethabile Kikine, Senior Manager: Ethics, Auditor General South Africa | All staff |

HR Policy Review

To ensure proper governance and compliance, a total number of 26 human resources policies were reviewed and approved by the FSB Board.

| | | |
|---|--|---------------------------------------|
| Code of Conduct | Specific Conditions of Employment | Recruitment and Selection |
| Contract and Temporary Staff | Hours of work and Flexi-time Policy | Leave Policy |
| Performance Management | Reward and Recognition | Skills Development |
| Training | Internship | Disciplinary |
| Grievance Policy and Procedure | Termination | Procedure for dealing with Incapacity |
| Dismissal for Operational requirements | Procedure for dealing with Sexual Harassment | Employee Wellness Programme Policy |
| Policy dealing with employees who suffer from life threatening diseases and/or HIV/AIDS | Salary advance policy | Study and training assistance policy |
| Employment Equity Policy | Travel policy | Cellphone policy |
| Remuneration and Reward Strategy | Staff retention strategy | |

Employee Wellness

The OPFA is of the view that for the workforce to contribute meaningfully, the mental, physical and financial health of employees must be in a good state. It is with this understanding that during the year under review, several health and wellness initiatives were planned and implemented.

| Activity | Service Provider |
|--|-------------------------------------|
| Discovery Wellness Day | Discovery |
| <ul style="list-style-type: none"> Glucose and Cholesterol testing HIV AIDS testing and counselling High blood pressure check and vitality age check Yoga session Massages | LuMar |
| Information shared with staff on: dental health, credit scores, impact of antibiotics, the importance of caring for other people and communicating effectively. Causes of infertility, abusive relationships and safety tips were also shared with staff | Care Ways |
| Breast Cancer Awareness workshop about Cervical and Prostate cancer | Cancer Association of South Africa |
| 16 Days of Activism for no violence against women and children | Internal facilitation |
| World Aids Day awareness | Internal communication on awareness |
| International Worker's Day | Internal communication on awareness |

Employment Relations

During the reporting period two cases for poor performance were recorded which led to termination of employment. In both cases the two employees referred their cases to CCMA where the organisation successfully defended the matter. One case of misconduct was also recorded which led to an employee being dismissed.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The OPFA continued to make advances in the maturity of its ICT environment during the year and will continue to do so going forward to ensure systems are developed and improved in line with its strategic priorities to better serve its internal and external stakeholders in delivering on its mandate. Aligned with the organisation's approach to manage and mitigate its ICT environmental risks, the OPFA implemented further security measures over its ICT hardware and access control. This was achieved through the tightening of monitoring controls and the implementation of additional security softwares on the environment.

In order to improve the performance and capabilities of the ICT environment, the organisation continued with its procurement programme to enhance its ICT infrastructure to achieve high availability of systems. This is required to support the growing dependency and reliance by business on its ICT environment. Having laid these foundations, the OPFA will now invest on improving its customer experience with a facelift of the website and other electronic customer interfaces.



Corporate Services

Standing from left to right: Wonder Dila, Masilo Maepa, Bulelani Makunga, Lufuno Balibali, Malakia Raedani
Seated from left to right: Gomotsegang Magaseng, Duma Lubando, Christine Legweng

SUMMARY OF IMPORTANT DETERMINATIONS

One of the advantages of a specialist tribunal such as the Office of the Pension Funds Adjudicator (OPFA) is that parties can rest assured that there is a repository of specialist pensions law knowledge that understands the nuances of the retirement funds industry. It is this knowledge that enables the tribunal to resolve disputes in an expeditious and economical manner, whilst at the same time adhering to the rule of law. Below follows a selection of determinations by Pension Funds Adjudicator, Muvhango Lukhaimane, which settled important areas of the law around pension funds administration during the year under review.

DEATH BENEFIT

PFA DISMISSES COMPLAINT BASED ON GREED

A complainant who wanted more than what she had been allocated in a death benefit has been described by Pension Funds Adjudicator Muvhango Lukhaimane as “greedy”.

C Diener of Musina brought a complaint against PSQ Wealth Retirement Annuity Fund (first respondent) and PSQ Life Limited (second respondent) following the distribution of a death benefit by the first respondent following the death of its member, A Naude. The complainant was the life partner of the deceased.

The deceased died on 6 April 2015 and was survived by the following: C Diener (life partner), D Diener, I Naude, J Naude and T Roos (all biological children); and SH Naude (mother).

Following the death of the deceased, a death benefit in the amount of R1 653 640.00 became available for distribution. The first respondent allocated the death benefit to the deceased's beneficiaries as follows:
C Diener - 80%; D Diener - 5%; I Naude - 0%;

J Naude - 5%; T Roos - 0%; and SH Naude -10%.

The complainant was dissatisfied with the allocation of the death benefit to D Diener, J Naude and SH Naude. She stated that SH Naude was awarded an amount of R625 632.00 from the Discovery Retirement Annuity Fund. She mentioned that 5% of the total amount of R3 083 838.34 from the Discovery Retirement Annuity Fund, being R154 191.91, was allocated to D Diener and J Naude.

She submitted that the first respondent must take into consideration that she was 57 years old and was nearing retirement. She said SH Naude had six children who still supported her in various ways and the deceased did not provide the majority of the support to her. She stated that D Diener and J Naude were still young and employed.

The complainant requested the Tribunal to allocate the entire death benefit to her.

The second respondent submitted that the first respondent was entitled to take note of the decisions made by another retirement fund as this directly impacted on the financial circumstances of the dependants.

The second respondent submitted that in allocating 80% (R1 322 912.00) of the death benefit to the complainant, the first respondent took note of her age and life partnership of many years with the deceased.

The first respondent also took into account the allocation of 69% of R3 083 838.34 from the Discovery Retirement Annuity Fund to the complainant. It also noted that the complainant was employed and had received various other benefits from the estate of the deceased.

The second respondent submitted that the first respondent initially awarded 21% of the death benefit to SH Naude, however because of the substantially increased allocation from the Discovery Retirement Annuity Fund, the allocation was decreased to 10%.

It submitted that D Diener was taken care of by the deceased in that he was not paying rent in a property owned by the deceased and received various other benefits. He was factually dependent on the deceased. J Naude was also partially factually dependent on the deceased as the accommodation he and his family lived in was subsidised by the deceased.

The second respondent submitted that the first respondent disregarded the deceased's wishes of nominating his estate as a beneficiary to his death benefit. It mentioned that the deceased's nomination, read together with his will, conflicted with the complainant's allegation that the deceased wanted her to have the annuities as they discussed before he passed away. In her determination, Ms Lukhaimane said it was the board's responsibility when dealing with the payment of death benefits to conduct a thorough investigation to determine the beneficiaries; to thereafter decide on an equitable distribution and finally to decide on the most appropriate mode of payment of the benefit payable.

In making their decision, trustees need to consider all relevant information and ignore irrelevant facts. Further, the trustees must not rigidly adhere to a policy or fetter their discretion in any other way.

Ms Lukhaimane said the law recognised three categories of dependants based on the deceased member's liability to maintain such a person, namely, legal dependants, non-legal dependants and future dependants.

Ms Lukhaimane said D Diener and J Naude qualified as dependants in terms of section 1(b) (iii) of the Act which was introduced to include *inter alia* major children of the deceased who at the date of death were not dependent on the deceased for maintenance.

Even though the complainant did not mention her allocation of the death benefit from the Discovery Retirement Annuity Fund, the submissions before the Tribunal indicated that she was allocated 69% of the R3 083 838.34 from the Discovery Retirement Annuity Fund and she received other benefits from the deceased's estate.

"Thus, it is clear that in respect of the current and future earning capacity, the complainant is in a far better position than D Diener, J Naude and SH Naude.

"It is clear the complainant was not left destitute as a result of the death of the deceased.

"This Tribunal strongly condemns the conduct of the complainant as it demonstrates the greed of some dependants," said Ms Lukhaimane, adding she was satisfied that the death benefit was allocated properly to the dependants. She dismissed the complaint.

FUND WHACKED WITH 10% PENALTY FOR DELAYING DEATH BENEFIT PAYMENT

The Pension Funds Adjudicator has blamed pension funds that lacked expertise to identify beneficiaries for the increase in unclaimed benefits.

Muvhango Lukhaimane said the Registrar of Pension Funds had recently announced that there was approximately R10 billion worth of unclaimed benefits in the mining industry.

Referring to a case that came before the Tribunal, she said for a pension fund to cite prescription when beneficiaries came forward to claim these benefits did not provide a solution to the increase in unclaimed benefits. The complainant (name withheld to protect identity of a minor child) brought a complaint against the Mineworkers Provident Fund (respondent) over the non-payment of the death benefit following the death of the respondent's member.

The complainant was a partner of the deceased who passed away on 31 July 2004. The deceased was an employee of Harmony Gold Mining Limited and a member of the respondent at the time of his demise. Upon the death of the deceased, a death benefit in the amount of R596 541.42 became available for distribution amongst the beneficiaries of the deceased.

The complainant was aggrieved by the failure of the respondent to allocate a portion of the death benefit to her minor son who was the son of the deceased and needed a portion of the death benefit for his maintenance.

She said the respondent always advised her that it was still investigating the existence of the deceased's other beneficiaries.

The respondent raised prescription as a defence to the claim by the complainant. The respondent stated that the complaint was time-barred in terms of section 30I of the Pension Funds Act as it was lodged after a period of three years since the complainant's cause of action arose.

The respondent stated that it contacted the deceased's beneficiaries on 24 August 2016 in respect of the outstanding requirements. The complainant and other beneficiaries were contacted on 21 December 2016 and 4 February 2017 reminding them to submit certain documents and information.

In her determination, Ms Lukhaimane said the complaint was not time-barred.

Ms Lukhaimane said the deceased passed away on 31 July 2004. Section 37C(1)(a) of the Act gave the board of management of a fund a period of 12 months from the date of the deceased's death, within which to trace and identify the deceased's dependants and beneficiaries and allocate the benefit to those who qualify to be allocated such a benefit.

Therefore, the cause of action arose on 30 July 2005 when the death benefit remained unpaid.

However, Section 14 of the Prescription Act 68 of 1969 ("Prescription Act") provides for circumstances under which the running of prescription is interrupted.

On 16 February 2017, the respondent confirmed that there was an unclaimed death benefit in the amount of R596 541.42 available to the deceased's beneficiaries.

"Therefore, in terms of section 14 of the Prescription Act, read with section 30I (1) of the Act, prescription against the respondent is suspended by a tacit acknowledgement of the debt due to the deceased's potential beneficiaries, including the complainant.

"In the event, this Tribunal has jurisdiction to determine this complaint against the respondent.

"The respondent is dishonest and disingenuous to raise prescription on unclaimed benefits.

"Further, unclaimed benefit amounts and beneficiaries increase year on year. For the respondent to raise prescription when beneficiaries come forward to claim these benefits does not provide a solution to the situation.



Adjudication Team

Standing from left to right: Henry Chelhango, Muvhango Lukhaimane, Lucas Flink. Seated from left to right: Carmen Kotshoba, Tintswalo Shibambu

"The respondent should also note that one of the reasons that results in the increase of unclaimed benefits is occasioned by the funds' lack of expertise to identify beneficiaries and invalid/incomplete data maintained by funds and their administrators. These issues should under no circumstances be visited on the rightful claimants," Ms Lukhaimane said.

She said a death benefit must be distributed and paid without any unreasonable delay. "Where there is delay in the payment of a death benefit, such a delay must be reasonable and justifiable.

'It should be noted that the board of the first respondent has 12 months within which to trace and identify the possible beneficiaries that might share in the benefit.

"The complainant submitted that upon the death of the deceased, she claimed the death benefit from the respondent. The respondent failed to provide reasons for the delay in the allocation and distribution of the death benefit other than that there are still outstanding documents.

"However, nine years have passed since the deceased's demise wherein the respondent failed to complete its investigation.

"As a result of the respondent's dilatory conduct, the deceased's beneficiaries suffered prejudice in that they have potentially been denied access to benefits which may have become available to them had the investigation been completed on time.

