

**THE UNITED REPUBLIC OF TANZANIA**

**NATIONAL AUDIT OFFICE**

**PUBLIC SERVICE SOCIAL SECURITY FUND (PSSSF)**

**REPORT ON FINANCIAL AND COMPLIANCE AUDIT FOR THE FINANCIAL YEAR  
ENDED 30 JUNE 2023**



**ISO 9001:2015 Certified**



**Building a better  
working world**

Office of the Controller and Auditor General,  
National Audit Office,  
4 Ukaguzi road,  
P.O. Box 950,  
41104 Tambukareli Dodoma,  
Tel: 255(026)2321759  
Fax: 255(026)2321245  
Email: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)  
website: [www.nao.go.tz](http://www.nao.go.tz)

Ernst & Young,  
EY House,  
Plot No 162/1, Mzingu Way,  
P.O. Box 2475,  
14111, Osterbay Dar es Salaam,  
Tel: +255 22 222924040/41/42  
Fax: +255 22 2924043  
Email: [info.tanzania@tz.ey.com](mailto:info.tanzania@tz.ey.com)  
Website: [www.ey.com](http://www.ey.com)

**February 2024**

**AR/PAD/PSSSF/2022/23**



## About the National Audit Office

### Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap 418 [R.E 2021]

#### Independence and objectivity

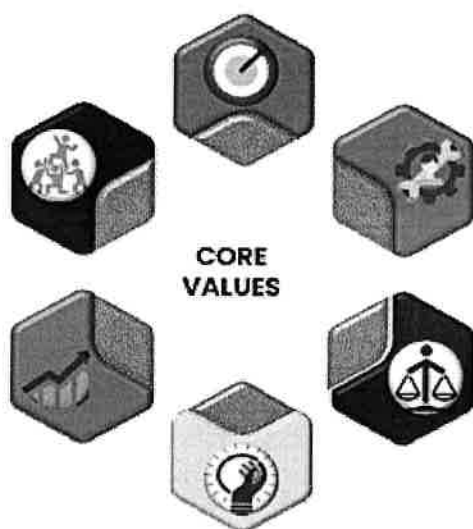
We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

#### Teamwork Spirit

We value and work together with internal and external stakeholders.

#### Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



#### Professional competence

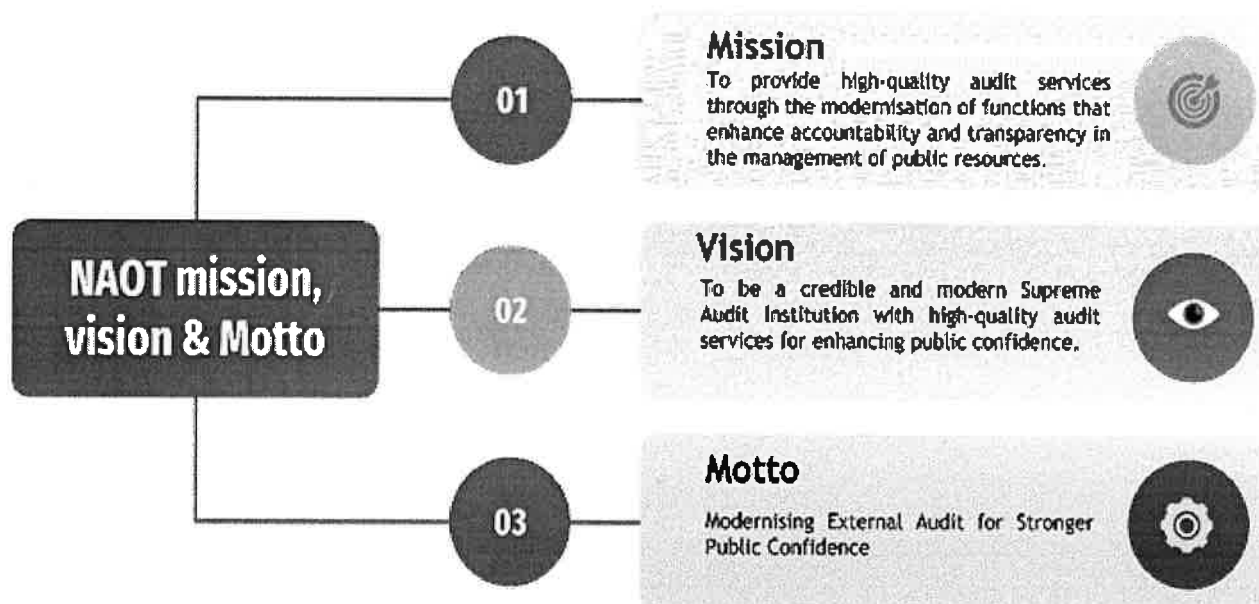
We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

#### Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

#### Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.



© This audit report is intended to be used by Public Service Social Security Fund (PSSSF) and may form part of the annual general report, which once tabled to National Assembly, becomes a public document hence, its distribution may not be limited.





## TABLE OF CONTENTS

LIST OF TABLES .....	III
ABBREVIATIONS AND ACRONYMS.....	IV
FUND'S INFORMATION.....	V
INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL.....	1
STATEMENT OF TRUSTEE'S RESPONSIBILITY.....	114
DECLARATION BY THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023 .....	115
STATEMENT OF NET ASSETS AVAILABLE FOR THE BENEFITS AS AT 30 JUNE 2023 .....	116
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE PERIOD ENDED 30 JUNE 2023.....	117
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023 .....	118
NOTES TO THE FINANCIAL STATEMENTS .....	119



## LIST OF TABLES

Table 1: Member of the Fund .....	10
Table 2: PESTEL analysis and its impact to the Fund.....	20
Table 3: Service and Performance Information.....	25
Table 4: Key ratios.....	36
Table 5: Stakeholder Analysis.....	38
Table 6: Details of the investment income .....	41
Table 7: Changes in Fair Values .....	41
Table 8: Analysis of Administrative Expenses.....	42
Table 9: Benefit Expenses .....	43
Table 10: The ratio of benefits to contributions: .....	44
Table 11: Total Assets of the Fund .....	44
Table 12: Investments of the Fund.....	45
Table 13: Dar es salaam Stock exchange details.....	46
Table 14: Revenue Performance .....	49
Table 15: Expenditure Performance.....	50
Table 16: New Investments performance.....	50
Table 17: Capital Expenditure Performance.....	51
Table 18: Compliance with BoT investment guideline.....	57
Table 19: Current Assets and Current Liabilities .....	58
Table 20: Risk analysis .....	63
Table 21: Uncertainties .....	71
Table 22: Classification of Risk and Allocation of Investible Fund - Internal limits ..	73
Table 23: Investment portfolio Risk and Mitigation Plan.....	74
Table 24: Member of those charged with Governance .....	84
Table 25: Trustees meeting attendance .....	85
Table 26: Employees welfare.....	89
Table 27: Staff distribution by gender .....	93
Table 28: Material Issues .....	94
Table 29: Sustainable development goals and strategies.....	105



## ABBREVIATIONS AND ACRONYMS

ATE	Association of Tanzanian Employers
AU	African Union
BOT	Bank of Tanzania
CAG	Controller and Auditor General
CWT	Chama Cha Walimu Tanzania
EAC	East African Cooperation
ECASSA	East and Central Africa Social Security Association
ESG	Environmental, Social and Governance
GEPF	GEPF Retirement Benefits Fund
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IBOR	interbank offered rate
IFRS	International Financial Reporting Standards
ISSA	International Social Security Association
KPI	Key Performance Indicators
LAPF	LAPF Pensions Fund
NHIF	National Health Insurance Fund
NSSF	National Social Security Fund
PPF	PPF Pensions Fund
PSPF	Public Service Pension Fund
PSSSF	Public Service Social Security Fund
RAAWU	Researchers Academician and Allied Workers Union
SADC	Southern African Development Community
SLA	Service Level Agreement
TALGWU	Tanzania Local Government Workers Union
TCCIA	Tanzania Chambers of Commerce, Industry and Trade
TFRS 1	Tanzania Financial Reporting Standards 1
TMRC	Tanzania Mortgage Refinancing Company
TSSA	Tanzania Social Security Association
TUCTA	Trade Union Congress of Tanzania
TUGHE	Tanzania Union of Government and Health Employees
TUICO	Tanzania Union of Industrial and Commercial Workers



## **FUND'S INFORMATION**

### **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS**

Public Service Social Security Fund,  
Head Office, PSSSF House,  
Makole Road,  
P.O. Box 1501,  
**Dodoma, Tanzania.**

### **PARENT MINISTRY:**

Prime Minister's Office,  
Labour, Youth, Employment and People with  
Disability,  
Kazi Street, Government City, Mtumba,  
P.O. Box 1923,  
**Dodoma, Tanzania.**

### **SECRETARY TO THE BOARD:**

The Director General,  
Public Service Social Security Fund,  
PSSSF House,  
Makole Road,  
P.O. Box 1501,  
**Dodoma, Tanzania.**

### **MAIN BANKERS**

CRDB Bank Limited Plc,  
Head Office, Ali Hassan Mwinyi Rd,,  
P.O. Box 268,  
**Dar es Salaam, Tanzania.**

NMB Bank Plc,  
Head Office, Ohio Street,  
P.O. Box 9213,  
**Dar es Salaam, Tanzania**

National Bank of Commerce Limited,  
Head Office, Sokoine Drive,  
P.O. Box 1225,  
**Dar es Salaam, Tanzania.**

Azania Bank,  
Mawasiliano Tower, Sam Nujoma Road  
P.O. Box 32089,  
**Dar es Salaam, Tanzania.**





**ULTIMATE CONTROLLING ENTITY:**

The Government of the United Republic of Tanzania.

**AUDITORS:**

The Controller and Auditor General,  
National Audit Office,  
Audit House, Tambukareli,  
P.O. Box 950,  
**Dodoma, Tanzania.**

Ernst & Young,  
EY House,  
Plot No 162/1,  
Mzinga Way - 14111 Oyster bay,  
P.O. Box 2475,  
**Dar es Salaam.**



## INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

Chairman of the Board of Trustees,  
Public Service Social Security Fund,  
Head Office, PSSSF House,  
Makole Road,  
P.O. Box 1501.  
Dodoma.

### 1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

#### Unqualified Opinion

I have audited the Financial Statements of Public Service Social Security Fund (the "Fund"), which comprise the Statement of Net Assets Available for Benefits as at 30 June 2023, and the Statement of Changes in Net Assets Available for Benefits, and Statement of Cash Flows for the year then ended, as well as the notes to the Financial Statements, including a summary of significant accounting policies.

In my opinion, the Financial Statements present fairly, in all material respects, Net Assets Available for Benefits of Public Service Social Security Fund as at 30 June 23 and its Changes in Net Assets Available for benefits and its Cash Flows for the year then ended in accordance with the International Financial Reporting Standards.

#### Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Public Service Social Security Fund (the "Fund") in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

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

#### Emphasis of Matter

I draw attention to Note 5 of Financial Statements which indicate that Actuarial Valuation for the Fund was performed in 2023 based on 2023 Financial Statements and the funding level was established to be 36.40% (2020: 22.30%) which falls short of the recommended 40% as per the actuarial valuation report. The Fund engaged the Government of United Republic of Tanzania to pay the liability associated with pre-1999 service which was inherited from ex-PSPF amounting to TZS 4,462.04 billion. The Government issued Non-Cash Special Bond of TZS 2,176.74 billion on 15 December 2021 and the remaining TZS 2,359.73 billion will be issued soon after verification exercise is complete.



This injection of funds is projected to elevate the funding level to an acceptable threshold of above 40% and indicating the Fund's sustainability in the foreseeable future. My opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters

No.	Key audit matter	How my audit addressed the key audit matter
1.	<b>Valuation of unquoted investment in subsidiaries</b>	
	<p>According to Public Service Social Security Fund assets include significant unquoted investments (assets). Investment in unlisted companies by the Fund form a significant part of the Fund's assets.</p> <p>My review learnt that the total value of unquoted investment in subsidiaries as at 30 June 23 was TZS 239.39 billion (2022: TZS 250.17 billion) as disclosed under note 33.</p> <p>I considered this as a key audit matter as the valuation of unquoted investments requires the use of estimates and significant judgements such as inflation rates, gross domestic products (GDP) forecasts, cash flow forecasts, future expenditure costs, non-cash expenditure and a small change in the assumptions can have a material impact in the Financial Statements.</p> <p>PSSSF has EV/EBITDA approach in Valuation of unquoted investment in subsidiaries, which is enterprise value (EV) and its earnings before interest, taxes, depreciation, and amortization (EBITDA).</p>	<p>I performed the following procedures:</p> <ul style="list-style-type: none"> <li>• I engaged my internal actuarial specialists to assess the appropriateness of the methodology and assumptions used to account for the unquoted investments. This included comparison of key data with market benchmarks and to challenge the methodology used by the scheme actuary. I considered whether each of the key assumptions was reasonable in isolation and collectively in determining the value of unquoted investments as at 30 June ,2023;</li> <li>• Also, I tested existence of unquoted investments and reviewed Financial Statements of the investee companies to determine the recognition of investment made by the Fund; and</li> <li>• In addition, I assessed the assumptions used in the valuations by checking that the assumptions used were consistent with my internally developed range of discount rates, by comparing the cash flows to historical results and considering the impact of other external information; and</li> <li>• Further, I tested the accuracy of the calculations and assessed whether the assumptions used were in line with other market participants and reflected the status of the investment shareholding.</li> </ul>



No.	Key audit matter	How our audit addressed the key audit matter
<b>2.</b>	<b>Recoverability of the government loans</b>	
	<p>Public Service Social Security Fund had issued various loans to finance government projects. As at 30 June 2023 these loans stood at TZS 231.40 billion (2022: 231.40 billion) as disclosed under note 30. There is no agreed repayment schedule by the government, but it has promised to repay these loans when the revenue collection improves.</p> <p>In my further review I noted that the recoverability of the outstanding amount of government loans were significant to my audit because of the amount of the loans outstanding being material and the likelihood of repayment being dependent on improve in revenue collection by government and there is no agreed repayment schedule.</p>	<p>I performed the following procedures in response to the matter:</p> <ul style="list-style-type: none"> <li>• I reviewed the calculations for principal and interest amount for the loans issued to government.</li> <li>• In addition, I evaluated that the disclosures required in the Financial Statements about outstanding government loans were included in the Financial Statements.</li> <li>• Further I determined if the loans from government were being carried at fair value; and</li> <li>• Furthermore, I verified the amount received during the year.</li> <li>• I also obtained confirmation from Treasury on the outstanding balance.</li> </ul>
<b>3</b>	<b>Investment in Msamvu Property (T) Limited</b>	
	<p>My review noted that the Fund invested in Msamvu Properties (T) Limited. The value of the investment as at 30 June 2023 was TZS 10.19 billion considering the fair value losses. The full control of Msamvu Properties (T) Limited was transferred to Morogoro Municipal Council with effect from 1 March 2020. I saw a letter with reference No. SAD/429/546/05/B/71 dated 22 October 2022 from Chief Secretary instructing the Director General of PSSSF to send the request for refund amount invested to President's Office - Regional Administration and Local Government (PO-RALG) and Prime Minister's Office (Labor, Youth, Employment and Persons with Disabilities).</p>	<p>I performed the following procedures in response to the matter:</p> <ul style="list-style-type: none"> <li>• I reviewed correspondences between the Fund and Morogoro Municipal Council relating to transferring of the Investment.</li> <li>• I reviewed the correspondences between the Fund and Ministry of Finance on the regarding modality of compensating the Fund;</li> <li>• I reviewed the valuation of investment in unquoted Companies to determine the fair value; and</li> <li>• I have inquired management on the progress of the recoverability of the investment in Msamvu Property (T) Limited.</li> </ul>





## **Other Information**

Management is responsible for the other information. The other information comprises the Trustee's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

## **Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements**

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 audit 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 ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:



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

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 [R.E. 2021] requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## **1.2 REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **1.2.1 Compliance with the Public Procurement Act, 2011 (as amended in 2016)**

**Subject matter: Compliance audit on procurement of works, goods and services**

I performed a compliance audit on procurement of works, goods and services in the Public Services Social Security Fund for the financial year 2022/23 as per the Public Procurement Act, 2011 and its Regulations of 2013 (as amended in 2016).

#### **Conclusion**

Based on the audit work performed, I state that, except for the matter described below, procurement of works, goods and services of Public Services Social Security Fund was generally in compliance with the requirements of the Public Procurement Act, 2011 and its underlying Regulations of 2013 (as amended in 2016).

**The use of Restricted Tendering Method for procurement of ICT Consumables (HP tonner) without proper justification.**

PSSSF applied restricted tendering procurement method in tender No. PA155/2022-2023/HQ/G/02 for supply of ICT Consumables (HP Toner) at a contract sum of TZS 484,333,174 within four (4) weeks. However, I noted that the provided reason for use of restricted tendering method as presence of limited number of specified tenderers was not in line with the nature of the items as tonner can be obtained from many suppliers in the market. Therefore, competitive tendering methods would be more affordable, economy and unbiased compared to restricted tendering method.



**Compliance with the Budget Act and other Budget Guidelines**

**Subject matter: Budget formulation and execution**

I performed a compliance audit on budget formulation and execution in the Public Services Social Security Fund for the year ended 30 June 2023 as per the Budget Act and other Budget Guidelines.

**Conclusion**

Based on the audit work performed, I state that, budget formulation and execution of the Public Services Social Security Fund are in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
February 2024







## 1.0 INTRODUCTION

Those Charged with Governance are pleased to share their report and the audited financial statements, summarizing the Fund's financial affairs as of 30 June 2023. This document plays a pivotal role in offering stakeholders a thorough insight into the Fund's financial well-being and strategic trajectory. The presentation of audited financial statements underscores our dedication to transparent and accountable reporting, aligning with our commitment to robust financial governance. Additionally, our commitment to Environmental, Social, and Governance (ESG) principles and the United Nations' 17 Sustainable Development Goals (SDGs) further accentuates our focus on responsible and sustainable practices, ensuring a holistic approach to financial stewardship and societal impact.

## 2.0 VISION, MISSION AND CORE VALUES

### Vision

To be an outstanding provider of social security services in Tanzania.

### Mission statement

To provide high quality social security services using competent, motivated staff and appropriate technology.

### Core values

The provision of high-quality social security services is guided by a defined set of core values, as detailed below:

- i. **Customer focus:** whereas all customers are valued and respected by way of providing accurate and timely services.
- ii. **Integrity:** being honest, ethical, trustworthy, and consistent in our words and actions.
- iii. **Teamwork:** striving to achieve the best for our customers through effective teamwork
- iv. **Transparency:** ensures the availability of full information required for collaboration, corporate, and collective decision-making.
- v. **Compliance:** ensures adherence to rules, laws, regulations, and acts set by regulators and other relevant authorities.

The culture statement envisions the provision of the best and most quality services to our customers, always with the Swahili tagline **Leo, Kesho, Pamoja**. Meaning the Fund actions shall be in the best interest of our members when admitted as members, upon retirement, and after retirement.

### 3.0 NATURE OF OPERATIONS

The Fund operate by collecting contributions from public sector employees and private entities whose government own by 30% or more. These contributions are strategically invested in diverse financial instruments, such as stocks, bonds, real estate, and other assets, with the primary objective of long-term asset growth to secure retirement benefits.

The Fund employs risk management strategies, including diversification and careful assessment of investment risks, and determines optimal asset allocation based on factors like time horizon and return objectives.

#### 3.1 The legislative and regulatory environment in which the Fund operates

The Public Service Social Security Fund was established by the Public Service Social Security Fund Act, Cap. 371 ("PSSSF Act"). The Act repealed the Public Service Retirement Benefits Act, the LAPF Pensions Fund Act, the GEPF Retirement Benefits Fund Act, and the PPF Pensions Fund Act and applies in Mainland Tanzania with respect to all employers and employees in the public service. The main purpose of the Fund is to provide for the collection of contributions and the payment of benefits to its members. Regulatory compliance is fundamental, as the Pension Fund is subject to oversight and protect plan participants. Upon reaching retirement age, members receive benefits distributed in forms like lump-sum payments and monthly pension.

The social security sector is regulated by the Bank of Tanzania in investment-related matters and the Prime Minister Office -LYED (Social Protections Division) in other matters. Regulatory oversight is essential for maintaining the integrity of the social security sector in Tanzania, protecting the interests of members, and fostering transparency within the industry.

##### 3.1.1 The market and competitive position

The Fund has given a mandate through its establishing Act to recruit members from public sector employers. Since the Fund is designated to recruit all public sector employees, there is no competition in the market as employers are compulsorily required to comply.

##### 3.1.2 The legitimate needs and interests of key stakeholders

The Fund performs stakeholder analysis while preparing five-year strategic objectives. Performed analysis aimed at identifying key stakeholders' expectations to be addressed while formulating critical issues that are essential to guiding the strategic objectives.

#### 3.2 The social security sectors

The social protection sector in the country is composed of four Funds, namely PSSSF, NSSF, WCF, and NHIF. PSSSF and NSSF provide social security services to public and private employees respectively, who contribute to the Funds. NHIF is designated to provide health insurance, whereas both the employer and an employee have to contribute to make a total of 6% of their basic pay monthly. WCF indemnifies an employee who incurs permanent disabilities as a consequence of their employment.

### 3.3 Main products, services, customers, business processes and distribution methods

#### 3.3.1 Main products

The Fund's main products include pension products for both old age and early exit members and supplementary products for members who voluntarily enrolled for the additional benefits upon retirement.

#### 3.3.2 Services

Services provided by the Fund are stipulated under the PSSSF Act 2018. These services include registration of members from the public sector, collection of contributions, benefit payments to members, and investment of the excess contributions.

##### (i) Registration of Members

During the year the total number of employers for the year ended 30, June 2023 was 979 (2021/22:974), the increase in the number of employers is due to new employers during the period and qualification of some private employers to public entities. These include Local Government Authorities, Central Government, Independent Government Departments, Corporations and other Public Entities.

During the period, 47,851 new members were registered (2021/22: 19,910) as a result of public service massive recruitment including teachers and health workers. Plan is to register 35,500 new members in the financial year 2023/24. Following social security reforms in the country, reconciliation of members records is on progress to ensure that members belong to the Fund as mandated by respective act. PSSSF and NSSF continues to recognize members as per provided Act No. 2 of 2018, during the year, 204 transferred members were recognized from NSSF. As of June 2023, the total members of the Fund were 729,346 (2022:717,943).

The Table Below depicts member movement at the beginning of the period up to June 30, 2023.

Table 1: Member of the Fund

Details	2022/23	2021/22
Opening Members as at 1 July	717,943	705,489
Add: New members	47,851	19,910
Add: Data cleaning	5,790	8,649
Add: recognized members from NSSF	204	404
Less: Paid Members	(27,064)	(16,509)
Less: Duplicate Members from ex-Funds	(15,378)	-
Total Members as at 30 June	729,346	717,943

Source: Members administration system

(ii) Collecting Contributions

Funding policy as provided under Section 18 of the PSSSF Act requires members and employers' monthly contributions, whereas 15% of employee salary shall be borne by the employer and 5% shall be contributed by the employee to make a total of 20%.

The funding policy is directed at ensuring that benefits accruing to members and other beneficiaries are fully funded. As such, in framing contribution rates, the government and the actuarial consider long-term trends in such factors as membership enrolment, salary growth, investment earnings, and the average market value of the Fund's assets.

Under the PSSSF Act, the contributions payable by an employer are 20% of the employee's monthly salary, constituting 5% deducted from the employee's salary and 15% contributed by the employer. The Minister responsible for Social Security can vary these rates by order published in the Government Gazette.

(iii) Benefit payments

Under the provisions of sections 25 to 48 of the PSSSF Act of 2018, the benefits coverage includes retirement benefits, death benefits, invalidity benefits, maternity benefits, unemployment benefits, and education benefits. These benefits are explained further below;

Retirement Benefits

The compulsory age of retirement is 60 years. A member may opt to retire voluntarily at the age of 55. Members whose statutory terms of employment prescribe an age of retirement shorter or longer than the age of 55 to 60 years will retire in accordance with such prescribed terms. In addition to that, for a member to qualify for retirement benefits, he must have a contributing period of at least 15 years.

Benefits are payable on retirement upon meeting the following conditions:

- Upon attaining the age of sixty (60), which is the compulsory age of retirement for non-academician members,
- On or after attaining the age of fifty-five years (55), which is a voluntary retirement age,
- On medical evidence to the satisfaction of the employer that he is incapable of discharging the duties of his office by reason of becoming invalid;
- On termination of employment due to abolition of office;
- On termination of employment in the public interest,
- Upon cessation to hold constitutional office pursuant to the provisions of Article 72 of the Constitution,
- On termination of employment due to retrenchment,



- On termination of employment due to the appointment of a political post where there is a specific arrangement for retirement benefits; and
- On termination of employment due to the restructuring of the office

A special lump sum is payable to a member who attains the above-listed conditions but has not contributed for a period of at least 15 years (180 months). Furthermore, a special lump sum is also paid to a member who has emigrated from the United Republic of Tanzania.

#### Maternity Benefits

Under this category, members are entitled to cash benefits equivalent to a respective member's basic salary but not more than TZS 1,000,000. Maternity benefit is payable to a member who has contributed for at least 36 months upon receipt by the Director General of a medical certificate from an accredited medical provider certifying that the female member expects to delivery of a child. Maternity benefit is also paid to a member who has stillbirth as a cash benefit at the rate of 33.3% of the respective member's basic salary, which is not more than TZS 1,000,000. A member shall not be paid maternity benefits more than four times in the member's employment cycle.

#### Invalidity Benefits

An invalidity benefit is payable to a member who is recommended by a competent authority that, by reason of physical or mental disablement, the member cannot perform his duties, provided that the cause of his disability is not related to occupational diseases contracted out of work or in due cause of the member's employment. The amount payable if contributed for at least 15 years will be paid the same as the retirement benefit, and if contributed for less than 15 years, a special lump sum will be paid.

#### Unemployment Benefits

A member who ceases to be employed is entitled to unemployment benefits. Unemployment benefit is paid to a member who is terminated or ceases to be employed in circumstances other than resignation, is a citizen of the United Republic of Tanzania, and is not pensionable. The member has contributed to the Fund for a period not less than eighteen months and shall have aged below fifty-five years.

#### Death Gratuity

Where a member dies while in service, the Director General shall grant the dependents a death gratuity of commuted pension gratuity (CPG) if the deceased contributed for a period of at least 15 years and a special lump sum if the deceased member contributed for a period of less than 15 years. Where a deceased member is not survived by a widow, widower, or dependent child or children, and if his parents were wholly or mainly depending on him for support and without adequate means of support, the Director General shall grant to his parents an amount not exceeding the pension that might have been granted to his dependents.

### Survivors Benefits

The survivor's benefit is payable to the dependent of the deceased member if he contributed to the scheme for a period of at least 15 years. Therefore, in addition to the commuted pension gratuity (CPG), the Director General may, upon satisfaction on the basis of such evidence as may be required:

- Pay the monies directly to the widow or widower for the maintenance of herself or himself and the member's children who were depending on him or her at the time of death;
- Where there is no widow or widower, pay the monies, in such proportions as he/she may think fit, direct to a guardian of the children of the member to be applied
  - i. To the maintenance of the child or children of the deceased;
  - ii. To any child of the Member who is of full age but who is incapable of work by reason of bodily or mental disablement; and
  - iii. To any other dependent;
- Pay the monies to the executor or administrator of the deceased's estate where there are more claims than one coming from the widow, widower, or dependents; or
- In any other case, pay the monies to the Administrator-General, who shall hold them in trust for the members of the family or other persons found to be entitled under this section.

Where a member dies while receiving a retirement or invalidity pension, his/her dependents shall be paid a lump sum equal to the deceased's monthly pension times 36.

### 3.3.3 Customers

Customers of the Fund are divided into two categories: internal and external customers. Internal customers are the employees of the Fund. External customers are a large group composed of members (existing and potential), tenants, employers and service providers.

### 3.3.4 Business Processes

The business process of the Fund is made up of four main processes: member registration, collection of contributions, payment of benefits, and investment management processes.

### 3.3.5 Distributions channels

The Fund's services are mainly distributed online through the use of modern information and communication technology, with a target of abandoning paper usage from a member's registration to benefit payments.

### **3.4 Structure of the Fund's operation, and its economic model, including an overview of the main operating facilities and their locations**

The structure of the Fund operations involves several key components and functions that work together to manage the efficiently.

#### **3.4.1 Operating structure**

The Fund is under the supervision of the Board of Trustees, and the day-to-day management is entrusted to the Director General. During this period, the board was composed of 8 non-executive trustees. The tenure of the Board of Trustees is three years, with re-appointment eligibility.

Trustees are performing their oversight role through four subcommittee of the Board which are Investments, Finance, audit and governance and risk committees. The President of the United Republic of Tanzania appoints the Chairman, while the Minister responsible for Social Security appoints other Trustees. The composition of the board is tripartite, with representatives from the government, contributing employers, and employees.

The Board reports to the Minister responsible for Social Security for this case is Prime Minister Office-LYED Social Protections Division, who may, from time to time, issue directives as may be deemed appropriate. The Board delegated the day-to-day management of the Fund to the Director General, who is assisted by senior management through the following functional departments and units:

- i. Operations;
- ii. Planning, Investments and Project Management
- iii. Finance;
- iv. Human Resources and Administration;
- v. Information and Communication Technology;
- vi. Procurement Services;
- vii. Internal Audit;
- viii. Legal Services;
- ix. Actuarial Services and Risk Management; and
- x. Public Relations and Members Education

Senior management was invited to attend board meetings and facilitate effective control of all operational activities, acting as a provider of clarification and technical support to the board. In addition, the board has established a risk management policy and framework that guide the management on the risk management process, including monitoring of external environments that may impact the business processes of the Fund.

### 3.4.2 Overview of the main operating facilities and their location

The Fund has its head office in Dodoma and its subhead office in Dar es Salaam. The Fund has one office in Zanzibar and ten zonal offices serving twenty-three operating regional offices in Mainland Tanzania. As part of strategies to ensure that services to members in the Dar es Salaam region remain effective, the Fund operates three zonal offices.

### 3.5 Effectiveness and efficient utilization of resources

The Fund's wide spectrum of resources includes financial, intellectual, natural, human, social, and relationship resources. During the period, there was an effective and efficient utilization of the resources to attain the corporate objectives.

### 3.6 Macro and micro economic conditions

#### 3.6.1 Global economy review from the IMF report

The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine remains slow and uneven. Despite economic resilience earlier this year, with a reopening rebound and progress in reducing inflation from last year's peaks, it is too soon to take comfort.

Economic activity still falls short of its pre-pandemic path, especially in emerging market and developing economies, and there are widening divergences among regions. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, the war in Ukraine, and increasing geo-economics' fragmentation. Others are more cyclical in nature, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events.

Global growth is forecast to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024. The projections remain below the historical (2000-19) average of 3.8 percent, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook. For advanced economies, the expected slowdown is from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024, amid stronger-than-expected US momentum but weaker-than-expected growth in the euro area. Emerging market and developing economies are projected to have growth modestly decline, from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024, with a downward revision of 0.1 percentage point in 2024, reflecting the property sector crisis in China.

Forecasts for global growth over the medium term, at 3.1 percent, are at their lowest in decades, and prospects for countries to catch up to higher living standards are weak. Global inflation is forecast to decline steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024. But the forecasts for 2023 and 2024 are revised up by 0.1 percentage point and 0.6 percentage point, respectively, and inflation is not expected to return to target until 2025 in most cases.



### 3.6.2 Tanzania economy overview

#### (i) Gross Domestic Product

During the second quarter of the calendar year 2023, nominal Quarterly Gross Domestic Product (QGDP) in an absolute term (at current prices) increased to TZS 47.6 trillion from TZS trillion 42.6 in the similar quarter of 2022. Meanwhile, real QGDP (at 2015 also increased to TZS 36.7 trillion in the second quarter of 2023 from TZS 34.9 trillion in a similar period of 2022 equivalent to the growth rate of 5.2 percent.

#### (ii) Inflation

During the quarter ending June 2023, inflation remained within the country's target and was consistent with regional benchmarks. Twelvemonth headline inflation eased to an average of 4 percent from 6.1 percent in the quarter ending June 2022, following a decline in prices of nonfood items, particularly items under energy and fuel category

#### (iii) Money Supply and Credit

During the quarter ending June 2023, the Bank maintained a less accommodative monetary policy stance to address the impact of global shocks while continuing supporting economic activities. The policy stance also aimed at maintaining an appropriate level of shilling liquidity in the economy to reduce domestic demand pressure on foreign exchange. Reflecting the lagged impact of the monetary policy, extended broad money supply grew by 18.8 percent in the year ending June 2023, compared with the target of 10.3 percent set for 2022/23. This growth was predominantly driven by continued strong growth of credit to the private sector.

#### (iv) Interest Rates

During the quarter ending June 2023, interest rates charged by banks on loans broadly remained unchanged. The overall lending and negotiated rates averaged around 16 percent and 13 percent, respectively, almost similar to the rates recorded in the corresponding quarter in 2022. Interest rates offered by Banks on deposits also recorded a similar scenario

#### (v) Financial Markets

The government securities primary auctions registered a mixed performance during the quarter ending June 2023, with investors' preference leaning on the longer end of the yield curve.

### 3.6.3 Tanzania's Financial Sector Recent Developments and Initiatives

#### (i) Climate-Related Financial Risks

The global emphasis on managing climate-related financial risks, as seen in Basel Committee principles, is mirrored in Tanzania's regulatory environment. The issuance of guidelines by the Bank of Tanzania aligns with international best practices.

The regulatory environment in Tanzania's financial sector, including pensions, has been responsive to global trends. The issuance of guidelines on climate-related financial risks management reflects an awareness of environmental considerations in investment decisions.

#### (ii) Technological Advancements

The adoption of the Tanzania QR Code (TANQR) Standard is part of the broader regulatory efforts to enhance payment systems. This initiative aligns with global trends in digital payments, providing convenience, security, and interoperability among different payment service providers.

#### (iii) Contingency Planning and Recovery Guidelines

The introduction of guidelines on contingency planning and recovery for banks and financial institutions by the BOT contributes to the resilience of the overall financial system, which indirectly impacts social security stability, aimed to Minimize business disruptions, ensure continuity of critical functions, and instill public confidence.

#### (iv) Stress Testing and Risk Management

Tanzania's stress testing guidelines align with global standards set by the Basel Committee, emphasizing the importance of robust risk management practices in the face of global economic uncertainties.

Stress testing guidelines for banks and financial institutions, aligned with international standards set by the Basel Committee, indicate a commitment to ensuring the resilience of the banking sector, which has spillover effects on the stability of social security.

### 3.6.4 Fund Measures to Monitor External Environment

For the past five (5) years, the economy, as reflected in the Gross Domestic Product (GDP), grew at an average rate of 5.2 percent per year; it is assumed to grow at an average of 8.0 percent annually. The Fund also assumed the stability of other macroeconomic factors, such as the inflation rate, which is assumed to not exceed 5.0 percent, currency stability, and low interest rates.

Investment diversification and avenues will increase; further, the Government will continue to recruit in central and public institutions, Furthermore, the Fund is expecting the Government to pay its outstanding debts.

The Fund has devised strategies to incorporate insights from environmental scanning and confront the future with optimism. At this juncture, the Fund recognizes several focal areas of emphasis, including

(i) Enhancing Service Delivery

The Fund is resolutely committed to elevating its service standards for Members, focusing on the timely and accurate processing of contributions and benefits to ensure a seamless experience. The Fund has developed Customer Service Charter to set standards of serving customers and ensure customers are aware of their rights and obligations. A total of 153,890 customer complaints have been received through walk-in customers, social media, *e-mrejesho*, and e-mails. 95% (146,196) of the complaints received were resolved.

The Fund has revised the organization structure to establish zone offices, regional offices, and liaison offices to improve service delivery. Furthermore, the Fund has computerized key processes and integrated them with other stakeholders' systems, namely CRDB, NMB, NIDA, RITA, and TRA. The Fund is committed to continue improving services provided to Members and other stakeholders, reflecting the Fund's dedication to meet evolving needs and expectations, to that end, call center time has been extended to 8:00 PM from the previous 5:00 PM.

(ii) Investing in Technology

Recognizing the transformative power of technology, the Fund made strategic investments to enhance its operations, improve efficiency, and provide Members and employers with convenient online services for a more streamlined experience. The Fund developed different systems and applications in order to improve its efficiency in service delivery. The systems include legal management, real estate management, board management share points, customer relations management, system health checks, risk monitoring tools, and biometric verification.

The Fund has also developed a mobile app for Android and iOS so that members can access the Fund's services from their mobile phones and other ICT devices. In regards to applications, they include a mobile app (PSSSF Kiganjani), a member's portal, performance management, and an internet banking interface. All together, they have been vital in ensuring customers' satisfaction and operational efficiency

(iii) Collaborating with Stakeholders

Strengthening collaborative ties with key stakeholders, including the Government of the United Republic of Tanzania, Employers, and Employees, is a priority. This collaborative approach aims to address challenges collectively and achieve common goals for the benefit of all parties involved.

(iv) Enhancing Commitment and Hard Work

The Fund underscores the importance of heightened commitment and hard work from the Board of Trustees, Management, and Staff of PSSSF to ensure the successful implementation of its strategic initiatives.

Training Needs Assessments are always conducted for all directorates and units, and the identified gaps are used to prepare Funds training programs in the priority areas.

During the year the Fund has provided training opportunities to 675 staff in various work related courses in order to equip them with the appropriate knowledge. The key priority areas were culture change, customer care, social care, social security, leadership, retirement plan and public service ethics. The Fund has been rewarding the best workers, issuing recognition letters to high performers, and promoting its staff, whereby 408 staff were promoted. The Fund continues to ensure existing incentives are timely available, and a human resource management and payroll system have been developed to keep staff information available.

**(v) Prudent Investment Decisions**

The Fund acknowledges the significance of prudent investment decisions that have played a pivotal role in ensuring the sustained growth of its assets over time. All investments in the Fund were made in accordance with relevant guidelines and regulations, and the return on investment was 8% on average during the period. In addition, the Fund earned interest on all collection bank accounts at a rate of 3.5% from CRDB, 4.0 from NMB, and 4.5% from NBC and Azania.

**(vi) Efficient and Effective Administration**

Emphasizing efficient and effective administration, the Fund is dedicated to maintaining a high standard in the management of its operations, ensuring seamless processes and optimal performance. The Fund has developed and implemented a balanced scorecard performance management system by implementing 15 processes, during the year, all 681 staff were trained on how to use it. Furthermore, the Fund has computerized key processes and integrated them with other stakeholders' systems, namely CRDB, NMB, NIDA, RITA, and TRA.

**(vii) Implementation of Sound Financial and Investment Policies**

The Fund remains steadfast in the implementation of sound financial and investment policies to uphold the integrity and stability of its financial framework. The Fund adopted International Financial Reporting Standards (IFRS) for financial reporting and has computerized key accounting functions in its financial management system, which is integrated with other stakeholders' systems, including NMB and CRDB.

The Fund has financial policy, which governs all financial operations, and investment policy, which governs all investment activities supplemented by the Social Security Schemes Investment Guidelines (SSIG);

**3.7 Market forces**

Fund market under the provision of Section 5 of PSSSF Act, are all employees in the Public Service, including Public Entities in which the Government has at least 30% of shareholding. PSSSF receives contributions in the ratio of 15%:5%, from the employers and employees respectively.



### 3.8 Operating environment

#### 3.8.1 Fund environmental scanning

The Fund carried out an analysis of the trends and factors that could affect Fund's operations in the future in order to identify the challenges and opportunities facing the Fund. PESTEL (Political, Economic, social, Technological Environmental and Legal) analysis was carried out to determine factors in the Macro environment that could affect the Fund operations. The outcomes of the PESTEL analysis were used to refine strategic issues depending on Strength, Weaknesses, Opportunities and Challenges. The Table below shows PESTEL analysis:

**Table 2: PESTEL analysis and its impact to the Fund**

Political Factors	Impact to the Fund
<ul style="list-style-type: none"> <li>Peace and tranquillity will continue to prevail in the country during the plan period</li> <li>Corporations with associations and a member of ECASSA, ISSA and TSSA and the country being a member of EAC, SADC and AU.</li> <li>Continuous changes in policies and Government directives</li> </ul>	<ul style="list-style-type: none"> <li>Investments in Public Private Partnerships hence diversification on investments.</li> <li>Interactions with ECASSA/ ISSA to learn on experiences and new products.</li> <li>Impact on sustainability and ability of the Fund to predict its future.</li> <li>More members hence more contributions.</li> </ul>
Economic Factors	Impact to the Fund
<p>Government target by 2027:</p> <ul style="list-style-type: none"> <li>Real GDP growth rate of 6%-8%, with per capital of US\$ 1550 current prices</li> <li>Inflation rate contained at 3 % and 5%;</li> <li>Reducing lending interest rates to single digit;</li> <li>Third five years' development plan</li> <li>Stimulating a competitive and participatory economy</li> </ul>	<ul style="list-style-type: none"> <li>The growth rate normally has a positive implication on the growth of employment from which the Fund obtains members.</li> <li>A single digit inflation rate will enable the Fund to obtain better real return from investments.</li> <li>Interest and exchange rates are expected to attract foreign direct investments and thereby increase opportunities for more investments and potential members to the Fund.</li> <li>Stimulating the stability of economic indicator and strengthening the Fund's business, investment environment and stimulating foreign technological transfer.</li> </ul>
<ul style="list-style-type: none"> <li>Construction of Julius Nyerere 2115 MW hydroelectric power plant and other plants</li> <li>Construction of standard gauge central railway from Dar es salaam to Mwanza, Kigoma, Katavi and other railway lines</li> <li>Extraction of iron ores and other minerals</li> <li>Construction of crude oil pipeline from Hoima in Uganda to Tanga in Tanzania</li> <li>Construction of Lindi Liquefied natural gas (LNG) plant -the magadi soda project</li> <li>Construction and upgrading of ports</li> <li>Construction of industrial parks in special economic zones.</li> </ul>	<ul style="list-style-type: none"> <li>Open up new avenue of investment opportunities especially in industrialization</li> <li>The creation of the eight million new jobs in between 2021 and 2026 will expand the potential base of members to join the Fund ,thus increases contributions.</li> </ul>
Social Factors	Impact to the Fund
Tanzania labour force is growing at around 2.3	<ul style="list-style-type: none"> <li>Sustainability of the Fund, as more member will be</li> </ul>

## PUBLIC SERVICE SOCIAL SECURITY FUND

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

percent per annum and there were 25.8 million persons in the working age group in 2014 compared to 21.0 million persons in 2006 of which ,87 percent are economically active.	<ul style="list-style-type: none"> <li>contributing as compared to exiting members.</li> <li>Create employment that will expand the potential base for members to join the Fund, thus increase its size.</li> </ul>
Review of Tanzania's mortality and fertility data show that Tanzania is in the second stage of the demographic transition with falling mortality rates and persistently high birth rates.	<ul style="list-style-type: none"> <li>Decrease in payment of premature retirement benefit for death cases hence the long-term liability to the fund to pay survivors pensions will decrease.</li> <li>Members will continue to contribute to their retirement age thus will create a cushion for matching the members' contribution and benefits obligations.</li> </ul>
The government conducted population census on August 2022	<ul style="list-style-type: none"> <li>The Fund utilized the findings so as to have more accuracy data in its projections and operation plans.</li> </ul>
<b>Technology Factors</b>	<b>Impact to the Fund</b>
By 2027 improve e Government infrastructure: <ul style="list-style-type: none"> <li>All public institutions connected to secure Government wide network.</li> <li>Government to connect all its public institutions to GePG</li> </ul>	<ul style="list-style-type: none"> <li>Enhance online and automation of various processes. (online payments of benefits)</li> <li>Improve productivity and service delivery through mobile apps, social media, toll free calls and bulk sms.</li> <li>Integration with banking systems, NIDA and TRA for easy identification of members.</li> </ul>
<b>Environment Factors</b>	<b>Impact to the Fund</b>
<ul style="list-style-type: none"> <li>Growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer.</li> <li>Availability of different crops in the country</li> </ul>	Establishment of potential industries in the Country hence increases members and contributions.
<b>Legal Factors</b>	<b>Impact to the Fund</b>
Registration of law and regulations that are passed by the Government	Establishment of new law and regulations that govern the Social Security Industry in the country will impact the Fund's day to day operation.

Source: Psssf Corporate Plan 2021/22-2026/27

### 3.8.2 Societal Matters

#### (i) Social Trends

The Fund shifts in societal attitudes toward retirement, work, and savings can influence the demand for different types of pension products. For example, a trend towards environmental and socially responsible investments.

#### (ii) Fund Policy

The fund recognizes its social responsibility and is committed to contributing positively to the communities in which it operates. This includes supporting community development initiatives and socially responsible investments.

(iii) Implementation

Regular community engagement programs, charitable contributions, and monitoring of the social impact of investments are integral to the Fund's operations.

Demographics: Aging populations can put pressure on Fund operations, as more people retire and draw from the Fund. Changes in life expectancy and retirement trends can impact the Fund's long-term liabilities. Review of Tanzania's mortality and fertility data show that Tanzania is in the second stage of the demographic transition with falling mortality rates and persistently high birth rates. Decrease in payment of premature retirement benefit for death cases hence the long-term liability to the Fund to pay survivors pensions will decrease.

Tanzania's labor force is growing at around 2.3 percent per annum, 87 percent are economically active, thus create employment that will expand the potential base for members to join the Fund, thus increase its size

### 3.8.3 Environmental challenges

Particularly those related to climate change, loss of ecosystems, and resource shortages, are increasingly influencing investment strategies. The Fund recognize the importance of environmentally conscious practices to mitigate risks associated with climate-related events and contribute to global sustainability goals. Integrating environmental, social, and governance (ESG) criteria into investment decisions.

### 3.8.4 Compliance with laws and regulations

The regulatory framework surrounding the Fund operations is complex and subject to frequent changes. Rigorous adherence to legal frameworks is essential to ensure that the Fund operates ethically and within established guidelines.

Social security is subject to various legal requirements and regulations. Changes in these laws, such as reporting standards or fiduciary responsibilities, can impact Fund's operations. Employment-related laws, such as those governing retirement age or employee contributions, can affect the structure and membership of the Fund.

Compliance with laws, regulations, policies, standards, procedures, and guidelines have been enhanced. During the year, the Fund complied with government directives, hence the Fund achieved an unqualified audit reports for three consecutive years to 2021/22.

The Fund will continue monitoring and adapting to changes in these macro-environmental factors to ensure the security and sustainability of operations. The ability to navigate and respond to these influences is crucial for maintaining the financial health of the Fund and meeting the long-term obligations to the members.

(i) Internal controls compliance

During the period, internal control compliance and effectiveness were reviewed through the internal audit department and reported to the board of trustees through the audit committee. Generally, the internal control compliance rate was found satisfactory. A few

gaps in control effectiveness, especially in ICT applications, were strengthened by limiting user access to areas of responsibility.

(ii) Regulatory compliance

The Social Security Schemes Investment Guideline 2021 requires submission of the quarterly performance report and a statement indicating net assets available for members' benefits as of the end of each quarter. Returns are required to be submitted on the last day of the month following the respective quarter.

During the period, all returns were timely submitted to the Bank of Tanzania to enable the authority to fulfil its role of issuing a quarterly economic review report and assessing social security sector performance. The Fund undertook procurement activities in compliance with the public procurement act. Inspections conducted by the authority indicated there were no significant violation noted.

(iii) Monitoring and evaluation plan compliance

Approved Fund's structure (revised) among other changes included monitoring and evaluation functions to enable day to day tracking of the corporate plan implementation. Status noted is reported to the Fund Management for the proper corrective measures.



#### 4.0 SERVICE PERFORMANCE INFORMATION

The Fund's service performance information presents information useful for accountability and decision-making purposes and primarily points out pertinent information with regard to what the Fund had set to achieve (targets) and what it has achieved (results) to enable assessing the extent, efficiency, and effectiveness of the Fund's service performance. At the end, service performance information enables primary users and key stakeholder to make an assessment of whether service performance objectives have been achieved and compares inter-periods or inter-entity service performance.

The Trustees have opted to present service performance information as part of the governance report and they consider administrative efficiency as the key to superior service delivery. The Fund has developed and acquired a range of systems that translate its requirements into tools facilitating a number of administrative activities. This has significantly improved administrative functions including stores management, staff and Members records management, placing orders as well as management of fixed assets and overall financial management.

The Trustees are aware that the acquisitions of the systems require considerable amount of resources. Thus, balancing the need to ensure maximum administrative efficiency, with the need to have the desired systems at low cost has always been Fund's major concern. The Trustee have included both financial and non-financial indicators in the service performance information, to measure performance, targets has been compared to actual, and comparative has been included in order to make inter period comparison of service performance.

PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Table 3: Service and Performance Information

Objective	Strategies	Targets	Risk	Impact	Mitigation	Input	Process	Output	Outcomes	KPI	Implement ation status	Budget(TZS '000)	Actual(TZS '000")
HIV/AIDS infections and Non- Communicable Diseases reduced	Conduct awareness program for HIV/AIDS, C OVID 19 and NCDs	4 seminars	Less productive human resource	High	Frequently provision of HIV /AIDS infection and non- communica ble diseases educations	Human resource	Benefits payment process may be impaired.	Poor service delivery to members	Increased inefficienct es	Reduced number of HIV/AIDS infected	2 awareness programs conducted	72,480	73,142
	conduct support and tournament events.	4 tournament s events	Less productive human resource	High	Provision of monetary support to victims	Financial resource	Investment process may possibly have affected due to the absentees m caused by unhealthy staff	Low return from investment s	Decreased ability to pay members benefits when fall due.		4 tournament s events(Bon anza) were carried	36,080	39,059
							Members registration process may take longer than planned due attendance of medical care	Poor service delivery to members.	Distortion of the Fund band	Reduction in number of absentees m			
							Contributio ns collection from members	Increased contributio ns receivables	An impaired ability to pay members				

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

26

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023**

27

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

28

**THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023**

	To pay benefit claims	Pay TZS 1,939.70 billion as benefit claims																			TZS 1,626.69 billion	1,939,702,831	22,440	1,667,182,347
	To attain a return on investment above inflation rate	Attain 2% return on investment above inflation rate																			5.14% p.a.	44,760		
Financial Sustainability Enhanced	To collect funds from matured investments	Collect TZS 407.09 billion from matured investments																			TZS 386.74 billion	407,090,000	896,171,164	
	To maintain an acceptable level of the operating expenses ratio	Maintain 5% of the operating expenses ratio																			4.56 % has been achieved as at 30 June 2023			
	To achieve an increased funding level	Achieve 3% of increase of funding level																			50%	90,140	90,000	
	To realize income from long term investment	Realize TZS 56.16 billion income from long term investment																			TZS 82.59 billion	56,160,000	10,783,156	



THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

	To collect contributions from members	Collect TZS 1,584.76 billion contributions	Possible penalties for non-compliance	High	Clear allocation of duties	Human resources	An improved compliance rate	Quality reports	Fund compliance rate	100% achieved	TZS 1,748.14 billion	1,706,318,533	1,748,838,269
	To realize income from short term government securities	Realize TZS 456.75 billion income from short term and government securities.	PPA noncompliance risk	High	Competent and well trained staff	Intellectual resources	Zero queries in compliance audit	Improved efficiency		100% achieved	TZS 541.25 billion	456,750,000	605,606,564
Institutional Compliance Enhanced	To prepare quarterly reports	Prepare regulatory returns quarterly											
	To attain an outstanding compliance to procurements Act and its regulations	Attain 100% compliance to procurement Act and its regulations	Ineffective and Inadequacy internal controls	Medium	Proper process documentation	Financial resources				100% achieved			
	To achieve an outstanding compliance level of corporate internal controls	Achieve compliance level of corporate internal controls by 100%											
	To achieve an outstanding compliance to	Achieve 100% compliance to corporate		Medium	Legal services functions					100% achieved			

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

[illegible]



PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

performance appraisal system	performance appraisal system	Stranded staff	Small						safe investments							
To supervise the implementation of performance management system	Supervise the implementation of performance management system														100% implementation	
To provide conducive working environment	To provide conducive working environment by 100%		Small												100% implemented	
To supervise that all reported grievances are resolved	To supervise that all reported grievances are resolved by 100%		Small												No grievances reported	

## 5.0 OBJECTIVES AND STRATEGIES

This section provides information about the objectives of the Fund to generate or preserve value over the longer term. It sets out the strategies for achieving the objectives of the entity. To the extent necessary to meet principles set out, this part include the key performance indicators, both financial and, where appropriate, non-financial, used by Trustees to assess progress against their stated objectives.

### 5.1 Strategies for achieving Fund's objectives

S/N	Objective	Strategies
a.	HIV/AIDS infection and non-communicable diseases reduced	<b>Short-term strategies</b> <ul style="list-style-type: none"> <li>Conduct awareness campaigns and programmes for HIV, COVID-19, and NCD's.</li> </ul> <b>Medium-term strategies</b> <ul style="list-style-type: none"> <li>Support staff living with HIV/AIDS &amp; NDC's</li> </ul> <b>Long-term strategies</b> <ul style="list-style-type: none"> <li>Reduced new infections, discrimination, and HIV/AIDS-related deaths</li> </ul>
b.	National Anti-Corruption Strategy implemented	<b>Short-term strategies</b> <ul style="list-style-type: none"> <li>Conduct corruption awareness campaign</li> </ul> <b>Long term strategies</b> <ul style="list-style-type: none"> <li>Zero tolerance level on fraud incidences</li> </ul>
c.	Customer Satisfaction Enhanced	<b>Short term strategies</b> <ul style="list-style-type: none"> <li>Conduct data cleaning exercises,</li> <li>Timely resolution of customer complaints,</li> <li>Employers' awareness training, customer service training to staff.</li> </ul> <b>Medium term strategies</b> <ul style="list-style-type: none"> <li>Business processes are streamlined and automated, knowledge sharing, and experience gain through exposures and attachments.</li> </ul> <b>Long term strategies</b> <ul style="list-style-type: none"> <li>Introducing new products,</li> <li>Embrace Artificial Intelligence (AI) in service deliveries,</li> <li>Integrating Fund's systems with key stakeholders' systems,</li> <li>Turn around days on claims process are reduced.</li> </ul>
d.	Financial Sustainability Enhanced	<b>Short-term strategies</b> <ul style="list-style-type: none"> <li>Maintenance of a reasonable level of operating expenses</li> <li>Close follow-ups for income realized from investments as well as matured investments</li> </ul>

		<ul style="list-style-type: none"> <li>• Timely payment of benefit claims</li> <li>• Increase members registration</li> <li>• Increase liquidity assets</li> <li>• Increase funding level above ideas rate</li> </ul>
		<b>Long term strategies</b>
		<ul style="list-style-type: none"> <li>• Proper selection of investment avenues</li> <li>• Registering new members to increase the contribution base and investment income,</li> <li>• Increase liquid assets.</li> </ul>
<b>e.</b>	<b>Institutional Compliance Enhanced</b>	<b>Short-term strategies</b>
		<ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>• Fully adhering to corporate internal controls,</li> <li>•</li> <li>• Timely preparation and submission of the reports</li> <li>• Compliance to plan, budget and other laws and regulations.</li> </ul>
		<b>Long term strategies</b>
		<ul style="list-style-type: none"> <li>• Full implementation of the monitoring and evaluation plan</li> <li>• 85% of the risk maturity level attained</li> </ul>
<b>f.</b>	<b>Human Capital Efficiency Enhanced</b>	<b>Short-term strategies</b>
		<ul style="list-style-type: none"> <li>• Implementing change culture programs</li> <li>• Implementing a staff training program</li> <li>• Staff productivity increased</li> </ul>
		<b>Medium-term strategies</b>
		<ul style="list-style-type: none"> <li>• Resolve all grievances reported.</li> </ul>
		<b>Long term strategies</b>
		<ul style="list-style-type: none"> <li>• 85% of staff satisfaction levels were attained.</li> <li>• 85% behavior index achieved</li> <li>• Implementing innovative ideas</li> </ul>

**Note**

The first two objectives are for cross-cutting issues provided to ensure the Fund joins the government efforts towards fighting against corruption practices, HIV infection, and non-communicable diseases. Further details regarding to performance metrics have been provided under the service performance table 3.

## 5.2 Non-financial performance

### 5.2.1 Enhance Customer Experience

Customer Service Charter was approved by the Board to set standards of serving customers and ensure customers are aware of their rights and obligations. Total of 153,890 customer complaints have been received through walk in customers and Customer Relation Manager

(CRM), social media, E Mrejesho and emails. 95% (146,196) of the complaints received were resolved.

#### **5.2.2 Create and Improve Brand Awareness**

Brand manual was prepared to guide branding as well Corporate Social Responsibility (CSR) policy reviewed to guide stakeholder's relation management, Media and Public Relation (MPR) policy control public and media addresses and communications. The Fund conducted 135 Corporate Social Responsibility initiatives during the year.

#### **5.2.3 Create Corporate Culture**

Culture change program with six modules has been conducted, the Modules are Feelings, Speed, Remember Me, Empowerment, Exceptional Services and Bad Campaign, furthermore, mechanisms to ensure adherence to core value of the Fund were Developed and the following trainings were conducted to achieve this target; Culture Change Trainings, Customer care service training, Professional development training, Risk awareness training to Staffs and public ethics training.

#### **5.2.4 Enhance Staff Welfare**

Staff rewards and recognition programs were developed during the year to effectively motivate employees, whereby best workers were rewarded, and recognition letters has been rewarder to high performers and 506 staff were promoted

#### **5.2.5 Enhance Capacity Building**

Training Needs Assessment has been conducted to all directorates and units and the identified gaps were used to prepare Funds training programs on the priority areas, The Fund conducted on job training and awareness programs to all staffs in order to align their individual expectation with the Fund's Plan.

#### **5.2.6 Enhance Institutional Compliance**

Compliance with laws, regulations, policies, standards, procedures and guidelines are of paramount importance as well compliance with reporting frameworks and Government directives. The Fund complied with directives issued by the Government and hence, the Fund achieved unqualified audit report for the financial year 2022/23.

The Trustees achieved 100% of institutional standards compliance against the target of 100%, it includes compliance to PSSSF Act No. 2 of 2018, Guidelines provided by the Regulator and other applicable Laws and regulations.

The Trustees managed to improve Quality of Services by achieving 83% of customer satisfaction against a target of 85%, this was achieved by reducing benefit processing time to 60 days and customer served within 10 minutes.

### **5.3 Industrial and other KPIs**

The selected ratio has been shown in the table below;

Table 4: Key ratios

Performance indicator/ratio	Definition and formula	Purpose	30 Jun 23	30-Jun 22
<b>Investment ratios</b>	(Total investments/Total assets) x 100	To show the proportion of total investments to total assets.	92.43%	93.25%
<b>Income ratios</b>	Return on Investment Income = (Investments income/ total investments) x 100	To evaluate efficiency/profitability of investments assets.	8.67%	7.85%
	Return on total assets = (Investments income/Total assets) x 100	To evaluate efficiency/profitability of the Fund's total assets	8.01%	7.32%
	(Investments income/net assets) x 100	Shows the impact of investment income to net assets	8.46%	7.92%
<b>Liquidity ratio</b>	Current. assets/ Current liabilities	Showing the liquidity of the Fund	2.23	1.25
<b>Benefits ratios</b>	(Benefits /contributions) x 100	To show the proportion of benefits expenses to contribution income.	92.98%	111.24%
	(Benefits / total income) x 100	To show the proportion of benefits expenses to total income.	64.98%	78.95%
	(Benefits/Total expenditure) x100	To show the proportion of benefits expenses to total expenditures.	91.98%	92.57%
<b>Expenditure Ratios</b>	(Administrative expenses / contributions) x 100	To show the proportion of administrative expenses to contribution income.	4.56%	4.79%
	(Administrative expenses / total Expenses) x 100	To show the proportion of administrative expenses to total expenses.	4.52%	3.98%
<b>Funding Ratio</b>	Net assets /Total benefits liability	To show ability of the Fund to pay out pension benefits to its current and future members.	36.40%	22.30%



## **6.0 STAKEHOLDERS RELATIONS**

### **6.1 Fund Policy**

The Fund recognizes its social responsibility and is committed to contributing positively to the communities it operates in. This includes supporting community development initiatives and socially responsible investments.

### **6.2 Implementation**

Regular community engagement programs, charitable contributions, and monitoring of the social impact of investments are integral to the Fund's operations. The Fund engages with a number of stakeholders, internal and external, which have various needs and expectations from the Fund.

#### **6.2.1 Relationship between management and employees**

A healthy relationship continues to exist between the Management and employees. Management liaises and communicates with employees, for inputs, on matters relating to the Fund's operations and its employees' welfare. Such matters include, but not limited to, long and short-term plans, budgetary allocations and operational efficiency.

Regular meetings with employees' representatives are held to discuss matters as part of employees' involvement in the Fund's decision-making process. These meetings provide important forums form important ingredients into the Management decision-making process. During the year ended 30 June 2023, there were no unresolved grievances or disputes received by the Management from the employees. For more information, are available on corporate governance matters.

#### **6.2.2 Relationship between management and other key stakeholders**

The Fund has identified key stakeholders and has undertaken an assessment of their interests and the ways in which these interests affect the Fund's operations. The purpose of the analysis was to determine the extent to which each stakeholder influences the achievement of the objectives of the Fund. The summary of Stakeholders' analysis is as at Table 5.

Table 5: Stakeholder Analysis

S/N	Stakeholder	Needs/Expectations	Role	Stakeholders Management Strategy
1	Government as sponsor and Employer (Central, Local, Agencies and Parastatals)	<ul style="list-style-type: none"> <li>• Effective and efficient administration and control of the Fund</li> <li>• Good service to Fund's members</li> <li>• Support Government initiatives</li> <li>• To receive information concerning the members on registration, contribution and benefit payment status</li> <li>• Sustainability of the Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Guarantor and sponsor of the Fund</li> <li>• Develop and/or review social security</li> <li>• Policy, Provide continued commitment and support to the Fund</li> <li>• Payment of Debts and adhere to the guidelines and regulations issued.</li> <li>• Remittance of Contributions</li> <li>• Submission of relevant documents.</li> <li>• Efficient running of the Fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Timely provision of reports regarding operations and performance of the Fund</li> <li>• Compliance of law, regulations, guidelines and directives</li> <li>• Engagement meetings</li> <li>• Improve employer's relations.</li> <li>• Improve communication and feedback mechanism.</li> <li>• Maximize return and effective cost control</li> </ul>
2.	Regulators <ul style="list-style-type: none"> <li>• BoT, PPRA, NBAA</li> <li>• TRA, OSHA, TCRA</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to relevant statutes, regulations, guidelines, circulars, and directives.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulate, control and supervise operations of the Fund.</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with relevant statutes, regulations, guidelines, circulars and directives.</li> </ul>
3.	Trade Unions <ul style="list-style-type: none"> <li>• TUCTA, CWT</li> <li>• ATE, TUGHE</li> <li>• TALGWU, TUICO, RAAWU.</li> </ul>	<ul style="list-style-type: none"> <li>• Timely &amp; quality service at minimal cost</li> <li>• Employees' right to form and join trade unions.</li> <li>• Compliance to labour laws.</li> </ul>	<ul style="list-style-type: none"> <li>• Promote labour relations</li> <li>• Hands off, eyes on</li> <li>• Establish Workers Union at work place</li> <li>• Participatory decision making</li> </ul>	<ul style="list-style-type: none"> <li>• Establish harmonious relations.</li> <li>• Efficient service delivery.</li> <li>• Increase productivity.</li> </ul>
4.	Members <ul style="list-style-type: none"> <li>• Pensioners &amp; survivors</li> <li>• Contributing members.</li> </ul>	<ul style="list-style-type: none"> <li>• Excellent service delivery and complaints management systems</li> <li>• Timely payment of benefits</li> <li>• Timely update of contributions</li> </ul>	<ul style="list-style-type: none"> <li>• Owner of the Fund</li> <li>• Ensure Remittance of monthly Contributions</li> <li>• Submission of relevant documents</li> </ul>	<ul style="list-style-type: none"> <li>• Improve service delivery (online services).</li> <li>• Business processing reengineering.</li> <li>• Implement effectively client service charter.</li> </ul>
5.	Service providers & Financial Institutions <ul style="list-style-type: none"> <li>• Suppliers, Contractors</li> <li>• Media Houses, Social Media,</li> <li>• Banks and Social Security</li> </ul>	<ul style="list-style-type: none"> <li>• Exercise fair and transparent tendering processes.</li> <li>• Implement effectively contracts management and agreements.</li> <li>• Timely payment of bills.</li> <li>• Promote compliance</li> </ul>	<ul style="list-style-type: none"> <li>• To provide service according to agreement</li> <li>• To provide standards</li> <li>• Business relationship</li> <li>• Quality of service</li> <li>• Custodianship</li> </ul>	<ul style="list-style-type: none"> <li>• Implement Effectively contracts' management and agreements.</li> <li>• Initiate/consider business relationships</li> <li>• To provide accurate and appropriate information</li> </ul>

S/N	Stakeholder	Needs/Expectations	Role	Stakeholders Management Strategy
	Associations	with international social security best practice and corporation		

Source: Psssf Corporate Plan 2021/22-2026/27

## 7.0 CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

This section provides a comprehensive overview of the Fund's development and performance during the financial year that concluded on June 30, 2023. It encompasses the execution of annual plans and the details presented in the financial statements, concentrating on pivotal areas essential for a holistic understanding of the overall development and performance.

### 7.1 Implementation of the annual plan

The prepared annual plan for 2022-23 was focused on ensuring the Fund achieves the six strategic priorities set out in the five years' strategic plan, summarized into four perspectives: financial, customer-focused, process improvement, and organization capacity. Below are the plans and achievements reached during the period:

#### 7.1.1 Reducing Non-Communicable Diseases (NCD) and HIV infections

The annual plans for the year under review were aimed at reducing NCD, AID, and fighting COVID-19 through conducting awareness programmes, providing care and support to LHIV, and providing protective tools.