"Considering the above, the board failed to act in terms of section 37C of the Act," Ms Lukhaimane said, whilst ordering the board to complete its investigation and consider the relevant factors for an equitable distribution of death benefits to the deceased's beneficiaries, without any further delay.

The first respondent was also ordered to pay 10% in compensatory damages (death benefit totalling R596 541.42 + 10% in compensatory damages = R656 195.56) for its delay in completing its investigations.

PFA ORDERS FUND TO RE-EXAMINE DEATH BENEFIT PAYOUT

The Pension Funds Adjudicator has ordered a retirement fund to set aside a death benefit on the grounds that it had failed to thoroughly investigate a beneficiary's personal circumstances in respect of employment status and future earning capacity.

Muvhango Lukhaimane was critical of Central Retirement Annuity Fund (first respondent) which had paid the spouse of the deceased R705 639

while the deceased's two children (the complainants) received R200 000 each.

JB Lazarus passed away on 11 August 2015. He had committed suicide. The complainants submitted that the first respondent had failed to consider relevant factors in distributing the death benefit and did not conduct a proper investigation into the personal circumstances of the deceased's dependants.

They contended that the decision of the first respondent was biased and unduly favoured the deceased's surviving spouse.

The complaints said the spouse moved into the house of the deceased (prior to their marriage) during January 2013. The deceased instructed his attorneys to draft a co-habitation agreement, which would provide that she would in no way be dependent on him. They contended it was clear from this document that the deceased and the spouse had no intention of being dependants of each other. The deceased and the spouse married on 7 December 2014 out of community of property and profit and loss and excluded the accrual system. The marriage lasted just over eight months.

The complainants averred that the marriage between the deceased and the spouse was an unhappy one and attached letters between the parties in support thereof. The complainants submitted that the spouse instituted maintenance proceedings against the deceased's estate on the basis that she was unemployed and was "financially dependent on my late husband". She claimed an amount of R70 000 per month which equated to a lump sum payment of R18 293 000.

The complainants submitted that the spouse did not share a common household with the deceased two months prior to his demise. They stated that she was, at the time the complaint was lodged, in the employ of Sanlam Life Insurance Limited (second respondent) as a financial advisor and was also a model.

They submitted that the spouse was paid an amount of R3 750 000 and granted a substantial amount of movable property to furnish her new home. They stated that the deceased also purchased a quad bike for the spouse which she sold for R25 000. She also had very expensive wedding and engagement rings, which the deceased considered she could sell, and a fully paid car.

The complainants further contended that as was evident from the deceased's letters, the co-habitation agreement, the ante-nuptial contract and his relationship with the spouse prior to his death, he did not intend to leave her any benefit from his estate other than an amount of R100 000 to purchase furniture.

They submitted that the spouse had already settled all her claims against the deceased's estate for R3 750 000. They also contended that it was abundantly clear from the deceased's letters that he intended to benefit his children with any benefits from his life policy and other policies.

Therefore, they should be considered to be the only nominees for purposes of the death benefit.

They concluded that if the first respondent's decision to allocate a major portion of the death benefit to the spouse was premised on the fact that she was financially dependent on the deceased, consideration of the co-habitation agreement and ante-nuptial contract would show this was clearly not the case.

They claimed that the board's distribution amounted to a double benefit which the spouse received and was not entitled to.

The second respondent said its decision to pay the benefit to the spouse was based on the fact that she was the deceased's spouse and they lived together since 1 November 2012; her minor children from the previous marriage formed part of the joint household; she had never worked since 1995 and had no previous working experience to find suitable employment and thus, was financially dependent on the deceased; the deceased changed his will before his death and she had to leave the property and find her own place; the complainants each inherited amounts of over R5 000 000 and they had potential to earn an income; and her maintenance initial claim against the deceased's estate amounted to R18 000 000 and was settled for R3 750 000.

The second respondent further confirmed that the deceased did not complete a beneficiary nomination form. It further stated that the spouse was employed as a financial adviser since 1 November 2016.

In her determination, Ms Lukhaimane said the wishes of the deceased as expressed in his will or on a nomination form were one of the factors to be considered by the board in investigating who the dependants of the deceased were.

However, the wishes of the deceased were not binding on the board and could not trump the application of section 37C of the Act whose enactment was meant to ensure that all those who were dependent on the deceased during his lifetime were not left destitute.

"This Tribunal notes that the deceased did not complete a beneficiary nomination form and there is no express indication that he wanted Mrs Lazarus not to benefit from the death benefit.

"However, even if the deceased had completed a beneficiary nomination form excluding Mrs Lazarus from benefitting from the death benefit, the board would still not have been bound by the nomination form.

"The board is not bound by the nomination form completed by the deceased, instead the nomination form serves merely as a guide to assist it in the exercise of its discretion."

She said while the complainants contended that the settlement agreement over the maintenance claim barred the spouse from receiving a share of the death benefit, the Tribunal could not find any express provision which deterred the spouse from claiming a death benefit from the first respondent.

"Therefore, this Tribunal rejects the complainants' assertion that the first respondent misdirected itself and was not competent to make an interpretation which allows the spouse a right to claim a share of the death benefit.

"It is this Tribunal's view that the board correctly considered that a death benefit does not form part of the deceased's estate as stipulated in section 37C of the Act. In this regard, this Tribunal is satisfied that the first respondent was correct in its consideration of the spouse as a dependant of the deceased," said Ms Lukhaimane.

However, she also pointed out that when making an equitable distribution, the board must consider a litany of relevant factors, one of them being the financial affairs of the dependants and their future earning capacity potential.

"This Tribunal notes the second respondent's submissions that the spouse is in its employ since 1 November 2016. Interestingly, after making its initial decision and inviting the complainants to file objections, upon receipt of same, the board in the meeting held on 2 February 2017, decided to abide by its initial decision without considering the new evidence about the spouse's employment status.

"In essence, when the board made its final decision on 2 February 2017, the spouse's financial position and future earning capacity potential had changed dramatically.

"The fact that the spouse is employed by the second respondent as a financial adviser and had been employed as such when the board made its final decision, cannot be left unchallenged as it demonstrates that the board appears to have turned a blind eye on this critical aspect of her circumstances and considered irrelevant factors.

"This state of affairs lends credence to the complainants' allegations of bias by the respondents, which they must be careful of and guard against as they are bound by the law.

"Therefore, when a board fails to do a thorough investigation with respect to the personal circumstances of each beneficiary, as evident in this matter, there is a greater likelihood of the objectives of section 37C of the Act being subverted," said Ms Lukhaimane.

She ordered that the decision of the board of the first respondent to distribute the death benefit as it had decided, be set aside.

The board of the first respondent must re-exercise its discretion in terms of section 37C of the Act, considering the issues raised in this determination with regards to the spouse's employment status and her future earning capacity.

PFA ORDERS FUND TO RELOOK ITS DECISION

The board of a pension board did not conduct a proper investigation when it resolved to allocate the entire amount of the death benefit to the deceased's mother, to the exclusion of the complainant who had been nominated as a beneficiary.

This was the finding of Pension Funds Adjudicator Muvhango Lukhaimane when she ordered University of Kwazulu-Natal Pension Fund to relook at how it arrived at its decision.

T Norris brought a complaint against University of Kwazulu-Natal Pension Fund (first respondent) and Absa Consultants & Actuaries (Pty) Ltd (second respondent) as he was dissatisfied with the distribution of a death benefit and its allocation.

The complainant was a friend of the late S Roche who passed away on 5 January 2016. The deceased was a member of the first respondent by virtue of his employment with the University of KwaZulu-Natal. The deceased nominated the complainant as a sole nominee on his beneficiary nomination form signed on 13 December 2015.

Following the deceased's demise, a death benefit in the amount of R917 373.60 became available for distribution to his dependants and beneficiaries in terms of section 37C of the Act. The board of the first respondent resolved to allocate the entire death benefit to the deceased's mother, Mrs Jeannete Roche, to the exclusion of the complainant.

The complainant said Mrs Roche was not a dependant of the deceased and, therefore, she should not have been allocated the death benefit.

He attached letters written by his legal representatives to the first respondent wherein it was expressed that, amongst other factors, the complainant and the deceased had been friends for a long time, the complainant took care of the deceased when he was ill and made him his next of kin in hospital and the deceased made him his sole nominee. He accordingly requested that the allocation made to Mrs Roche be reversed and that same be paid to him.



Standing from left to right: Samuel Matjila, Fortunate Ratlhagane, Sandra Rambau, Busisiwe Tjale, Tshepo Dooka-Rampedi, Mashudu Matovheke, Khutso Mafokwane, Bhekinkosi Sekgotho. **Seated from left to right:** Jerry Buthane, Karabo Masekela, Nomlindo Mpongo, Tinyiko Shihundla

In its capacity as the administrator of the first respondent, the second respondent submitted that during the investigation in terms of section 37C of the Act, the board established that the deceased completed a beneficiary nomination form on 13 December 2015 wherein he made the complainant a sole nominee.

It was also established that the deceased was not married and did not have children. It stated that the complainant informed the employer that he was the deceased's partner. Upon interviewing the deceased's friends, it was established that he was neither the complainant's partner nor lived with him.

It stated that Mrs Roche informed the board that the complainant lived with someone in Gauteng, while the deceased lived alone in KwaZulu-Natal and supported himself.

The deceased did not support the complainant in any way. Another friend of the deceased for 15 years indicated that she had not seen the complainant prior to meeting him for the first time in hospital.

The second respondent said the complainant indicated that he was not financially dependent on the deceased and did not rely on him for any form of support. It contended that the board considered that the complainant was a nominee. However, it resolved not to allocate a share of the death benefit to him as he could not prove a relationship of mutual dependence with the deceased and did not live with him.

The board considered that the deceased was survived by a brother, a sister and an 85 year old mother, Mrs Roche, who lived in an old age home in KwaZulu-Natal and had poor health.

It said the board considered the definition of a dependant in terms of the Act, and in particular, the part that reads as follows: "...a person in respect of whom the member would have become legally liable for maintenance, had the member not died".

Section 37C of the Act gave the board discretion to act fairly and reasonably in distributing the death benefits. The objective of this provision was to ensure that all those who were dependent on the deceased member were not left destitute when he died.

The second respondent said it was clear from the interviews and statements obtained during the investigation that Mrs Roche would have been dependent on the deceased had he not died, considering the rising costs of her care and the fact that her savings were running out.

It asserted that the board considered that Mrs Roche did not have any future earning potential and her children lived in England and Australia and had their own children to look after. It was against this background that the board resolved to allocate the entire death benefit to her.

It further indicated that in terms of the first respondent's rules, there was payable spouse's and children's benefit. Due to the fact that the complainant could not prove that he qualified as the deceased's spouse, no such benefit was payable to him.

In her determination, Ms Lukhaimane said the payment of death benefits was regulated by section 37C of the Act, read in conjunction with the definition of a "dependant" in section 1. The primary purpose of this section was to protect those who were financially dependent on the deceased during his lifetime.

"The complainant argues that Mrs Roche is not a dependant of the deceased. However, when one considers that if she could not take care of herself, she would have resorted to the deceased for support, this makes her a dependant of the deceased.

"In the circumstance, this Tribunal is satisfied that under the circumstances, Mrs Roche was correctly determined to be a factual dependant of the deceased as contemplated in terms of section 1(c) of the Act, and the complainant's assertion to the contrary, is rejected," said Ms Lukhaimane.

She said it was further noted the main thrust of the complainant's contention was that the deceased's beneficiary nomination form was not considered by the board as he was the sole nominee. She said the board was not bound by the nomination form completed by the deceased as the form merely served as a guide to assist it in the exercise of its discretion.

Ms Lukhaimane said the rationale behind the enactment of section 37C of the Act was to ensure that all those who were financially dependent on the deceased were not left destitute when he died. "In the present matter, the complainant is a nominee and there was no onus on him to prove that he was financially dependent on the deceased or had a relationship with him for him to be allocated a share of the death benefit, contrary to the second respondent's assertion.

"It was probably the first and second respondent's communication with the complainant that led him to believe that he had to concoct unnecessary tales of his dependence on the deceased.