During the period, the fund spent TZS 190.84 million (2021/22: TZS 303.40 million) to achieve the desired objectives.

The plan for the coming financial year is to ensure two awareness programmes for HIV/AIDS, COVID-19 and NCDs, are conducted, 100% of staff living with HIV are financially supported as per the Fund's policy, and new infections, discrimination, and HIV-related deaths are reduced to zero percentage.

To achieve the above plans, the Fund is anticipating spending an estimated TZS 199.40 million.

#### 7.1.2 Implementing the national anti-corruption strategy

The Fund had a plan to conduct awareness campaigns intended to omit corruption practices amongst the Fund's staff. During the period, the fund spent TZS 5.95 million for corruption awareness campaigns. Good governance, anti-corruption, and ethical issues awareness programs are planned to be conducted in the coming financial year with a total budget of TZS 22.18 million. The initiative shall ensure a zero-corruption likelihood index on procurement and zero fraud incidence.



### **7.1.3 Enhancing institutional compliance**

The annual plan provided activities that should be undertaken so as to provide the compliance rate, including strengthening compliance with internal controls, timely submission of the regulatory returns, improving scores for the review done by the PPRA, and implementing 100% of the monitoring and evaluation plan.

Detailed information regarding implementation extent have been provided under service performance information table for further reference.

### **7.1.4 Enhancing human capital efficiency**

Employees are vital to enable achieving the intended goals. This mean their health, safety, competencies, and welfare are fundamental to the Fund's operational effectiveness and overall success. As such, the ability to attract, develop, enable and retain the very best employees is vital as well for success. Further details have been provided on social sustainability.

## **7.2 Analysis of statement of changes in net asset during the period**

As part of enhancing the financial sustainability objective of the Fund, this part explains performance in significant items of the statement of changes in net assets available for benefits.

### **7.2.1 Members Contributions**

As reflected in the Statement of Changes in Net Assets Available for Benefits, contributions during the year amounted to TZS 1,681.65 billion (2021/22: TZS 1,526.27 billion), which represents an increase of 10.18%. The increase is attributed to new member's registrations following improved recruitment rates in the public service and salary increases due to promotions of public sector employees.

### **7.2.2 Investments income**

The income from investments during the year amounted to TZS 685.44 billion (2021/22: TZS 587.56 billion). The investment income earned during the year represents an increase of 16.66%. The overall increase is attributed to fair value gain in listed equities following improved performance in DSE and interest income following new additional investments from the excess funds. For further details, kindly refer to notes 31, 32, and 34 for details.

The investment income categories that have a significant impact on the overall investment income are interest income from Treasury bonds, which contributes 55.63% of the total investment income (2021/22: 73.22%), special non-cash bonds, which contribute 18.62% of the total investment income (2021/22: 11.74%), and rent income, which contributes 5.21% of the total investment income (2021/22: 5.17%). Details of investment income are shown below.

Table 6: Details of the investment income

Interest Income	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	TZS '000	TZS '000	% of the total	% of the total
Treasury Bonds	381,326,110	430,190,041	55.63%	73.22%
Special Non-Cash Bond	127,656,059	68,966,679	18.62%	11.74%
Corporate Bonds	1,023,348	435,669	0.15%	0.07%
Placement in Banks	29,254,696	18,011,898	4.27%	3.07%
Corporate loan	1,693,260	1,187,955	0.25%	0.20%
SACCOS Loan	53,591	194,096	0.01%	0.03%
Other loans	224,256	320,032	0.03%	0.05%
Other interest income	11,723,146	11,846,865	1.71%	2.02%
Sub total	552,954,466	531,153,235	80.67%	90.40%
Dividend and share of profits				
Listed equities	30,821,072	26,465,320	4.50%	4.50%
Collective investments	129,142	352,427	0.02%	0.06%
Unlisted equities	2,236,472	-	0.33%	0.00%
Total	33,186,686	26,817,747	4.84%	4.56%
Rental Income				
Rent	33,945,346	28,256,742	4.95%	4.81%
Parking fees	605,192	1,134,373	0.09%	0.19%
Conference halls	1,158,146	998,869	0.17%	0.17%
Hire purchase - interest	-	-	0.00%	0.00%
Sub total	35,708,684	30,389,983	5.21%	5.17%
Grand Total	621,849,835	588,360,964	90.72%	100.14%
Fair Values Changes	63,586,748	(798,145)	9.28%	-0.14%
	685,436,583	587,562,819	100.00%	100.00%

Source; PSSSF Audited Financial Statements 2022/23

During the year, the Fund recorded in aggregate a fair value gain amounting to TZS 63.59 billion (2021/22: loss of TZS 0.79 billion). Significant changes can be observed in investment properties as, during the year, the Fund made an assessment and observed that there were no significant changes in the fair value of its investment properties therefore adopted the previous year's fair value instead of conducting a fresh valuation which is costly.

Table 7: Changes in Fair Values

	30-Jun-23	30-Jun-22	% Increase/
	TZS' 000	TZS' 000	(Decrease)
Listed Equities	29,064,112	44,624,531	-34.9%
Unlisted Equities	45,910	10,891,140	-99.6%
Collective Schemes	24,137,008	22,573,696	6.9%
Investment properties	-	(65,672,017)	-100.0%
Associates and Joint Ventures	5,153,633	1,229,823	319.1%
Subsidiaries	3,522,430	(7,264,867)	-148.5%
Other fair values changes	1,663,655	(7,180,451)	-123.2%
Total	63,586,747.69	(798,144.99)	-8066.8%

Source; PSSSF Audited Financial Statements 2022/23

**7.2.3 Administrative expenses**

During the year, total administrative expenses of the Fund amounted to TZS 76.61 billion (2021/22: TZS 73.06 billion). When measured against the previous year, administration expenses increased by 4.86% and were mainly due to an increase in staff costs following the promotions of most of the staff.

The ratio of the total administrative expenses to the total contributions was 4.56%. With increasing automation of the Fund's processes, we expect further administrative expense reductions in the forthcoming years. Administrative expense breakdown and further analysis have been provided in the tables below:

**Table 8: Analysis of Administrative Expenses**

Administrative Expenses	30-Jun-23	30-Jun-22	% Increase/
	TZS' 000	TZS' 000	(Decrease)
Staff Costs [Note 14(a)]	57,659,832	56,235,606	2.53%
Board of Trustees Fees	72,647	58,523	24.13%
Other Board Expenses	764,046	477,626	59.97%
Audit Fees	565,528	520,884	8.57%
Tender Board Expenses	411,211	438,124	-6.14%
Legal Expenses	778,813	449,106	73.41%
Insurance Expenses	335,461	390,223	-14.03%
Bank Charges and Commissions	677,050	223,589	-202.81%
General Operational Expenses [Note 14(b)]	15,889,877	14,268,187	11.37%
<b>Total</b>	<b>77,154,464</b>	<b>73,061,869</b>	<b>6.60%</b>

Source; PSSSF Audited Financial Statements 2022/23

**Table 8.1: Analysis of Staff Costs**

*Analysis of Staff costs	30-Jun-23	30-Jun-22	% Increase/
	TZS' 000	TZS' 000	(Decrease)
Staff Salaries	32,612,875	31,781,669	2.62%
Staff Allowances	10,545,289	10,505,683	0.38%
Extra duty	552,828	668,988	-17.36%
Social Security Contributions	5,128,080	4,976,288	3.05%
Skill and Development Levy	1,880,119	1,839,295	2.22%
Medical Expenses	1,973,118	1,348,003	46.37%
Leave Expenses	2,748,401	2,456,434	11.89%
Staff Transfers	814,093	1,063,991	-23.49%
Staff Refreshments	517,713	447,676	15.64%
Terminal Expenses	149,177	120,997	23.29%
Other Employee Expenses	738,139	1,026,582	-28.10%
<b>Total</b>	<b>57,659,832</b>	<b>56,235,606</b>	<b>2.53%</b>



Table 8.2: Analysis of General Expenses

**Analysis of General expenses	30-Jun-23	30-Jun-22	% Increase/
	TZS' 000	TZS' 000	(Decrease)
Workers Council & Committees	503,615	592,964	-15.07%
ICT Software Expenses	3,332,207	2,445,200	36.28%
Stationery and Consumables	1,486,587	1,921,095	-22.62%
National Holiday and Sports	202,275	150,293	34.59%
Repair and Maintenance Expenses	878,590	824,332	6.58%
Entertainment Expenses	75,550	56,450	33.84%
Travelling Expenses	4,185,745	4,115,708	1.70%
Fees and Subscription	86,030	60,660	41.82%
Office Cleaning	223,246	238,978	-6.58%
Security Expenses	217,416	489,760	-55.61%
Staff capacity building	2,081,694	1,650,364	26.14%
Office Electricity	148,655	138,643	7.22%
Office Rent	500,478	518,855	-3.54%
Telephone expenses	227,699	362,940	-37.26%
Postage and courier expenses	20,046	79,668	-74.84%
Donation	582,824	459,058	26.96%
Air ticket costs	930,999	0	0.00%
Other Office Expenses	206,219	163,219	26.35%
<b>Total</b>	<b>15,889,877</b>	<b>14,268,187</b>	<b>11.37%</b>

Source; PSSSF Audited Financial Statements 2022/23

#### 7.2.4 Benefit expenses

Benefit expenses amounted to TZS 1,563.55 billion (2021/22: TZS 1,697.82 billion) which represents decrease of 7.91%.

Benefit expenses that have significant impact on overall benefit expenditures are the retirement benefits which had 39.48% of the total benefits expenditure and the monthly pensions which had 49.33% (2021/22: 41.26%; 41.87% respectively). Decrease was mainly attributed by implementation of the parametric reforms effective from 1<sup>st</sup> July 2022 whereas retirement benefits (lump sum) were decreased while monthly pensions have increased to make insignificant net change.

Table 9: Benefit Expenses

	30-Jun-23		30-Jun-22	
	TZS '000	%	TZS '000	%
Retirement Benefits	617,313,962	39.48%	700,434,880	41.26%
Monthly Pensions	771,330,377	49.33%	710,899,963	41.87%
Withdrawals	67,055,445	4.29%	83,910,249	4.94%
Death Benefits	76,137,979	4.87%	123,565,633	7.28%
Education Benefits	841,917	0.05%	976,612	0.06%
Invalidity Benefits	1,615,835	0.10%	1,600,411	0.09%
Maternity Benefits	14,218,527	0.91%	18,262,017	1.08%
Unemployment Benefits	1,251,533	0.08%	1,418,648	0.08%
Contribution Refunds	13,773,266	0.88%	56,749,260	3.34%
Benefit Penalties, Insurance and Losses	6,211	0.00%	-	0.00%
<b>Grand Total</b>	<b>1,563,545,052</b>	<b>100%</b>	<b>1,697,817,672</b>	<b>100%</b>

Source; PSSSF Audited Financial Statements 2022/23

**Table 10: The ratio of benefits to contributions:**

Year ended	Contributions	Benefits	Net Deficit/ Surplus	Benefits/ Contributions
	TZS billion	TZS billion	TZS billion	%
30-Jun-23	1,681,650,813	1,563,545,052	118,105,761	92.98%
30-Jun-22	1,526,268,288	1,697,817,672	(171,549,384)	111.24%

Source; PSSSF Audited Financial Statements 2022/23

### 7.3 Analysis of statement of net asset available for benefits

#### 7.3.1 Total Assets

Total assets of the Fund amounted to TZS 8,551.99 billion (2021/22: TZS 8,028.99 billion) representing increase of 6.51%. The increase is mainly due to new investments made in government securities and fixed deposits following availability of funds as a result of benefit parametric reforms.

**Table 11: Total Assets of the Fund**

Description	30-Jun-23	% of total assets	30-Jun-22	% of total assets
	TZS '000		TZS '000	
Investments	7,904,642,407	92.43%	7,487,284,666	93.25%
Other Assets	647,346,136	7.57%	541,709,898	6.75%
<b>Total</b>	<b>8,551,988,543</b>	<b>100%</b>	<b>8,028,994,564</b>	<b>100%</b>

Source; PSSSF Audited Financial Statements 2022/23

#### (i) Investments

Investment transactions during the year were undertaken in accordance with the PSSSF Act, the Fund's Investment Policy, and Social Security Investment Guidelines, 2012. The fund investment portfolio increased by 5.57% to TZS 7,904.64 billion (2021/22: TZS 7,487.28 billion). The increase is mainly attributed to the increase in new fixed deposit and Treasury securities. The distribution of the investment portfolio of the fund as of June 30, 2022, is summarized in the table below:

PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Table 12: Investments of the Fund

INVESTMENT CATEGORY	30-Jun-23	% of the Portfolio	30-Jun-22	% of the Portfolio	Change during Year	% of Change
	TZS' 000		TZS' 000		TZS' 000	
Deposits with financial institutions at amortized costs	497,300,640	6.29%	377,854,078	5.05%	119,446,562	31.61%
Equity Investments at fair value	601,960,990	7.62%	571,006,603	7.63%	30,954,387	5.42%
Mutual Funds' Investments at fair value	275,374,439	3.48%	246,237,431	3.29%	29,137,008	11.83%
Government securities at amortized cost	4,765,499,276	60.29%	4,530,331,964	60.51%	235,167,312	5.19%
Corporate bonds at amortized cost	11,866,605	0.15%	7,913,948	0.11%	3,952,657	49.95%
Loan investments	327,177,116	4.14%	321,448,918	4.29%	5,728,199	1.78%
Investment properties	1,111,400,358	14.06%	1,111,400,358	14.84%	-	0.00%
Associates and Joint Ventures	74,669,397	0.94%	68,893,848	0.92%	5,775,549	8.38%
Investment in subsidiaries	239,393,586	3.03%	252,197,518	3.37%	(12,803,932)	-5.08%
<b>Total Investments</b>	<b>7,904,642,407</b>	<b>100.00%</b>	<b>7,487,284,666</b>	<b>100.00%</b>	<b>417,357,742</b>	<b>5.57%</b>

Source: PSSSF Audited Financial Statements 2022/23



## a) Deposits with Financial Institutions

Total deposits with financial institutions amounted to 497.30 billion TZS (2021/22: TZS 377.85 billion). The increase in fixed deposits is mainly due to new deposits made. New deposits during the year amounted to TZS 608.67 billion (2021/22: TZS 287.82 billion), with interest earned during the year amounting to TZS 29.25 billion (2021/22: TZS 18.01 billion). The huge new investments done during the year was from availability of funds following the impact of the benefit parametric reforms. See note 23 for details.

## b) Equity Investments

## Investment in Listed Equity

Total value of investment in listed equities is TZS 601.96 billion (2021/22: TZS 571.01 billion). The increase in listed equity is due to additional shares bought in Tanzania Breweries Limited amounting to TZS 1.84 billion as well as increase in share prices at DSE as compared with previous year. Total gain in share values during the year was TZS 29.06 billion (2021/22: TZS 44.62 billion). Significant increase in fair value has been recorded in CRDB shares which contributed to the amount of TZS 24.27 billion. See note 24(a) for details

Table 13: Dar es salaam Stock exchange details

Entity	No Of Shares	Price	Value 30 June 2023	No Of Shares	Price	Value 30 June 2022
		30-Jun-23	TZS'000		30-Jun-22	TZS'000
CRDB Bank Plc	346,761,028	470	162,977,683	346,761,028	400	138,704,411
Mwalimu Commercial Bank Plc	10,000,000	320	3,200,000	10,000,000	395	3,950,000
National Investment Co. Ltd	5,666,670	450	2,550,002	5,666,670	330	1,870,001
NMB Bank Plc	7,790,451	3,480	27,110,769	7,790,451	3,120	24,306,207
Swiss port (T) Ltd	1,507,401	1,500	2,261,102	1,507,401	1,180	1,778,733
Tanga Cement Co. Ltd	2,792,653	1,800	5,026,775	2,792,653	1,460	4,077,273
Tanzania Breweries Ltd	16,361,710	10,900	178,342,639	16,081,710	10,900	175,290,639
Tanzania Cigarette Company	4,683,823	17,000	79,624,991	4,683,823	17,000	79,624,991
Tanzania Portland Cement Plc	11,078,501	4,000	44,314,004	11,078,501	3,720	41,212,024
TOL Gases Limited	1,083,333	650	704,166	1,083,333	550	595,833
Vodacom Tanzania Plc	84,117,720	770	64,770,644	84,117,720	770	64,770,644
DCB Bank Plc	11	140	1.54	11	190	2
TCCIA	28,100,300	150	4,215,045	28,100,300	285	8,008,586
<b>Grand Total</b>			<b>575,097,822</b>			<b>544,189,344</b>

Source: [www.dse.com](http://www.dse.com)

## Investment in Unlisted Equity

The total value of investment in unlisted equities is TZS 26.86 billion (2021/22: TZS 26.82 billion). Accumulated fair value as of June 30 was TZS 20.97 billion (2021/22: TZS 11.55 billion). See note 24 (b) for details.

c) Mutual Funds

The total amount invested in mutual funds as of June 30, 2023, amounted to TZS 275.37 billion, which represents an increase of 11.83% from TZS 246.24 reported in the previous year. The increase is mainly attributed to fair values, especially in UTT, which recorded a fair value gain of TZS 22.76. During the year, new investments amounting to TZS 5.00 billion were made in the Watumishi Faida Fund. See note 25 for details.

d) Government Securities

Total government securities as of June 30 were TZS 4,765.50 billion (2021/22: TZS 4,530.33 billion), representing an increase of 5.19%. New investments during the year amounted to TZS 440.52 billion (2021/22: TZS 101.01). The interest accrued during the year was TZS 508.98 billion (2021/22: TZS 499.16 billion). Proceeds from investments amounted to TZS 714.74 billion (2021/22: TZS 763.16 billion). See note 25 for details.

e) Corporate Bonds

The Corporate Bonds increased from TZS 7.91 billion to TZS 11.87, billion due to new investments in NBC and IMAAN bonds. New investment in corporate bonds during the year amounted to TZS 6.00 billion. The interest accrued amounted to TZS 1.02 billion (2020/21: 0.44 billion). See note 26 for details

f) Loans

The loan portfolio balance as of June 30, 2023 stood at TZS 327.18 billion (2021/22: TZS 321.45 billion). A total of TZS 8.71 billion in new loans were issued to corporations. The Fund received TZS 10.56 billion from corporate, members, and SACCOS loans. No amount was received from the government for loan repayments during the year. The Board expects that the government will continue to honour its obligations under the guarantee. See note 30 of the financial statements for details.

g) Investment Properties

Total investment properties of the Fund amounted to TZS 1,111.40 billion (2021/22: TZS 1,111.40 billion). The Fund conducted a valuation of its investment properties using an independent professional valuer as of June 30, 2022. Taking into account that there have been no significant changes in its operating environments, the Fund continued to adopt the valuation report of June 2022 to represent the fair value of its investment properties as of June 2023.

h) Associates and Joint Ventures

Associates

The Fund has investments in Associates. Investment in Associates amounted to TZS 59.89 billion (2021/22: TZS 51.56 billion). An increase is mainly associated with an increase in fair values, specifically at Ubungo Plaza Limited.



THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Accumulated Changes in Fair Values as of June 30, 2023 were TZS 15.28 billion (2021/22: loss of TZS 8.98 billion). See note 33 for details.

Joint Ventures

Investment in the joint venture amounted to TZS 14.96 billion (2021/22: TZS 17.33 billion). The decrease is mainly associated with the reclassification of APC Investment Centre to loan investments following the withdrawal of PSSSF from the joint venture with NBAA and the conversion of investments to loans. Accumulated Changes in Fair Values as of June 30, 2023, were TZS 6.27 billion (2021/22: loss TZS 13.30 billion). See note 33 for details.

i) Investment in Subsidiaries

The Fund has seven subsidiaries. As of June 30, 2023, investment in subsidiaries was TZS 239.39 billion (2021/22: TZS 252.19 billion). The increase was mainly due to changes in fair values recoded during the year. Notes to the accounts provide additional details with regard to movement in the subsidiaries, as can be referred to in note number 34.

(ii) Liabilities

As of June 30, 2023, the total amount of liability was TZS 437.75 billion (2021/22: TZS 601.68 billion). The liabilities mainly comprise benefits payable to members, corporate tax payable, accrued expenses, and amounts due to subsidiaries.

(iii) Net Assets

The increase in net assets before corporate tax for the year was TZS 712.03 billion (2021/22: TZS 316.27 billion), which represents an increase of 125.13% if compared with the result of the previous year. The increase was due to the impact of benefit formula harmonisation, which resulted in the availability of excess funds.

The Fund had an income tax expense of TZS 29.70 billion (2021/22: TZS 242.31 billion). Please refer to Note 18 of the financial statements for details. The increase in net assets after income tax stood at TZS 682.34 billion (2021/22: TZS 73.96 billion). The net assets of the fund as of June 30, 2023, amounted to TZS 8,097.99 billion, compared to TZS 7,415.66 billion for the year ended June 30, 2022. This represents an increase of 9.20%.

#### 7.4 Analysis of the statement of cash flows

The Fund's cash and cash equivalents as of June 30, 2023, were TZS 370.73 billion (TZS 201.17 billion in 2022). The net cash outflow from benefits payments was TZS 1,667.63 billion (2021/22: TZS 1,924.96 billion). The Fund had net cash outflow of 68.27 Billion from operating activities (2021/22: TZS 623.22 billion) while had net cash inflow from investing activities amounting to TZS 234.61 billion (2021.22: TZS 541.98)

## 7.5 Budget performance

Section 51 of the establishing act requires the Director General, before the commencement of the financial year, to prepare or cause to be prepared for the Board consideration estimates of the revenue and expenditure of the Fund for the subsequent financial year. Budget approved by the Board shall bind the Fund disbursement within the items and amounts contained in the approved budget or supplementary budget. This part therefore describes the levels at which activities provided have been implemented and accounts for where there is material variation.

During the period, the Fund estimated to collect revenues amounting to TZS 2,649.78 billion and allocate the same to ensure members benefits are timely paid, operating costs to enable daily running costs of the Fund are met and all viable investments opportunities are taped. This part describes the percentage reached while implementing the annual budget and explanation notes for the variation above or below 10%.

### 7.5.1 Sources of the funds

This part measures performance for collections from contributions, investment returns and other income essentially from sales of tender as well as revenues obtained from call accounts. Further, collections realized from the matured investments. During the year under review, collection of TZS 3,089.70 billion have been realized against the budget of collecting TZS 2,649.77 billion, equivalent to 116.60%.

**Table 14: Revenue Performance**

Item	Budget "TZS 000"	Actuals "TZS 000"	Perf. (%)
Contribution collected	1,706,318,533	1,740,548,417	102.01%
Collection from Investment interest and maturities	865,042,119	1,239,767,334	143.32%
Dividend collected	23,048,471	33,026,978	143.29%
Rent collected	30,615,394	31,832,744	103.98%
Collection from other sources	24,749,114	44,521,610	179.89%
<b>Total</b>	<b>2,649,773,631</b>	<b>3,089,697,083</b>	<b>116.60%</b>

- Collection from investment exceeded forecast due to more investments done during the year as a result of more cash availability following the implementation of parametric reforms effective from July 01,2022.
- Dividends collection exceeded forecast due to improved performance in listed equities which led to more payment of dividends as compared with previous years' trends.
- Collection from other sources includes collection from penalties on delayed contributions, sundry income, Disposal of obsolete assets, sale of low cost houses and collection from other receivables. The main variation is resulted from

collection improvements from outstanding penalties from delayed contribution as well as collection from receivable from sale of low cost houses.

## 7.5.2 Applications of the funds

### (i) Expenditures

Expenditure performance involves payments made for benefits, operating expenses, income tax and estate management costs. During the year under review, the Fund utilized TZS 1,847.01 billion against the plan of spending TZS 2,108.11 billion equivalent to 87.61% of the target. Benefit paid decreased due to the impact of benefit formula harmonization which resulted to reduction in retirement benefit lump sum payments.

**Table 15: Expenditure Performance**

Item	Budget "TZS 000"	Actuals "TZS 000"	Perf. (%)
Benefits Paid	1,939,702,831	1,667,632,512.00	85.97%
Administrative and other expenses paid	93,404,355	93,103,250.00	99.68%
Tax Paid	75,000,000	86,271,628.00	115.03%
<b>Total</b>	<b>2,108,107,187</b>	<b>1,847,007,390</b>	<b>87.61%</b>

- Tax payments was mainly for clearing outstanding Tax liability inherited from previous merged Funds.

### (ii) New Investments made

New investments performance prescribes additional investments made during the period in corporate loans, fixed deposits, government securities and investment properties. Further, monies dished out to Fund's subsidiaries in a form of either equity or loans.

During the period, TZS 1,234.84 billion have been utilized which is 234.59% when pegged to the planed target of spending TZS 526.38 in investing activities. This is attributed by availability of more funds for investments due to the impact of benefit parametric reforms.

**Table 16: New Investments performance**

Item	Budget "TZS 000"	Actuals "TZS 000"	Perf. (%)	Planned 2023/24
Investment in Government Securities	300,218,725	440,519,836	146.73%	625,451,856
Placement in Financial Institutions	170,000,000	771,559,186	453.86%	222,000,000
Corporate loan and Corporate Bonds	19,400,000	14,706,748	75.81%	58,345,281
Investment in Subsidiaries	1,000,000	1,214,663	121.47%	1,200,000
Other Investments*	35,761,789	6,844,366	19.14%	27,800,000
<b>Total</b>	<b>526,380,514</b>	<b>1,234,844,799</b>	<b>234.59%</b>	<b>934,797,137</b>

## PUBLIC SERVICE SOCIAL SECURITY FUND

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

\* Other Investment made during the year include mutual funds 5,000,000,000 and TBL shares 1,844,365,000

- Investment in government securities was over and above the planned amount due to availability of excess fund caused by the implementation of the parametric reforms.
- Placement to financial institutions investments exceeded budget to tape high return compared to other avenues.
- Corporate loan and Bond performed lower due to unavailability and restriction posed by the government through the social security schemes investment guideline on issuance of loan.

#### (iii) Capital Expenditure

Capital expenditure include acquisition property plant and equipment, application software and construction of office buildings. The Fund utilized TZS 7.84 billion on capital expenditures against the plan of utilizing TZS 15.29 billion equivalent to 51.32% of the target. This is mainly attributed by non-beginning of construction of office buildings which was planned during the year following late securing of building permits. During the year the Fund had a plan to utilize TZS 2.81 in construction of office buildings.

**Table 17: Capital Expenditure Performance**

Item	Budget "TZS 000"	Actuals "TZS 000"	Perf. (%)
Purchase of Property and Equipment	7,360,880	4,271,546	58.03%
Purchase of Intangible Assets	922,050	186,488	20.23%
Loans	7,003,000	3,386,860	48.36%
<b>Total</b>	<b>15,285,930</b>	<b>7,844,894</b>	<b>51.32%</b>

- Purchase of Property and equipment was below target as during the year the Fund did not finalize one contract for procurement of furniture.
- Intangible asset was below compared to budget as some of procurement was not completed during the year such as ACL exchange Audit as well as non-capitalization of internally generated software due to non fulfilments of IAS 38 conditions for capitalization.
- Loans was below the plan due to a smaller number of applicants especially in House and Car loans.

## 7.6 Prospects of the Fund

### 7.6.1 Adoption of IPSAS

The Fund is preparing for adoption of IPSAS 49 retirement benefit plan that will become effective on January 1, 2026. However, early adoption is permitted.



The Fund proactive approach include allocation of funds for training employees on the new standard during the financial year 2023-24. Training and awareness initiatives are crucial for a smooth transition to IPSASs from IFRSs.

It allows employees to understand the requirements of the standard, implement necessary changes in processes, and ensure compliance with the new standards.

#### **7.6.2 Implementation of Quality Management System (QMS)**

The Fund recognizes a quality management system as a comprehensive framework comprising policies, processes, and documented procedures aimed at regulating its activities related to quality.

During the period, the Fund continued to streamline its operations to enable smooth implementation of the Quality Management System under the international standard ISO 9001:2015, which fosters principles of Customer Focus, Leadership, People Engagement, Process Approach, Continuous Improvement, Evidence-Based Decision Making & Relationship Management. The Fund intend to successfully establish the system and be ISO certified by June 2024. The Fund expect to successfully establish the system and be ISO certified by June 2024 to enable consistently deliver services that meet or surpass customer expectations while adhering to relevant regulations and standards.

#### **7.6.3 Sustainability and climate related disclosures**

The International Sustainability Standard Board has issued standards to deal with disclosures related to sustainability and climate matters in the financial statements, as detailed below.: -

##### **IFRS S1: General Requirements for Disclosure of Sustainability -related Financial Information**

The objective of sustainability-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing sustainability-related risks and opportunities.

The standard requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term.

For the purposes of this Standard, these risks and opportunities are collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

##### **Fair presentation**

A complete set of sustainability-related financial disclosures shall present fairly all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects.

Fair presentation requires disclosure of relevant information about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects, and their faithful representation in accordance with the principles set out in this Standard. To achieve faithful representation, an entity shall provide a complete, neutral and accurate depiction of those sustainability-related risks and opportunities

### **Governance**

The objective of sustainability-related financial disclosures on governance is to enable users of general-purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities.

The objective of sustainability-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing sustainability-related risks and opportunities.

### **Risk management**

The objective of sustainability-related financial disclosures on risk management is to enable users of general-purpose financial reports:

- (a) to understand an entity's processes to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
- (b) to assess the entity's overall risk profile and its overall risk management process.

### **Metrics and targets**

The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general-purpose financial reports to understand an entity's performance in relation to its sustainability-related risks and opportunities, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

An entity shall disclose, for each sustainability-related risk and opportunity that could reasonably be expected to affect the entity's prospects:

- i. Metrics required by an applicable IFRS Sustainability Disclosure Standard; and
- ii. Metrics the entity uses to measure and monitor:
  - a. that sustainability-related risk or opportunity; and
  - b. its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

### **Effective date**

This standard will be effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply IFRS S2 Climate-related Disclosures at the same time.

The Fund is still assessing the impact of this standard to the Fund's financial statement and is committed to apply when becomes effective.

### **IFRS S2: Climate-related Disclosures**

The objective of IFRS S2 Climate-related Disclosures is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The standard requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. For the purposes of this Standard, these risks and opportunities are collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

### **Governance**

The objective of climate-related financial disclosures on governance is to enable users of general-purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related risks and opportunities.

### **Strategy**

The objective of climate-related financial disclosures on strategy is to enable users of general-purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.

Specifically, an entity shall disclose information to enable users of general-purpose financial reports to understand:

- (a) the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;
- (b) the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain;
- (c) the effects of those climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan;



- (d) the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning; and
- (e) the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.

### **Risk management**

The objective of climate-related financial disclosures on risk management is to enable users of general-purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.

To achieve this objective, an entity shall disclose information about:

- i. the processes and related policies the entity uses to identify, assess, prioritise and monitor climate-related risks, including information about:
- ii. the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);
- iii. whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;
- iv. how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);
- v. whether and how the entity prioritises climate-related risks relative to other types of risk;
- vi. how the entity monitors climate-related risks; and whether and how the entity has changed the processes it uses compared with the previous reporting period;
- vii. the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; and
- viii. the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

## Metrics and targets

The objective of climate-related financial disclosures on metrics and targets is to enable users of general-purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

To achieve this objective, an entity shall disclose:

- (a) information relevant to the cross-industry metric categories;
- (b) industry-based metrics that are associated with particular business models, activities or other common features that characterise participation in an industry; and
- (c) targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.

## Effective date

This standard will be effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If an entity applies this Standard earlier, it shall disclose that fact and apply IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information at the same time.

The Fund is still assessing the impact of this standard to the Fund's financial statement and is committed to apply when becomes effective.

## 8.0 CAPITAL STRUCTURE

The Fund has variety of capital as elaborated on resources section but has no start-up capital rather is guaranteed by the Government as the last resort in case Assets Available for Benefits falls short to meet maturing obligation.

The capital structure of the Fund refers to how the fund assets are financed, typically through a combination of contributions from employers and employees, investment returns, and potentially other sources. The Fund does not have debt or equity in the same sense, but the Fund has a structure for managing and allocating their financial resources.

## 9.0 INVESTMENT POLICY

The Fund's investment policies focus on the need to maintain adequate liquidity, maximize returns with minimal risk and portfolio diversification. It also ensures reasonable security of the Fund's investments.

## PUBLIC SERVICE SOCIAL SECURITY FUND

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

The investment limits comply with the Investment Guidelines issued by the Bank of Tanzania (BoT). The policy is reviewed annually or as circumstances requires, the Fund has the financial management system that help to predict the future cash flows with reasonable accuracy. Table 18 shows the extent of compliance with investment and treasury policy:

**Table 18: Compliance with BoT investment guideline**

Investment Category	% Limit	Amount as at June 2023	% of Total Investments in June 2023	Amount as at June 2022	% of Total Investments June 2022
Cash and Demand Deposit in Banks	5	370,734,542	4.69%	201,166,524	2.54%
Government securities	20-100	4,765,499,276	60.29%	4,530,331,964	57.31%
Direct Loan to the Government	10	231,402,697	2.93%	231,402,697	2.93%
Corporate Bonds (Listed)	15	11,866,605	0.15%	7,913,948	0.10%
Income Earning Investment Property	25	1,052,520,158	13.32%	1,052,520,158	13.32%
Non Income Earning Investment Properties	5	58,880,200	0.74%	58,880,200	0.74%
Equity Investments (Quoted)	15	575,097,822	7.28%	544,189,345	6.88%
Equity Investments (Unquoted)	5	330,412,280	4.18%	337,394,753	4.27%
Infrastructure Investments	25	10,513,871	0.13%	10,513,871	0.13%
Fixed Deposits	35	497,300,640	6.29%	377,854,078	4.78%
Collective Schemes	30	275,374,439	3.48%	246,237,431	3.12%
Loan to Corporate and Cooperative Societies	10	95,774,419	1.21%	90,046,220	1.14%
<b>Total Investments***</b>		<b>8,275,376,949</b>		<b>7,688,451,189</b>	

Source; PSSSF Audited Financial Statements 2022/23

\*\*\* Total Investments is the SUM of all items in Table 24 excluding Cash and Demand Deposits in Banks as Cash and Demand Deposits is considered as Non-Investment Asset.

The funding policy is directed to ensure that benefits accruing to Members and other beneficiaries are fully funded. As such, in framing contribution rates, the Government and the Actuary consider long-term trends in such factors as Membership enrolment, salary growth, investment earnings and average market values of the Fund's assets.

## 10.0 LIQUIDITY

The Fund has conducted a comprehensive assessment of its liquidity position, focusing on the ability to fund both current and future operations and aligning with the stated strategies. Our internal sources of liquidity have been carefully reviewed, encompassing cash and cash equivalents, investment holdings, and other short-term assets.

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

The Fund affirm that during the period sufficient liquidity were maintained to meet obligations and strategic objectives. Table below shows Fund's component of the assets forming liquidity ratio with their correspondence amount in TZS.

**Table 19: Current Assets and Current Liabilities**

	30-Jun-23	30-Jun-22
Cash at bank and in hand	370,734,542	201,166,524
Deposits with financial institutions at amortized costs	497,300,640	377,854,078
Prepayments	2,734,863	2,841,878
Receivables	88,110,167	153,952,821
VAT and WHT Recoverable	4,918,118	6,590,036
Tradable Inventories	11,616,599	11,459,795
Stationery and Consumables	597,111	289,237
<b>Total Current Assets</b>	<b>976,012,039</b>	<b>754,154,369</b>
<b>Total Current Liabilities</b>	<b>437,748.62</b>	<b>601,684.01</b>

As of 30 June, 2023, Fund liquidity ratio was 2.23 which implies current assets ability to meet current liabilities is 2.23 times.

As part of commitment to sound financial stewardship, the Fund anticipates meeting future obligations as mandated in the Act through utilization of cash and cash equivalents that is carefully managed to ensure both liquidity and stability.

The Fund expect to meet benefit payment to eligible members and related commitments. Investment in Government securities and placement with banks by strategically leveraging our cash and cash equivalents, aimed at upholding our fiduciary responsibilities, providing confidence to our beneficiaries and stakeholders that the Fund is well-positioned to fulfill its obligations in a timely and secure manner.

This proactive approach aligns with our overarching goal of maintaining the financial health and sustainability of the pension fund, securing the well-being of our members now and into the future."

## 11.0 RESOURCES

In pursuit of the Fund's objectives, the Trustees use resources both tangible and intangible to function and execute plans, which include Human resources, financial, intellectual, natural, and social and relationship resources as described below:

### 11.1 Financial resources

The financial resources consider how prudently the resources obtained through contributions from members and investment returns have been utilized for members' interests, including making informed investment decisions and prioritizing day-to-day spending for members' benefits. Prudent allocation of the financial resources enabled the fund to sustainably grow its asset base, thereby achieving an increased net asset.



The Trustees maintain an optimal level portfolio of financial and other tangible resources to support its day-to-day operation obligations, the Fund's cash and cash equivalents as at 30 June 2023 was TZS 370.73 billion (2021/22: TZS 201.17 billion), available for financing growth strategies, investment opportunities and to meet regulatory requirements. Total investments of the Fund amounted to TZS 7,904.64 billion (2021/22: TZS 7,487.28 billion) representing increase of 5.57%.

### 11.2 Human Resources

This is considered a driver of the Fund's activities towards achieving its vision of being an outstanding provider of social security in the country. The Fund has employed staff with adequate skills and competence to ensure the delivery of quality services to both internal and external customers.

Employees are well motivated and perform their duties responsibly and in an ethical manner. The ultimate goal is to create an exciting and vibrant working environment for staff to achieve better results.

People are the core of all our operations, as at 30 June 2023 the Fund had a total of 680 (2020/21: 672). The Trustees have established a relevant organizational structure in place and conduct rigorous staff performance management that forms baseline for promotion of staff, during the year 3 members of staff were promoted after demonstrating capacity to handle greater roles while 2 members of staff were re-categorized to their new best fit roles.

Trustees creates conducive environment and enabling culture, during the year the Fund has incurred TZS 57.66 billion (2021/22: TZS 56.24 billion) on staff salary emoluments and TZS 2,081 million (2021/22: TZS 1,650 million) applied on staff capacity building. Trustees are concerned with employee's health and their dependents, so have outsourced the function to NHIF covering employee's health, medical expenses incurred amount to TZS 1,973.12 million (2021/22: TZS 1,348 million).

During the year the Fund paid employee funeral expenses of TZS 89.59 million (2021/22: TZS 142.14 million) as support for employee death or beneficiary, social security cost paid to defined benefits plan amount to TZS 5,127 million (2021/22: TZS 4,976.29 million).

### 11.3 Natural Capital

This is the effect of our operations on the environment and the sustainable development goals, which are a universal call to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. The Fund has been actively engaged in ensuring the environment is protected through a paperless initiative. Also, poverty in society is reduced through corporate social responsibilities centered in the education and health sectors.

This includes all renewable and non-renewable environmental resources and processes that provide service to members and other stakeholders; it includes air, water, land, minerals, oil or gas and forest.

The Fund comply with all environmental protection provision and safety requirement to preserve environment, the Trustees invested on Land for capital appreciation the value of land stood at TZS 58.88 billion (2021/22: TZS 58.88 billion).

#### 11.4 Social and Relationship Capital

This comprises relationships and collaborations with key stakeholders, including government institutions, customers, suppliers, policymakers, and society in general. The fund has been actively engaged in corporate social responsibilities. Each year, the corporation sets aside funds directed to contribute to society's well-being in line with the corporate social responsibility policy.

The Trustees believe that the Fund can only prosper if the communities that have given the social license to operate thrive. This is what forms the baseline of the social and relationship capital. In an effort to maintain Funds' reputation and brand Value during the year, the Fund continued to make targeted investments to boost brand value through sponsorships, stakeholder engagements and supporting Government initiative. The Fund spent TZS 582.82 million (2021/22: TZS 459.06 million) as donations to support the community in which the Fund operates.

#### 11.5 Intellectual Capital

This lies in the Fund's reputation. Fund knowledge and experience are intangible assets that have been built over time and have instilled confidence in our members and other stakeholders. Further, knowledge and experience acquired in daily dealings enhanced service delivery through internally developed systems such as the Members Administration System (MAS), Real Estate Management System (REMS), and Payroll System, and enabled time-to-time customization of the Microsoft Dynamics NAV.

Active member or retired member can download an Application (PSSSF Kisangani) via android and iOS systems on smart mobile phone, with such digital App, a member can read bio data, track logged claim, view and download contribution statement. Whenever there are new technologies that the Trustees feel will have a positive impact on Fund's operations, they gradually incorporate them into Fund's business processes.

The Fund pays license fees for various software also has incurred cost on acquisition of Human resource management system, Customer relation management system (CRM), Documents management system (Laser fiche), Financial management system (NAV) as well integrated with Government systems and other stakeholders' systems. As at 30 June 2023 intangibles assets stood at TZS 983.24 million (2021/22: TZS 981.95 million).

## 12.0 PRINCIPAL RISK, UNCERTAINTIES AND OPPORTUNITIES

Risk management is a critical aspect of Fund governance, ensuring a proactive approach to identifying, assessing, and mitigating potential threats and uncertainties. In this section, the Fund delve into the comprehensive risk landscape, employing a structured framework that evaluates risks based on their likelihood, impact, and overall rating. This systematic approach aids in prioritizing resources and crafting effective mitigation strategies.

### Key Components:

#### i. Likelihood:

- **Definition:** Likelihood refers to the probability or chance of a risk event occurring.
- **Scale:** the Fund employ a scale ranging from Low to High, where Low indicates events that are unlikely to occur, and High indicates those with a higher probability.

#### ii. Impact:

- **Definition:** Impact assesses the potential consequences or severity of a risk event on the organization.
- **Scale:** The Fund use a scale ranging from Low to High, where Low implies negligible or minor consequences, and High signifies severe or critical outcomes.

#### iii. Rating:

- **Definition:** The risk rating is derived from the combination of likelihood and impact assessments.
- **Scale:** The Fund rating system comprises Low, Medium, and High, providing a clear representation of the overall risk level.

Below is a matrix that allows for a quick visual assessment of the risk landscape, guiding prioritization of risk management efforts:

**Rating Matrix:**

Likelihood \ Impact	Low (L)	Medium (M)	High (H)
Low (L)	Low	Medium-Low	Medium
Medium (M)	Medium-Low	Medium	Medium-High
High (H)	Medium	Medium-High	High

### Interpretation:

- Low-Low (LL):** Risks with a low likelihood and low impact are considered minor and may require monitoring but might not demand immediate attention.
- Low-Medium (LM):** Risks with a low likelihood but moderate impact may warrant attention and preventive measures to mitigate potential consequences.



THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

- iii. **Low-High (LH):** Risks with a low likelihood but high impact requires careful consideration and mitigation efforts.
- iv. **Medium-Low (ML):** Risks with a moderate likelihood and low impact need monitoring, and preventive measures may be considered.
- v. **Medium-Medium (MM):** Risks with both moderate likelihood and impact require attention and the development of effective mitigation strategies.
- vi. **Medium-High (MH):** Risks with a moderate likelihood and high impact demand immediate attention and comprehensive mitigation efforts.
- vii. **High-Low (HL):** Risks with a high likelihood but low impact may need monitoring and preventive measures.
- viii. **High-Medium (HM):** Risks with a high likelihood and moderate impact require immediate attention and mitigation efforts.
- ix. **High-High (HH):** Risks with both high likelihood and high impact pose significant threats and necessitate urgent attention and thorough mitigation efforts.

Likelihood:

- **Low (L):** Unlikely to occur.
- **Medium (M):** May occur under certain circumstances.
- **High (H):** Likely to occur.

Impact:

- **Low (L):** Negligible or minor consequences.
- **Medium (M):** Moderate consequences.
- **High (H):** Severe or critical consequences.

The Trustee have earmarked risk and uncertainties that could affect negatively achievement of strategic objectives and developed mitigation strategies that gives rise to opportunities as discussed below;

Table 20: Risk analysis

No.	Objectives & Risk	Likelihood/Impact	Mitigation	Opportunity
a)	<p><b>HIV/AIDS infection and Non Communicable Diseases Reduced;</b></p> <p><b>Risk: Healthcare Costs:</b> Increased healthcare costs due to rising cases of other diseases could impact the financial health of the Fund.</p> <p><b>Category:</b> Financial</p> <p><b>Mortality Assumptions:</b> If there is a significant change in mortality rates due to unexpected outbreaks or pandemics, it could affect actuarial assumptions</p> <p><b>Category:</b> Financial</p> <p><b>Key Risk Indicator:</b> Percentage increase in healthcare costs compared to the budgeted amount.</p> <p>Frequency of unexpected large medical claims.</p> <p>Deviation of actual mortality rates from the assumed rates.</p> <p>Percentage change in mortality</p>	<p><b>Healthcare Costs:</b></p> <p>Likelihood: Medium</p> <p>Impact: High</p> <p>Rating: Medium-High</p> <p><b>Mortality Assumptions:</b></p> <p>Likelihood: Low</p> <p>Impact: High</p> <p>Rating: Medium</p>	<ul style="list-style-type: none"> <li>• Presence of Awareness Programs on Health Issues;</li> <li>• Presence of 100% Care and Support initiatives.</li> </ul> <p><b>Health Insurance Options:</b></p> <p>Explore and offer cost-effective health insurance plans for employees, promoting preventive care and managing healthcare expenses.</p> <p><b>Health Education:</b> Conduct regular health education sessions to increase awareness about preventive measures and early detection, reducing the likelihood of expensive treatments.</p> <p><b>Claims Analysis:</b> Regularly analyse healthcare claims data to identify patterns and areas for cost-saving measures, such as negotiating with healthcare providers for better rates.</p> <p>Employee Assistance initiative to support employees' mental and</p>	<p><b>Wellness Programs:</b></p> <p>Implementing wellness programs to encourage healthy lifestyles among employees, potentially reducing healthcare costs in the long run</p> <p><b>Data Analytics:</b> Utilizing data analytics to monitor and predict health trends can help in making informed decisions and managing risks.</p> <p><b>Productivity and Morale:</b></p> <p>Healthy employees are generally more productive and have higher morale, contributing positively to the overall work environment.</p> <p><b>Cost Savings:</b> Investing in preventive healthcare measures can lead to long-term cost savings by avoiding expensive medical treatments.</p> <p><b>Competitive Advantage:</b></p> <p>A robust healthcare benefits package can be a competitive advantage in attracting and retaining top talent</p>

PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

No.	Objectives & Risk	Likelihood/Impact	Mitigation	Opportunity
	rates during unexpected outbreaks or pandemics. Impact on actuarial assumptions due to mortality rate variations.		emotional well-being, potentially reducing stress-related to health issues.	
b)	<p><b>National Anti-Corruption Strategy Enhanced;</b></p> <p><b>Risk: Fraud and Embezzlement:</b> Corruption within the fund management could lead to financial losses.</p> <p><b>Category:</b> Financial</p> <p><b>Reputation Risk:</b> Association with corrupt practices can harm the reputation of the pension fund.</p> <p><b>Category:</b> Commercial</p>	<p><b>Fraud and Embezzlement:</b> Likelihood: Low Impact: High Rating: Medium</p> <p><b>Reputation Risk:</b> Likelihood: Medium Impact: High Rating: Medium-High</p>	<p>Implement robust internal controls and regular audits.</p> <p>Presence of Strict Anti-Corruption policy (Zero tolerant to Fraudulent activities); Conduct background checks on Fund personnel.</p> <p>Encourage whistleblowing and anonymous reporting mechanisms</p> <p>Develop and communicate a strong code of ethics.</p> <p>Establish a crisis communication plan to address reputational damage promptly.</p> <p>Regularly engage with stakeholders to maintain positive relationships</p>	<p><b>Compliance Measures:</b> Strengthening internal control measures and compliance processes can mitigate the risk of corruption.</p> <p><b>Transparency:</b> Emphasizing transparency in fund operations and reporting can build trust with stakeholders.</p> <p>Building a positive reputation can attract more members</p> <p>Transparent communication can foster trust and confidence.</p> <p>Presence of Annual Anti-Corruption awareness programs</p>
c)	<p><b>Customer Satisfaction Enhanced;</b></p> <p><b>Risk: Service Delivery Issues:</b> Poor service delivery or communication can lead to dissatisfaction among</p>	<p><b>Service Delivery Issues</b> Likelihood: Medium Impact: Medium Rating: Medium</p>	<p>Implement a robust customer service feedback system.</p> <p>Invest in employee training to improve service quality.</p>	<p><b>Technology Integration:</b> Implementing user-friendly technology solutions for better member engagement.</p> <p>Presence of employers</p>

PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

No.	Objectives & Risk	Likelihood/Impact	Mitigation	Opportunity
	<p>members.</p> <p>Category: Operational</p> <p><b>Key Risk Indicator:</b> Number of member complaints related to service delivery.</p> <p>Time taken to resolve service-related issues.</p> <p>Trends in member satisfaction survey.</p>		<p>Regularly communicate with members about updates and c</p>	<p>self-billing portal through GePG;</p> <ul style="list-style-type: none"> <li>PSSSF Kiganjani for members' self-services;</li> <li>PSSSF Popote ulipo; for access of employer's membership information.</li> </ul> <p><b>Customer Feedback:</b> Improved service delivery can lead to higher member satisfaction. Positive member experiences can contribute to word-of-mouth referrals</p>
d)	<p><b>Financial Sustainability Enhanced;</b></p> <p><b>Risk: Market Volatility:</b> Economic downturns and market volatility can impact the fund's investment returns.</p> <p>Category: Financial</p> <p><b>Longevity Risk:</b> Increased life expectancy can strain pension fund resources</p> <p>Category: Financial</p> <p><b>Key risk indicator</b> Inability of Fund Asset to meet</p>	<p><b>Market Volatility:</b> Likelihood: Medium Impact: High Rating: Medium-High</p> <p><b>Longevity Risk:</b> Likelihood: Medium Impact: High Rating: Medium-High</p>	<ul style="list-style-type: none"> <li>Managing operational risks in the Fund is an integral part of day-to-day operations by the Management.</li> <li>The Management, Internal Audit Function, Audit and Risk Committee and the Board of Trustees are actively involved in monitoring process</li> <li>Presence of Operation manual which guide registration of members, collection of contribution and payment procedures of benefit to eligible members.</li> <li>The Fund has in place a business</li> </ul>	<p>Better managed operational risk gives rise to:</p> <ul style="list-style-type: none"> <li>Investment opportunity</li> <li>Enhance brand image and reputation of the Fund</li> <li>Safeguard asset</li> <li>Enhance financial sustainability due to voluntary compliance of remitting contribution deducted on time</li> </ul> <p>Skilled management of market volatility can lead to enhanced returns.</p> <p>Identifying investment opportunities during downturns can be profitable</p>

PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

No.	Objectives & Risk	Likelihood/Impact	Mitigation	Opportunity
	<p>maturing benefit obligation to eligible members and Delays in benefit processing</p> <p>Number of reported fraud incidents within the fund.</p> <p>Value of financial losses attributed to fraudulent activities.</p> <p>Frequency and results of internal and external audits.</p> <p>Monitoring media mentions related to the fund's reputation.</p> <p>Customer satisfaction surveys reflecting perceptions of the fund's integrity.</p>		<p>continuity plan and disaster recovery policy.</p> <ul style="list-style-type: none"> <li>Investment and Treasury Management Policy which guide on investment of excess funds according to risk and return and portfolio diversification</li> </ul>	<p>Developing innovative pension products that address changing demographics.</p> <p>Effective management of longevity risk can lead to stable Fund performance</p>



PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

No.	Objectives & Risk	Likelihood/Impact	Mitigation	Opportunity
e)	<p><b>Institutional Enhanced</b></p> <p><b>Risk: Regulatory Changes:</b> Frequent changes in regulations may pose compliance challenges.</p> <p><b>Category: Operational</b></p> <p><b>Legal Risks:</b> Non-compliance with laws and regulations can lead to legal consequences.</p> <p><b>Category: Operational</b></p> <p><b>Key risk indicator</b> Frequency of regulatory updates affecting the pension fund. Time and resources spent on compliance activities. Number of instances of non-compliance. Number of legal actions or investigations involving the Fund. Financial impact of legal settlements or fines. After Losing litigations</p>	<p><b>Regulatory Changes:</b> Likelihood: Medium Impact: Medium Rating: Medium</p> <p><b>Legal Risks:</b> Likelihood: Low Impact: High Rating: Medium</p>	<p>The Fund has in place a compliance matrix for all Internal Policies, rules, regulation, laws and standards which guide Fund compliance.</p> <p>Stay informed about regulatory changes through regular training.</p> <p>Engage with regulatory bodies to understand and influence changes.</p> <p>Regular legal compliance audits.</p> <p>Legal counsel for interpreting and navigating complex regulations.</p> <p>Presence of internal policies, the policies are revised annually to ensure compliance to existing and new laws and guidelines;</p> <p>Presence of Assurance functions to alert Management and Board on non-compliances.</p>	<p>Proactive compliance can enhance the fund's reputation.</p> <p>Adaptation to regulatory changes can lead to improved operational efficiency.</p> <p><b>Compliance Training:</b> Regular training programs to ensure staff understanding and adherence to changing regulations.</p> <p><b>Regulatory Monitoring:</b> Establishing a robust system for monitoring and adapting to regulatory changes.</p> <p>Compliance can prevent legal issues and associated costs.</p> <p>Presence of Compliance Risk Management Unit to ensure the Fund operates within the law, guidelines and agreements governing its industry;</p>
f)	<p><b>Human Capital Efficiency</b></p>	<p><b>Talent Attrition:</b></p>	<p>Implement competitive</p>	<p><b>Training and Development:</b></p>

PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

No.	Objectives & Risk	Likelihood/Impact	Mitigation	Opportunity
	<p><b>Enhanced Risk:</b> Talent Attrition: Losing key personnel can impact the efficiency of operations.</p> <p><b>Category:</b> Operational</p> <p><b>Skills Gap:</b> Inadequate skills among the workforce can hinder performance.</p> <p><b>Category:</b> Operational</p> <p><b>Key Risk Indicator:</b> Turnover rate of key personnel. Time taken to fill key positions. Assessment of workforce skills against evolving job requirements. Training and development program effectiveness. Number of job roles with identified skill gaps.</p>	<p>Likelihood: Medium Impact: Medium Rating: Medium</p> <p><b>Skills Gap:</b> Likelihood: Medium Impact: Medium Rating: Medium</p>	<p>compensation and benefits packages. Develop a strong organizational culture.</p> <p>Implement a mentorship program. Collaborate with educational institutions to address specific skill needs.</p>	<p>Investing in continuous training to enhance the skills of employees. <b>Succession Planning:</b> Developing a comprehensive succession plan to mitigate risks associated with talent attrition.</p> <p>A stable and skilled workforce can contribute to operational efficiency. Attracting and retaining top talent can enhance the Fund's overall performance</p> <p>Closing the skills gap can lead to improved overall performance.</p> <p>Developing a skilled workforce can contribute to innovation and adaptability</p>
g)	<p>Cyber-attacks and leakage of important Fund information</p> <p><b>Key Risk Indicator</b> Number of Incidences or cases of</p>	<p>The Fund has automated most of key processes, data processing and resulting information and dissemination must be</p>	<p>The Fund has in place controls for accessing data and information which includes Firewall, antivirus and ICT security policy.</p>	<p>Data and information management control enhance Fund reputation and brand image.</p>



PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

No.	Objectives & Risk	Likelihood/Impact	Mitigation	Opportunity
	cyber attacks	<p>carefully managed.</p> <p>The Fund is at risk of cyber or malicious attack due to expired license for firewalls</p> <p>Fund failure to safeguard data and classified information access by unauthorized third part is considered a threat.</p>	<ul style="list-style-type: none"> <li>The Fund has automated role tailored systems, which limit data and information access according to the roles and responsibilities of specific user.</li> <li>staff and selected ICT application systems users from other Directorates, Units and Sections undergo mandatory training modules to ensure they understand the importance of data security and their obligations in relation to the data they access.</li> </ul>	Reputation is of paramount importance to Fund's stakeholders and primary users of information.

## 12.1 Uncertainties facing the Fund

As the Fund endeavors to achieve its key objectives, it is paramount to acknowledge and effectively navigate the uncertainties that accompany these strategic pursuits. The Fund's dedication to transparency and proactive Risk management is evident in its conscientious approach towards addressing uncertainties linked to its objectives. This commitment is further elucidated in the subsequent table, where uncertainties are explained, encompassing the potential range of outcomes and the associated volatility and quality Range.

Table 21: Uncertainties

S/No	Objective	Explanation of Uncertainty:	Range of Possible Outcomes:	Volatility/Certainty Range:
1	HIV/AIDS Infections and Non-Communicable Diseases Reduced:	Unforeseen public health emergencies, changes in healthcare policies, or unexpected challenges in disease prevention initiatives may impact the achievement of reductions in HIV/AIDS infections and non-communicable diseases.	Reduction targets may vary based on external health-related factors.	Acknowledgment of a moderate level of uncertainty with a confidence interval provided.
2	Implementation of National Anti-Corruption Strategy Enhanced and Sustained:	Changes in government priorities, political shifts, or unforeseen legal obstacles may impact the successful implementation and sustainability of the national anti-corruption strategy.	The effectiveness and sustainability of the anti-corruption strategy may vary based on external factors.	Acknowledgment of a moderate level of uncertainty with a confidence interval provided.
3	Customer Satisfaction Enhanced:	Economic downturns, changes in member demographics, or unexpected market shifts may impact member satisfaction levels.	Member satisfaction scores could fluctuate based on economic conditions and member preferences.	Acknowledgment of a moderate level of uncertainty with a confidence interval provided.
4	Financial Sustainability Enhanced:	Economic volatility, market disruptions, or unforeseen changes in investment landscapes may impact the financial sustainability initiatives of the pension fund.	Financial sustainability targets may vary based on economic conditions and market factors.	Acknowledgment of a moderate level of uncertainty with a confidence interval provided.
5	Institutional Compliance Enhanced:	Evolving regulatory landscapes, unexpected legal changes, or unforeseen compliance challenges may impact the enhancement of institutional compliance.	Compliance levels may vary based on changing regulations and unforeseen legal developments.	Acknowledgment of a moderate level of uncertainty with a confidence interval provided.
6	Human Capital Efficiency Enhanced:	Changes in workforce dynamics, unexpected talent attrition, or disruptions in human resource strategies may impact the achievement of enhanced human capital efficiency.	Human capital efficiency metrics may vary due to unforeseen workforce challenges.	Acknowledgment of a moderate level of uncertainty with a confidence interval provided.

## 12.2 Opportunities

Continued customization of key processes and integration with various stakeholders' systems has been a pivotal aspect of our operational strategy. The strategic implementation of Information and Communication Technology (ICT) has significantly elevated our service delivery standards. One noteworthy advancement is the introduction of a client portal, a dynamic platform that empowers employers to seamlessly generate invoices, facilitate bill payments, and obtain receipts efficiently.

The client portal has proven to be a transformative tool, not only streamlining financial transactions but also contributing to enhanced financial sustainability. This is achieved through timely contribution collection and a substantial reduction in administrative costs. The portal's user-friendly interface ensures a smooth and convenient experience for our clients, fostering a more robust and efficient financial ecosystem.

In terms of governance, our commitment to transparency reporting has set a new standard. The Fund has incorporated comprehensive disclosures in the Fund's financial statements, providing key stakeholders with a deeper understanding of the Fund's operating environment and future prospects. This commitment to transparency has not only strengthened our governance framework but has also positioned us as a leader in financial reporting.

Our dedication to excellence in financial reporting has been recognized through the receipt of the Best Presented Financial Statements award. Winning this prestigious accolade three times consecutively underscores our consistent commitment to maintaining the highest standards in the pension and health insurance category. This recognition not only reflects our expertise in financial management but also highlights our dedication to transparent and accountable practices.

While moving forward, the Fund is committed on continuous improvement, leveraging technology, and upholding the principles of transparency and governance. These initiatives not only benefit our organization but also contribute to the overall trust and confidence of our stakeholders in our financial processes and reporting.

## 12.3 Risk Management and Internal Control

The Trustees accepts final responsibility for risk management and internal control system of the Fund. The Trustees ensures that adequate financial and operational control systems are maintained on ongoing basis. The objective is to provide reasonable assurance on the following:

- i. Safeguarding of Members funds and the Fund's assets;
- ii. Effectiveness and efficiency of operations;
- iii. Compliance with applicable laws and regulations;
- iv. Reliability of accounting records and financial information;
- v. Sustainability of the Fund's operations under normal and adverse conditions;
- and
- vi. Responsive behavior towards stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Fund's system is designed to provide the Trustees with reasonable assurance that procedures in place are operating effectively. The Trustees have assessed the internal control system and generally satisfied as explained herein.

The Fund has a risk management framework and various policies through which it manages its risks. On the other hand, the Fund has an internal audit function which reports to the Board Audit Committee through which the Board monitors and directs corrective measures on the internal control environment. The table below provide detailed information on non-financial risks faced by the Fund and the Fund's general policies for managing the risks.

#### 12.4 Risk and Internal Control Assessment

The Fund invests principally in Treasury Bonds, Treasury Bills, Corporate Bonds, Loans, Fixed Deposits and Receivables. The main purpose of these financial assets is to generate revenue to the Fund. The Fund takes some degree of risk in making such investments. The Principal risks of the Fund include credit risk, liquidity risk and market risk (interest rate risk, foreign exchange risk and price risk).

The Fund's investment portfolio consists of 92.60% of the Fund's assets. These portfolios need to be safeguarded, monitored and properly managed. The Fund has identified risks affecting investment activities and put in place mitigation plans to manage and maintain these assets at acceptable/tolerable levels.

Table 21 below shows classification of risk and allocation of investible funds whereby class 1 is the category with the lowest risk and class four is the category of highest risk.

**Table 22: Classification of Risk and Allocation of Investible Fund - Internal limits**

Investment Category	% of total planned investment	Impact	Likelihood	Risk class
Government Securities	78.95%	M	R	1
Corporate Bonds	0.00%	M	R	1
Fixed Deposits	9.58%	H	M	3
Equities	3.81%	M	M	3
Real Estate	5.62%	H	M	3
Loans	0.47%	H	H	4

R= Rare, M= Moderate and H= High



**Table 23: Investment portfolio Risk and Mitigation Plan**

Risk Category	Characteristics	Risk Level	Mitigation Plan
Credit risk	Loss of funds or income due to debtor's inability/willingness to repay as a result of bankruptcy or insolvency	H	Effective investment policy Lending limits as per guidelines Regular monitoring Ensure existence of collateral or guarantees
Liquidity risk	Failure to meet maturing obligations like honouring of contractors' certificates, benefit s payment, etc.	H	Comprehensive cash flow management
Market risk	Loss of value of investment due to market fluctuation	M	Diversification of investment portfolio
Interest rate risk	Possible loss of income due to interest rate fluctuation	M	Diversification of investment portfolio

In totality, the investment process affected by credit, liquidity, market and interest rate risks. Mitigation plans for these risks narrated below:

#### 12.4.1 Interest Risk

Interest risk is a market risk emanating from changes in value of assets of the Fund as a result of adverse price movement for investments held by the Fund. Investment in long term government securities with fixed income is one way of mitigating interest rate risk in volatile markets.

#### 12.4.2 Foreign Currency Risk

The foreign exchange risk (currency risk) is the risk arising from changes in the value of foreign currencies. The Fund has no significant foreign currency transactions hence the effects of foreign exchange risk are minimal. Where necessary, the Fund negotiates forward contracts in order to settle future transactions denominated in foreign currencies.

#### 12.4.3 Credit Risk

Credit risk is the risk that the counterparty to any financial transaction may not be able to fulfil its obligation on due date. Apart from Government based credit lines, the Fund does not have significant concentration of credit risk in other areas. However, in order to minimize credit risk, the Fund has set limits on different categories of investments and has also set exposure limits for each bank where it makes placements of funds. Loan appraisals, investments appraisals and approval processes are in place to mitigate this risk. For Government based lending, the Fund is taking measures to ensure that all the required guarantees and assurances are in place. Other loans have cash collaterals placed on them.

#### **12.4.4 Liquidity Risk**

Liquidity risk is the risk of failing to meet obligations when they fall due. Liquidity risk may also arise from inability to sell financial assets quickly at close to its fair value. The Fund is exposed to daily calls on its available cash for benefits payment and other administrative expenses. The Fund manages liquidity risk by maintaining a pool of short-term placements with banks which is adequate to meet its obligations for benefit payments as well as investment commitments and administrative expenditure. The Fund carries out weekly cash flow projection which is discussed by Management Investment Committee for investment decisions. Main sources of funds include monthly contributions and income from investments.

#### **12.5 Safeguarding of Fund's Assets**

The Trustees are responsible for safeguarding the assets of the Fund. The Board has approved various policies including, but not limited to, financial policy, investments policy, human resources policy and internal audit manual in order to strengthen the internal control environment. These are reviewed from time to time to align with the dynamics of the operating environment.

The Fund has developed a disaster recovery plan and a business continuity plan to manage operations disruptions. During the year, the same were implemented by assessing backup sites. Risk control self-assessment, key risk indicator register updated, Fraud risk awareness seminar has been conducted in 16 regions, risk owner retreats programmes have been conducted, and a BCP awareness seminar has also been conducted. The Trustees are pleased to report that during the year under review, no material incidents of fraud were encountered.

#### **12.6 Reliability of Accounting Records and Financial Statements**

The Fund has employed sufficient and competent staff in the Directorate of Finance and has in place a computerized accounting system. Accordingly, proper books of accounts have been maintained and the Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS).

### **13.0 ENTITY OPERATING MODEL**

#### **13.1 Fund Policy**

The Fund is committed to maintaining a robust and efficient operating model. This includes regular assessments of operational processes, risk management, and the use of technology to enhance efficiency.

#### **13.2 Implementation**

Operational processes are regularly reviewed and streamlined. The Fund embraces technological advancements to improve administrative efficiency and reduce operational risks.