"The board of the first respondent resolved to allocate the entire death benefit to Mrs Roche on the basis that she has poor health and there is a possibility that her savings may run out.

"However, it was not demonstrated by the board that Mrs Roche was financially dependent on the deceased during his lifetime. Furthermore, the contention that Mrs Roche's savings are running out appears to be speculative as no indication has been made how much her savings are and the tools used to determine that she might not be able to take care of herself in future." Ms Lukhaimane said the board did not appear to have considered that, despite having their own families, Mrs Roche's children also had a responsibility to take care of her in the event that she ran into financial problems.

"Whether or not they would fall short in discharging this responsibility was not investigated by the board.

"The fact that the deceased did not have children and his siblings have families to support does not make it the deceased's responsibility to take care of his mother.

"In fact, by even considering this as a reason to ignore the equal duty of the deceased's siblings to take care of their mother, the board totally misdirects itself.

"In the circumstance, this Tribunal is of the considered view that the board of the first respondent misdirected itself and failed to investigate and consider all the relevant factors before arriving at the decision to allocate the entire death benefit to Mrs Roche.

"The board is not bound by the nomination form completed by the deceased, instead the nomination form serves merely as a guide to assist it in the exercise of its discretion."

"Therefore, when a board fails to do a thorough investigation with respect to the personal circumstances of each beneficiary, as evident in this matter, there is a greater likelihood of the objectives of section 37C being subverted.

"In the circumstance, this Tribunal is of the considered view that the board did not conduct a proper investigation and failed to apply its mind when it resolved to allocate the entire amount of the death benefit to Mrs Roche, to the exclusion of the complainant."

Ms Lukhaimane ordered the board of the first respondent to re-exercise its discretion in terms of section 37C of the Act.

WITHDRAWAL BENEFIT

FSB ASKED TO ACT AGAINST ERRANT FUND ADMINISTRATOR

The Pension Funds Adjudicator has expressed concern that despite referring several matters of non-compliance on the part of Akani Retirement Fund Administrators to the Financial Services Board (FSB), there was no improvement in its conduct.

Muvhango Lukhaimane has again referred the latest complaint against Akani Retirement Fund Administrators - which she said has "become a law unto itself - to the FSB for necessary corrective action to be taken.

SS Ratlala of Johannesburg brought a complaint against Bokamoso Retirement Fund (first respondent) and Akani Retirement Fund Administrators (Pty) Ltd (second respondent) concerning a deduction from his withdrawal benefit following the termination of his service.

The complainant commenced employment with the second respondent from 1 July 2012 until 31 August 2014. Following the termination of his service, a portion of the complainant's withdrawal benefit was deducted and paid over to the second respondent.

The complainant submitted that when he resigned from his employment with the second respondent, he was informed that he owed the second respondent an amount of R17 305.96. This amount represented the refund in respect of the performance bonus paid to him during his employment.

He said the Principal Officer of the first respondent and the second respondent's finance manager indicated that he needed to authorise the first respondent to deduct the said amount from his withdrawal benefit.

He averred that although he was aware of the fact that the said deduction was not permissible in terms of the Pension Funds Act, he provided the said authorisation. He submitted that he granted the said authorisation so that his withdrawal benefit could be paid. He requested the Tribunal to order the first respondent to refund him the money that was wrongfully deducted from his withdrawal benefit.

The first respondent said that on the strength of correspondence from the complainant that he owed the second respondent an amount of R17 000 and had authorised it to deduct the said amount from his withdrawal benefit and pay it over to the second respondent, it deducted the debt from the complainant's benefit and paid him the remainder of the benefit.

In her determination, Ms Lukhaimane said Section 37A of the Act provided that pension benefits can only be attached if the requirements set out therein have been met, namely; a member must have caused damage to the employer by reason of any theft, dishonesty, fraud or misconduct and in respect of which a member has admitted liability or where judgment has been obtained against the member.

She said the first respondent's interpretation of the correspondence sent by the complainant that it amounted to an acknowledgement of liability, was highly misplaced.

"The complainant submitted that the amount he owed the second respondent was in respect of a performance bonus refund.

"Essentially, the second respondent sought a refund of the performance bonus from the complainant. Evidently, the receipt of a performance bonus by the complainant does not relate to damage suffered by the second respondent due to any theft, dishonesty, fraud or misconduct perpetrated by the complainant.

"Therefore, the first respondent could not attach the complainant's withdrawal benefit under the current circumstances.

"The first respondent acted unlawfully in deducting the complainant's benefit.

"In the circumstance, the first respondent must be ordered to pay the complainant's withdrawal benefit which is equivalent to the amount deducted and paid over to the second respondent, together with interest.

"In the premise, the conduct of the respondents deserves deprecation in the strongest terms.

"As key players in the pension fund industry, the respondents are expected to observe the application of the Act and act in utmost good faith, which was certainly absent in the present instance.



Team 2

Standing from left to right: Thomas Maponya, Tshepang Tshenye, Phumudzo Sadiki, Charlson Raphadana, Malesela Molefe, Christian Seabela
Seated from left to right: Yolande Van Tonder, Lerato Mokoena

"What is of grave concern is that this Tribunal has referred countless matters of non-compliance involving the second respondent to the FSB

"In essence, the second respondent has become a law unto itself, which cannot be countenanced. In light of the above concerns, this Tribunal refers this matter to the FSB for necessary corrective action to be taken against the respondents," said Ms Lukhaimane.

CAUSAL EVENT CHARGES

FUNDS MUST NOT HIDE BEHIND TREATING CUSTOMERS FAIRLY PRINCIPLES

Yet another complaint concerning an exorbitant causal event charge has landed on the desk of the Pension Funds Adjudicator.

While the complaint was dismissed, Muvhango Lukhaimane said causal event charges were obscure and mitigated against the Treating Customers Fairly (TCF) principles because they could not be translated into value for members.

Causal event charges are levied if the policy is made paid-up; if the premiums are reduced in order to recover un-recouped expenses incurred upfront; or if policies are transferred to other service providers. Ms J Du Toit complained about the quantum of the causal event charges imposed on her retirement annuity policy when she decided to transfer her fund value to another investment product.

The complainant applied for and was admitted to membership of Central Retirement Annuity Fund (first respondent). The policy commenced on 1 March 1995 with a contractual maturity date of 1 March 2028. The policy was subject to an initial monthly contribution of R80.81 subject to an annual increase of 10% on the plan anniversary.

The policy was subsequently converted to a newer generation plan and the monthly contributions increased to R1 000, subject to annual increase at inflation rate.

On 23 February 2017, the complainant requested a quotation to transfer the proceeds of her retirement annuity policy to Allan Gray Retirement Annuity Fund. She was provided with a quotation which reflected that an early termination charge of R41 193.96 (11.82% of fund value) would be levied on her fund value of R348 397.75.

The complainant contended that her fund value was drastically reduced due to high administration/termination fees. She was dissatisfied with the fact

that an early termination charge of R41 193.96 was levied when she decided to transfer her funds to a cheaper administrator. The complainant indicated that she should have the freedom of choice to move her funds to another fund that offers cheaper administration fees.

She indicated she had lost interest on her investment and her funds were not growing due to high fees. Thus, she stated that she should be able to move her funds to another fund without penalties.

The complainant submitted that it was not her problem if the second respondent paid commission upfront as she was not told that she was bound by the high fees.

The second respondent submitted that as confirmed in the policy contract, it recovered alteration charges from a member's fund value by cancelling units to the value of the fee when a member took early retirement, reduced the recurring contributions or stopped payment of the recurring contributions.

It averred that most of the expenses were incurred at the start date of the plan or when the contributions were increased. The expenses were recovered by means of charges which were levied over the term of the plan.

When the plan charges were calculated, it was assumed that the contractual contributions would be paid up to the end of the policy term. In the event that the premiums were stopped or the plan was discontinued, it would no longer be able to recover these costs from future charges. The second respondent also indicated that these charges were disclosed to the complainant in the product quotation that she accepted when she signed the application form.

It submitted that the complainant stopped the payment of contributions prematurely and the policy became paid-up. This resulted in a causal event.

The second respondent further submitted that it subscribed to the principles of TCF. It submitted that the complainant was appropriately informed before, during and after the time of contracting.

In her determination, the Pension Funds Adjudicator Muvhango Lukhaimane said the complainant was provided with quotations illustrating the charge that would be imposed in the event that she ceased payment of contributions or transferred her fund value to another fund prior to the contractual maturity date. The complainant should have been aware of the effect on her fund value if she transferred her policy value to another fund prior to the contractual maturity date as explained in the policy quotation and the first respondent's rules.

She said that in addition to the requirement that causal event charges must be computed using generally accepted actuarial principles that ensured the actuarial soundness of the insurer, on 1 December 2006 the Minister of Finance promulgated regulations in terms of the Long-Term Insurance Act (LTIA) that stipulated maximum causal event charges in respect of causal events that occurred on or after 1 January 2001.

She said the second respondent provided a breakdown of the complainant's fund value and the amount imposed as a causal event charge.

The complainant's fund value amounted to R348 397.75 and a causal event charge of R41 193.96 was imposed which amounted to 11.82% of her fund value.

"This Tribunal is satisfied that the causal event charge levied or to be levied by the second respondent on the complainant's fund value for early termination of the policy was lawful in terms of Regulation 5 of the LTIA and within the 30% limits permitted in terms of the provisions of the LTIA and the Statement of Intent.

"Thus, this Tribunal has no reason to interfere with the imposition of such charges as they comply with the stipulated Regulations in terms of the LTIA."

Ms Lukhaimane added that although lawful, the actions of the respondents could hardly be described as being anywhere near the letter and spirit of the TCF principles.

TCF is a National Treasury initiative that is intended to culminate in legislation that will guide the relationship between the financial industry and consumers.

It is also intended as a tool for self-regulation by the industry to measure themselves as to whether or not in doing their business they are dealing fairly with the consumer by, inter alia, providing them with sufficient and clear information that will enable them to make informed choices when acquiring financial products.

Ms Lukhaimane said the following TCF outcomes were applicable in this matter:

- Customers are given clear information and are kept appropriately informed before, during and after the time of contracting;
- Customers do not face unreasonable post-sale barriers to change product or switch provider.

"The respondents should actually refrain from quoting TCF principles when levying causal event charges as the charges are obscure and cannot be translated into value for members of retirement annuity funds.

"That a settlement was reached in terms of the Statement of Intent does not in any way address the unfairness and absence of value that often accompanies the levying of causal event charges.

"This Tribunal has on countless occasions called for the implementation of the Retail Distribution Review. Although this will still not remove the obscure charges, it is at least a long overdue development that will ensure that entities like the respondents deliver a semblance of what their products promise.

"Thus, this Tribunal is not satisfied that the levying of causal event charges in this matter is in accordance with the two TCF outcome stated above," said Ms Lukhaimane while dismissing the complaint.

PENSION INTEREST

DIVORCE ORDER FOR PAYMENT OF PENSION INTEREST NOT APPLICABLE FOR MARRIAGES OUT OF COMMUNITY OF PROPERTY

A portion of the pension interest assigned to the non-member spouse in terms of a decree of divorce may not be paid out when parties are married out of community of property without accrual, the Pension Funds Adjudicator has ruled.

Muvhango Lukhaimane has determined that there is no joining of the spouses' estates into one joint estate when parties are married out of community of property without accrual.

She said Section 7(1) of the Divorce Act which provides for a signed written agreement between the parties with regards to the division of the assets and payment by one party to the other, only applies in cases where the parties were married in community of property. It excludes parties married out of community of property without accrual as there is no joint estate to be divided.

She had received a complaint concerning the refusal by Municipal Gratuity Fund (first respondent) to pay a portion of the pension interest assigned to the non-member spouse in terms of a decree of divorce.

The husband said the marital bond between him and his former spouse was dissolved on 30 June 2017 in terms of the divorce order issued by the Gauteng Local Division of the High Court in Johannesburg. The parties had been married out of community of property.

During the divorce proceedings, the parties entered into a settlement agreement which made provision for payment of pension interest to the non-member spouse.