The Fund's operating model describes a system of transforming inputs, through its operating activities, into outputs and outcomes that aim to fulfil the Fund's strategic purposes and create value over the short, medium, and long term.

### **13.3 Inputs**

This part describes how key inputs relate to the resources on which the Fund depends, or that provide a source of differentiation for the Fund, to the extent they are material to understanding the robustness and resilience of the operating model.

The Fund's inputs include human capital, financial capital, intellectual capital, natural capital, and social and relationship capital.

#### **13.3.1 Human Capital**

This is considered a driver of the Fund's activities towards achieving its vision of being an outstanding provider of social security in the country. The Fund has employed staff with adequate skills and competence to ensure the delivery of quality services to both internal and external customers. Employees are well motivated and perform their duties responsibly and in an ethical manner. The ultimate goal is to create an exciting and vibrant working environment for staff to achieve better results.

#### **13.3.2 Financial Capital**

The input considers how prudently the resources obtained through contributions from members and investment returns have been utilized for members' interests, including making informed investment decisions and prioritizing day-to-day spending for members' benefits. Prudent allocation of the financial resources enabled the fund to sustainably grow its asset base, thereby achieving an increased net asset.

#### **13.3.3 Intellectual capital**

This lies in the Fund's reputation. Fund knowledge and experience are intangible assets that have been built over time and have instilled confidence in our members and other stakeholders. Further, knowledge and experience acquired in daily dealings enhanced service delivery through internally developed systems such as the Members Administration System (MAS), Real Estate Management System (REMS), and Payroll System, and enabled time-to-time customization of the Microsoft Dynamics NAV.

#### **13.3.4 Natural capital**

This is the effect of our operations on the environment and the sustainable development goals, which are a universal call to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

The Fund has been actively engaged in ensuring the environment is protected through a paperless initiative. Also, poverty in society is reduced through corporate social responsibilities centered in the education and health sectors.

### 13.3.5 Social and relationship capital

This comprises relationships and collaborations with key stakeholders, including government institutions, customers, suppliers, policymakers, and society in general. The Fund has been actively engaged in corporate social responsibilities. Each year, the corporation sets aside funds directed to contribute to society's well-being in line with the corporate social responsibility policy.

### 13.4 Operating activities (processes)

This part describes how the Fund differentiates itself in the market through product differentiation, market segmentation, delivery channels, and marketing. The Fund has been implementing a number of activities to convert inputs into quality service delivery. The operating activities are divided into two major groups:

#### 13.4.1 Those that differentiate the Fund from the market

These activities include:

- Registration of members from government entities and private companies whose government holds 30% or more
- Payments of pension, gratuity, and other benefits to members through an enhanced internal ICT environment integrated with the banking payments system and NIDA

#### 13.4.2 Those involved in the conversion of input into quality service delivery through managing and administering the day-to-day activities of the Fund

- Payment of salaries and other fringe benefits to staff and management,
- Risk management functions are carried out in line with the risk management framework.
- Internal control adequacy, reviewing functions,
- Collection of revenues from members' contributions and investments through GePG, a centralized system to facilitate electronic money transfers from the public to the government and vice versa. The system has been introduced by the government since 2017 and adopted by the Fund in 2019 to enhance revenue collection.

### 13.5 Outputs

This presents services provided during the period by the Fund to members, suppliers, regulators, the government, and tax authorities. It does not include services offered to internal customers.

#### 13.5.1 Members

Delivering outstanding service to our customers remains our number one priority. This has been achieved by fostering a two-way partnership by listening, sharing pertinent information, and connecting our customers through the use of modern information and communication technology.

Two customer-focused systems have been developed, namely Customer Relationship Management (CRM) and PSSSF Kinganjani. Both systems were designed to increase efficiency, deepen our understanding of customers, and reinforce our relationships with them.

### 13.5.2 Regulators

The Fund is regulated by the Ministry of Labor, youths, and persons with disabilities—social security division—in membership-related affairs and the Bank of Tanzania in investment-related matters.

As an overseer, the team conducts a joint supervision inspection covering corporate governance, strategic plan, investments, and internal audit and control issues annually. During the financial year 2022-23, there were no fines or penalties against the Fund from our regulators. This is a testament to our compliance with all applicable regulatory requirements.

The Fund continued to ensure that our operations comply with the existing legal and regulatory requirements through timely reporting, independent assurance conducted by the Audit function, and consistent monitoring and evaluation of controls. The Fund's management is committed to working closely with our regulators to manage the safety of the pension system, adhering to the spirit and letter of the rules and regulations governing our industry. In an effort to restore trust in our industry, the Fund aim to act with courageous integrity and learn from past events to help prevent their recurrence.

### 13.5.3 Government

The government expected the Fund to provide an outstanding service to the public sector employees as well as invest and prudently utilize the available resources for sustainability. During the period, the Fund paid 55,152 beneficiaries (2021/22: 74,150) and served 162,345 pensioners (2022: 154,358) pensioners. A total of TZS 1,231.46 billion (2021/22: 407.81 billion) was invested in avenues such as placement in financial institutions, government securities, corporate debt instruments and loan investments.

Administrative expenses were TZS 76.61 billion (2021/22: TZS 73.06 billion) equivalent to 4.56 % of total contribution income. The amount is within the threshold amount of 10% required by the administrative guideline

Further, the Fund is expected to provide support to government initiatives through participation in the implementation of strategic projects and fulfil the CSR role by offering donations. During the period, TZS 0.58 billion (2021/22: TZS 0.46 billion) have been spent to fulfil Fund's CSR

The above expectations are highly depending on adhering to good management practice that follows principles of good governance. In addition, provides advice to the government in matters relating to social security. To ensure trustees are aware of good management practices, the Fund spent TZS 0.103 billion equipping them on strategic leadership issues.

#### **13.5.4 Tanzania Revenue Authority**

The Fund recognizes that tax is one of the ways in which it contributes to society; therefore, appropriate, prudent, and transparent tax behavior is a key component of our responsibility. During the period, the Fund paid TZS 86.27 billion (2021/22: TZS 83.24) as corporate tax. The final tax liability shall be determined once a tax review for the financial year is conducted.

#### **13.5.5 Suppliers**

Procurement functions performed by the Fund are aimed at ensuring there are fair, competitive, transparent, non-discriminatory, and value-for-money procurement standards and practices. Fund procurement adhered to the Public Procurement Act and the annual procurement plan approved by the Board of Trustees. During the period under review, significant parts of the plans were implemented, while a few were pending due to the complexity of the users' needs.

#### **13.6 Outcomes**

This represents the impacts that occurred to the Fund as a result of, or are reasonably attributable to, the outputs. The following were noted outcomes:

- i. Improved customer satisfaction
- ii. Increased compliance rate among regulators and government agencies
- iii. Improved efficiency,
- iv. Improved staff working morale,
- v. Increased fund's membership base,
- vi. Increased contribution income,
- vii. Attained zero complaints from suppliers and
- viii. Increased the availability of public goods



#### 14.0 KEY PERFORMANCE INDICATORS (KPI)

KPIs are specific indicators measurable and often quantifiable metrics that the Fund used to evaluate operations performance. These indicators have selected based on their alignment with goals and objectives. KPI serves as critical tools for monitoring progress, identifying areas that need improvement and making data drive decision to enhance the overall performance. Details for indicators selected to evaluate the Fund operation performance is provided under the Table 3

#### 15.0 CORPORATE GOVERNANCE MATTERS

##### 15.1 Fund Policy

The Fund adheres to the highest standards of corporate governance, promoting transparency, accountability, and ethical behavior. Board members are selected based on their expertise and commitment to fiduciary responsibility.

##### 15.2 Implementation

Regular governance audits are conducted, and adherence to governance policies is reviewed annually. Board members undergo continuous training on governance best practices.

##### 15.3 Corporate governance statement

Corporate Governance is very important to any entity's strategy and success as it applies the best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective Fund Management and distribution of resources and discharging of corporate social responsibilities for sustainable development of our members. Corporate governance is critical in the public sector entities, particularly Social Security Fund, because it will enable mitigating risks that would lead to failure to achieve the corporate objectives.

The Fund is committed to the principles of good corporate governance. The Board recognizes the importance of integrity, transparency and accountability. In addition, the Board has an overall responsibility of identifying key risk areas, considering and monitoring investment decisions, significant financial matters and reviewing performance of the Fund's plans and budgets. Furthermore, the Board is also responsible for ensuring that a comprehensive system of internal control and procedures is operative in compliance with sound corporate governance principles.

The Trustees have complied with the principles and codes of best practice and applied them throughout the period under consideration, as such adopted the national objective on Good Governance that insist positive effect on various aspects of the government including compliance to policies and practices, procedures, service quality protocols and office conduct, role clarification and good working relationship.

#### 15.4 Appointment and structure of the Board

Mandate to appoint the Chairman of the Board vested to the President of United Republic of Tanzania while other Board members are Minister's appointees with various professional background. Minister appointees forms a tripartite representation of government, employers' representative and employee representative as detailed below: - Minister appointee are as follows:

- a) a member representing the Ministry responsible for social security;
- b) a representative from the Ministry responsible for local government authorities;
- c) a representative of the Ministry responsible for finance;
- d) a law officer representing the Attorney General;
- e) two members representing most representative employers' organization;
- f) two members representing the most representative employee's organization; and
- g) one member appointed by the Minister from amongst persons who possess knowledge and experience in social security matters.

#### 15.5 Functions of the Board

The Board of Trustees is the supreme policy making body in the Fund. The Board is charged with the following functions as per the PSSSF Act:

- a) Registration of Members and contributing employers;
- b) Collection of Members' contributions from employers;
- c) Investment of surplus funds in profitable investments;
- d) Disbursement of pension, gratuity and other benefits in accordance with the provisions of the Act;
- e) Advising the Minister on matters relating to the administration of the Act; and
- f) Doing all such acts and things and to enter into all such transactions as, in the opinion of the Board, may be necessary for the proper and efficient administration of the Fund.

#### 15.6 Board operations and control

The Fund has a board charter which sets out the key values and principles of the trustee of the Fund. It provides the specific responsibilities of the board and how it shall operate within applicable legal and regulatory framework; and clearly specifies the powers of the board and its Committees, separation of roles between the board and Management; and the practice of the board in respect of corporate governance matters.

The Board is responsible for the administration and management of the Fund in accordance with the provisions of the Act, the Social Security (Regulatory Authority) Act and any Guidelines and Directives as may be issued pursuant the Social Security (Regulatory Authority) Act and other relevant written laws for better regulation and monitoring of the activities of the Fund.



In the performance of its functions, the Board meets four times in a year but the Chairman may, as and when deemed expedient, call for an extraordinary Meeting of the Board. Operations of the Board Committees is guided by their respective Board Committee Charters that approved by the Board in compliance with the following principles;

#### **15.6.1 Principle on confidentiality**

Information concerning the Fund, which is in, confidence communicated to a Trustee and an invitee of the Board, in connection with his function. The trustee or invitee shall personally take the necessary precautions to preserve the confidentiality of such information and not divulge it under any circumstances.

#### **15.6.2 Duty to communicate dissent**

Each Trustee commits to clearly express views and to use all means at disposal to convince the Board of the validity of the position should the Trustee be of the view that a proposed Board motion or decision is not in the best interest of the Fund.

#### **15.6.3 Principle on evaluation**

Evaluation of the Board, its committees and individual Trustees, including the Chairman, is performed annually.

#### **15.6.4 Principle on Trustees' independence and ethical behavior**

All the Trustees are considered by the Board to be independent both in character, judgement and free of relationships or circumstances, which could affect their judgement.

All the Trustees are considered to behave and act ethically in the discharge of their fiduciary responsibilities.

#### **15.6.5 Principle on Trustees' remunerations**

All the Trustees are non-executive. The Trustees were remunerated as approved by the Minister responsible for social security. During the year, a total fees and allowances paid to the Trustees amounted to TZS 71.60 million. Other Board expenses include transport, subsistence or living costs for Board and Committee meetings, as well as Trustees' capacity building amounted to TZS 764.05 million.

#### **15.6.6 Principle on Conflict of interest**

When discharging responsibilities as a Board Member Trustees is required to declare conflict of interest

#### 15.6.7 Principle on Board tools

The Fund has Board and Committees charters that guide the Board of Trustees on executing oversight role and are reviewed on annual basis or when need arises.

#### 15.7 Membership of those charged with governance

Governing body membership of the Fund is guided by the First Schedule under Section 10(1) of the Public Service Social Security Act. The Board of trustee is composed of 9 members including the Director General who is the Secretary to the Board. The Director General is appointed by the President and is responsible for overseeing the day-to-day operations of the Fund. Under the Director General, there are nine (9) Directors who head Directorates/Units

Table below shows the Board of Trustees' members who served the Fund during the financial year under review

## PUBLIC SERVICE SOCIAL SECURITY FUND

## THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Table 24: Member of those charged with Governance

S/N	Name	Gender	Position	Age	Qualification	Nationality	Appointment
1.	Eng. Musa I. Iyombe	Male	Chairman	68	- Engineer/Administrator, Consulting Civil Engineer: Master of Engineering, Bachelor of Engineering.	Tanzanian	14 May 18
2.	Dr. Aggrey K. Mlimuka	Male	Vice Chairman	65	- Lawyer: Dr. Juris, LL.M, Post Graduate Diploma in International Law, LL.B.	Tanzanian	31 July 18
3.	CPA. Stella E. Katende	Female	Member	53	- Accountant: CPA (T), Master of Business Administration, Bachelor of Commerce-Accounting.	Tanzanian	31 July 18
4.	Mr. Thomas C. Manjati	Male	Member	63	- Banker: Advanced Diploma in Business Administration, - Certificate in Accountancy, - Diploma in Business Administration - Marketing	Tanzanian	31 July 18
5.	Mr. Rashid M. Mtima	Male	Member	52	- Land Planner: Bachelor of Science in Urban Planning Registered Town Planner.	Tanzanian	31 July 18
6.	Mr. Said A. Nzori	Male	Member	60	- Lawyer: LL.M, LL.B and Diploma in Translation	Tanzanian	2 April 2020
7.	Mr. Victor F. Kategere	Male	Member	57	- Administrator: Master's in Public Administration (HRM), Advanced Diploma in Public Administration.	Tanzanian	17 November 2021
8.	Ms. Mazoea S. Mwera	Female	Member	57	- Administrator: Master's in Public Administration (HRM), Advanced Diploma in Public Administration.	Tanzanian	17 November 2021
9.	CPA Hosea E Kashimba	Male	Secretary	54	- Accountant: CPA(T), MBA-Corporate Management, Advanced Diploma in Certified Accountancy.	Tanzanian	19 February 2019
10.	Mr. Abdul-Razaq I Badru	Male	Secretary**	56	- MBA-International Business Management, Postgraduate Diploma in Leadership, BA, Sociology	Tanzanian	06 February 2024

\*\* Secretary Mr. Abdul-Razaq I. Badru was appointed on February 6<sup>th</sup>, 2024, preceding the signing of the financial statements by the CAG

## 15.8 Board and Committee meetings

During the year ended 30 June 2023, the Board of Trustees held 9 meetings. The Board made various decisions including but not limited to, approving the Annual Plan and Budget; Annual Procurement Plan; annual Investment Plan, adopting Audited Financial Statements for the period ended 30 June 2022, reviewing quarterly performance and internal audit reports, approving, and reviewing various policies of the Fund.

All Members of the Board who held office during the period were committed to attend the Board meetings, except where it was not possible to do so. Below is a summary indicating the number of meetings attended by Board Members from 01 July 2022 to 30 June 2023.

**Table 25: Trustees meeting attendance**

S/N	Name	Number of meetings				
		Board	AC	FC	IC	GC
1	Eng. Musa I. Iyombe	7	N/A	N/A	N/A	N/A
2	Dr. Aggrey K. Mlimuka	8	N/A	N/A	5	5
3	CPA. Stella E. Katende*	4	6	N/A	3	N/A
4	Mr. Said A. Nzori	6	N/A	6	4	3
5	Mr. Thomas C. Manjati	9	6	6	N/A	N/A
6	Mr. Rashid M. Mtima	9	7	N/A	5	N/A
7	Mr. Victor Kategere	9	N/A	6	N/A	5
8	Ms. Mazoea Mwera	9	6	N/A	N/A	5
9	CPA Hosea E Kashimba	9	N/A	6	5	5
10	Mr. Abdul-Razaq I Badru**	N/A	N/A	N/A	N/A	N/A

\* The trustee's resigned during the period to attend further studies abroad.

\*\*Mr Abdul-Razaq I Badru was appointed on 06<sup>th</sup>Februry2024 thus he didn't attend any board meeting during the period.

## 15.9 Committees of those charged with governance

To ensure a high standard of corporate governance throughout the Fund, the board is operating through four (4) Committees which performs advisory role to the board as detailed below;

### 15.9.1 Investment Committee

The aim of establishing the Investment Committee is to enable the board performing its functions with regard to investments activities in line with policies and strategic objectives.

The committee is composed of five (5) trustees as detailed under the table below: -

Name	Position	Nationality
Mr. Rashid M. Mtima	Chairperson	Tanzanian
CPA. Stella E. Katende	Member	Tanzanian
Dr. Aggrey K. Mlimuka	Member	Tanzanian
Mr. Said A. Nzori	Member	Tanzanian

CPA Hosea E Kashimba	Secretary	Tanzanian
----------------------	-----------	-----------

**Functions of the Committee:**

Generally, committee functions are centered in making decision regarding new investment opportunities and monitor the management to ensure adequate controls are in place. Specifically, the investment committee ensures the Fund: -

- a) Developing investment policies and guidelines.
- b) Overseeing the investment and re-investment of the funds.
- c) Monitor the management of investment funds by reviewing reports from the Management and by having discussions with the Management at Committee meetings.
- d) Evaluating the investment performance of the Fund based on such benchmarks as the Board may from time to time select. The evaluation will take into account compliance with investment policies, guidelines, and risk levels.
- e) Reviewing the charter periodically, assess the adequacy of it, and make recommendations to the board for changes whenever required.
- f) Monitor management to ensure that effective systems, processes, and procedures for Project Management are in place.

**15.9.2 Finance Committee**

The committee is made up of three trustees as per the table below and has been established in line with the board charter, to assist and advise the Board in performing oversight functions in the following areas: -

- a) Corporate plans.
- b) Annual budgets.
- c) Treasury Management strategies.
- d) Risk Management.
- e) Financial management matters.
- f) Procurements.
- g) ICT governance.
- h) Actuarial Valuation.
- i) Performance of Operational Services

Name	Position	Nationality
Mr. Thomas C. Manjati	Chairman	Tanzanian
Mr. Victor F. Kategere	Member	Tanzanian
Mr. Said A. Nzori	Member	Tanzanian
CPA Hosea E Kashimba	Secretary	Tanzanian

**15.9.3 Audit Committee**

The Audit Committee has been established to assist the Board in discharging its oversight responsibilities regarding to checking control adequacy, effectiveness and compliance matters. In performing its functions, the committee will maintain effective working relationships with the Board of Trustees, Management, and the external and internal auditors.



**Functions of the Committee**

The Committee will oversee the financial reporting process to ensure the balance, transparency and integrity of published financial information.

- The effectiveness of the Fund's internal financial controls and other controls;
- The effectiveness of the Fund's governance system;
- The independent audit process including recommending the appointment and assessing the performance of the external auditor;
- The Fund's process for monitoring compliance with applicable laws, regulations, standards and best practice guidelines; and,
- Fund's code of business conduct.

The composition of the Audit Committee during the period was as follows:

Name	Position	Nationality
CPA. Stella E. Katende	*Chairperson	Tanzanian
Mr. Thomas C. Manjati	Member	Tanzanian
Mr. Rashid M. Mtima	Member	Tanzanian
Ms. Mazoea S. Mwera	Member	Tanzanian
M/s Vupe Ligate	Secretary	Tanzanian

\*\* The chairperson of the committee resigned during the period for further studies abroad. Her roles were assumed by Trustee Thomas C. Manjati, who shall act until the official appointment is done.

**15.9.4 Governance and Risk Committee**

The committee is executing oversight roles focusing on legal, human capital administration, and risk management of the Fund as described in the board charter.

**Functions of the Committee**

The Governance and Risk Committee is mandated to assist the Board in the review and analysis of the following main areas:

- Legal Affairs;
- Administrative and Governance;
- Compensation structure;
- Staff appointments and promotions;
- Conduct an annual evaluation of the Committee
- Disciplinary matters; and
- Human resources policies.

The composition of the Governance and Risk Committee during the period was as follows:

Name	Position	Nationality
Dr. Aggrey K. Mlimuka	Chairman	Tanzanian
Mr. Victor F. Kategere	Member	Tanzanian
Ms. Mazoea S. Mwera	Member	Tanzanian
Mr. Said A. Nzori	Member	Tanzanian
CPA Hosea E Kashimba	Secretary	Tanzanian



#### 15.10 Stakeholders relations

The Board has identified five key categories of stakeholders:

- **Government:** Acts as both sponsor and employer.
- **Regulators:** Entities responsible for overseeing compliance and governance.
- **Trade unions:** Representatives of employee interests.
- **Members:** Individuals invested or participating in the fund.
- **Service providers and financial institutions:** Entities providing essential services and financial support.

Decisions made by the Board are guided by the interests and needs of these stakeholders. Further details regarding their needs and expectations are outlined in Table 5.

Recognizing the pivotal role of external relationships in its operations, the Fund emphasizes the importance of clear contractual arrangements, performance metrics, and risk assessments. Regular reviews of contractual agreements are conducted, alongside continuous monitoring of key performance indicators. Moreover, risk assessments of external relationships are seamlessly integrated into the overarching risk management strategy. The Fund maintains contractual relationships with suppliers, employees, and other significant service providers, ensuring transparent dealings and effective collaboration.

#### 15.11 Ethical, accountability and social responsibilities

The Fund has identified the following four ethical values namely Customer focus, Integrity, Team work, Professionalism and Efficiency that forms baseline for making objectives and strategies to achieve goals.

The Trustee ought to act and behave ethically in discharge of their responsibilities. All the Trustees are non-executive and retains full and effective control of the Fund and monitor the executive management, they accept and exercise responsibility for strategic and policy decisions, approval of budgets and monitoring of performance.

#### 15.12 Transparent and disclosure

Make timely and balanced disclosure, The Board disseminate all information to the general public, stakeholders and the Government without any reservation to facilitate their decision making, they have to safeguard integrity in financial reporting.

## 16.0 EMPLOYEE WELFARE

### 16.1 Fund Policy

The Fund is dedicated to maintaining a fair and supportive work environment for its employees, ensuring equal opportunities, professional development, and employee well-being.

### 16.2 Implementation

Regular surveys and feedback mechanisms are in place to gauge employee satisfaction and well-being. Training programs and career development opportunities are actively promoted and tracked. Detailed information about employees is disclosed in part 28.

The Fund has the following employees' welfare arrangements:

#### 16.2.1 Training

The Fund offers sponsorship to its employees to undertake short-term courses within the country on various disciplines depending on the corporate needs and financial resources availability. In addition, the Fund supports employees own initiatives for both short and long-term training.

#### 16.2.2 Medical Facilities

The Fund pays premium to the National Health Insurance Fund for them to provide medical insurance scheme to its employees and their immediate family dependents. Under the Act, the premium payable by an Employer is 6% of the employee's monthly salary constituting 3% deducted from the employee's salary and 3% contributed by the employer

It also pays contribution to the Workers Compensation Fund to provide compensation to employees who may suffer occupational injuries or contract occupational diseases arising out of work and in the course of their employment. The contributions payable by an Employer is 0.5% of the employee's monthly salary.

Table 26: Employees welfare

S/No	DETAILS	30 June 2023	30 June 2022
		TZS''000	TZS''000
1	Workers Compensation Fund	216,107	210,109
2	National Health Insurance Fund	1,973,118	1,348,003

### **16.2.3 Retirement Benefits**

The Fund pays contributions to the Public Service Social Security Fund to provide social security benefits to employees on retirement due to age, invalidity or in the event of death. The contributions payable by an Employer is 20% of the employee's monthly salary constituting 5% deducted from the employee's salary and 15% contributed by the employer. During the year the Fund contribution for its employee amounted to TZS 5,128.08 million (2021/22 TZS 4,9763 million)

## **17.0 ENVIRONMENTAL MATTERS**

### **17.1 Fund Policy**

The Fund is committed to incorporating environmental considerations in its investment decisions. It assesses the environmental impact of potential investments and actively seek opportunities to invest in environmentally sustainable ventures.

### **17.2 Implementation**

The Trustees recognize that environmental protection is a contemporary agenda. The Fund monitors the impact of its operations on the environment, which is mainly through the use of power, water and generation of waste. The Fund minimizes its impact through better use of its premises and facilities to ensure that there is proper waste management. The Fund has established a dedicated committee responsible for evaluating and integrating environmental factors into investment decisions. Regular reports on the environmental impact of the fund's portfolio are presented to the board.

All the Fund's investments are environmentally friendly, and if applicable, investments financed by the Fund must be subjected to Environmental and Social Impact Assessment (ESIA). The Fund supports the national campaign for environmental protection. The Trustee has computerized key processes and modernized records storage system by introducing paperless processing of benefits and other administrative documents as measures to preserve environment in which the Fund operate. Detailed information about environmental matters is disclosed in the environmental sustainability section.

## **18.0 RESPONSIBILITY OF THE AUDITOR**

Auditor is responsible 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 audit 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 ISSAIs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## **19.0 TRUSTEES STATEMENTS**

The Board of Trustees made various assertion through statements to confirms their responsibilities while discharging their functions for the period as follows;

### **19.1 Statement on faithfulness and verification**

The Trustees confirm that the current and future development investments of the Fund have been made in good faith and in the best interest of the Fund. The Trustees further confirm that the current development and performance of the Fund can be verified and where relevant the source of the information has been cited, except for future development performance objective where the Trustee believe cannot be objectively verified.

### **19.2 Statement on omission**

Presentation of Financial statements that present a true and fair view of Funds' operation is a primary responsibility of the Trustees. The Trustees have reviewed the current financial position of the Fund and confirms that applicable accounting standards have been followed and that the Financial Statements have been prepared accordingly. The Trustees have in place a robust control environment and procedures for preparation of financial statements and are not aware of any intentional omission or misstatement that could materially affect financial statements.

### **19.3 Statement on neutrality**

The Trustees consider the information contained in the operating and financial review to be free of all bias and retains balance, nothing has come to the Trustees attention to conclude that the information contained are not balanced and free of bias.

### **19.4 Statement on contractual arrangement**

The Trustees have computerized most of key processes as such has contractual arrangement with persons/entity owning those software, hardware and other intellectual properties.

The Trustee believes that no material contractual or other arrangements which are essential to the operation of the entity that has not been disclosed.

### **19.5 Statement on other relevant matters**

The Fund has presented Key material issues that are relevant to the users understanding of Financial Statements; the Trustees have no other matters that are considered to be relevant for disclosure.

#### **19.6 Statement on KPI's measurement**

The Fund uses KPI's to measure the progress of the planned activities on quarterly basis which forms the base for Trustees to set and communicate performance targets and to measure whether are achieving them, there has been no relevant KPI left unattended during the period.

#### **19.7 Statement on consistency**

Unless otherwise stated, the Trustees believe they have been reporting consistently, the planned and actual service performance information in order to facilitate users' assessment of the effectiveness and efficiency utilization of resource.

#### **20.0 POLITICAL AND CHARITABLE DONATION**

The Fund donations are guided by Corporate Social Investment policy (CSI) which focus in areas of Public health, sanitation, environment, poverty eradication, skills development, education, job creation, orphaned and vulnerable children (OVC), Disadvantaged Groups, Sports Development, and in other areas of public interest.

In compliance with CSI, the Fund spent TZS 582.82 million (2021/22: TZS 459.06 million) as donations to support the community in which the Fund operates in form of social and financial aid. Donations made by the Fund were mainly in those areas as mentioned in the foregoing paragraph.

The Fund did not make any political donations during the period (2022: NIL).

#### **21.0 DISABLED PERSONS**

The Fund gives equal opportunities to persons with disabilities for vacancies they are able to fill.

#### **22.0 GENDER PARITY**

The Fund promotes gender equality in its workforce and decision-making processes, striving to achieve and maintain gender parity at all levels. Regular gender diversity reports are produced and reviewed by the Board, showcasing the progress toward achieving gender parity. Training programs are in place to address unconscious biases, and diversity metrics are monitored.

In line with existing Employees and Labour Relation Act 2004 The Fund is an equal opportunity employer, as it has no discriminatory policies or practices.



As at 30<sup>th</sup> June 2023, the Fund had the following distribution of employees by gender:

**Table 27: Staff distribution by gender**

Gender	30 June 2023	30 June 2022
Female	323	313
Male	358	359
<b>Total</b>	<b>681</b>	<b>672</b>

### 23.0 PREJUDICIAL ISSUES

During the period ended June 30, 2023, the Fund encountered ongoing disputes with the Tanzania Revenue Authority concerning the chargeability of income derived from Treasury Bonds and allowances for depreciable assets related to buildings utilized for generating business income (investment properties). These disputes stem from assessed taxes arising from the merger of Funds and PSSSF (2018-2022), involving an amount exceeding TZS 702 billion.

The magnitude of these disputes cannot be understated, as they represent significant matters of contention that warrant the attention of stakeholders. Despite the Fund's proactive approach in reporting the issue to the Solicitor General, it remains a challenge beyond the Fund's direct control, potentially impeding the achievement of its objectives.

### 24.0 MATERIAL ISSUES

These are the factors which the Trustees believe could materially impact Funds' ability to implement the planned strategies in order to serve members and other stakeholders, therefore the analysis of these matters, nature and the actions taken by the Trustees to mitigate the issues are shown on the table 14 below



PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023

Table 28: Material Issues

Issue	Risks	Mitigation/Response
People	People are the core resource of all Funds' operations, in order to meet and deliver planned objectives. Shortage of skilled personnel and failure to equip our staff with new technological development, could impact service delivery and achievement of long-term strategic objectives.	<ul style="list-style-type: none"> <li>The Trustees Conducted Culture change training to all staff to equip them with changing work environment</li> <li>To equip staff with new updates, targeted training program has been developed and approved by the Board</li> <li>The Trustee develop and retain staff by offering attractive fringe benefits including salary, funeral and medical support,</li> <li>Provide all staff with working tools, offices and alike</li> </ul>
Members Benefit payment	Members are the primary stakeholders of the Fund; their eligible payments are of paramount importance and maintains good reputation of the Fund  Failure or delay to pay members benefit on time may ruin reputation of the Fund.	<ul style="list-style-type: none"> <li>The Fund has automated key process in order to fasten benefit processing, .</li> <li>To bring service closure to members, the Fund have regional offices in all regions in mainland Tanzania and one office in Zanzibar.</li> <li>Ten Zonal offices have the mandate to pay up to TZS 80 million member's benefits.</li> <li>Trustees brand the Fund, implement Staff Charter and Client Service Charter and conduct Customer Satisfaction Survey semi-annual.</li> </ul>
Information and communication Technology	Meeting members and others stakeholders' expectations, need of innovative solutions and superior experiences is critical to maintaining high-quality relationships with them.  A failure to recognize and adapt to change in information and communication technology on time could impact our reputation	<ul style="list-style-type: none"> <li>The Fund invested in emerging technologies to ensure that the way it operates and solutions provided to our customers are industry leading</li> <li>The Fund has automated critical key process and developed digital mobile application to bring the service close to members</li> </ul>
Regulatory compliance	The Fund regulatory compliance are fundamental to operation and member service delivery  The Fund operates under changing regulatory environment and reporting requirement, failure to comply with regulatory requirement could adversely affect Fund ability to attain set vision and mission	<ul style="list-style-type: none"> <li>Key regulators have been earmarked and their reporting requirements, pronouncements and policies are complied with either on quarterly semi-annually or annually basis.</li> <li>The Trustees has developed Fund compliance matrix for easier identification of regulatory requirements</li> </ul>
Pre-99 contribution receivable and Government Loans and Pre-99	The Fund Supported Government initiatives by engaging in constructions of strategic projects like Bunge buildings, Hombolo local Government College and University of Dodoma.  Nonpayment of pre-99 contribution receivable and non-servicing of the Loans affect solvency and reduces the Fund's ability to meet its maturing benefit obligations, other statutory and administrative cost	<ul style="list-style-type: none"> <li>Trustees engaged the Government for payment of loans and pre-1999 contribution receivable of TZS 2.45 trillion in order to raise the current Funding rate of 22% to 40% as ideal to the sector.</li> </ul>

## **PUBLIC SERVICE SOCIAL SECURITY FUND**

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

### **25.0 ACCOUNTING POLICIES**

The Accounting Policies used in the preparation of the Financial Statements have been disclosed in Note 2 to the Financial Statements. These policies are all considered to be critical to an understanding of the performance and financial position of the Fund.

### **26.0 SOLVENCY EVALUATION**

Based on the latest actuarial valuation conducted on June 30, 2023, by Muhanna & Co., an independent firm of actuaries, the funding level stood at 36.40%, slightly below the minimum required level of 40%. However, significant progress has been made in enhancing the funding level, primarily attributed to the issuance of a non-cash special bond amounting to TZS 2.177 trillion by the Government of the United Republic of Tanzania. This bond serves to offset a portion of the pre-1999 contributions inherited from PSPF, as outlined in a memorandum signed on December 15, 2021.

Additionally, the implementation of parametric reforms effective from July 1, 2022, coupled with an increase in contribution income resulting from promotions and new recruitments in the public sector, has further contributed to the improvement in the funding level.

Efforts are currently underway to verify the remaining amount of TZS 2.360 trillion between the Fund and the Government through the Ministry of Finance. Upon completion of this verification process, the actuarial valuation report will be validated to determine the adjusted funding level. The Fund is optimistic that achieving an ideal funding level of 40% and above is feasible with these ongoing initiatives and anticipated resolutions.

### **27.0 CASH FLOWS AND LIQUIDITY**

During the year, cash collected amounted to TZS 3,089.70 billion (2021/22: 2,243.47 billion). The plan was to apply such an amount to meet benefit obligations, ongoing industrial projects, financing growth strategies, investment opportunities, and regulatory requirements. Several factors affected cash flows significantly during the year under review, including members' early retirement. The Fund expects this to escalate next year and therefore affect current and prospective cash flows. The Trustees took some efforts to curb the situation by suspending some categories of investments, and continuing trusting that the government will honor its remaining obligations.

The Fund has not borrowed funds, and consequently, no interest charges have accrued against the fund. All statutory payments, such as Pay As You Earn (PAYE), pension contributions, and other statutory deductions effected from staff salaries, were made and submitted to the relevant authorities in time.

## 28.0 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed under Note 49 to these Financial Statements.

## 29.0 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)-RISK

Currently, there is an ideological shift in business demand whereas sustainability and citizenship issues considered to be vital instead of considering them as philanthropic activities. This has been driven by drastic climate changes, biodiversity, customer relations, supply chains, board management practice, data and security.

ESG gained significant world attention following the publication of the report **Who Cares Wins**. Since the publication of the **Who Cares Wins** report, there's been a clear pivot in capital markets with the recognition that environmental and social issues directly impact an organization's bottom line

## 30.0 FUND'S ESG POLICY STATEMENT

The Fund has a fiduciary obligation to proactively address ESG risks and tap opportunities as part of its operations, investments and asset management to create long-term sustainable value for Fund's stakeholders.

The Management has identified the key ESG drivers and integrated into Fund's investment analysis, asset management and day to day operation and decision-making processes. As we share our progress, challenges, and aspirations, we invite you to explore the synergies between financial success and ethical responsibility.

### 30.1 Commitment to ESG matters

Trustees are committed to responsible business practices, focused on three core areas: -

- **Environmental Stewardship:** Committed to environmental sustainability, including climate action, emissions reduction, and resource conservation.
- **Social Responsibility:** Committed to addressing social issues, promoting human rights, and fostering diversity and inclusion.
- **Governance, Ethics & Compliance:** Committed to strong governance, ethics, anti-corruption measures, and transparent corporate practices

### 30.2 Environmental Sustainability

This part describes the Fund's policies and practices that provide assurance that investments made by the Fund have considered future generation through avoiding adverse environmental effects as a result of the climate change, air pollution, water waste and deforestation.

## **PUBLIC SERVICE SOCIAL SECURITY FUND**

### **THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

PSSSF is committed to environmental sustainability. During the year under review, the Fund has actively invested TZS 500 million in environmentally responsible projects, including Nguru Hill project, Karanga leather, Miamba Ginger, that aim to reduce carbon emissions and promote responsible resource management.

Environmental impact assessments have been conducted for major repair undertaken during the year on our investment properties, identifying some few areas for improvement, with a remarkable reduction in our environmental footprints.

#### **30.2.1 Climate change**

Today, the world witnessed more carbon dioxide in the atmosphere than there ever has been in at least the past 2 million years. Human being produce greenhouse gases through activities such as burning fossil fuels, deforestation, and agriculture activities.

The Fund is aware of the national climate change strategy for the years 2022 to 2026 emphasized on the effective adaption to climate change and country participation in global efforts to mitigate climate change in order to attain sustainable development in line with the Tanzania Development Vision 2025 and the Five-Year national development plan.

By recognizing the risk as a global agenda, the Fund has formulated strategies and initiatives to combat the situation, as detailed below: -

- Form a committee responsible for the monitoring of the tree planting campaign, whereas committee members are required to lead by example by planting many trees compared to other members of the staff.
- Agree on the number of trees each employee is required to plant each year. During the meeting between the management and staff, every employee of the Fund should plant at least ten trees annually.
- Agree to disseminate information pertaining to the importance of planting trees to restore our climate through an awareness campaign while couching our expected retirees.

For the period ended 30 June 2023, a total of 3750 trees bought and distributed freely to members of staff.

#### **30.2.2 Air pollutions**

A survey by the World Health Organization (WHO) shows that indoor and outdoor air pollution is responsible for nearly seven million deaths around the globe each year. Ninety-nine percent of human beings currently breathe air that exceeds the WHO's guideline limits for pollutants, with those living in low- and middle-income countries suffering the most.

By recognizing the above effects, Fund's investments are mainly located in environmentally friendly avenues such as government securities and deposits at financial



## **PUBLIC SERVICE SOCIAL SECURITY FUND**

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

institutions. For other investments, ESG risk assessment needs to be integrated before embarking on such an investment. This has to be done in line with the Fund's ESG risk policy.

### **30.2.3 Water waste**

This is mostly considered to places where the Fund has built high rising building for office and residential house. Further to industrial projects such as Kilimanjaro leather industry where raw material such as leather passed through some stages necessary before used for the intended purpose. The process of converting it to a useful form has considered environment impact and good citizenship at large.

The Fund has been reviewed to ensure proper considerations have been done to water waste annually through the Occupational Safety and Health Authority. Evidence issued through the report has indicated an outstanding compliance rate.

### **30.2.4 Deforestation**

The Trustees recognizes that environmental protection is a contemporary world agenda. As such, directed the use of the enhanced Information and communication technology to improve business operating environment to the extent of paperless. During the period, documents management system (laser fiche) has been customized to accommodate more user at a time and improved storage capacity.

Through computerization of key processes and record management system, the Trustee assures members and key stakeholders that 100% implementation of paperless project will reduce deforestation as no paper will be required.

## **30.3 PSSSF future outlook in Carbon Emission Reduction Strategy**

In alignment with global environmental goals and the commitment to sustainable practices, the Fund aims to implement a comprehensive strategy to reduce carbon emissions. The proposal includes specific figures and metrics aimed at achieving a significant reduction in carbon emissions.

### **30.3.1 Tree Planting Initiatives**

**Employee Involvement:** Continue the initiative where every employee plants at least 10 trees annually.

**Projected Impact:** The Fund expect to hire consultant to Calculate the estimated carbon sequestration potential of the planted trees and quantify the anticipated reduction in emissions.



## PUBLIC SERVICE SOCIAL SECURITY FUND

THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

### 30.3.2 Paperless Project Enhancement

**Investment in Technology:** Allocate funds towards the enhancement of the paperless project through the use of advanced information and communication technology.

**Expected Reduction:** The Fund expect to hire consultant to Quantify the anticipated reduction in carbon emissions resulting from the reduction in paper usage, cartridges.

### 30.3.3 Stakeholder Engagement

**Educational Campaigns** the Fund has set aside funds for campaigns to raise awareness among Fund members and stakeholders about the importance of carbon emission reduction.

**Member Involvement** Encourage Fund members to actively participate in carbon reduction initiatives.

By integrating the ESG factors into operations, the Fund not only ensures responsible and sustainable practices but also contributes positively to the well-being of its employees, the communities it serves, and the broader societal context.

## 30.4 Social Sustainability

This is a vital part as it describes how the Fund's strategies, practice and policies considered employees well-being and good citizenship. It covers the aspects of customer relations, employee relation, employee well-being, community relations, health and safety as well as human rights and work-life balance. It further provides detail of the Fund spending toward corporate social responsibility.

### 30.4.1 Customer relations

The Fund has customer service charter that set standard of serving customers and ensure they are aware of their rights and obligation. During the year, 153,890 customer complaints have been received through walk in customers, social media, E-Mrejesho and E-mails, 95% (146,196) of the complaints received were resolved. During the period, the Fund upgraded the Customer Service Relationship (CRM) to enable timely delivery of services to members based on the feedback and peculiar scenarios which were not considered while designing the original version.

The Fund enhanced pensioner verification process through the use of modern information technology whereas verification is now carried out by using smart phone instead of physical presence. Another milestone made through the Fund accepting **advance credit to a retired** member whose last month contributions was not timely submitted after confirming the respective deduction from the ministry of Finance. The facility is aimed at avoiding unnecessary delays to a retired member.

### **30.4.2 Employee relation**

Employees are vital to enable achieving the intended goals. This mean their health, safety, competencies and welfare are fundamental to the Fund's operational effectiveness and overall success. As such, the ability to attract, develop, enable and retain the very best employees is vital as well for success.

The Fund is aimed at creating an exciting and vibrant work environment and is striving to continuously providing an attractive career path to increase working morale as well as efficiency. Below are the milestones/outputs achieved in the areas of human capital management: -

#### **(i) Employee Performance Management**

Clear and measurable organizational, departmental and individual performance targets are set at the beginning of every financial year, so employees know what is expected and can focus their energy and efforts on what matters most. Clear rating descriptions provide our employees with an indication of where they stand in their personal performance and growth journey.

Performance against targets was evaluated, whereas self-assessment was carried out by individual staff, followed by the supervisor's assessment. The final scores of each staff member were obtained through the discussion between appraiser and supervisor. During the period, the Fund had 681 employees and all were appraised timely.

#### **(ii) Employee Training and Development**

The Fund developed an internal innovation practice to support succession plans and advance the skill sets of employees to achieve strategic priorities. Employee development areas are identified in the training needs assessment and the performance management done through the open performance management system annually. During the year under review, 16 training programs were organized and attended by 320 employees to enhance their competency in the areas of leadership, customer care, financial markets, defensive driving, and corruption fighting, just to mention a few.

In the coming financial year, the Fund anticipates utilizing TZS 1.94 billion for staff training and development programs covering various areas such as new ICT technology, labor law, leadership skills, customer care and complaint management.

#### **(iii) Diversity and inclusivity**

The Fund places a high value on its employees. We are proud to report that our equal opportunity initiatives led to our workforce consisting of employees from diverse backgrounds. The goal is to avoid any instances of discrimination due to gender, religion, race, or social position. Of the 681 staff present during the reporting period, 362 were male and 319 were female.

## **PUBLIC SERVICE SOCIAL SECURITY FUND**

### **THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

Our workforce's diversity and inclusion have resulted in 3 of employees experiencing career growth and advancement opportunities.

#### **(iv) Human rights and other labor issues**

In day to day dealing with employees, the Fund is adhering to labor law and human resources best practice across the country. For the financial year 2022/2023, there were no incident of discrimination and violation involving violation of human resources best practices across the country was recorded.

#### **(v) Employees Engagement ‘**

The Fund engaged staff through a satisfaction survey that enabled them to provide feedback on issues hindering the delivery of the best services to customers. Further, worker council meetings, which bring the management and staff representatives together and deliberate on challenges facing employees, enhanced smooth execution of strategies such staff retention and attraction. During the period, two workers' council meetings were held and one staff satisfaction survey conducted.

#### **(vi) Employee retention**

The Fund has been recognizing the value of knowledge and talent as one of the retention strategy. During the period, staff who demonstrated an outstanding performance from each department/unit were recognized through a certificate and token, believing a stable and motivated work force contributes to good service delivery to customers.

#### **(vii) Rewarding**

The Fund's remuneration is tailored to enhance a performance culture and promote fairness. The salary policy is the same for all staff with the same cadres or salary scale and there is no discrimination in terms of remuneration paid to male and female employees. The Fund provides medical insurance that covers an employee, spouse, and four qualified dependents' as per the country's law. Further, enhance working morale through the provision of transportation and housing allowances.

#### **(viii) Equal opportunity**

The Fund espouses an equal opportunity policy where all staff, irrespective of gender, are supported and encouraged to grow their career to their highest potential.

#### **(ix) Employee succession planning**

Our performance culture reiterates the importance of succession planning and internal promotion. The PSSSF Employees Development and Succession Planning Framework for senior management staff has been implemented since 2018. The same is updated periodically to avoid a possibility of maintaining irrelevant document.

### 30.4.3 Community relations

#### (i) Engagement and Collaboration:

The Fund actively engages with the communities in which it operates. Collaboration with local stakeholders, including community leaders, NGOs, and residents, fosters positive relationships. For more stakeholders' analysis refer to para 25.

#### (ii) Social Impact Investing:

Consideration of the social impact of investments on local communities. Investments that align with community needs and priorities contribute to sustainable development. During the year under review the fund invested TZS 0.58 billion as donation to meet aforementioned areas that have positive impact on community in which the Fund operates.

### 30.4.4 Health and Safety

#### (i) Occupational Health and Safety

The Fund implemented a robust programs and practices to ensure the health and safety of employees. Regular training and awareness programs are crucial in maintaining a safe working environment. During the year under review the Fund's employees were acquainted with occupation health and safety awareness program facilitated by the regulator, furthermore the employees undergone 3 training relating to non-communicable disease both conducted at TZS 61.87 million.

The business activities carried out by the Fund is services in nature. The Board ensures that the working environment is clean at all times, as authorized firms have been engaged to ensure that the working environment is clean and attractive. Fire extinguishers have also been installed in office buildings to ensure that unexpected fire incidents are contained.

#### (ii) Investment Due Diligence

Consideration of health and safety standards when making investment decisions. Assessing the potential impact of investments on the health and safety of employees and communities.

### 30.4.5 Human rights

#### (i) Adherence to International Standards

The Fund Committed to uphold internationally recognized human rights standards, such as the United Nations Guiding Principles on Business and Human Rights, SDG's and the Fund's ESG policy regarding human rights. During the year under review the Fund recorded no incidence of violating the international recognized human rights standard essentially the United Nation Guiding Principles on Business and Human Rights.



**(ii) Supply Chain Responsibility**

Scrutiny of the human rights practices within the Fund's supply chain and investments plays an important role. During the year under review The Fund remains compliant with the ESG policy thus avoid investments associated with human rights violations.

**30.4.6 Work-life balance**

Implementation of programs that support the mental and physical well-being of employees. This includes initiatives like wellness programs, and stress management support. During the year under review, the Fund incurred TZS 195.83 million on staff Bonanza and competition coordinated by Shirikisho la Michezo la Mashirika ya Umma, Taasisi na Makampuni Binafsi Tanzania (SHIMMUTA).

**30.5 Governance Sustainability**

The Trustees are committed to upholding transparent and accountable governance principles to guarantee the prudent and responsible management of the Fund. During the period under review, adhering to the principles of transparency and accountability can be attested to through the following assessments and initiatives:

**30.5.1 Annual Board Evaluation**

Every year, the Fund conduct a thorough evaluation of our board's performance. These evaluations aren't just paperwork; they lead to tangible improvements in our governance structure. They highlight areas where we're doing well and pinpoint opportunities for enhancement.

**30.5.2 Training Initiatives**

The Fund is committed to equipping our Board of Trustees with the skills they need to excel in their roles. During the year, six training sessions were organized for trustees involved in various committees. These sessions aimed to enhance their capabilities in the area of Actuarial valuation, Fund management system, directorship and governance. During the review period, the Fund invested TZS 214.6 million in these training initiatives. This expenditure reflects our dedication to continuous improvement, ensuring our trustees stay well-informed and adept in their committee roles.

**30.5.3 Transparency and communication**

The Fund focus on open and transparent communication with stakeholders and members of the Fund, this dedication has earned us a notable achievement - for three consecutive years until 2022, our Fund accounts have been recognized as the best presented accounts. This prestigious award was granted by the NBAA (National Board of Accountants and Auditors), acknowledging our efforts in maintaining clear and comprehensive financial reporting.



## PUBLIC SERVICE SOCIAL SECURITY FUND

### THE REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

The Fund believes that keeping everyone well-informed fosters trust and understanding, and we're honoured to have our commitment to transparent communication recognized through this esteemed award. It motivates us to continue prioritizing clarity and openness in all our interactions. The Fund introduced a web-based feedback system called *e-mrejesho* to make it easier for our valued members, to interact with us. Through this system, we've set up channels for receiving stakeholders' feedback and addressing any concerns they may have.

Throughout the year, the Fund received a total of 15,000 complaints through *e-mrejesho*, each of these concerns was not only acknowledged but also promptly responded to and successfully resolved, ensuring that their voice is heard and issues are taken care of. But that's not all. The Fund also value stakeholders' opinion, and that's why regularly customer satisfaction survey are conducted. The Fund do every quarter to get a sense of how we're doing and where we can improve. stakeholders' feedback matters, and it helps the Fund to serve them better.

### 31.0 THE INTEGRATION OF THE UNITED NATION'S SDGS INTO FUND'S STRATEGIES

The Fund, as custodian of members financial resources, plays a pivotal role in shaping sustainable global development. The integration of the United Nations' 17 Sustainable Development Goals (SDGs) into the Fund's strategies to align long-term investments with societal and environmental objectives is of paramount importance.

The SDGs emerged in 2015 as a universal call to action to end poverty, protect the planet, and ensure prosperity for all by 2030. Ranging from eradicating hunger and poverty to promoting quality education and gender equality, these goals provide a comprehensive framework for addressing pressing global challenges.

Incorporating the SDGs into the Fund's strategies contributes significantly to fostering a more equitable, resilient, and sustainable future, demonstrating the Fund's commitment to positive societal impact. For detailed information about the implementation of strategies relating to SDG goals, refer to Table 29

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

**Table 29: Sustainable development goals and strategies**

SUSTAINABLE DEVELOPMENT GOALS AND FUND STRATEGIES	MILLESTONES IN 2022/23
<p><b>SDG 1 NO POVERTY</b>  <b>Strategy:</b> Invest in projects that promote inclusive economic growth, job creation, and poverty reduction. Support Saving and credit societies (SACCOS) initiatives and projects targeting vulnerable populations Fostering the improvement of human capital quality, Providing donations and sponsorships to communities we operate, computerization of key processes, provision of benefits to eligible members</p>	<p>The Fund has voluntary supplementary scheme introduced to cover informal Sector, this initiative aims to ensure that social security coverage extend to informal sector. The Fund extended long-term loan to Government for construction of Hombolo University ,University of Dodoma and the Bunge project so as to promote inclusive economic growth, also extension of SACCOS loan so as to improve life of fund members, during the year the Fund extended loan to Njombe SACCOS and PSSSF SACCOS the Fund has 43 SACCOS in loan portfolio, The Fund enhanced pensioner verification process through the use of modern information technology whereas verification is now carried out by using smart phone instead of physical presence, Donated to Prevention for gender based violence to support commemoration of the International Older Persons' day aiming to provide an opportunity for promotion to communities and create awareness on the rights and welfare of elderly persons. Donated to Equal opportunities for all trust fund to fight poverty, ignorance, diseases for the better and sustainable society.</p>
<p><b>SDG2 Zero Hunger</b>  <b>Strategy:</b> Invest in sustainable agriculture, food security, and rural development projects. Support companies involved in innovative and environmentally friendly agricultural practices.</p>	<p>In implementation of Mponde tea factory the Fund through the Company entered into contract with farmers through AMCOS to facilitate routes for collecting green leaves from farmers, The Fund entered contract with the Government for payment of minimum pension during the year 72,136 pensioners have been paid under this arrangement. More over the fund pays monthly pensions to 162345 pensioners, in addition to that the Mponde industry Limited, Nguru ranch Kilimanjaro International leather, and Mamba ginger ltd created employment and raw materials are sourced direct from out growers.</p>

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

**SDG3 Good Health and Well-being**  
**Strategy:** Invest in healthcare infrastructure, pharmaceuticals, and medical technology. Support projects that aim to improve access to healthcare services, especially in underserved areas

During the year the Fund donated to Benjamin Mkapa Trust to enable the Foundation undertake its activities of enhancing HIV free generation, Donation to support the underprivileged children with heart defects that are supposed to undergo surgery at JKCL, donation to support Health services for Women and Child at Mwanza region. Donated to facilitate renovation of Kizimkazi health center- Donated to Benjamin William Mkapa Endowment Fund aiming at supporting and sustaining the Legacy of serving the society by addressing health and wellbeing for all, Supported the JKT Marathon, which aims to promote good health and provide essential services to the community. These services include check-ups, treatment, counseling, and offering medical assistance, especially in terms of equipment, to elderly retired individuals in need. Donated to Kiteto District Council facilitate the purchase of 400 bags of cement for construction of health centers, Donated to Tanzania Nursing & Midwifery Council Advocate for universal Health Insurance for all Tanzanians, Donated to Udom Humanity College to support peer awareness for students, Donated cement to support construction of dispensaries Iringa region, Donated to the NMB Marathon with the goal of raising funds for CCBRT Fistula Treatment.

**SUSTAINABLE DEVELOPMENT GOALS AND FUND STRATEGIES**

**MILESTONES IN 2022/23**

## PUBLIC SERVICE SOCIAL SECURITY FUND

### REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

#### SDG4 Quality Education

**Strategy:** Invest in education infrastructure, technology, and initiatives that promote lifelong learning. Support projects that enhance access to quality education, particularly in marginalized communities

The Fund donated to support education meeting to promote lifelong learning - Chama cha Walimu Mkoa, sponsorship of Annual internal auditors conference to promote learning ifo The Institute of Internal Auditors, donation to College of Business Education(CBE) supporting learning initiatives, donation of 3000 blocks for construction of Maji Chumvi Primary school in Morogoro, donation of building materials for construction of classrooms for Mwaniga Secondary School in Simiyu region, donated 300 cement sacks to Rorya District Council on construction of Kuruya Secondary School. Donation to education Infrastructure at Ruvuma Region, donation of cements for construction of schools in Iringa region .Donated to Ilala Secondary Schools 150 desks, donated construction of computer laboratory for Nyanga-Bukoba Secondary School, Donated to purchase chairs and tables for teachers and students in Moshi Municipal Mji Mpya Secondary School, donated to support construction of primary schools at Nsimbo Constituency, Donated to Timotheo Mzava secondary school for supply of printer, photocopy machine, desktop computer and power stabilizer, donated fund for building of Msia Secondary school hostels in-Mbozi DC.Donated to support building of secondary schools in Nyamagana DC.



# PUBLIC SERVICE SOCIAL SECURITY FUND

## REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

<b>SDG5 Gender Equality</b> <b>Strategy:</b> Invest in companies with strong gender equality practices. Support projects that promote women's economic empowerment, leadership, and access to education and healthcare	<p>The Fund donated to support the TAWCA 4th Women Leadership Conference. Also supported Dodoma Women Saccos to meet their mandated duties and responsibilities Supported Voice of Women Entrepreneurs Tanzania "She can do it" Campaigning aiming at raise awareness about women's potential to succeed in business, Donated to Tanzania personal secretaries association to facilitate its 2023 professional conference ,Donated to Vuka initiative: Symposium on the campaign to protect male children ,Donated to Nkate foundation to support women empowerment, Donated to Worrior Women Foundation Knowledge sharing, training and empowerment forum for Zanzibar Entrepreneurs Donated to Vote 44 trade investment to support a high level conference on trade and investment targeting women and youths. Donated to Tanzania association of women certified accountants Leadership conference that strives to embody the principle that success is the culmination of daily efforts and actions. This serves as a reminder to women that achievement is the outcome of consistent and meaningful contributions in their daily lives.</p>
<b>SDG6 Clean Water and Sanitation</b> <b>Strategy:</b> Invest in water infrastructure projects, wastewater treatment, and water conservation initiatives. Support companies working on innovative solutions for clean water access	<p>In implementation of phase 2 of the Kilimanjaro International leather co ltd the Fund constructed Tannery and effluent treatment plant and infrastructure for spring water source management. The Fund connected waste water system to DAWASA sewer line at PSSSF Commercial complex SAM Nujoma road.</p>
<b>SDG7 Affordable and Clean Energy</b> <b>Strategy:</b> Promote use of energy efficiency initiatives, and clean technology companies. Support the transition to sustainable and low-carbon energy sources	<p>The Fund abandoned use of high voltage bulbs in all offices and Promote the use of energy efficiency bulbs like power server and tube lights, as initiative to promote the use of Energy efficient sources of power, also the Fund policy is to acquire brand new motor vehicle to minimize emission, donated to Swadiq Orphanage Donated to Swadiq Orphanage for the purpose of purchasing a stove.</p>
<b>SDG8 Decent Work and Economic Growth</b> <b>Strategy:</b> Invest in projects that promote job creation, fair wages, and inclusive economic growth. Support companies with responsible business practices and commitment to decent working conditions	<p>During the year the Fund made a special donation for promotion of Tanzania and her natural resources to the world to MPANGO MAALUM WA KUITANGAZA TANZANIA, The Fund invest in Government securities and deposit with financial institution so as to wide financial inclusion to informal and formal sector as well to promote economic growth.</p>



**PUBLIC SERVICE SOCIAL SECURITY FUND**

**REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

<p><b>SDG9 Industry, Innovation, and Infrastructure</b>  <b>Strategy:</b> Invest in infrastructure development, innovation, and technology projects. Support companies contributing to sustainable industrialization and infrastructure improvement, investment in industrial projects</p>	<p>The Fund has invested in Msamvu ultra modern bus terminal to support Government on infrastructure development, The Fund has invested on various industrial projects :Kilimanjaro International leather industries for leather products processing, Guru hill ranch for meat processing, Mamba Gingers growers ltd for ginger processing, Mponde Tea holdings for drying and processing tea, furthermore the Fund computerized has computerized the key processes ,financial management systems and integrated with other stakeholder systems RITA,NIDA,TREASURY,NMB and CRDB.</p>
<p><b>SUSTAINABLE DEVELOPMENT GOALS AND FUND STRATEGIES</b>  <b>SDG10 Reduced Inequality</b>  <b>Strategy:</b> Invest in projects that address income inequality, promote social inclusion, and support marginalized communities. Support companies with equitable labor practices.</p>	<p><b>MILLESTONES IN 2022/23</b>  The Fund donated to finance 7th Trade union congress of Tanzania congress meeting to promote equitable labor practices, donated to support TRAMPA special training to records officers ,donated to support TUICO leaders to attend ILOS 111<sup>th</sup> conference, Donated to Association of local authorities of Tanzania for sponsoring 37th annual general meeting, Donated to Dada hood initiative to Support unheard voices of deaf girls in Tanzania by conducting diagnosis program, a sign language training and advocacy, Donated to Iringa DC to facilitate supply of sports equipment for the preparation of UMITASHUMTA and UMISETA, Contributed to WYEP to aid in the purchase of soybeans for distribution to women and youth groups in the Ruvuma region, Donated to Manyara sub treasury support for the Fimbo Nyeupe National Day, with the goal of raising awareness among the general public about various social issues, particularly human rights and the sustainable well-being of individuals with disabilities, especially those who are visually impaired. Donated to Retirees association of Tanzania to facilitate retirees seminar, Donated to Loveness Foundation for purchase of 500 T-shirts supporting individuals living with Albinism.</p>
<p><b>SDG11 Sustainable Cities and Communities</b>  <b>Strategy:</b> Invest in sustainable urban development projects, affordable housing, and smart city initiatives. Support companies that contribute to environmentally friendly and inclusive</p>	<p>During the year the Fund donated to Karibu Dodoma festival to promote the capital city of Dodoma and all projects undertaken in the region to bring real face of capital city, donated 200 bags of cement sacks to Mkuranga District to foster inclusive urbanization, donation to Ulanga district for supporting investment</p>

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

urbanization	promotion, during the year the Fund planted trees in various regions Mwanza 600, Zanzibar 250, Dar es salaam 1000, Arusha 300, Dodoma 600, Morogoro 600 and Mbeya 400. Donation for conference to provide information on the development of busega province and the opportunities available in Busega. Donated to the Kigoma-Kasulu constituency for the purchase of construction materials to enhance infrastructure development in the area. Donated to Ruvuma region facilitating Royal Tour support
<b>SUSTAINABLE DEVELOPMENT GOALS AND FUND STRATEGIES</b>	<b>MILLESTONES IN 2022/23</b>
<b>SDG12 Responsible Consumption and Production</b> <b>Strategy:</b> Invest in companies with sustainable business practices, resource efficiency, and waste reduction initiatives. Support projects that promote responsible consumption and production	The Fund has developed mobile apps for Android and iOS, allowing members to access the Fund's services from their homes via mobile phones and other ICT devices. Furthermore, the call center operating hours have been extended to 8:00 PM from the previous 5:00 PM to enhance the quality of service. This extension aims to reduce fuel consumption for members. Additionally, the Fund has migrated its operations to a paperless system. Donated to Cashewnuts Board of Tanzania Sponsorship for Korosho Marathon held in Mtwara Promoting local consumption of cashew nuts and enhance community involvement.
<b>SDG13 Climate Action</b> <b>Strategy:</b> Invest in projects that mitigate and adapt to climate change, support renewable energy, and promote sustainable land use. Consider divesting from fossil fuels and high-emission industries	The Fund donated to Habari Development initiative for Tree Planting Campaign in Tanzania. Donated to Foundation of Malaria for Community Development to support climate change adaption & Resilience
<b>SDG14 Life on water</b> <b>Strategy:</b> Supporting water stewardship initiatives allocating resources to education and advocacy on water sustainability, investing in innovative technologies addressing water challenges, engaging with local communities for impactful projects	Donated to ABM fm radio to sponsor Zanzibar Blue Economy marathon Phase II whose collection will support Completion of Fumba fish Market as a way of engaging with local communities for impactful projects and as an advocacy on water sustainability
<b>SDG15 Life on Land</b> <b>Strategy:</b> Invest in projects that promote sustainable land use, reforestation, and biodiversity conservation. Support companies with environmentally responsible land management practices.	During the period the Fund conducted expected retirees' seminar, among other things each participant was given a tree to plant. A total of 3750 trees have been planted on seven regions Mwanza, Zanzibar, Dar es salaam, Arusha, Dodoma, Morogoro and Mbeya, Dented to forestry development for Pemba Agriculture

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

	<p>exhibition, Donated to Tushikamane Pamoja Foundation: Contribution to facilitate the organization of a fundraising dinner aimed at generating funds for the efficient operation of an elder care facility situated in Ubungo Municipal Council, assisting 14 vulnerable elderly individuals</p>
<b>SUSTAINABLE DEVELOPMENT GOALS AND FUND STRATEGIES</b>	<b>MILLESTONES IN 2022/23</b>
<p><b>SDG16 Peace, Justice, and Strong Institutions</b>  <b>Strategy:</b> Invest in projects that promote the rule of law, access to justice, and peacebuilding. Support companies with strong ethical standards and transparent governance</p>	<p>The Fund donated contribution on training for government advocate -Office of the Solicitor General as support to promote rule of law, Donated to solicitor general's office for state attorneys training, donated to Morogoro Judiciary to facilitate Legal week exhibitions at Morogoro, Donation for 20 years anniversary for Commission for Human right and good governance.</p>
<p><b>SDG17 Partnerships for the Goals</b>  <b>Strategy:</b> Collaborate with other investors, governments, and organizations to maximize impact. Support projects that foster partnerships for sustainable development</p>	<p>During the year the Fund made cooperation with the Government and donated to Prison recreation fund, Donated to Ministry of agriculture to support the initiative of Africa Food System Forum , Donated to support Dr Samia Royal Tour event, Donated to the Government for launching national 2022 census results, Donated to Simiyu sub treasury misc. deposit electronic account for world food programme day, Donation to the Foundation for Disabilities Hope to cover transportation costs during a campaign for a disabilities tour. The goal is to advocate to the general public that being disabled does not preclude individuals from contributing to national development. Donated to Attorney General office to facilitate Government Advocate's Meeting with the objective of providing government advocates with knowledge and facilitating the exchange of experiences. Donated to CRDB bank DCA partnership to support the heart surgery at JKCI Donated to finance Tanzania Embassy in London to conduct Tanzania Day on 16th July 2022 The Fund has done the research in on electricity and oil infrastructures including Chalinze- Dodoma electricity project in collaboration with TPA, TANESCO and TGDC.</p>

### 32.0 COMPLIANCE WITH LAWS AND REGULATIONS

During the period, the Fund observed compliance to other applicable laws and regulations, policies and guidelines, which have impact on the Fund's operations. These include The Income Tax Act and The Public Procurement Act, and its regulations. The Trustees confirm that the activities and operations of the Fund were conducted in accordance with the PSSSF Act and other applicable laws and the Trustees are not aware of non-compliance that would have material impact on the Fund.

### 33.0 PUBLICATIONS OF THE REPORT

The Management is committed to ensure the report will be published in the Funds' website within thirty days after been authorized for issuance.

### 34.0 STATEMENTS OF COMPLIANCE

The report by those charged with governance is prepared in compliance with the provisions of Tanzania Financial Reporting Standards No 1 which became effective for the period starting 01 January 2021 and all other statutory legislations relevant to the Fund.