However, the first respondent refused to pay a share of the pension interest assigned to the former spouse in terms of the divorce order.

The complainant said Sanlam Life Insurance (second respondent) advised him that a court order did not have the power to order a percentage of the pension interest to be paid out to the non-member spouse where the parties were married out of community of property without accrual.

The second respondent stated that it is trite law that in order for the fund to be able to make payment of a portion of the member's "pension interest" to the non-member spouse, the divorce order must contain a valid order as contemplated in section 7(8), read with section 7(7) of the Divorce Act.

It submitted that there is an exception to the deeming provision. In terms of section 7(7)(c), if the parties were married out of community of property after 1 November 1984 in terms of an antenuptial contract which excludes community of property, community of profit and loss and the accrual system, the pension interest of such a member will not be deemed part of his assets upon divorce.

Therefore, it submitted that the non-member spouse was not entitled to and cannot be awarded a portion of the member's "pension interest" due to the parties' matrimonial property regime.

In her determination, Ms Lukhaimane said the complainant contended that the Divorce Act imbued the court with the discretion to grant an order in accordance with the written agreement between the parties with regards to the division of the assets and payment by one party to the other, irrespective of whether or not the parties were married in or out of community of property with the exclusion of the accrual system.

Ms Lukhaimane said it is evident that the Divorce Act applies in an instance where there is a division of joint assets.

"It is essential to note that when parties are married out of community of property, there is no joining of the spouses' estates into one joint estate. Each spouse has his/her own separate estate, consisting of his/her premarital assets and debts, and all the assets and debts he/she acquires during the marriage."

The complainant's pension interest cannot be deemed to be part of a joint estate liable for division as there is no joint estate to speak of. Therefore, the complainant's interpretation of the provisions of section 7 of the Divorce Act is misplaced," said Ms Lukhaimane while dismissing the complaint.

WITHHOLDING OF A WITHDRAWAL BENEFIT

PFA ORDERS FUND TO PAY PUNITIVE DAMAGES

The Pension Funds Adjudicator has reminded funds it is illegal to withhold the benefit of a member who is potentially liable for theft, fraud or misconduct without written admission of liability or a court judgment in respect of the compensation.

Muvhango Lukhaimane was ruling in a matter in which CA Maculuve of Florida brought a complaint against Vitae Umbrella Provident Fund (first Respondent), Glasscock & Associates (Pty) Ltd (second respondent) and Kawena Distributors (Pty) Ltd (third respondent) for withholding his benefit following his exit from employment.

The complainant said he was employed by the third respondent from 1 December 1993 to 21 September 2016. He was a member of the first respondent. Upon exiting the first respondent, a withdrawal benefit became due and payable. However, the benefit was withheld by the first respondent at the instance of the third respondent based on the allegation that he committed misconduct against the third respondent.

The allegation was that he collected monies from the third respondent's customers in Mozambique and failed to bank approximately R25 000 collected from a customer who had placed certain orders. Two customers of the third respondent laid charges of fraud against the complainant in respect of the amounts allegedly stolen by him.

The complainant said he requested the third respondent to assist him in completing withdrawal claim forms following his dismissal from employment. However, the third respondent failed to provide him with a claim form.

The second respondent filed a response on behalf of the first respondent and provided the complainant's benefit statement as at 8 February 2017 which indicated that his gross fund credit amounted to R254 695.21. His benefit remained invested and continued to grow with market returns. The second respondent contended that it was unable to pay the complainant's fund credit as it was instructed by the third respondent to withhold his benefit in terms of section 37D(1)(b)(ii) (bb) of the Act.

The third respondent advised that it was in the process of instituting legal proceedings against the complainant for damages allegedly caused by him as a result of theft, dishonesty, fraud or misconduct to the value of R25 000. It had to pay back the money stolen from its customers and it suffered a loss in respect of the amounts paid back.

The third respondent indicated that it had *prima facie* evidence that it has a valid and lawful claim against the complainant on the basis of misconduct.

The attorneys for the third respondent indicated that the third respondent was no longer proceeding with litigation against the complainant. It submitted that it would be communicating with the first respondent regarding the release of the complainant's pension benefits.

In her determination, Ms Lukhaimane said a fund may deduct any amount due by a member to his employer in respect of damages caused by reason of theft, dishonesty, fraud or misconduct. The member should have admitted in writing to the employer or judgment should have been obtained against the member in any court.

"In the instant case, the complainant is accused of defrauding the third respondent, which resulted in the latter suffering loss of an amount of R25 000.00.

"The third respondent's attorneys initially advised the first respondent that it was in the process of instituting legal proceedings against the complainant in respect of damages allegedly caused to the third respondent by the complainant due to theft, fraud, dishonesty or misconduct.

"The legal proceedings against the complainant were to be instituted with a view to obtaining an order authorising the recovery of its alleged damages from the complainant's fund credit.

"However, the third respondent's attorneys subsequently advised that the third respondent is no longer proceeding with legal action against the complainant.

The complainant had not admitted liability to the third respondent and no judgment has been obtained against him since the withholding of his withdrawal benefit.

"Further, there are no pending legal proceedings against the complainant in respect of the alleged misconduct. Thus, the first respondent must be ordered to pay the complainant his withdrawal benefit without delay."

Ms Lukhaimane further said the withholding of the complainant's entire benefit was unreasonable and unlawful in the circumstances.

"The second respondent submitted that the complainant's current fund credit amounts to R254 695.21. The value of the alleged damage caused to the third respondent amounts to R25 000.

"As the value of the alleged loss suffered by the third respondent does not exceed the value of the complainant's fund credit, it was unjustifiable to withhold the entire fund credit in the first place pending the conclusion of any legal proceeding against the complainant.



Team 3

Standing from left to right: Joseph Makama, Urisha Maharaj, Mfundo Daki, Neo Mashigo, Sanele Zulu, Silas Mothupi, Sibongile Jamekwane, Caswell Ritshuri
Seated from left to right: Busisiwe Dhlamini, Lalita Jadoonandan, Siphokazi Cetyana

As it subsequently turned out, there are no pending legal proceedings against the complainant."

She also said the Tribunal, like any court of law, had the power to grant punitive damages in order to mark its displeasure with the conduct of a body if circumstances fit.

In this matter, the first respondent acted negligently and as a result prejudiced the complainant in terms of payment of his withdrawal benefit unreasonably.

The first respondent was ordered to pay the complainant his withdrawal benefit plus interest at the rate of 10.5% per annum.

The first respondent was also ordered to pay the complainant compensation in the amount of R5 000 for its unreasonable conduct in failing to pay a portion of the complainant's fund credit that was over and above the amount of the alleged loss suffered by the third respondent.

FUND UNDER CURATORSHIP

PFA RULES THAT CURATORSHIP OF FUND MUST BE TERMINATED

The Registrar of Pension Funds has been urged by the Pension Funds Adjudicator Muvhango Lukhaimane to approach the High Court seeking an order to terminate the curatorship of a provident fund that has been ongoing for the past 14 years.

LM Phekiso, JT Moshe and RM Khosa jointly complained to the Office of the Pension Funds Adjudicator that SACCAWU National Provident Fund (first respondent) refused to transfer their funds to Massmart Provident Fund.

They said the first respondent has been under curatorship since they became members and they had lost trust in the first respondent.

Responding in its capacity as the first respondent's administrator, Old Mutual Life Assurance Company (SA) (Pty) Ltd said the first respondent was placed provisionally under curatorship on 10 September 2002 by the High Court of South Africa and in 2003 the High Court confirmed the Curatorship.

It said the first respondent has been submitting audited financial statements to the Financial Services Board (FSB) on a yearly basis and was in good financial standing.

It stated the communication from the curator dated March 2015 was included in the complainants' annual benefit statements for the year ending December 2014.

It further said the agreement between the employees' union and Massmart was that members could only transfer once there was a window period agreement between the two funds.

It attached the breakdown of the complainants' contribution history and the interest allocated to their records to show growth of their accumulated credits since the date they joined the first respondent.

The complainants' employer Jumbo Cash and Carry (Pty) Ltd (third respondent) submitted that the agreement it entered into with SACCAWU required that all employees be given the choice of either joining the first respondent or Massmart Provident Fund.

It stated that an employee had 30 days from the date of employment to make this decision. However, once made, that decision was binding on all parties, including the employee, employer and the respective chosen fund.

It submitted that the agreement between itself and SACCAWU did not allow for any transfers to take place unless on termination of employment.

It further stated the current agreement was still in effect and enforceable on all parties. The third respondent said that in September 2013, SACCAWU requested it to confirm that it still offered new employees the choice of joining either the first respondent or Massmart Provident Fund.

This request was due to the significant decline in employees choosing to join the first respondent. It said that over the past eight years, employees who belonged to the first respondent had reduced from 50% of all its employees to less than 10%.

It said it had numerous requests from employees to transfer from the first respondent to Massmart Provident Fund. However, the terms of the agreement did not allow for this.

The FSB submitted that the Registrar of Pension Funds was concerned that the curatorship of the first respondent had been on-going for almost 14 years.

It stated that in 2011, the Registrar approached the Court seeking an order for the termination of the curatorship and the judge at the time found no good cause to discharge the Curator as it would not have been in the interest of the first respondent and the members.

It said it was now generally agreed by all parties that the curatorship must be terminated in the interest of the first respondent.

All the parties must agree on the principles prior to the Registrar approaching the Court.

The FSB said the first respondent was still subject to the Act and the Curator managed and controlled it subject to the Pension Funds Act and the rules. In her determination, Ms Lukhaimane said what the board may do with the fund's assets was set forth in the rules.

In terms of rule 2.5.1 of the first respondent's rules, the complainants can only transfer their funds to Massmart Provident Fund once they cease to be eligible employees and exit the first respondent.

"The rules of the first respondent do not allow for the complainants' funds to be transferred to Massmart Provident Fund. "By allowing the complainants to transfer their funds to Massmart Provident Fund, the first respondent will be acting contrary to its rules."

Ms Lukhaimane said the curator was appointed to take control of the business of the first respondent in order to bring the latter to a healthy financial state.

"However, given the number of complaints this Tribunal is receiving and the curator's submission that the fund is now in a healthy financial state, it is imperative for the Registrar to consider finalising

the process of terminating the curatorship of the first respondent as it is not in the best interest of the members.

"This Tribunal notes with concern that the third respondent's employees on the first respondent have reduced from 50% to less than 10%.

"It is important for the Registrar to note that placing the first respondent under curatorship for such a long time also means that the third respondent is unable to negotiate a window period with SACCAWU to allow its employees who want to belong to the Massmart Provident Fund to transfer out.

"Most new employees of the third respondent opt to belong to the Massmart Provident Fund due to the dissatisfaction on the first respondent's performance. Thus, it is on this basis that this complaint is referred to the Registrar for the necessary intervention. "It is, therefore, this Tribunal's conclusion that the first respondent is not in a position to accede to the complainants' request.

"The first respondent must keep its members abreast of all the developments of its curatorship and progress on the Registrar's approach to the Court for termination of its curatorship," Ms Lukhaimane ruled.



New Complaints Unit

Standing from left to right: Pamela Mpofo, Lerato Lebogo, Dolly Sibanda, Nhlayisi Mangwani, Evah Mokwape, Wilana Groenewald
Seated from left to right: Tonny Kedikilwe, Madumetja Mogale



PART C: GOVERNANCE

CORPORATE BOARD

FINANCIAL SERVICES BOARD



Abel Sithole
Chairperson



Hilary Wilton
Deputy Chairperson



Francois Groepe
SARB Representative



Dudu Msomi
Non-executive



Jabu Mogadime
Non-executive



Hamilton Ratshefola
Non-executive



Diana Turpin
Non-executive



Ismail Momoniat
National Treasury Representative



Phillip Sutherland
Non-executive



Zerina Bassa
Non-executive



Olano Makhubela
National Treasury Representative

Commitment

The Board is responsible for monitoring standards of sound corporate governance and fully endorses the application of the recommendations of the King Report on Governance (King IV). The Board is committed to governance processes that give assurance to stakeholders that the operations of the Office of the Pension Funds Adjudicator (OPFA) are conducted ethically within prudent risk parameters in pursuit of best practice.