### 35.0 EVENTS AFTER REPORTING PERIOD

The Fund had a VAT receivable of TZS 5,113,114 million, which originated from PPF pension Fund before merging. This amount was utilized against VAT output, as the Fund chose not to pursue a refund, instead incorporating it into monthly returns. The decision to utilize the amount aligns with the provisions of the establishing act that facilitated the transfer of all assets and liabilities to the Fund, a matter was communicated (since 2019) to the Commissioner General of Tanzania Revenue Authority (TRA) through several letters and meetings.

In response to the Fund's intention to continue this practice, the Commissioner General, in a communication dated October 20, 2023, expressed reservations about the remote recoverability chances. This skepticism is based on the application's failure to meet the specified conditions outlined in Section 66(3) of the VAT Act, Cap. 148. In light of this response, the management interpreted it as an impairment indicator and took the necessary steps to accurately reflect this situation through appropriate accounting entries.

Furthermore, on February 6th, 2024, the President of the United Republic of Tanzania appointed a new Director General subsequent to the expiration of the former director general's contract. Management classified this event as a non-adjusting event since it occurred after the reporting period but before the Financial Statements were issued for public consumption. The Trustees are not aware of any other matters or circumstances arising after the reporting period that requires adjustment to or disclosure in the Financial Statements.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)**

**36.0 AUDITORS**

The Controller and Auditor General is the statutory auditor of the Fund by virtue of Article 143 of the Constitution of the United Republic of Tanzania, as amplified in Section 10 of the Public Audit Act, Cap 418. However, in accordance with Section 33 of the same Act, M/S Ernst and Young was appointed through procurement procedures by the Controller and Auditor General to carry out the audit of the Financial Statements of the Public Service Social Security Fund for the year ended June 30. M/S Ernst and Young carried out the assignment jointly with the Controller and Auditor General. The rotation of engagement normally lasts three years, or as the Controller and Auditor General deem fit.

**BY THE ORDER OF THE BOARD**



Eng. Musa I. Iyombe  
Chairperson of the Board of Trustees



Mr Abdul-Razaq I Badru  
Director General

Date:

27-02-2024



## STATEMENT OF TRUSTEE'S RESPONSIBILITY

The Trustees are required by the Public Service Social Security, Fund Act, Cap 371 to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of its changes in net assets for the year. The Trustees are also obliged to ensure that the Fund keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund.

They are also responsible for safeguarding the assets of the Fund. The Trustees accept responsibility for the Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with the International Financial Reporting Standards (IFRS) and in compliance with the Public Service Social Security Fund Act.

The Trustees are of the opinion that the Financial Statements for the period give a true and fair view of the state of the financial affairs of the Fund and of its changes in net assets for the period. The Trustees further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of Financial Statements, as well as adequate systems of internal control. Nothing has come to the attention of the Trustees to indicate that the Fund will not remain a going concern for at least twelve months from the date of this statement.

### BY THE ORDER OF THE BOARD

  
Eng. Musa I lyombe  
Chairperson of the Board of Trustees

  
Mr. Abdul-Razaq I Badru  
Director General

Date: 27-02-2024

**DECLARATION BY THE HEAD OF FINANCE FOR THE YEAR ENDED 30 JUNE 2023**

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires Financial Statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of Financial Statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Trustees to discharge the responsibility of preparing Financial Statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Financial Reporting Standards (IFRSs) and statutory financial reporting requirements. Full legal responsibility for the preparation of Financial Statements rests with the Board of Trustees as declared under the Statement of Trustees' responsibilities on an earlier page.

I, **Beatrice Musa-Lupi**, the Director of Finance of Public Service Social Security Fund hereby acknowledges my responsibility of ensuring that Financial Statements for the year ended 30 June 23 have been prepared in compliance with the International Financial Reporting Standards (IFRSs) and the Public Service Social Security Fund Act, Cap 371.

Thus, I confirm that the Financial Statements give a true and fair view of the position of the Public Service Social Security Fund as on that date and that they have been prepared based on properly maintained financial records.

**Signature:**

**NBAA Membership number: ACPA 2225**

**Date:** \_\_\_\_\_



## PUBLIC SERVICE SOCIAL SECURITY FUND

## STATEMENT OF NET ASSETS AVAILABLE FOR THE BENEFITS AS AT 30 JUNE 2023

Assets	NOTE	2023 "TZS 000"	2022 "TZS 000"
Cash at bank and in hand	21	370,734,542	201,166,524
Deposits with financial institutions	22	497,300,640	377,854,078
Equity Investments at fair value	23	601,960,990	571,006,603
Mutual Funds' Investments at fair value	24	275,374,439	246,237,431
Government securities at amortized cost	25	4,765,499,276	4,530,331,964
Corporate bonds at amortized cost	26	11,866,605	7,913,948
Prepayments	27	2,734,863	2,841,878
Receivables	28	88,110,167	153,952,821
VAT and WHT Recoverable	29	4,918,118	6,590,036
Loan investments	30	327,177,116	321,448,918
Tradable Inventories	31	11,616,599	11,459,795
Investment properties	32	1,111,400,358	1,111,400,358
Associates and Joint Ventures	33	74,669,397	70,918,848
Investment in subsidiaries	34	239,393,586	250,172,518
Stationery and Consumables	35	597,111	289,237
Right-of-Use Asset	36	561,550	892,633
Intangible assets	37	983,238	981,949
Property and equipment	38	92,971,151	94,948,678
Deferred tax	39	78,471,100	68,586,347
<b>Total Assets</b>		<b>8,556,340,846</b>	<b>8,028,994,564</b>
<b>Liabilities</b>			
Benefits payable	40	359,088,690	463,176,149
Lease Liabilities	41	678,748	1,031,482
Other payables	42	20,042,983	18,283,525
Provisions	43	14,625,628	8,753,394
Payables to Related parties	44	5,899,520	21,415,545
Corporate Tax Payable	45	37,413,047	89,023,912
<b>Total Liabilities</b>		<b>437,748,616</b>	<b>601,684,006</b>
<b>Member's Funds and Reserve</b>			
Accumulated members fund		7,415,661,440	7,341,704,916
Reserves	46	16,253,103	11,649,118
Change during the period		686,677,687	73,956,524
<b>Total Accumulated funds and reserves</b>		<b>8,118,592,230</b>	<b>7,427,310,558</b>
<b>Total liabilities and members' funds</b>		<b>8,556,340,846</b>	<b>8,028,994,564</b>

  
Eng. Musa I lyombe  
Chairperson of the Board of Trustees

  
Mr. Abdul-Razaq I Badru  
Director General

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE  
PERIOD ENDED 30 JUNE 2023**

<b>Contributions and Benefits</b>	<b>NOTE</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Members Contributions	6	1,681,650,813	1,526,268,288
Benefits expenses	7	(1,563,545,052)	(1,697,817,672)
<b>Net Surplus/(Deficit) from dealings with members</b>		<b>118,105,761</b>	<b>(171,549,384)</b>
<b>Returns on investments</b>			
Interest income Calculated Using Effective Interest Rate	8	510,005,517	499,592,389
Other interest and similar income	9	42,948,949	31,560,846
Dividend income	10	33,186,686	26,817,747
Rent Income	11	35,708,684	30,389,983
Change in Fair Values	12	63,586,747	(798,145)
<b>Total returns on investments</b>		<b>685,436,583</b>	<b>587,562,819</b>
<b>Other Income</b>			
Other income	13	39,192,987	36,541,291
<b>Total Other Income</b>		<b>39,192,987</b>	<b>36,541,291</b>
<b>Net income before expenses</b>		<b>842,735,331</b>	<b>452,554,727</b>
<b>Expenses</b>			
Administrative expenses	14	77,154,464	73,061,869
Statutory Expenses	15	3,094,251	2,616,565
Investment Management Expenses	16	20,486,227	14,939,950
Depreciation & Amortization	17	6,907,217	4,968,192
Expected credit losses	18	23,551,809	40,574,972
Interest Expense on Lease	19	87,665	122,069
<b>Total expenses</b>		<b>131,281,633</b>	<b>136,283,616</b>
<b>Increase in net assets for the year before income tax</b>		<b>711,453,698</b>	<b>316,271,110</b>
Income tax charge	20	24,776,010	242,314,586
<b>Increase in net assets after income tax</b>		<b>686,677,687</b>	<b>73,956,524</b>

  
Eng. Musa I lyombe  
Chairperson-of the Board of Trustees

  
Mr. Abdul-Razaq I Badru  
Director General

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>	<b>June 2023 TZS"000"</b>	<b>June 2022 TZS"000"</b>
Receipts from contributions	28 (a)	1,740,548,417	1,463,432,524
Receipts from penalties	28.(b)	8,567,271	5,857,449
Other income	28 (c)	29,617,299	13,798,016
Benefit disbursements	40	(1,667,632,512)	(1,924,961,388)
Administrative expenses		(93,103,250)	(98,110,343)
Income Tax Paid	47	(86,271,628)	(83,237,109)
<b>NET CASH OUTFLOWS FROM OPERATING ACTIVITIES</b>		<b>(68,274,402)</b>	<b>(623,220,851)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received	28(d)	33,026,978	27,311,878
Rent received	28(e)	31,832,744	29,648,823
Investment in placements with banks	22	(608,666,000)	(287,817,500)
Redemption of placements with banks	22	511,542,796	103,226,287
Investment in government securities	25	(440,519,836)	(101,009,537)
Redemption of government securities	25	714,742,509	763,160,884
Investment in corporate debt instruments	26	(6,000,000)	(5,000,000)
Redemption of corporate debt instruments	26	2,926,001	354,582
Equities Investments	23	(1,844,366)	(13,546,40)
Issuing of loan term loans	30	(8,706,748)	(13,978,812)
Repayment of long-term loans	30	10,556,028	13,719,553
Investment in Collective Investments	24	(5,000,000)	
Purchase of Property, Plant and Equipment	38	(4,271,546)	(1,116,202)
Disposal of Property, Plant and Equipment		10,448	300,422
Purchase of intangible assets	37	(186,488)	(216,318)
Payment for acquisition of investment property	32		(146,784)
Proceeds from Associate and Joint Ventures	33	90,000	719,625
Investment in Subsidiaries	34	(1,214,663)	0
Receipts from sales of plots and houses	31	1,506,852	1,440,270
Proceeds from other receivables		5,045,968	11,395,061
<b>NET CASH INFLOWS FROM INVESTING ACTIVITIES</b>		<b>234,870,678</b>	<b>541,978,683</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment for the principal portion of lease	41	(87,664)	(257,293)
Payment for the interest portion of lease	41	(546,806)	(122,069)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(634,470)</b>	<b>(379,362)</b>
<b>Net cash flows before adjustments for the effects of foreign exchange rates changes</b>		<b>165,645,577</b>	<b>(81,621,527)</b>
Effect of exchange rate changes in cash and cash equivalent	13	3,972,545	(155,809)
<b>Net Increase in Cash and Cash Equivalents</b>		<b>169,934,350</b>	<b>(81,777,337)</b>
<b>Cash &amp; Cash Equivalents at beginning</b>		<b>201,703,150</b>	<b>283,574,769</b>
<b>Cash &amp; Cash Equivalents at closing</b>	<b>21</b>	<b>371,637,500</b>	<b>201,703,151</b>

*Note: Neither low-value nor short-term lease payments were made during the period to be included in the cash outflows from the operating activities.*

  
**Eng. Musa I lyombe**  
**Chairperson-of the Board of Trustees**

  
**Mr. Abdul-Razaq I Badru**  
**Director General**



PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTES TO THE FINANCIAL STATEMENTS

Note	Description	Page
1	Fund's information	121
2	Summary of material accounting policies	121-145
3	Financial risk management	146-160
4	Critical accounting judgments, estimates and assumptions	161-164
5	Actuarial valuation	165
6	Members' contributions	166
7	Benefits expenses	166-167
8	Interest income calculated using effective interest rate	167
9	Other interest and similar income	167
10	Dividend income	168
11	Rental Income	168
12	Changes in Fair Values	168
13	Other Income	169
14	Administrative expenses	169-170
15	Statutory expenses	171
16	Investment management expenses	171
17	Depreciation and amortization	171
18	Expected credit losses	172
19	Interest expenses on the lease liability	173
20	Income tax charge	174
21	Cash at bank and in hand	174-175
22	Deposits with financial institutions at amortized costs	175-176
23	Equity Investments at fair value	176-178
24	Mutual Funds' Investments at fair value	179
25	Government securities at amortized cost	180
26	Corporate bonds at amortized cost	181-182
27	Prepayments	183
28	Receivables	183-186
29	VAT and WHT Recoverable	187
30	Loan investments	187-188
31	Tradeable Inventories	188
32	Investment properties	189-190
33	Associates and Joint Ventures	191-195
34	Investment in subsidiaries	195-196
35	Stationery and Consumables	197
36	Right-of-Use Asset	198
37	Intangible assets	198-199
38	Property and equipments	200-202
39	Deferred tax	202
40	Benefits payable	203
41	Lease Liabilities	203-204
42	Other payables	204
43	Provisions	204-205
44	Contingent liabilities	205

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

45	Commitments	205-206
46	Payables to Related parties	206
47	Corporate Tax Payable	206
48	Reserves	206
49	Related parties transactions	207-208
50	Investments exceeding 5% of net assets available for members	209
51	Investments in the employers	209
52	Events after reporting date	210

## 1.0 FUND INFORMATION

The Public Service Social Security Fund was established by the Public Service Social Security Fund Act, Cap. 371 ("PSSSF Act"). The Act applies in Mainland Tanzania in respect of all employers and employees in the Public Service. The Act provides for administration and investment of social security funds in respect of the employees in public service.

The Fund is governed by the Board of Trustees under the Ministry of Labor, Youth, Employment and Persons with Disability. The Board collects contributions from employees and employers in the Public Service, invests the funds and pay benefits to the Members in accordance with the provisions of the PSSSF Act.

Public Service Social Security Fund is registered under the PSSSF Act as a Defined Benefit Fund. The address of its registered office is:

Public Service Social Security Fund,  
Head Office, PSSSF House,  
Makole Road,  
P.O. Box 1501,  
**DODOMA.**  
Info@psssf.go.tz  
[www.psssf.go.tz](http://www.psssf.go.tz)

The information given above is a summary only. For detailed and complete information about the Fund, reference should be made to the those charged with governance report which is an integral part to these Financial Statements and the website

## 2.0 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This Note provides a list of the significant accounting policies adopted in the preparation of these Financial Statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### 2.1 Basis of Preparation

#### 2.1.1 Compliance with International Reporting Standard

The Financial Statements of the Fund have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS. The Financial Statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The Financial Statements for the period ended 30 June 2023 were prepared for 12 months and should be read in conjunction with the Financial Statements for the year ended 30 June 2022.

### 2.1.2 Measurement of Assets and Liabilities

The Fund Financial Statements have been prepared on a fair value basis as required by the IAS 26 except for debt instruments which are measured at amortized cost and property and equipment measured at cost.

### 2.1.3 Currency

The Financial Statements are presented in Tanzania shillings (TZS) which is both functional and presentation currency and the amounts are rounded to the nearest thousands, except where otherwise indicated.

### 2.1.4 Basis of assets valuation

The international financial reporting standard 13 provided various valuation techniques and does not restrict on the applicability. During the period, the following valuation techniques have been deployed: -

- a) Investments properties were valued by using depreciated replacement cost method
- b) Unlisted equities were valued by using average of market approach through the use of market multiples and adjusted net asset method
- c) Associates and joint ventures were valued by using average of market approach through the use of market multiples and adjusted net asset method
- d) Subsidiaries were valued by using average of market multiples and adjusted net asset method
- e) Listed equities were valued by using market price prevailing in Dar es salaam Stock Exchange at the reporting date
- f) Mutual Funds were valued by using the net asset value (NAV) prevailing at the reporting date
- g) Trade inventories (houses) were valued by using replacement cost method,
- h) Trade inventories (plots) were valued by using market approach,

## 2.2 Changes in Accounting Standards and Disclosures

### 2.2.1 New and revised International Financial Reporting Standards (IFRSs) effective for the period ended 30 June 2023

#### (i) IFRS 17: Insurance Contracts

IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The adoption of IFRS 17 have no impact in the Fund's Financial Statements due to Fund's nature of operations.

(ii) Amendments to IAS 8: Definition of Accounting Estimates.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

**Changes in accounting estimates**

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments are intended to provide preparers of Financial Statements with greater clarity as to the definition of accounting estimates, particularly in terms of the difference between accounting estimates and accounting policies. Although the amendments are not expected to have a material impact on entities' Financial Statements, they should provide helpful guidance for entities in determining whether changes are to be treated as changes in estimates, changes in policies, or errors. The amendment applies to annual reporting periods beginning on or after 1 January 2023. The amendments to IAS 1 and IFRS Practice Statement 2 have no impact in the Fund's Financial Statements.

(iii) Amendments to IAS 12: Deferred Tax arising from a Single Transaction

The amendment to IAS 12 narrows the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

**Determining the tax base of assets and liabilities**

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the Financial Statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

**Changes to the initial recognition exception**

Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.



### Transition

An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendment applies to annual reporting periods beginning on or after 1 January 2023. The amendments to IAS 12 have no impact in the Fund's Financial Statements.

#### (iv) Amendments to IAS 12 - Tax Reform - Pillar Two Model Rules

The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

The amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of Financial Statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The amendments will not have no impact to the Fund's financial statement.

#### (v) New and revised standards issued but not yet effective as at 30 June 2023

The Fund has not applied the following new and revised IFRSs that have been issued but not yet effective. The Fund will apply these standards, if applicable, when they become effective.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
IFRS S1	General Requirements for Disclosure of Sustainability - related Financial Information
IFRS S2	Climate-related Disclosures

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024.

(vi) Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer settlement must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

**Right to defer settlement**

The Board decided that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. Furthermore, the Board specified that the requirements in paragraph 72B apply only to liabilities arising from loan arrangements.

**Existence at the end of the reporting period**

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date.

**Management expectations**

IAS 1.75A has been added to clarify that the 'classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period'. That is, management's intention to settle in the short run does not impact the classification. This applies even if settlement has occurred when the Financial Statements are authorised for issuance. However, in these circumstances an entity may need to disclose information about the timing of settlement to enable users to understand the impact on its financial position.

**Meaning of the term 'settlement'**

The Board added paragraphs 76A and 76B to IAS 1 to clarify what is meant by 'settlement' of a liability. The Board concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. Settlement by way of an entity's own equity instruments is considered settlement for the purpose of classification of liabilities as current or non-current, with one exception.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

In cases where a conversion option is classified as a liability or part of a liability, the transfer of equity instruments would constitute settlement of the liability for the purpose of classifying it as current or non-current. Only if the conversion option itself is classified as an equity instrument would settlement by way of own equity instruments be disregarded when determining whether the liability is current or noncurrent. Unchanged from the current standard, a rollover of a borrowing is considered the extension of an existing liability and is therefore not considered to represent 'settlement'.

### Disclosures

IAS 1.76ZA has been added to require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities as well as any facts and circumstances that indicate the entity may have difficulty complying with the covenants.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. However, an entity that applies the 2020 amendments early is also required to apply the 2022 amendments, and vice versa. The combined impact of the 2020 amendments and the 2022 amendments will have implications for practice. Entities will, therefore, need to carefully consider the impact of the amendments on existing and planned loan agreements. In this context, it is important to highlight that the amendments must be applied retrospectively.

The amendment applies to annual reporting periods beginning on or after 1 January 2024. The Fund is still assessing the impact of the amendments to the Fund's financial statement.

#### (vii) Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16

The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy in accordance with IAS 8 that results in information that is relevant and reliable. A seller-lessee applies the amendment to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted and that fact must be disclosed.

A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. The Fund is still assessing the impact of the amendments to the Fund's financial statement.

(viii) Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of Financial Statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

**Characteristics**

The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers.

The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.

**Disclosure requirements**

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. The amendments provide some transition reliefs regarding comparative and quantitative information as at the beginning of the annual reporting period and interim disclosures. The Fund is still assessing the impact of the amendments to the Fund's financial statement.

**(ix) Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgemental and entities need to consider the definition carefully in such transactions. In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.

The Fund is still assessing the impact of the amendments to the Fund's financial statement.

## **2.3 Accounting policies applied in preparation of the Financial Statements**

### **2.3.1 Basis of Consolidation**

The Fund utilizes an exemption provided by IFRS 10, which exempts it from consolidating subsidiary Financial Statements. This exemption is applicable because the Fund is wholly owned by the Government of the United Republic of Tanzania, which consolidates all government entities' Financial Statements through the Accountant General office. Additionally, the Fund's capital structure consists solely of contributions income and other income derived from investments; hence, there are no debt or equity instruments traded publicly.

In addition, the Fund did not file nor in the process of filing its Financial Statements to the Dar es Salaam Stock exchange or other regulatory authority organization for the purpose of issuing any class of instruments in a public market.

### **2.3.2 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Fund has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing



## PUBLIC SERVICE SOCIAL SECURITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized.

#### (i) Contributions

Contributions are accounted for in the period in which they fall due. Employers' and employees' contributions are accounted for on accrual basis. Accrual is made based on actual salaries paid to Members of the Fund.

#### (ii) Rent Income

Rental income from operating leases on investment property is recognised on a straight-line basis over the lease term and is included in revenue in the statement of changes in net assets available for benefits.

#### (iii) Interest Income

For all financial instruments measured at amortized cost and other interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR) method. Interest income is recognized for all interest-bearing instruments using the effective interest method. Interest income includes coupons earned on fixed income investments and accrued discount and premium on treasury bills and other discounted instruments.

Interest income for all interest-bearing financial instruments is recognized in the statement of changes in net assets available for benefits using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating the interest income. The effective rate is the rate that exactly discounts estimated future cash receipts through the expected life of a financial instrument or when appropriate, to a shorter period to the net carrying amount of the financial asset.

#### (iv) Service

Revenue from sale of services are recognized in the period in which the services are rendered by reference to completion of the specific transactions assessed on the basis of actual services provided as a percentage of the total services to be provided.

#### (v) Additional Contribution (Penalty)

Penalty is recognized on accrual basis and computed on contribution received. The computation of additional contributions is made in accordance with Section 19 (1) of the Public Service Social Act, Cap 371. Where an employer fails to remit to the Fund the whole or any part of the contributions required to be remitted by him within 30 days after the end of the month to which the contributions relate, a sum equal to one and a half percent of the amount which such employer has failed to remit shall become due from and payable by such employer by way of additional contribution.

(vi) Dividend Income

Dividend income is recognized in the period in which the right to receive payment is established, which is when the shareholders approve the dividend.

**2.3.3 Foreign Currency Translation**

(i) Functional and Presentation Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The Financial Statements are presented in Tanzania Shillings (TZS), rounded to the nearest thousand, which is the Fund’s functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies during the period are converted into Tanzania Shillings (“TZS”) at rates prevailing at the transaction dates. Monetary items denominated in foreign currency are translated using the functional currency spot exchange rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated at the date of initial recognition.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of changes in net assets available for benefits.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

**2.3.4 Contributions Receivable**

Current service and other contributions are accounted for in the period in which they fall due.

**2.3.5 Transfers**

Transfers are recognized in the period in which Members join from other pension funds or leave for other pension funds. The values are based on methods and assumptions determined by actuaries.

**2.3.6 Benefits Payable**

Pensions and other benefits payables are recognized as liabilities in the period in which they fall due.

### 2.3.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments such as fixed deposits and treasury bills with original maturities of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposits, as defined above.

### 2.3.8 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, are classified as investment properties. It also includes property that is being constructed or developed for future use as investment property. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Fund and the cost can be reliably measured. This is usually the day when all risks are transferred.

Investment property is measured initially at cost, including transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location, or condition of the specific asset.

If this information is not available, the Fund uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections.

Valuations are performed as of reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued, who applies a valuation model recommended by the International Valuation Standards Committee. These valuations form the basis for the carrying amounts in the Financial Statements.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost of the item can be measured reliably.

All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized. Changes in fair values are recognized in the statement of changes in net assets available for benefits in the year in which they arise. Investment properties are derecognized when they have been disposed or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Where the Fund disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of changes in net assets available for benefits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Fund accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

### 2.3.9 Inventory - Stationery and Consumables

Inventories are stated at the lower of cost and net realizable value. Costs are determined on a first-in, first-out basis (FIFO). Any obsolete items are provided for in full in the year they are detected. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, and the estimated costs necessary to make the sale.

### 2.3.10 Income Tax

#### (i) Current Tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Tanzania Income Tax Act, Cap 332. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the end of reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (ii) Deferred Tax:

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the Financial Statements. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit/ (loss), it is not accounted for.

Deferred income tax is determined using tax rates and laws that have been enacted or Substantively enacted at the end of reporting period and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Fund offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(iii) Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.11 Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of changes in net assets available for benefits during the financial period in which they are incurred. Construction in progress is stated at cost, net of accumulated impairment losses, if any.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Depreciation is calculated using the straight line method to write down their cost amounts to their residual values over their estimated useful lives, as follows:

Asset Description	Rate (%)
Buildings	2
Motor vehicles	20
Office equipment	20
Furniture & Fittings	20
Computer Hardware	20

Property and equipment are periodically reviewed for impairment. When the carrying amount of the asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Construction in progress includes the accumulated cost of property and equipment that is under construction, or for which cost has been incurred, but which is not yet ready for use by the Fund.

Where there is a significant interval between the times at which cost is incurred in connection with the acquisition of an asset, and when the asset will be ready for use; the cost is accumulated in capital work in progress. At the time the asset is ready for use, the accumulated cost is to be transferred to the appropriate category, and depreciation starts.

Construction in progress is not depreciated, since by the definition It is not yet ready for use, but it is carried at a cost less accumulated impairment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of changes in net assets available for benefits in the year the asset is derecognized.

### 2.3.12 Intangible Assets -Computer Software

Intangible assets acquired are measured at cost on initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized, and expenditure is charged in the statement of changes in net assets available for benefits in the year in which the expenditure is incurred. Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with a finite life are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets is recognized in the statement of changes in net assets available for benefits. The annual rate of amortization, which has been consistently applied, is 10% per year.

Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment of intangible assets. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

The amortization expense on intangible assets with finite lives is recognized in the statement of changes in net assets available for benefits in the expense category that are consistent with the function of the intangible assets. The carrying value of intangible assets at year-end is compared to the recoverable amount, which is the higher value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

### 2.3.13 Leases

The Fund adopted IFRS 16 Leases (IFRS 16) because of various office spaces occupied in different regions. Under IFRS 16, the determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date.

The arrangement is assessed for whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### (i) Fund as a Lessee

The Fund applies a single recognition and measurement approach for all the leases, except for short term leases and low value assets. The Fund recognizes lease liabilities to make lease payments and the right-of-use assets representing the right to use the underlying asset.

#### (ii) Right-of-Use- Assets

The Fund recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the fund at the end of the

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy on impairment of non-financial assets.

**(iii) Lease Liabilities**

At the commencement date of the lease, the Fund recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Fund and payments of penalties for terminating the lease, if the lease term reflects the Fund exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses, unless they are incurred to produce inventories, in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**(iv) Short -Term Leases and Leases of Low Value Asset**

The Fund applies the short-term lease recognition exemption to short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

**(v) Fund as a Lessor**

Leases in which the Fund does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

**2.3.14 Employees' Benefits**

The Fund operates a defined contribution scheme whereby it contributes to a publicly administered pension plan on a mandatory basis. Employees contribute 5% of the basic salary and the Fund contributes 15% of employees' basic salary to the scheme. The

contributions are recognized as an employee benefits expenses when they are due. The Fund's contributions to the defined contribution schemes are charged to the statement of changes in net assets available for benefits in the year in which they fall due. The Fund has no legal or constructive obligation to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

#### **2.3.15 Other Employees' Entitlements**

The estimated monetary liability for employees accrued leave entitlement as at the reporting date is recognized as an expense accrual. Provision is made for estimated liability in respect of annual leave accrued on reporting date.

#### **2.3.16 Financial Instruments**

Financial instruments are any contract that gives rise to the financial assets of one entity and the financial liabilities or equity instruments of another entity. The Fund maintains a number of financial instruments that form a significant portfolio of assets, including government securities, corporate bonds, fixed deposits, and trade receivables.

##### **(i) Financial Assets**

Financial assets comprise the significant investment assets of the Fund. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

##### **Initial Recognition**

Recognition of financial instruments is initially recognized on the date on which the Fund enters into contractual commitments with the other party on financial instruments.

##### **Subsequent Measurement**

Classification and subsequent measurement of financial assets depends on;

- The Fund's business model for managing the asset; and
- The cash flow characteristics of the asset.

Based on these factors, the Fund classifies its financial assets into one of the following measurement categories.

##### **Amortized cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortized cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognized and measured.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Interest income from these financial assets is included in 'statement of changes in net assets using the effective interest rate method.

#### Fair value through profit or loss (FVPL):

Assets that do not meet the criteria for amortized cost are measured at fair value through profit or loss. A gain or loss on financial instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of changes in net assets available for benefits within 'net gains or losses on financial assets at fair value through profit or loss in the period in which it arises. Financial assets designated in this class are not held for trading.

#### Classification

The Fund classifies the financial instruments into classes that reflect the nature of the information and consider the characteristics of those financial instruments. The classification made with their hierarchies can be seen in the table below:

Financial Assets	IFRS 9 Classification	Hierarchy	Amount
Cash at bank and in hand	Amortized Cost		370,734,542
Deposits with financial institutions	Amortized Cost		497,300,640
Listed Equity Investments	FVPL	Level 1	544,189,345
Unlisted Equity Investments	FVPL	Level 2	26,817,258
*Mutual Fund's Investments	FVPL	Level 1	225,864,776
**Mutual Fund's Investments	FVPL	Level 2	49,509,663
Government securities	Amortized Cost	Level 1	4,765,499,276
Corporate bonds	Amortized Cost	Level 2	11,866,605
Receivables	Amortized Cost		88,110,167
Loan investments	Amortized Cost		327,177,116
Associates and Joint Ventures	FVPL	Level 2	74,669,397
Investment in subsidiaries	FVPL	Level 2	239,393,586
Financial Liabilities	IFRS 9 Classification	Hierarchy	Amount
Benefits payable	Amortized Cost	Level 3	359,088,690
Lease Liabilities	Amortized Cost	Level 3	678,748
Other payables	Amortized Cost	Level 3	20,042,983
Payables to Related parties	Amortized Cost	Level 3	5,899,520

\* This relates to units whose net asset value per unit can be fetched on the open market, such as the Unit Trust Fund.

\*\*This relates to units whose net asset value per unit cannot be fetched on the open market such Watumishi Housing REITs.



**Fair value measurement**

The Fund measures financial instruments such as equity investments and debt instruments at FVPL, or amortized cost. The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

**Level 1 Financial instruments:**

For those financial instruments traded in active markets, the determination of the fair values of financial assets and financial liabilities is based on market prices or dealer price quotations. This includes listed equity securities and mutual funds.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry fund, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread, a significant increase in the bid-offer spread, or a few recent transactions.

**Level 2 Financial instruments:**

The fair value of financial instruments is determined using valuation techniques. In these techniques, fair values are estimated from observable data with respect to similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques using inputs (for example, market

multiples of earnings and price book value, the latest available Financial Statements) existing at the balance sheet date.

**Level 3 Financial instruments:**

Those that include one or more unobservable inputs that are significant to the measurement as a whole

For assets and liabilities that are recognized in the Financial Statements at fair value on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Fund's fair value methodology and governance over its models include a number of controls and other procedures to ensure appropriate measures are in place to ensure its quality and adequacy. All new product initiatives, including their valuation methodologies, are subject to approval by various functions of the Fund, including the Risk Department and Finance. The responsibility for ongoing measurement resides with Finance, which reports to the Director General.

The fair value estimates are being validated by:

- Benchmarking prices against observable market prices or other independent sources
- Evaluating and validating input parameters

Gains or losses on valuation are recognized in the Statement of Changes in Net Assets.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the market approach, which considers comparisons to similar instruments for which market-observable prices exist, and other relevant valuation models.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**Transfer of financial Assets**

Transfers between levels of the fair value hierarchy are recognized by the Fund at the end of the reporting period during which the change occurred.

When the Fund manages a fund of financial assets and financial liabilities on the basis of its net exposure to either market risks or counterparty risks (as defined in IFRS 7), the fund can opt to measure the fair value of that fund on the basis of the net position (that is, the net position is the unit of account that is being measured at fair value, not the individual financial assets and liabilities)

**(ii) Financial Liabilities**

Financial liabilities largely consist of benefits and other payables. Financial liabilities can initially be recognized at fair value. Financial liabilities are subsequently carried at amortized cost using the effective interest method.

**(iii) Reclassification of financial assets and liabilities**

The Fund does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Fund acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

**(iv) Financial assets and liabilities per financial statement line**

**Financial Assets Measured at FVPL**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Fund has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of changes in net benefits at fair value, with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of assets available for benefits.

**a) Equity Instruments**

This category includes investments in unlisted shares, and those are acquired principally for the purpose of generating a profit from short-term fluctuations in price. The Fund does not have any equity instruments measured at fair value through other comprehensive income. Therefore, the policy above does not further discuss such classification.