To the best of the Board's knowledge, information and belief, the OPFA complied with applicable legislation, policies and procedures, and codes of governance in the financial period under review.

Composition of the board and its role

The Board is the designated accounting authority and governs the OPFA in accordance with the provisions of the Pension Funds Act, No 24 of 1956 (the Act), the Public Finance Management Act, No 1 of 1999 (PFMA) and good corporate governance principles.

The Board comprises of 11 (eleven) non-executive Board members from diverse backgrounds appointed by the Minister of Finance with due regard to experience, technical skills and the interests of users and providers of financial services, including financial intermediaries and the public interest.

The Board remains primarily responsible for the leadership of the OPFA and for strategic direction and policy, operational performance, financial matters, risk management and compliance. The Board was, with judgement in directing the OPFA in a manner based on transparency, accountability and responsibility. The Board is also the focal point of corporate governance system within OPFA. Authority for the day-to-day management of the activities of the OPFA is delegated to the management team (the mandate, role and responsibilities of the Board are set out in the Board Charter).

Delegations of authority

The Board has the authority to lead, control and manage the business of the OPFA. The Board has developed a governance structure of the Board committees and has delegated through comprehensive delegation-of-authority framework some of its authority to the Adjudicator and to MANCO to manage the day-to-day business affairs of the OPFA. The delegation of authority assists decision-making and delivery of strategic objectives without exonerating the Board of its accountability responsibilities for the OPFA.

Materiality and significance framework

The Board approved a framework of acceptable level of materiality and significance in accordance with the PFMA.

Board meetings

Board meetings are held at least once a quarter and special meetings are convened when necessary. In the review period, four scheduled meetings were held and several extraordinary meetings convened. Details of attendance by each Board member are shown below.

| Board member | 26/07/2017 | 18/10/2017 | 06/12/2017 | 27/03/2018 |
|-------------------------------|------------|------------|------------|------------|
| A Sithole (chairperson) | ✓ | ✓ | ✓ | ✓ |
| H Wilton (deputy chairperson) | ✓ | A | A | ✓ |
| Z Bassa | A | ✓ | ✓ | ✓ |
| F Groepe | ✓ | ✓ | ✓ | A |
| O Makhubela | ✓ | R | R | R |
| J Mogadime | ✓ | ✓ | ✓ | ✓ |
| I Momoniat | A | ✓ | ✓ | ✓ |
| D Msomi | A | ✓ | ✓ | ✓ |
| H Ratshefola | A | ✓ | ✓ | ✓ |
| PJ Sutherland | ✓ | A | ✓ | ✓ |
| D Turpin | ✓ | ✓ | ✓ | ✓ |

✓: *Attended*

A: *Apologies*

R: *Resigned*

Board Secretary

All Board members and governance committee members have access to the advice and services of the board secretariat business unit, which is responsible for ensuring proper governance of the Board and assisting its members to discharge their responsibilities under the enabling legislative framework. The acting Financial Sector Conduct Authority Chief Operations Officer is responsible for the management of the board secretariat business unit.

Committees of the Board

The board has oversight of the institution's operations through a governance structure with appropriate committees. These governance committees are responsible for ensuring the institution complies with relevant legislation, codes of good corporate governance and practices. Each committee has its own terms of reference, which are reviewed annually in line with best practice.

Audit committee

The committee assists the board in its responsibility for safeguarding assets, operating control systems, combined assurance, finance functions, internal and external audit services, and advises the board on the adequacy of risk management processes and strategies. The committee met five times in the previous year, with attendance shown below.

| Member | 26/05/2017 | 14/07/2017 | 01/09/2017 | 31/10/2017 | 19/03/2018 |
|--------------------------|------------|------------|------------|------------|------------|
| J Mogadime (Chairperson) | ✓ | ✓ | ✓ | ✓ | ✓ |
| D Msomi | ✓ | ✓ | ✓ | ✓ | ✓ |
| PJ Sutherland | ✓ | ✓ | ✓ | A | ✓ |
| H Wilton | ✓ | ✓ | ✓ | ✓ | ✓ |

✓: Attendance A: Apologies

Risk management committee

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

| Member | 07/06/2017 | 30/09/2017 | 31/10/2017 | 01/03/2018 |
|------------------------|------------|------------|------------|------------|
| H Wilton (chairperson) | ✓ | A | ✓ | A |
| Z Bassa | A | A | ✓ | ✓ |
| J Mogadime | ✓ | ✓ | ✓ | ✓ |
| H Ratshefola | ✓ | A | ✓ | ✓ |
| D Turpin | ✓ | ✓ | ✓ | ✓ |

✓: Attendance A: Apologies

Human resources committee

The function of this committee is to ensure the institution's human resources strategy and policies are implemented. The committee met four times in the period, with attendance shown below.

| Member | 07/06/2017 | 30/08/2017 | 20/11/2017 | 01/03/2018 |
|-----------------------|------------|------------|------------|------------|
| Z Bassa (chairperson) | ✓ | A | ✓ | ✓ |
| A Sithole | ✓ | ✓ | A | ✓ |
| H Wilton | ✓ | ✓ | ✓ | ✓ |

✓: Attendance A: Apologies

Remuneration committee

The committee ensures the institution's remuneration strategies and policies are implemented. It reviews compensation matters, benchmarks salaries of staff and makes recommendations to the Board. The committee met four times in the review period, with attendance reflected below.

| Member | 07/06/2017 | 30/08/2017 | 20/11/2017 | 01/03/2018 |
|------------------------|------------|------------|------------|------------|
| H Wilton (chairperson) | ✓ | ✓ | ✓ | ✓ |
| A Sithole | ✓ | ✓ | A | ✓ |
| Z Bassa | ✓ | A | ✓ | ✓ |

✓: Attendance A: Apologies

Strategic plan and Budget

Management of the OPFA prepares the strategic plan and budget of the OPFA for Board consideration and approval. The strategic plan and budget are duly submitted to the National Treasury for consideration and approval. Quarterly reports are submitted to National Treasury as per the requirements of the PFMA and Treasury Regulations.



CFO: Bulelani Makunga

PART D: **FINANCIAL STATEMENTS**

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

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Finance team

From left to right: Wonder Dila, Gomotsegang Magaseng, Bulelani Makunga

Accounting Authority's Responsibilities and Approval

The Accounting Authority are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and 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 (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The Accounting Authority acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the entity sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

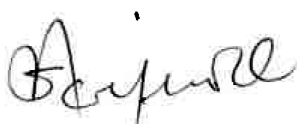
These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Accounting Authority have reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 46 to 47.

The audited annual financial statements set out on pages 48 to 71 which have been prepared on the going concern basis, were approved by the Accounting Authority on 25 July 2018 and were signed on its behalf by:



Mr A Sithole
Chairperson



Pension Funds Adjudicator

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2018. The committee is a sub-committee of the Board of the Financial Services Board formed in terms of section 77(c) of the Public Finance Management Act, Act No 1 of 1999 and consists of only non-executive Board members.

The committee is a statutory sub-committee of the board and does not perform any management functions or assume any management responsibilities. The committee's role is to assist the Board in its responsibility of safeguarding assets and operating control systems and also evaluates and advises the Board on the adequacy of risk management processes and strategies. The committee ensures that identified financial risks are monitored and appropriate measures are put in place and implemented to manage such risks. Members of the OPFA Management, internal auditors and Auditor-General attend these meetings by invitation.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 (four) times per annum as per its approved terms of reference. During the current year 5 (five) meetings were held.

| Name of member | Number of meetings attended |
|--------------------------|-----------------------------|
| J Mogadime (Chairperson) | 5/5 |
| D Msomi | 5/5 |
| PJ Sutherland | 4/5 |
| H Wilton | 5/5 |

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

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

The effectiveness of internal controls

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concurs with and accepts the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

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

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.



J Mogadime
Chairperson of the Audit Committee

Date: 25 May 2018

Report of the auditor-general to Parliament on the of Office of the Pension Funds Adjudicator

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Office of the Pension Funds Adjudicator set out on pages 48 to 71 which comprise the statement of financial position as at 31 March 2018, and the statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Pension Funds Adjudicator as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act no. 1 of 1999 (PFMA).

Context for the opinion

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

Responsibilities of accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Office of the Pension Funds Adjudicator'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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2018:

| Objectives | Pages in the annual performance report |
|---|--|
| Strategic objective 1 – <i>Dispose of Complaints received</i> | 73 – 74 |

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
 - Strategic objective 1 – *Dispose of Complaints received*

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

15. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
16. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

17. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.
18. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
19. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
20. If, based on the work I have performed, I conclude that there is a material misstatement in this other information; I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

21. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General

Pretoria
31 July 2018



Statement of Financial Position

as at 31 March 2018

| Figure s in Rand | Note(s) | 2018 | 2017 |
|---|---------|-------------------|-------------------|
| Assets | | | |
| Current Assets | | | |
| Receivables from exchange transactions | 3 | 199,467 | 110,644 |
| Receivables from nonexchange transactions | 4 | 5,619,188 | 3,315,055 |
| Prepayments | 5 | 796,405 | 567,114 |
| Cash and cash equivalents | 6 | 3,644,619 | 1,997,801 |
| | | 10,259,678 | 5,990,614 |
| Non-Current Assets | | | |
| Property, plant and equipment | 7 | 3,123,383 | 3,536,357 |
| Intangible assets | 8 | 1,596,746 | 2,045,174 |
| | | 4,720,129 | 5,581,531 |
| Total Assets | | 14,979,807 | 11,572,145 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables from exchange transactions | 9 | 1,920,059 | 2,967,569 |
| Total Liabilities | | 1,920,059 | 2,967,569 |
| Net Assets | | 13,059,749 | 8,604,576 |
| Accumulated surplus | | 13,059,749 | 8,604,576 |

Statement of Financial Performance

for the year ended 31 March 2017

| Figures in Rand | Note(s) | 2018 | 2017 |
|---|---------|---------------------|---------------------|
| Revenue | | | |
| Nonexchange transactions | | 59,037,924 | 52,315,934 |
| Other income | | | |
| Interest received | 12 | 17,558 | 16,387 |
| Profit on sale of property, plant and equipment | | 74,471 | - |
| | | 92,029 | 16,387 |
| Operating expenses | | | |
| Auditors' remuneration external | 13 | (1,140,551) | (1,340,932) |
| Auditors' remuneration – internal | | (613,651) | (461,816) |
| Consulting and professional fees | | (692,193) | (902,786) |
| Depreciation and amortization | | (1,932,188) | (3,544,994) |
| Foreign exchange loss | | - | (678) |
| Information technology maintenance and support | | (4,818,773) | (4,083,276) |
| Legal expenses | | (1,696,578) | (926,942) |
| Operating lease rentals | | (4,919,042) | (4,929,016) |
| Other operating expenses | | (6,516,178) | (6,687,578) |
| Personnel costs | | (32,345,623) | (29,112,038) |
| | | (54,674,777) | (51,990,056) |
| Operating surplus | | 4,455,176 | 342,265 |
| Finance costs | | - | (8,193) |
| Surplus for the year | | 4,455,176 | 334,072 |

Statement of Changes in Net Assets

for the year ended 31 March 2017

| Figures in Rand | Accumulated surplus | Total net Assets |
|---------------------------------|---------------------|-------------------|
| Balance at 01 April 2016 | 8,270,504 | 8,270,504 |
| Changes in net assets | - | - |
| Surplus for the year | 334,072 | 334,072 |
| Total changes | 334,072 | 334,072 |
| Balance at 01 April 2017 | 8,604,574 | 8,604,574 |
| Changes in net assets | - | - |
| Surplus for the year | 4,455,176 | 4,455,176 |
| Total changes | 4,455,176 | 4,455,176 |
| Balance at 31 March 2018 | 13,059,749 | 13,059,749 |

Cash Flow Statement

for the year ended 31 March 2017

| Figures in Rand | Note(s) | 2018 | 2017 |
|---|-----------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Finance income | | 17,558 | 16,387 |
| Cash received from Financial Services Board | | 53,418,736 | 50,216,726 |
| | | 53,436,294 | 50,216,726 |
| Payments | | | |
| Cash paid to personnel | | (32,305,976) | (29,112,039) |
| Finance costs | | - | (8,193) |
| Cash paid to suppliers | | (18,412,714) | (19,507,386) |
| | | (50,718,690) | (48,627,618) |
| Net cash flows from operating activities | 16 | 2,717,604 | 1,605,495 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (972,434) | (640,130) |
| Proceeds from sale of property, plant and equipment | 7 | 99,270 | - |
| Purchase of intangible assets | 8 | (197,622) | (540,357) |
| Net cash flows from investing activities | | (1,070,786) | (1,180,487) |
| Net increase in cash and cash equivalents | | 1,646,818 | 425,009 |
| Cash and cash equivalents at the beginning of the year | | 1,997,801 | 1,572,792 |
| Cash and cash equivalents at the end of the year | 6 | 3,644,619 | 1,997,801 |

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2017

Budget on Cash Basis

| Figures in Rand | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference |
|--|---------------------|-------------|---------------------|------------------------------------|--|-----------|
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| | 14,000 | - | 14,000 | 17,558 | 3,558 | |
| Interest received – investment | - | - | - | 74,471 | 74,471 | |
| Profit on sale of property, plant and equipment | | | | | | |
| Total revenue from exchange transactions | 14,000 | - | 14,000 | 92,029 | 78,029 | |
| Revenue from non exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Contributions from the Financial Services Board | 59,038,000 | - | 59,038,000 | 59,037,924 | (76) | |
| Total revenue | 59,052,000 | - | 59,052,000 | 59,129,953 | 77,953 | |
| Expenditure | | | | | | |
| Auditors' remuneration - external | (1,200,000) | - | (1,200,000) | (1,140,551) | 59,449 | |
| Auditors' remuneration - internal | (502,000) | - | (502,000) | (613,651) | (111,651) | |
| Consulting and professional fees | (702,000) | - | (702,000) | (692,193) | 9,807 | |
| Depreciation and amortization | (3,960,000) | - | (3,960,000) | (1,932,188) | 2,027,812 | 25 |
| Information technology maintenance and support | (4,558,000) | - | (4,558,000) | (4,818,773) | (260,773) | |
| Intangible asset acquisitions | (400,000) | - | (400,000) | (197,622) | 202,378 | |
| Legal expenses | (1,250,000) | - | (1,250,000) | (1,696,578) | (446,578) | 25 |
| Operating lease rentals | (5,754,000) | - | (5,754,000) | (4,919,042) | (446,578) | 25 |
| Personnel costs | (36,509,000) | - | (36,509,000) | (32,345,623) | 4,163,377 | 25 |
| Property, plant and equipment Acquisitions | (2,100,000) | - | (2,100,000) | (972,434) | 1,127,566 | 25 |
| Other operating expenses | (5,722,000) | - | (5,722,000) | (6,516,178) | (794,178) | 25 |
| Total expenditure | (62,657,000) | - | (62,657,000) | (55,844,833) | 6,812,167 | |
| Surplus before taxation | (3,605,000) | - | (3,605,000) | 3,285,120 | 6,890,120 | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | (3,605,000) | - | (3,605,000) | 3,285,120 | 6,890,120 | |
| Reconciliation | | | | | | |
| Basis difference | | | | | | |
| Acquisition of property, plant and equipment and intangible assets | | | 1,170,056 | | | |
| Actual Amount in the Statement of Financial Performance | | | 4,455,176 | | | |

Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Office of the Pension Funds Adjudicator (OPFA) is a National Public Entity as specified in Schedule 3A of the Public Finance Management Act (PFMA), Act No 1 of 1999 (as amended by Act 29 of 1999). The principal accounting policies applied in preparation and presentation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated.

The annual financial statements have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 55 and 89 of the Public Finance Management Act, Act No 1 of 1999 (as amended by Act 29 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.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1. Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The Board is of the view that the transition and implementation of the Twin Peaks regulation model will not impact on the future funding of the entity or the future operations of the entity.

1.2. Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. The Board is of the view that the transition and implementation of the Twin Peaks regulation model will not impact on the future funding of the entity or the future operations of the entity.

Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant judgements include:

Receivables from exchange and nonexchange transactions

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

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

Impairment testing for nonfinancial assets

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, OPFA determines the recoverable service amount. The recoverable service amount is the higher of fair value less costs to sell and value in use. These calculations require the use of estimates and assumptions.

Amortisation – Useful lives and residual values

The OPFA reassesses the useful lives and residual values of intangible assets on an annual basis. In reassessing the useful lives and residual values of intangible assets, management considers the condition and the use of the individual assets to determine the remaining period over which the asset can and will be used.

Depreciation

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

1.3. Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Where an asset is acquired through a nonexchange transaction, its cost is its fair value as at date of acquisition. Depreciation is recognised in surplus or deficit on the straight line basis over their expected useful lives to their estimated residual values.

Depreciation commences when the asset is ready for its intended use. The annual depreciation rates are based on the following estimated average asset lives:

| Item | Average useful life |
|--------------------------|---------------------|
| Machinery | 10 years |
| Furniture and fixtures | 5 to 10 years |
| Motor vehicles | 5 years |
| Office equipment | 3 to 7 years |
| IT equipment | 3 to 5 years |
| Leasehold improvements | Lease period |
| Library books | 4 to 8 years |
| Paintings and sculptures | 5 to 10 years |
| Signage | Lease period |

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

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

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

1.4. Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Useful life |
|-------------------|--------------|
| Computer software | 3 to 5 years |

Computer software licenses and costs associated with the development or maintenance of computer software programs are recognised as an expense as incurred.

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Financial assets measured at amortised cost which comprise of receivables from exchange and nonexchange transactions and cash and cash equivalents.
- Financial liabilities measured at amortised cost which comprise of trade and other payables from exchange transactions. Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition. Classification is reassessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and subsequent measurement

Financial instruments are recognised initially when the OPFA becomes a party to the contractual provisions of the instruments.

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

Transaction costs are included in the initial measurement of the financial instrument.

Purchases of financial assets are accounted for at trade date.

Receivables from exchange and nonexchange transactions

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

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When a receivable is uncollectable, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are recognised in surplus or deficit.

Cash and cash equivalents

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

Cash and cash equivalents comprise of cash at bank and cash on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value, and subsequently at amortised cost using the effective interest rate method.

Trade and other payables from exchange transactions

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

Fair value determination

Fair value information for trade and other receivables is determined as the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment of financial assets

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

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

Impairment losses are recognised in surplus or deficit.

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

1.6 Leases

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

Operating leases – lessee

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

1.7 Prepayments

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

1.8 Impairment of noncashgenerating assets

Cashgenerating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profitoriented entity.

Noncashgenerating assets are assets other than cashgenerating assets.

Identification

When the carrying amount of a noncashgenerating asset exceeds its recoverable service amount, it is impaired. The entity assesses at each reporting date whether there is any indication that a noncashgenerating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset. 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.

1.9 Employee benefits

Shortterm employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of nonaccumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10. Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

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

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

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18.

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

- Contracts should be noncancellable or only cancellable at significant cost; and
- Contracts should relate to something other than the routine, steady, state business of the entity.

1.12. Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Measurement

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

Interest

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13. Revenue from nonexchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets.

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

Nonexchange transactions are transactions whereby the entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Nonexchange revenue consists of funding transferred from Financial Services Board to the Office of the Pension Funds Adjudicator.

Recognition

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

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

Measurement

Revenue from a nonexchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a nonexchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.14. Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

1.15. 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.

1.16. 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.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the period 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.

1.17. Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.18. Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives. The annual financial statements are prepared on the accrual basis while the budget is prepared on a cash basis of accounting therefore a comparison and reconciliation with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts and a reconciliation between financial performance and the budgeted cash flows have been detailed in note 23.

The approved budget covers the fiscal period from 01 April 2017 to 31 March 2018.

The budget for the economic entity includes all the entities approved budgets under its control.

1.19. Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

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2. NEW STANDARDS AND INTERPRETATIONS

2.1. Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2018 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|---|---|
| • GRAP 20: Related parties | No effective date | Application of the disclosure requirements are allowed through Directive 5 before its effective date. Disclosure has been aligned to the requirements in note 19. |
| • GRAP 32: Service Concession Arrangements: Grantor | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 34: Separate Financial Statements | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 35: Consolidated Financial Statements | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 36: Investments in Associates and Joint Ventures | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 37: Joint Arrangements | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 38: Disclosure of Interests in Other Entities | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 108: Statutory Receivables | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 109: Accounting by Principals and Agents | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • GRAP 110: Living and Non-Living Resources | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |
| • IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset | No effective date | It is expected that the requirements of the standard would not be applicable to the entity and effect on the financial statements is not yet determinable. |

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|--|----------------|----------------|
| 3. RECEIVABLES FROM EXCHANGE TRANSACTIONS | | |
| Employee costs in advance | 56,500 | - |
| Study assistance | 142,967 | 110,644 |
| | 199,467 | 110,644 |

All accounts receivable are due within twelve months from the reporting date.

Receivables do not contain any items that need to be impaired at year end. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

4. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | | |
|--|-----------|-----------|
| Accounts receivable – Financial Services Board | 5,619,188 | 3,315,055 |
|--|-----------|-----------|

All accounts receivable are due within twelve months from the reporting date.

Receivables do not contain any items that need to be impaired at year end. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

5. PREPAYMENTS

Prepayments consist of annual payments for expense amortised over the period to which that service is to be utilized. These expenses primarily consist of subscription fees, membership fees and computer licenses and warranties.

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6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | 2018 | 2017 |
|--------------|------------------|------------------|
| Cash on hand | 1,652 | 4,025 |
| Cash at bank | 3,642,967 | 1,993,776 |
| | 3,644,619 | 1,997,801 |

The cash and cash equivalents held by the OPFA may only be used in accordance with its mandate.

7. PROPERTY, PLANT AND EQUIPMENT

| | 2018 | | | 2017 | | |
|--------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Machinery | 276,849 | (140,731) | 136,118 | 276,849 | (113,046) | 163,803 |
| Furniture and fixtures | 1,621,105 | (1,361,048) | 260,057 | 1,607,029 | (1,181,464) | 425,565 |
| Motor vehicles | 386,533 | (43,365) | 343,168 | 195,849 | (115,849) | 80,000 |
| Office equipment | 439,987 | (310,425) | 129,562 | 783,552 | (693,600) | 89,952 |
| IT equipment | 5,933,888 | (4,647,070) | 1,286,817 | 6,198,823 | (4,575,246) | 1,623,577 |
| Leasehold improvements | 5,538,343 | (4,647,920) | 890,423 | 5,538,343 | (4,497,426) | 1,040,917 |
| Library books | 315,843 | (244,993) | 70,850 | 310,956 | (206,191) | 104,765 |
| Paintings and sculptures | 291 | (220) | 71 | 2,581 | (2,187) | 394 |
| Signage | 39,877 | (33,560) | 6,317 | 39,877 | (32,493) | 7,384 |
| Total | 14,552,716 | (11,429,333) | 3,123,383 | 14,953,859 | (11,417,502) | 3,536,357 |

Reconciliation of property, plant and equipment – 2018

| | Opening balance | Additions | Disposals | Depreciation | Total |
|--------------------------|------------------|----------------|-----------------|--------------------|------------------|
| Machinery | 163,803 | - | - | (27,685) | 136,118 |
| Furniture and fixtures | 425,565 | 15,970 | (196) | (181,282) | 260,057 |
| Motor vehicles | 80,000 | 386,533 | (80,000) | (43,365) | 343,168 |
| Office equipment | 89,952 | 100,154 | (19) | (60,525) | 129,562 |
| IT equipment | 1,623,577 | 464,890 | (19,048) | (782,602) | 1,286,817 |
| Leasehold improvements | 1,040,917 | - | - | (150,494) | 890,423 |
| Library books | 104,765 | 4,887 | - | (38,802) | 70,850 |
| Paintings and sculptures | 394 | - | (7) | (316) | 71 |
| Signage | 7,384 | - | - | (1,067) | 6,317 |
| | 3,536,357 | 972,434 | (99,270) | (1,286,138) | 3,123,383 |

Reconciliation of property, plant and equipment – 2017

| | Opening balance | Additions | Depreciation | Total |
|--------------------------|------------------|----------------|--------------------|------------------|
| Machinery | 191,487 | - | (27,684) | 163,803 |
| Furniture and fixtures | 702,875 | 29,812 | (307,122) | 425,565 |
| Motor vehicles | 85,793 | - | (5,793) | 80,000 |
| Office equipment | 160,848 | 12,556 | (83,452) | 89,952 |
| IT equipment | 2,318,320 | 547,312 | (1,242,055) | 1,623,577 |
| Leasehold improvements | 2,116,339 | 45,686 | (1,121,108) | 1,040,917 |
| Library books | 138,244 | 4,764 | (38,243) | 104,765 |
| Paintings and sculptures | 710 | - | (316) | 394 |
| Signage | 16,246 | - | (8,862) | 7,384 |
| | 5,730,862 | 640,130 | (2,834,635) | 3,536,357 |

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Repairs and maintenance

| | | |
|---|---------------|----------------|
| Expenditure incurred to repair and maintain property, plant and equipment | 75,408 | 102,454 |
|---|---------------|----------------|

8. INTANGIBLE ASSETS

| | 2018 | | | 2017 | | |
|-------------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Computer software | 4,854,585 | (3,257,839) | 1,596,746 | 4,656,962 | (2,611,788) | 2,045,174 |

Reconciliation of intangible assets – 2018

| | Opening balance | Additions | Disposals | Amortisation | Total |
|-------------------|-----------------|-----------|-----------|--------------|-----------|
| Computer software | 2,045,174 | 197,623 | - | (646,050) | 1,596,746 |

Reconciliation of intangible assets – 2017

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-----------|
| Computer software | 2,215,716 | 540,357 | (710,359) | 2,045,174 |

9. PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|-------------------------|------------------|------------------|
| Trade payables | 285,333 | 579,633 |
| Leave accrual | 1,477,845 | 1,596,250 |
| Operating lease accrual | 83,400 | 696,931 |
| Sundry payables | 73,481 | 94,725 |
| | 1,920,059 | 1,920,059 |

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9. PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Trade and other payables from exchange transactions principally comprise amounts outstanding for trade purchases and ongoing costs. The OPFA considers that the carrying amount of trade and other payables from exchange transactions approximates their fair value.

Included in payables from exchange transactions is an accrual for leave pay. Employees entitlement to annual leave is recognised when it accrues to the employee. An accrual is recognised for the estimated liability for annual leave due as a result of services rendered by employees up to reporting date.

10. EMPLOYEE BENEFIT OBLIGATIONS

Defined contribution plan

It is the policy of the entity to provide retirement benefits to all its employees. The entity utilises the Allan Gray Retirement Annuity Fund, which is subject to the Pensions Fund Act, for this purpose.

The entity is under no obligation to cover any unfunded benefits.

| | | |
|---|------------------|------------------|
| The amount recognised as an expense for defined contribution plans is | 4,107,733 | 3,651,912 |
|---|------------------|------------------|

11. REVENUE

| | | |
|--------------------------------|-------------------|-------------------|
| Interest received – investment | 17,558 | 16,387 |
| Non exchange transactions | 59,037,924 | 52,315,934 |

| | | |
|--|-------------------|-------------------|
| | 59,055,482 | 52,332,321 |
|--|-------------------|-------------------|

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

| | | |
|-------------------|---------------|---------------|
| Interest received | 17,558 | 16,387 |
|-------------------|---------------|---------------|

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

Transfer revenue

| | | |
|---|-------------------|-------------------|
| Contributions from the Financial Services Board | 59,037,924 | 52,315,934 |
|---|-------------------|-------------------|

12. FINANCE INCOME

Interest received

| | | |
|------|---------------|---------------|
| Bank | 17,558 | 16,387 |
|------|---------------|---------------|

13. AUDITORS' REMUNERATION - EXTERNAL

| | | |
|-------------------|------------------|------------------|
| Current year fees | 1,140,551 | 1,340,932 |
|-------------------|------------------|------------------|

14. FINANCE COSTS

| | | |
|--------------------------|----------|--------------|
| Trade and other payables | - | 8,193 |
|--------------------------|----------|--------------|

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15. TAXATION

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

16. CASH GENERATED FROM OPERATIONS

| | | |
|--|------------------|------------------|
| Surplus for the year | 4,455,176 | 334,072 |
| Adjustments for: | | |
| Depreciation and amortization | 1,932,188 | 3,544,994 |
| Movements in operating lease assets and accruals | - | (199,846) |
| Non cash property, plant and equipment additions | - | - |
| Changes in working capital: | | |
| Receivables from exchange transactions | (88,823) | (16,617) |
| Other receivables from non exchange transactions | (2,304,134) | (2,148,978) |
| Prepayments | (229,291) | 66,387 |
| Payables from exchange transactions | (1,047,511) | 25,484 |
| | 2,717,604 | 1,605,496 |

17. COMMITMENTS

Authorised capital expenditure

Already contracted for but not provided for

• Intangible assets

| | | |
|---|---------------|----------------|
| | - | 317,075 |
| Total capital commitments | | |
| Already contracted but not provided for | - | 317,075 |
| The amount included in revenue arising from exchanges of goods or services are as follows: | | |
| Interest received | 17,558 | 16,387 |

Operating leases as lessee (expense)

| | | |
|-------------------------------------|-------------------|------------------|
| Minimum lease payments due | | |
| - within one year | 5,323,536 | 5,191,923 |
| - in second to fifth year inclusive | 24,815,431 | 59,324 |
| - later than five years | 5,804,090 | - |
| | 35,943,057 | 5,251,247 |

Operating lease payments represent rentals payable by the entity for certain of its office properties and printers. Leases are negotiated for an average term of three to five years and escalations of 0% to 8% per annum (2017: 0% to 8% per annum) have been included in the lease agreement. No contingent rent is payable.

18. CONTINGENCIES

Cost orders relating to disputes against the OPFA were issued on nine matters. Costs implications are currently not determinable. Management considers the likelihood of the disputes against the entity being successful as unlikely and the matters should be resolved within the next financial year.

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19. RELATED PARTIES

Relationships

Financial Services Board

Schedule 3A Public Entity

Amounts included in trade receivables regarding related parties

| | | |
|--------------------------|-----------|-----------|
| Financial Services Board | 5,619,188 | 3,315,055 |
|--------------------------|-----------|-----------|

Related party transactions

Contributions received

| | | |
|--------------------------|--------------|--------------|
| Financial Services Board | (59,037,924) | (52,315,934) |
|--------------------------|--------------|--------------|

Shared services costs paid

| | | |
|--------------------------|-----------|-----------|
| Financial Services Board | 4,285,533 | 3,734,800 |
|--------------------------|-----------|-----------|

20. KEY MANAGEMENT REMUNERATION

Executive management

2018

| | Emoluments | Incentive Bonus | Leave communication | Total |
|--|------------------|-----------------|---------------------|------------------|
| M Lukhaimane, PFA | 2,450,484 | 207,124 | 281,974 | 2,939,582 |
| C Raphadana, SAA | 1,357,457 | 63,629 | 99,649 | 1,520,735 |
| KB Kgatuke, CFO (Resigned 31 Dec 2017) | 541,667 | - | 26,577 | 568,244 |
| JM Buthane, SAA | 1,212,640 | 45,491 | - | 1,258,131 |
| L Jadoonandan, SAA | 1,176,273 | 103,562 | - | 1,279,835 |
| R Segers, CFO (Resigned 30 May 2017) | 224,561 | - | 115,638 | 340,199 |
| M Maepa, HR Manager | 1,111,541 | 38,564 | - | 1,150,105 |
| | 8,074,623 | 458,370 | 523,838 | 9,056,831 |

2017

| | Emoluments | Incentive Bonus | Leave communication | Total |
|---|------------------|-----------------|---------------------|------------------|
| M Lukhaimane, PFA | 2,219,068 | 390,467 | 267,223 | 2,876,758 |
| C Raphadana, SAA | 1,252,609 | - | - | 1,252,609 |
| C Seabela, SAA (Transferred 01 July 2016) | 282,761 | - | 30,368 | 313,129 |
| S Mothupi, SAA (Transferred 01 Sept 2016) | 486,962 | - | - | 486,962 |
| L Jadoonandan, SAA (Appointed 01 July 2016) | 727,938 | - | - | 727,938 |
| J Joni, SAA (appointed 01 Aug 2016, resigned 31 Jan 2017) | 505,000 | - | - | 505,000 |
| R Segers, CFO | 1,109,078 | 182,437 | - | 1,291,515 |
| M Maepa, HR Manager (Appointed 01 July 2016) | 750,925 | - | - | 750,925 |
| | 7,334,341 | 572,904 | 297,591 | 8,204,836 |

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Key management remuneration (continued)

Employees of the OPFA are paid on a total cost to company basis, where applicable, salaries include retirement fund contributions, medical aid contributions and travel allowances. Total cost to company used for key management's total emoluments is the most reliable estimate as the total cost of direct and indirect benefits received are not always determinable.

PFA Pension Funds Adjudicator

SAA Senior Assistant Adjudicator

CFO Chief Financial Officer

HR Human Resources

Non executive members' fees

The table below discloses the non-executive members' fees per the board sub committees and the board members' fees are paid by the FSB:

2018

| | Committees fees | Other | Total |
|---------------|-----------------|---------------|----------------|
| A Sithole | 11,524 | - | 11,524 |
| H Wilton | 62,613 | - | 62,613 |
| Z Bassa | 25,853 | - | 25,853 |
| J Mogadime | 51,089 | 46,098 | 97,187 |
| D Msomi | 28,348 | - | 28,348 |
| H Ratshefola | 17,132 | - | 17,132 |
| PJ Sutherland | 22,740 | - | 22,740 |
| D Turpin | 25,924 | - | 25,924 |
| | 245,233 | 46,098 | 291,321 |

2017

| | Committees fees | Total |
|---------------|-----------------|----------------|
| A Sithole | 8,243 | 8,243 |
| H Wilton | 27,026 | 27,026 |
| Z Bassa | 32,296 | 32,296 |
| J Mogadime | 37,566 | 37,566 |
| D Msomi | 26,688 | 26,688 |
| H Ratshefola | 21,418 | 21,418 |
| PJ Sutherland | 26,688 | 26,688 |
| D Turpin | 21,418 | 21,418 |
| | 201,343 | 201,343 |

21. RISK MANAGEMENT

Financial risk management

In the course of the OPFA's operations it is exposed to credit, liquidity and market risk. The OPFA has developed a comprehensive risk strategy in order to monitor and control these risks. Internal Audit reports quarterly to the Audit and Risk Management Committee, an independent committee that monitors risks and policies implemented to mitigate risk exposures. The risk management process relating to each of these risks is discussed under the headings below.

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21. RISK MANAGEMENT (CONTINUED)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid resources and the ability to settle debts as they become due. In the case of the entity, liquid resources consist mainly cash and cash equivalents. The entity maintains adequate resources by monitoring rolling cash flow forecasts of the cash and cash equivalents on the basis of expected cash flow.

The table below analyses the entity's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| At 31 March 2018 | Less than 1 year | Between 1 and 2 years | Other Between 2 and 5 years | Over 5 years |
|-------------------------------------|------------------|-----------------------|-----------------------------|--------------|
| Payables from exchange transactions | 442,414 | - | - | - |
| At 31 March 2017 | Less than 1 year | Between 1 and 2 years | Other Between 2 and 5 years | Over 5 years |
| Payables from exchange transactions | 1,371,319 | - | - | - |

Credit risk

Credit risk consists mainly of cash and cash equivalents and receivables from exchange and non exchange transactions. The entity only deposits cash with financial institutions approved by National Treasury.

Receivables from non exchange transactions consist of monies owed by the Financial Services Board. Credit risk is limited as the OPFA is a regulatory body and levies are charged in terms of legislation.

The OPFA investment policy limits investments to A1 rated banks and the Corporation for public Deposits (CPD). The table below shows the total cash invested with A1 rated banks and CPD. No investment limits were exceeded during the reporting period, and management does not expect any losses from non performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

| Financial instrument | 2018 | 2017 |
|---------------------------------|-----------|-----------|
| Standard Bank Limited | 3,393,777 | 1,762,144 |
| Corporation for Public Deposits | 249,190 | 231,632 |

Market risk

Interest rate risk

As the entity has no interest bearing borrowings or significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. Should the balances held in cash and cash equivalents remain constant, the entities income would fluctuate R18,215 (2017:

R9,969) per annum for every 50 basis point fluctuation in the prime interest rate.

Foreign risk

The entity does not hedge foreign currency exposure.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis.

Notes to the Annual Financial Statements

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22. EVENTS AFTER THE REPORTING DATE

The Accounting Authority is not aware of any matters or circumstances arising since the end of the financial year to the date of this report in respect of matters which would require adjustment to or disclosure in the annual financial statements.

23. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities

| | | |
|--|------------------|------------------|
| Actual amount as presented in the budget statement | (1,105,786) | 1,761,879 |
| Basis differences | 3,228,065 | (474,768) |
| Timing differences | 595 325 | 318,384 |
| Net cash flows from operating activities | 2,717,604 | 1,605,495 |

Investing activities

| | | |
|--|--------------------|--------------------|
| Actual amount as presented in the budget statement | (2,500,000) | (1,655,255) |
| Basis differences | 1,429,214 | 474,768 |
| Net cash flows from investing activities | (1,070,786) | (1,180,487) |
| Net cash generated from operating, investing and financing activities | 1,646,818 | 425,008 |

24. SEGMENT INFORMATION

General information

Identification of segments

The entity is organised and reports to management on the basis of its core mandated business as set out in the Pension Funds Act, 1956. The function of the mandate is to dispose of complaints lodged with the entity. Due to the nature and service of the organisation management reviews and evaluates the entity as a whole, as all risks, resources and financial matters of the entity are directed to the delivery of its core mandate.

The entity's operations are located in Pretoria, its only office in the country. Although the office services the public of South Africa, its risks and financial costs are limited to this single location.

It is on this basis that management views the entity as a single segment to which adequate disclosure has been made in these annual financial statements.

25. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Personnel costs

The lower than budgeted staff expenditure was mainly due to senior management vacant position by the end of the financial year where some were filled after year end.

Depreciation and amortisation

The underspending relates to budgeted acquisitions planned and the process of acquisition not finalised by the end of the financial year.

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25. BUDGET DIFFERENCES (CONTINUED)

Legal expenses

The overspending is due to higher than expected costs charged by service providers used for the section 30P matters.

Operating lease rentals

The budgeted cost not provided for the straight-lining of leases as per GRAP requirements in comparison to actual costs and due to savings on new building lease contract.

Property, plant and equipment

The underspending stems from Information and Technology (IT) infrastructure upgrades that was commenced and not completed by year end.

Other operating expenses

The higher than budgeted spending is attributable to the extended warranty for IT infrastructure necessitated by the delayed replacement process and due to advertising and recruitment costs from advertising, response handling and background checks done by external service providers.

26. CHANGE IN ACCOUNTING ESTIMATES

| Impact of changes in accounting estimates | 2018 | 2017 |
|---|-----------|---------|
| Increase in Net Surplus | 1,446,421 | 374,217 |
| Decrease in depreciation on property, plant and equipment | 1,330,382 | 238,928 |
| Decrease in amortisation of intangible assets | 116,039 | 135,289 |
| Increase in property, plant and equipment | 1,330,382 | 238,928 |
| Increase in Intangible assets | 116,039 | 135,289 |

In the current year, management re-assessed the remaining useful lives and residual values of property, plant and equipment and intangible assets. The change in estimate is applied prospectively. The effect of this assessment has decreased the depreciation and amortisation charges in the current period and for future periods by R 1,330,382 (2017: R 238,928) and R116,039 (2017: R135,289) respectively.

PART E: PERFORMANCE INFORMATION

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA 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 auditor's report to management.

Refer to page 37 of the Report of the Auditors Report, published as Part D: Financial Information. The table below provides a detailed view of OPFAs performance against its predetermined objectives for the year ended 2017/18.

| Strategic Objective | Measurable objective | Measurable Indicator | Strategic plan target |
|-----------------------------------|--|---|---|
| 1. Dispose of complaints received | To dispose of complaints through determinations, conciliation and settlements | Number of complaints finalised on the case management system. | Case management teams to finalise 80% of complaints within six months of receipt, 95% within nine months of receipt and 100% within eleven months of receipt. |
| | | Administration of case management system and adherence to the required workflow timelines. | Complaints administered within the required workflow timelines |
| | Percentage of determinations taken on review to the High Court | Number of section 30P applications as a percentage of the number of determinations issued for the year. | ≤ 1% of signed off determinations taken on Sec 30P review. |
| | To close and allocate complaints received by the OPFA within the workflow document time lines | Complaints closed as out of jurisdiction, and reformulations ; complaints allocated within the workflow document time lines | New Complaints Unit to finalise all matters received within 3 months. |
| 2. Achieve Operational Excellence | To remain within budget, and comply with all regulatory prescripts applicable to the OPFA including the PFMA and Treasury Regulations | Audit opinion | No material audit findings that give rise to a qualified audit opinion |
| | To ensure that appropriate talent is recruited, developed and retained to support the execution of the PFA's mandate whilst complying with employment legislation and human resource policies. | Recruitment of key staff as and when required | Recruitment of key staff within the prescribed timelines. |
| | | | 100% achievement of the Wellness plan |
| | | Wellness program implemented as per annual plan | |
| | | Implementation of HR operational plan | Strategy and plan reviewed by 31 March 2018 |
| | To maintain and align ICT systems to support business needs and overall objectives of the OPFA | An approved ICT strategy and implementation plan | Alignment of the ICT plan to the overall OPFA risk management strategy |
| | To ensure business continuity so that the overall objectives of the OPFA are met | An approved BCM Plan/policy and implementation plan | Alignment of the BCM plan to the overall OPFA risk management strategy |
| 3. Stakeholder Engagement | To collaborate and build relationships with stakeholders | An approved stakeholder relationship annual plan | Implement initiatives within the stakeholder management annual plan |

| Annual target 2017/2018 | Performance results 31 March 2018 | Comments |
|---|--|--|
| Case management teams to finalise 80% of complaints within six months of receipt, 95% within nine months of receipt and 100% within eleven months of receipt. | 4405 determinations finalised, 551 complaints deemed out of jurisdiction and 1456 complaints settled. 81.03% of complaints within six months of receipt, 98% within nine months of receipt and 99% within eleven months of receipt. | Not achieved. Outstanding issues are related to funds awaiting appointment of curators and those where similar complaints were on appeal in terms of section 30P. |
| 100% case management compliance with administrative workflow timelines | 100% compliance with administrative workflow timelines. | Achieved. |
| ≤ 1% of signed off determinations taken on Sec 30P review. | 0.86% determinations were taken on appeal to the High Court in terms of Section 30P of the Act | Achieved. |
| All matters received to be resolved within 3 months or allocated to case management teams as per workflow document time lines | Complaints at the New Complaints Unit were finalised within three months or allocated to case management teams within two working days except in minimal instances where further particulars were required. 2020 complaints were deemed out of jurisdiction, 6 settled, 3 complaints conciliated, 4 complaints were closed as reformulations, whilst 42 were duplicates, 284 were abandoned and 37 withdrawn. | Achieved. |
| No material audit findings that give rise to a qualified audit opinion | Achieved. Unqualified with no findings. | Achieved. |
| All key posts filled within 6 months | All key positions were filled within six months except for the position of the Deputy Pension Funds Adjudicator which is still vacant. A succession plan was developed for internal candidates. Internal candidates will be not be appointed automatically but will be encouraged to apply and be considered together with the external candidates. | Not achieved. The organisation for several times embarked on a process sourcing for the DPFA role without success. No suitable candidate could be found. Succession planning with internal candidates was also embarked upon. It has been resolved that the external sourcing for Deputy Pension Funds Adjudicator be resuscitated. Position will be advertised externally. |
| 100 % of annual Wellness plan | 72% of the wellness plan initiatives were implemented during this year. The activities implemented were: • Human rights Day • Workers Day • Mother's Day • Father's Day • Discovery 702 Walk the Talk • Mandela Day • MTN Walk the Talk • Discovery Wellness Day • Women's day awareness day acknowledged. • Breast Cancer Awareness and Testing • 16 Days of activism against women and child abuse • World Aids Day • Distribution of Desk drops for staff awareness. | Not achieved. The objective was not achieved due to lack of planning within the HR department to implement those initiatives. |
| 100 % Implementation of HR Plan | 81% of the HR operational plan activities for this year were implemented The activities implemented were: • Wellness programme developed • Staff communication • and consultation mechanism. • EE Meetings and reporting. • Regular monthly team meetings. • Review of the OPFA employee's remuneration. • Distribution of desk drops. • Performance Management process facilitated • Coaching Programme for Line Managers, Managers Development Programme. • Team building initiatives, Team Charters, Introduction of behavioural attributes in Performance Contracts • Training Plan Developed, Customer service training implemented, Resilience at workplace training. Disciplinary cases resolved at earliest stage including cases which were referred to CCMA • Managers trained on workplace discipline, employment relations and disciplinary processes | Not achieved. The objective was not achieved due to lack of planning within the HR department to implement the plan in full. |
| 85% achievement of milestones within the ICT plan | 75% of ICT plan was implemented. | Not achieved. There were 8 projects, 6 were achieved, 2 are underway. for the Infrastructure upgrade project; a legal opinion had to be obtained on the recommended bidder. The approved website design had to be revised, to align with the new business needs. As a result these projects were not completed by the end of the reporting period. |
| Maintain and comply 100% with the annual BCM Plan | All (100%) initiatives implemented for the year. | Achieved. |
| 100% Implementation of approved annual stakeholder management plan | 37.5% of the approved OPFA communication and outreach strategy (Stakeholder management programme) was implemented. | Not Achieved. There were 8 planned activities, 3 were achieved, 3 were partially achieved and 2 were not achieved at year end. Breakfast sessions were dependent on availability of fund administrators. Advertising on billboards and roadshows were postponed due to budget constraints. Increased dissemination of information through various media platforms was implemented to mitigate negative impact. |

GROUP STAFF PHOTO



USEFUL INFORMATION ABOUT OTHER OFFICES

The Ombudsman for Long-term Insurance

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Fax: +27 21 674 0951
Email: info@ombud.co.za

The Ombud for Financial Service Providers

PO Box 74571, Lynnwoodridge, 0040
Telephone: +27 12 470 9080
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Fax: +27 12 348 3447
Email: info@faisombud.co.za

The Financial Services Board

PO Box 35655, Menlo Park, 0102
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Telephone: +27 12 428 8000
Sharecall: 086 032 4766
Fax: +27 12 346 6941
Email: info@fsb.co.za

The Ombudsman for Banking Services

PO Box 87056, Houghton, 2041
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Sharecall: 086 080 0900
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Email: info@obssa.co.za

The National Consumer Commission

Private Bag x84, Pretoria
Telephone: +27 12 761 3200
Email: complaints@thencc.org.za

Motor Industry Ombudsman of South Africa

Suite 156, Private Bag x025, Lynnwood Ridge, 0040
Telephone: +27 12 841 2945
Fax: 086 630 6145
Email: johan@miosa.co.za

Office of Tax Ombud

PO Box 12314, Hatfield, 0028,
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Fax: +27 12 452 5013
Email: complaints@taxombud.gov.za

Financial Ombudsman Callcentre | Sharecall: 0860Ombuds/086 066 2837

The Credit Ombud

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Fax: 086 683 4644
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The Ombudsman for Short-term Insurance

PO Box 32334, Braamfontein, 2017
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The National Credit Regulator

PO Box 2209, Halfway House, Midrand, 1685
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The Consumer Goods and Services Ombud

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