**b) Investment in Subsidiaries:**

The Fund is a government-owned entity fully owned by the Government of the United Republic of Tanzania. Its capital structure does not include debt or equity components. Additionally, it is not currently in the process of submitting its Financial Statements for listing on the Dar es Salaam Stock Exchange (DSE), as per the requirements of the International Financial Reporting Standards (IFRS) 10. Therefore, it is required to recognize subsidiaries at fair value through profit or loss. It does not consolidate the investment entities it controls.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Subsidiaries that provide investment related services (if any), such as advisory, management or employment services, shall not be accounted for at fair value through profit and loss and continue to be consolidated unless they are deemed investment entities, in which case they are recognized at fair value.

Subsidiaries are entities controlled by the Fund. Control, as defined by IFRS 10, is achieved when the Fund has all of the following:

- Power over the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to affect those returns through its power over the investee.

The Fund is required to determine the degree of control or influence the Fund exercises and the form of any control to ensure that the financial treatment is accurate.

The Fund comprises several different types of subsidiaries. The Fund re-assesses the function performed by each type of subsidiary to determine its treatment under the IFRS 10 exception from consolidation on an annual basis.

The fair value of investments in subsidiaries is determined using the adjusted net asset method. It involved directly measuring the fair value of the recognized and unrecognized assets and liabilities of the investee.

c) Investment in Associates

Associate is an entity over which the Fund has significant influence but not control, generally accompanying a shareholding of 20% or more of the voting rights. In accordance with the exemption in IAS 28 Investments in Associates and Joint Ventures, the Fund does not account for its investments in associates using the equity method. Instead, the Fund has elected to measure its investments in associates at FVPL.

The Fund considers this to give more meaningful information about the real value of investments and to better describe the Fund's way of reviewing its investments and making decisions relating to them. In the Statement of Net Assets Available for Benefits, the investment is presented as part of investments at fair value through profit or loss. The fair value of investments in associates and joint ventures is determined using the adjusted net asset method. It involves directly measuring the fair value of the recognized and unrecognized assets and liabilities of the investee.

d) Investments in Joint Ventures

The Fund has assessed the nature of some of its investments and classified them as joint ventures since, based on contractual agreements, the Fund has right to net assets of the arrangement. The investment is made through several separate instruments and their values are co-dependent. The Fund measures its investment in the joint venture at fair value through profit or loss.

The fair value of investments in associates and joint ventures is determined price earning or price to book value adjusted to reflect market prevailing price. In the Statement of Net Assets Available for Benefits, the investment is presented as part of investments at fair value through profit or loss.



## **PUBLIC SERVICE SOCIAL SECURITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

#### **Interest Bearing Financial Assets**

##### **Interest Bearing Securities**

Interest-bearing securities held by the Fund includes

- i. Government securities,
- ii. Corporate bonds and
- iii. Bank placements.

This category is the most relevant to the Fund compose more than 50%.

The Fund measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of changes in net assets available for benefits when the asset is derecognized, modified or impaired.

#### **Receivables**

The Fund has number of Receivables including Contribution Receivables, Rent Receivables and Other Receivables. The Fund measures its Receivables at Amortized Cost.

#### **Financial Liabilities Measured at Amortized Cost**

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category benefit and other payables.

##### **(i) Benefits Payables**

Benefit payables are obligations to pay for the benefits of the Members. Benefit payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

##### **(ii) Lease Liability**

These are rent payables to the landlords by the Fund following the Fund leasing offices for its operations as assessed in accordance to IFRS 16. Lease liability is initially recorded at fair value and later at amortized cost. Interest is accrued at the special rate of corporate customer borrowing costs provided by the Fund's main banker.

##### **(iii) Payable to related Parties**

These are contractual commitments entered by the Fund in relation to various investments with other parties. The fair values are initially recognized at fair value and



later at amortized cost. These payables do not accrue interest over the period of their lifetime.

**(iv) Other Payables**

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

**2.3.17 Impairment of Financial Assets**

The Fund recognizes an allowance for expected credit losses (ECLs) for all its financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the investments and other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since the initial

**Recognition:**

ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there have been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Fund applies a simplified approach to calculating ECLs. Therefore, the Fund does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Fund considers a financial asset in default when contractual Payments are past due depending on the provisions of the PSSSF act or management judgements. However, in certain cases, the Fund may also consider a financial asset to be in default when Internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. A gross carrying amount will be written off when all reasonable efforts have been taken to recover the amount.

### 2.3.18 Impairment of Non-Financial Assets

The Fund assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, when annual impairment testing for an asset is required, the Fund estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's (CGU), fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Funds of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the current market assessments and the risks specific to the asset are assessed. In determining fair value, less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, are recognized as profit or loss in those expense categories consistent with the function of the impaired asset. For non-financial assets, assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Fund estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in statement of changes in net assets available for benefits.

### 2.3.19 De-recognition

An asset is eligible for derecognition and removed from the balance sheet when the Fund has transferred the contractual rights to receive the cash flows or when it has substantially transferred all of the risks and rewards of ownership of the asset outside the Fund. Financial assets are classified as current if they have been acquired for trading purposes or fall due within 12 months.

### 2.3.20 Renegotiated Loans

Loans that are subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they are considered impaired or past due.

### 2.3.21 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

### **3.0 FINANCIAL RISK MANAGEMENT**

#### **3.1 Fund's Risk profile**

Fund's operating environment is based in Tanzania only. While risk is inherent in the Fund's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement, and monitoring, and subject to risk limits and other controls. This process of risk management is critical to the Fund's continued sustainability. Each employee is accountable for the risk exposures relating to his or her responsibilities. The Fund's activities expose it to a variety of financial risks, including credit risk, liquidity risk, Currency Risk, interest rate risk, and price risk.

#### **3.2 Framework for risk management**

The Board of Trustees is in charge of approving the risk management strategies and principles as well as the overall risk management framework. Members of the Risk Committee, which oversees the Fund's entire risk management procedure, were chosen by the board as part of good governance practices. Developing the risk strategy and putting guidelines, procedures, rules, and restrictions into action are under the total control of the Risk Committee. The board is informed by the Risk Committee, which is in charge of overseeing risk management decisions and risk level monitoring.

The Board of Trustees' approved policies serve as the guidelines for the Directorate of Actuarial and Risk Management, which oversees daily risk management operations. The directorate reports on risk management procedures and risk mitigation measures implemented on identified risks that exceed the management risk appetite to the board's risk committee on a quarterly basis.

#### **3.3 Risk mitigation and risk culture**

The Fund analyses the effects of present and anticipated economic factors, such as inflation, economic growth, foreign exchange trends, interest rates, and loan book performance, on its strategies as part of its overall risk management. To remain effective, the Fund sets limits to monitor risk exposures to different economic sectors and/or risk areas, which are continuously monitored to ensure that appropriate actions are taken timely to address them. The management promotes a strong risk culture where employees at all levels are responsible for the management and escalation of risks and are empowered and encouraged to act as risk managers. Trustees expect employees to exhibit behaviors that support a strong risk culture in line with the Code of Conduct. This expectation continues to be reinforced through training programs that involve law enforcers, such as PCCB, for the employees. In addition, the management frequently communicates the importance of a strong risk culture to support a consistent tone from the top.



### 3.4 Risk governance and risk management strategies and systems

The Fund's risk management actions are guided by risk governance frameworks, policies, and appetite, which offer fundamental principles. To make sure the risk factor is properly and suitably taken into account, they provide guidance on important decisions for strategic planning, budgeting, and performance management.

The board of trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework. As part of its governance structure, the board of trustees has embedded a comprehensive risk management framework for identifying, measuring, controlling (setting risk mitigations), and monitoring the Fund's risks. The Fund's Risk Management Framework is implemented through a 'three lines of defence' model that defines clear responsibilities and accountabilities and ensures effective independent oversight and assurance activities take place covering key decisions.

#### ***First Line of Defence-The Risk Owner***

Directorates are primarily in charge of putting in place and carrying out efficient procedures to handle the risks associated with their operations. To guarantee adherence to risk policies, appetite, limits, and controls, as well as to identify control failures, inadequate procedures, and unforeseen risk events, this entails putting in place sufficient managerial and supervisory controls.

#### ***Second Line of Defence - Risk Oversight:***

The Second Line of Defence is provided by the centralised actuarial and risk management department, which is led by the director of actuarial and risk management. It defines the risk appetite, frameworks, policies, and restrictions that the Fund's operations must follow, supporting the Fund's growth-stabilization strategy.

They are also in charge of independently reviewing and keeping an eye on the Fund's risk profile and alerting the board's audit and risk management committee to any material weaknesses or risks. The essential checks and balances are in place because risk and control monitoring functions are independent of business functions.

#### ***Third Line of Defence - Independent Audit:***

The Audit Committee and the board receive independent assurance from the Fund's internal auditors regarding the efficacy of the risk management and control structure, policies, frameworks, systems, and procedures through risk-based audits that encompass all facets of the First and Second Lines of Defence.

The Fund is subject to a number of significant risks, including non-financial risks such as market, liquidity, reputation, credit, operational, compliance, and strategy risks. The most likely scenario for a large loss would be a confluence of these risks happening at the same time. Therefore, the Fund's holistic approach to risk management guarantees that risks are not managed in isolation. This note offers comprehensive details on each of the aforementioned risks as well as the goals, guidelines, and procedures of the Fund for assessing and controlling risk.

**3.5 Credit risk**

Credit risk is the possibility that one party to a financial transaction will not be able to pay the other party on time. Government securities, corporate debt securities, loan receivables, bank placements, and balances are the sources of the Fund's credit risk. The Fund has placed limits on various investment categories and has set exposure limits for each bank where it places funds in order to reduce credit risk.

Before granting any loans, the Fund would typically do a thorough credit study to determine viability, which may require getting a guarantee if needed. The Director of Finance is responsible for overseeing the day-to-day management of the Fund's credit risk, working under the direction of the Director General-chaired Management Investment Committee. The internal audit directorate undertakes regular audits of credit processes and management. For banks only, reputable banks are used by the Fund for banking services. Maximum Exposure to Credit Risk before Collateral Held or Other Credit Enhancements. Financial instruments whose carrying amounts represent the maximum exposure to credit risk without considering any collateral held and other credit enhancements are disclosed as follows:

	30 June 23	30 June 22
	TZS'000	TZS'000
<b>Financial Assets</b>		
<b>Other Assets</b>		
Cash at bank	370,734,542	201,166,525
Deposits with financial institutions	497,300,640	377,854,079
Receivables excluding prepayments	88,110,167	151,110,943
<b>Investments:</b>		
Loan Investments	327,177,116	321,448,918
Corporate bonds	11,866,605	7,913,948
Government securities	4,765,499,276	4,530,331,965
	<b>6,060,688,346</b>	<b>5,589,826,378</b>
<b>Financial Liabilities*</b>		
Benefit payable	359,088,690	463,176,149
Lease Liabilities	678,748	1,031,482
Other payable and accrued expenses		
Creditors Goods and Services	2,794,826	2,035,750
Retention Money	945,412	2,723,232
Rent Deposit and Advances	7,635,117	10,076,795
Service Charge	20,390	26,370
Other Creditors	5,533,373	3,265,661
Payable to Related Parties:		
Mamba Ginger Co. Ltd	4,874,520	5,096,349
Msamvu Properties Company Ltd	0	14,294,676
Mponde Holding Company Ltd	1,025,000	2,024,521
<b>Total liabilities</b>	<b>382,596,076</b>	<b>503,750,985</b>

The Trustees are confident in the Fund's ability to continue controlling and sustaining minimal exposure resulting from both government securities and loans issued. All credit exposures arise in Tanzania.



**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Contributions Receivable**

The aging analysis of contributions receivable is as follows:

	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Overdue for less than 31 days*	23,321,544	92,220,037
Overdue for more than 32 days but less than 61	3,704,470	2,334,669
Overdue for more than 62 but less than 92 days	2,455,884	1,112,138
Overdue for more than 93 but less than 122 days	2,482,170	4,753,776
Above 122 days	101,189,128	91,509,203
	133,153,196	191,929,824
Expected Credit loss	(88,474,532)	(87,966,763)
<b>Total Contribution Receivables</b>	<b>44,678,664</b>	<b>103,959,678</b>

Contribution's receivable is as a result of assessments of unremitted contributions for each employer during the year.

**Loan Investments**

Total balance of loan investments as at year end is TZS 327.18 billion (2021/22: TZS 321.45 billion) net of accumulated impairment. All loans issued to government institutions are past due, however, the government has shown the commitment and Trustees are strongly believing will honor its obligations.

	<b>30 June 23</b>	<b>30 June 22</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Past due but not impaired	-	-
Impaired	327,177,116	321,448,918
<b>Total</b>	<b>327,177,116</b>	<b>321,448,918</b>

**Other Financial Assets.**

Other receivables excluding prepayments and contributions

Past due but not impaired	-	107,386,828-
Impaired	88,110,167	43,724,115
<b>Total</b>	<b>88,110,167</b>	<b>43,724,115</b>

**3.6 Liquidity risk**

Liquidity risk is the risk of failing to meet obligations when they fall due. The consequences may be the failure to meet obligations to pay benefit expenses to the Members. The Fund is exposed to daily calls on its cash obligations for benefits payments and other administrative expenses.

The Fund manages liquidity risk by maintaining a pool of short-term placements with banks which is adequate to meet its obligations for benefit payments as well as investment commitment and administrative expenditures. The Fund carries out weekly cash flow projection which is discussed by Management Investment Committee for investment

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

decisions. Main sources of the Fund income include employer and employees' contributions and monies accrued from investments.

The table below analyses financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of net assets available for benefits date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than 1 year	More than 1 year
	TZS '000	TZS '000
<b>At 30 June 2023</b>		
<b>Assets held for managing liquidity risk</b>		
Government securities	224,062,996	4,541,436,280
Corporate bonds	6,088,194	
Deposits with financial institutions	410,504,901	
<b>Total assets for managing liquidity risk</b>	<b>640,656,091</b>	<b>4,541,436,280</b>
Benefits payable	359,088,690	
Lease Liabilities	409,898	268,850
Other payables and accrued expenses:		
Creditors Goods and Services	2,794,826	
Retention Money	945,412	
Rent Deposit and Advances	7,635,117	
Service Charge	20,390	
Other Creditors	5,533,373	
Payable to Related Parties:		
Mamba Ginger Co. Ltd	4,874,520	
Mponde Holding Company Ltd	1,025,000	
<b>Total liabilities</b>	<b>382,327,226</b>	<b>268,850</b>
<b>At 30 June 2022</b>		
<b>Assets held for managing liquidity risk</b>		
Government securities	236,287,816	4,294,044,148
Deposits with financial institutions	342,732,786	
<b>Total assets for managing liquidity risk</b>	<b>579,020,602</b>	<b>4,294,044,148</b>
Benefits payable	463,176,149	
Lease Liabilities*	620,799	410,682
Other payables and accrued expenses		
Creditors Goods and Services	2,035,750	
Retention Money	2,723,232	
Rent Deposit and Advances	10,076,795	
Service Charge	26,370	
Other Creditors	3,265,661	
Payable to Related Parties:		

## PUBLIC SERVICE SOCIAL SECURITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Mamba Ginger Co. Ltd	5,096,349	
Msamvu Properties Company Ltd	14,294,676	
Mponde Holding Company Ltd	2,024,521	
<b>Total liabilities</b>	<b>503,340,302</b>	<b>410,682</b>

Financial Liabilities excludes provisions, VAT payable, withholding tax payable and corporate tax payable.

#### 3.7 Market risk

Market risk is the risk of changes in value of net assets of the Fund as a result of adverse price movement for investments held by the Fund. The Fund is exposed to market risk on its investments resulting from movement in interest rates. The Fund is also exposed to market risk on equity as a result of movement in market prices. The Fund holds such assets for income generation, hence mitigating the effect of short-term price movement

##### 3.7.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Fund opted for a longer maturity period during favorable interest rates and a shorter maturity period during unfavorable interest rate fluctuations in an attempt to reduce the risk associated with interest rate fluctuations. Before making the decision to invest, the Management Investment Committee must decide about the interest rate. The interest-rate financial assets held by the Fund include corporate bonds, government securities, placements with banks, and loans investment. The Fund has never received any loans. Interest rate exposure mainly arises from investments made. The following analysis shows how a change in interest rates will affect return on investment, net increase in net assets, and fund balance for reasonably probable adjustments in key assumptions while holding all other assumptions constant.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

The final return on investment will be greatly influenced by the correlation of assumptions.

	30 June 2023 TZS'000	30 June 2022 TZS'000
Interest income	552,954,466	531,153,235
Interest increase by 1%	558,484,011	536,464,767
<b>Gain</b>	<b>5,529,545</b>	<b>5,311,532</b>
Interest income	552,954,466	531,153,235
Interest decrease by 1%	547,424,921	525,841,703
<b>Loss</b>	<b>(5,529,545)</b>	<b>(5,311,532)</b>

At 30 June 2023, an increase/decrease in interest rates by 100 basis points with all other variables held constant would have resulted in an increase/decrease in the net assets available for benefits by TZS 5,529 million (2021/22: TZS 5,311 million).

**Interest Rate Risk Exposure**

The table below summarizes the exposure to interest rate risk. Included are the Fund's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Interest rate exposure**

	< 1 month TZS '000	1 ≤ Maturity < 3 months TZS '000	3 ≤ Maturity < 12 months TZS '000	Maturity ≥ 12 Months TZS '000	Non-interest bearing TZS '000	Total TZS '000
<b>As at 30 June 2023</b>						
<b>Assets</b>						
<b>Investments</b>						
Government securities	-	16,981,098	207,081,898	4,541,436,280	-	4,765,499,276
Corporate bonds	-	-	6,088,194	6,298,944	-	12,387,138
Quoted shares	-	-	-	-	575,097,822	575,097,822
Unquoted shares	-	-	-	-	26,863,167	26,863,167
Unit trust of Tanzania	-	-	-	-	225,864,776	225,864,776
Other units	-	-	-	-	49,509,663	49,509,663
Loan investments	-	-	-	-	327,177,116	327,177,116
<b>Other assets</b>		<b>16,981,098</b>	<b>213,170,092</b>	<b>4,547,735,224</b>	<b>1,204,512,544</b>	<b>5,982,398,958</b>
Cash in hand and at bank	-	-	-	-	370,734,542	370,734,542
Deposits with financial institutions	110,307,944	32,964,870	267,232,087	86,795,738	-	497,300,639
Receivables excluding prepayments	-	-	-	-	88,110,167	88,110,167
<b>Total financial assets</b>	<b>110,307,944</b>	<b>49,945,968</b>	<b>480,402,179</b>	<b>4,634,530,962</b>	<b>1,663,357,253</b>	<b>6,938,544,306</b>
<b>Financial Liabilities</b>						
Benefit Payable	-	-	-	-	359,088,689	359,088,689
Lease Liabilities	-	-	226,249	452,499	-	678,748
Other payables and accruals	-	-	-	-	-	-
Creditors Goods and Services	-	-	-	-	2,794,826	2,794,826
Retention Money	-	-	-	-	2,723,232	2,723,232



**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Rent Deposit and Advances	10,076,795					10,076,795
Service Charge	26,370					26,370
Other Creditors	3,265,661					3,265,661
Payable to Related Parties:						
Mamba Ginger Co. Ltd	4,874,520					4,874,520
Msamvu Properties Co Ltd						
Mponde Holding Company Ltd	1,025,000					1,025,000
<b>Total liabilities</b>	<b>383,875,093</b>	<b>452,499</b>	<b>226,249</b>	<b>-</b>	<b>-</b>	<b>384,553,841</b>
Interest sensitivity gap	1,279,482,160	4,634,078,463	480,175,930	49,945,968	110,307,944	6,553,990,465
<b>As at 30 June 2022</b>						
<b>Assets</b>						
<b>Investments</b>						
Government securities	-	4,236,363,767	254,824,807	39,143,390	-	4,530,331,964
Corporate bonds	-	7,913,948	-	-	-	7,913,948
Quoted shares	544,189,345	-	-	-	-	544,189,345
Unquoted shares	26,817,257	-	-	-	-	26,817,257
Mutual Funds	246,237,431	-	-	-	-	246,237,431
Loan investments	321,448,918	-	-	-	-	321,448,918
	1,138,692,951	4,244,277,715	254,824,807	39,143,390	-	5,676,938,863
<b>Other assets</b>						
Cash in hand and at bank	201,166,525	-	-	-	-	201,166,525
Deposits with financial institutions	-	33,801,201	263,222,694	79,510,0920	1,320,090	377,854,079
Receivables excluding prepayments	147,683,793	-	-	-	-	147,683,793
<b>Total financial assets</b>	<b>1,487,543,269</b>	<b>4,278,078,916</b>	<b>518,047,501</b>	<b>118,653,482</b>	<b>1,320,090</b>	<b>6,403,643,260</b>
<b>Financial Liabilities*</b>						
Benefit Payable	469,078,005	-	-	-	-	469,078,005

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Other payables and accruals	-		
Lease Liabilities*	1,031,482		1,031,482
Creditors Goods and Services	2,035,750		2,035,750
Retention Money	2,723,232		2,723,232
Rent Deposit and Advances	10,076,795		10,076,795
Service Charge	26,370		26,370
Other Creditors	3,265,661		3,265,661
PAYABLE TO RELATED PARTIES:			
Mamba Ginger Co. Ltd	5,096,349		5,096,349
Msamvu Properties Co Ltd	14,294,676		14,294,676
Mponde Holding Company Ltd	2,024,521		2,024,521
<b>Total Financial liabilities</b>	509,652,841	-	509,652,841
<b>Interest sensitivity gap</b>	<b>1,320,090</b>	<b>118,653,482</b>	<b>4,278,078,916</b>
		<b>518,047,501</b>	<b>5,893,990,419</b>

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

**3.7.2 Foreign Exchange Risk**

The foreign exchange risk (or currency risk) is the risk arising from changes in the value of foreign currencies. However, the Fund has no significant foreign currency transactions and therefore the effects of foreign exchange risk are minimal.

The various currencies to which the Fund is exposed are summarized in the table below (all amounts expressed in thousands of Tanzania shillings).

<b>30 June 23</b>	<b>US\$</b>
<b>Assets</b>	
<b>Other assets</b>	
Cash and bank	6,632,401
Fixed deposits	77,852,049
Receivables excluding prepayments	-
<b>Total Financial Assets</b>	<b>84,484,450</b>
<b>Liabilities</b>	
Benefit Payable	-
Lease Liabilities	-
Payables and accruals	-
<b>Total financial liabilities</b>	<b>-</b>
<b>Net Position</b>	<b>84,484,450</b>
<b>30 June 22</b>	
<b>Assets</b>	
<b>Other assets</b>	
Cash and bank	3,260,481
Fixed deposits	67,004,377
Receivables excluding prepayments	-
<b>Total Financial Assets</b>	<b>70,264,858</b>
<b>Liabilities</b>	
Benefit Payable	-
Lease Liabilities	-
Payables and accruals	-
<b>Total financial liabilities</b>	<b>-</b>
<b>Net Position</b>	<b>70,264,858</b>

At the reporting date, if foreign exchange had increased or decreased by 5%, with all other variables held constant, the increase or decrease in the Fund's net assets available for benefits would have been TZS 4,224 million (2021/22: TZS 3,513 million).

As of June 30, 2023, the exchange rate was TZS 2,466 per US\$ (2022:2353 per USD).

**3.7.3 Price risk**

The Fund is also exposed to price risk arising from investments in listed equity securities as a result of movement in market prices. The exposure to price risk is managed primarily by diversifying the Fund investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund investment policy which has been written by considering social security schemes investment guideline of June 2021.

At 30 June 23, if the prices of all quoted equity investments had increased or decreased by 2%, with all other variables held constant, the increase or decrease in net assets available for benefits for the financial year would have been TZS 11,501.96 million (2021/22: TZS 10,883.79 million).

	30 June 2023 TZS'000	30 June 2022 TZS'000
Quoted equities	575,097,822	544,189,345
Price appreciate by 2%	586,599,779	555,073,132
<b>Gain</b>	<b>11,501,956</b>	<b>10,883,787</b>
Quoted equities	575,097,822	544,189,345
Price depreciate by 2%	563,595,866	533,305,558
<b>Loss</b>	<b>(11,501,956)</b>	<b>(10,883,787)</b>

**3.7.4 Fair Value of Financial Assets and Liabilities****Financial Instruments not measured at Fair Value**

The carrying amount of financial assets and liabilities not presented on the Fund's and Funds statement of net assets available for benefits at their fair values approximates their fair value. The fair value for financial assets is based on market prices. Where this information is not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

**Deposits with Financial Institutions**

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount receivable on demand. The fair values of deposits with financial institutions approximate their carrying values at the reporting date.

**Loans and Receivables**

The fair value of term loans is the present value of the estimated future cash flows. The estimated amounts to be recovered are discounted at the effective interest rate after considering the timing of recovery. The amounts to be recovered are established using the historical data or agreed repayment plans.

**3.7.5 Fair Value Hierarchy**

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on the Dar es Salaam Stock Exchange.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

**Financial Assets and Liabilities Measured at Fair Value**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30-Jun-23	TZS'000	TZS'000	TZS'000	TZS'000
<b>Assets</b>				
Quoted investments	575,097,822	-	-	575,097,822
Unquoted investments	-	-	26,863,167	26,863,167
Government securities	-	-	4,765,499,276	4,765,499,276
Subsidiaries	-	239,393,586	-	239,393,586
Joint Ventures	-	14,960,765	-	14,960,765
Associates	-	59,708,633	-	59,708,633
Mutual Funds	231,113,311	-	44,261,128	275,374,439
Corporate Bonds	-	11,866,605	-	11,866,605
	806,211,133	325,929,589	4,836,623,571	5,968,764,293
<b>30-Jun-22</b>				
<b>Assets</b>				
Quoted Equity investments	544,189,345			544,189,345
Unquoted Equity investments			26,817,257	26,817,257
Government securities			4,530,331,965	4,530,331,965
Subsidiaries		250,172,518		250,172,518
Joint Ventures		17,329,135		17,329,135
Associates		53,589,714		53,589,714
Mutual Funds	203,108,300	43,129,131	43,129,131	246,237,431
Corporate Bonds		7,913,948		7,913,948
	747,297,645	372,134,446	4,600,278,353	5,676,581,313



**Valuation principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

**Valuation governance**

The Fund's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the fund including the risk and finance functions. Once submitted, fair value estimates are also reviewed and challenged by the Investments and Finance functions. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Director of Finance. The IPV team validates fair value estimates by:

- Benchmarking prices against observable market prices or other independent sources
- Re-performing model calculations
- Evaluating and validating input parameters

The independent price verification team also challenges the model calibration on at least a quarterly basis or when significant events in the relevant markets occur.

The independent price verification team works together with the Finance function's accounting policy team and is responsible for ensuring that the final reported fair value figures follow IFRS and will propose adjustments when needed.

When relying on third-party sources (e.g., broker quotes, or other micro or macro-economic inputs), the independent price verification team is also responsible for:

- Verifying and challenging the approved list of providers
- Understanding the valuation methodologies and sources of inputs and verifying their suitability for IFRS reporting requirements.

**Valuation Techniques**

**Equity Investments**

The majority of equity instruments are actively traded on public stock exchanges with readily available active prices on a regular basis. The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid prices at the reporting date. The fair value for non-quoted equity instruments has been estimated using market approach through market multiples of price to earnings (P/E) ratio and price to book value (PBV).

**Government debt securities**

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Fund uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Fund classifies those securities as Level 2. The Fund does not have Level 3 government securities where valuation inputs would be unobservable.

**Joint Ventures and Associates**

The Fund elected to measure its investments in Associates and joint ventures at fair value through profit or loss in accordance with IAS26 which require all investments involved in a defined pension plan to be carried at fair value unless determination of it is not practical. The fair value of investments in associates and joint ventures is determined using market approach through multiples of earning and price to book value methods.

**Investment in subsidiaries**

As an entity wholly owned by government, the Fund measures its investments in subsidiaries at fair value through profit or loss in accordance with IFRS 10. The fair value of investments in subsidiaries is determined using market approach through combination of P/E multiples, P/BV Multiples and Net Asset Value method.

**Mutual funds' investments**

All investments in collective schemes are measured at fair values. The fair value of the investments is determined using scheme's net asset value (NAV) at the balance sheet date. For recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances are disclosed in note 24. During the year, there were no intra level transfers and there was sufficient information available to measure the fair value of financial instruments based on observable market inputs.

	<u>2022/23</u>	<u>2021/22</u>
<b>Non-financial assets measured at fair value - Level 3</b>	<b>TZS'000</b>	<b>TZS'000</b>
Investment properties	1,111,400,358	1,111,400,358
	<b>1,111,400,358</b>	<b>1,111,400,358</b>

#### 4.0 CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumption are based on historical experiences, the results of which form the basis of making the judgments about the carrying values and liabilities that are not readily apparent from other sources. Actual results ultimately may differ from these estimates.

In the process of applying the Fund's accounting policies, management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

##### 4.1 Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Where the fair value recorded or disclosed in the Financial Statements cannot be derived from active markets, the fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

##### 4.2 Estimation of Fair Value of Investment Property:

The Fund carries its investment properties at fair value, with changes in fair value being recognised in the statement of changes in net assets available for benefits. The investment properties were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.



#### **4.3 Useful Lives of Property and Equipment**

Critical estimates are made by the Trustees in determining depreciation rates for properties and equipment and their residual values. The rates applied are set out in Note 2 (l). The Fund reviews the useful lives and residual values of the items of property and equipment on a regular basis. During the financial year, the Board of Trustees determined no significant changes in the useful lives and residual values.

#### **4.4 Expected Credit Losses**

The Fund uses a provision matrix to calculate ECLs for receivables. The provision rates are based on days past due for the employers. The provision matrix is initially based on the Fund's historical observed default rates. The Fund will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Fund's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As an entity wholly controlled by the government, the Fund classifies its subsidiaries either as operating subsidiaries, that are considered to be an extension of the Fund's operations, providing services that relate to the Fund's investment activities and as such, they are subsequently measured at fair value through profit or loss. The Fund does not have operating subsidiaries. Therefore, all its subsidiaries are fair valued through profit or loss.

#### **4.5 Actuarial valuation of the Fund**

The present value of the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### **4.6 Actuarial valuation of employee's benefits obligations**

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the Fund employee benefit obligations. The Fund determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

## **PUBLIC SERVICE SOCIAL SECURITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

In determining the appropriate discount rate, the Fund considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. The carrying amount of the pension obligation and additional information is disclosed in Note 5 to the Financial Statements.

#### **4.7 Deferred Taxes**

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences. Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax-planning strategies. The judgments take into consideration the effect of both positive and negative evidence, including historical financial performance, projections of future taxable income, and future reversals of existing taxable temporary differences.

#### **4.8 Determining the lease term of contracts with renewal and termination options - Fund as a lessee**

The Fund determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Fund has several lease contracts that include extension and termination options. The Fund applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Fund reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

#### **4.9 Property lease classification - Fund as lessor**

The Fund has entered into commercial property leases on its investment property portfolio. The Fund has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.



**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**4.10 Leases - Estimating the incremental borrowing rate**

The Fund cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Fund would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR therefore reflects what the Fund 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Fund estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

## PUBLIC SERVICE SOCIAL SECURITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

#### 5.0 ACTUARIAL VALUATION

The Fund's actuarial assessment as at 30 June 2023 was completed by Muhanna & Co. Ltd, an independent firm of Actuaries and Consultants using projected unit cost method which is one amongst recommended method by the International Accounting Standard Board (IASB).

#### Summary of core actuarial basis/assumptions

##### Financial assumptions

• Discount rate	7.0 (up to 2030) ~ 6.0 per annum
• Earnings growth	4.0 per annum
• Pension increases	0.0 per annum
• Inflation rate	4.0 per annum

##### Demographic and other assumptions

The principal demographic assumption on mortality is based on standard tables. In-service employees' mortality is based on the adjusted mortality rates of the World Health Organization (WHO) and NBS.

- Voluntary/early retirement is at age of 55 years and compulsory at 60 years,
- Members over normal retirement age are deemed to have retired on valuation date,
- An allowance for withdrawal from service is based on average experience of other similar schemes in East Africa,
- On retirement, all members will elect to commute (25-50%) of their pension for a cash lumpsum, in accordance with the Fund Act
- No allowance has been made for any increase to pensions on the basis that no provision is made for explicit pension increases in the PSSSF Act.
- Administration Expenses were assumed to be 6% of contribution income.
- Allowance for future pension increases equal to 0%
- Unemployment rate is assumed to be 1%
- Invalidity rates is assumed 5% of Mortality

#### Actuarial Position

Fund	2023	2020	
	TZS"000"	TZS"000"	
<b>Accrued liabilities</b>			
Value of accrued benefit liability	89,370,000,000	96,381,000,000	A
<b>Assets</b>			
Value placed on Fund assets as at 30 June	8,102,000,000	5,744,000,000	B
Present value of future contribution income	67,109,000,000	70,620,000,000	C
<b>Actuarial deficit</b>			
Excess of accrued liabilities over assets {A-(B+C)}	14,159,000,000	20,017,000,000	
<b>Funding level {B/(A-C)}</b>	36.40	22.30%	

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

6.0 MEMBERS CONTRIBUTIONS

	30 Jun 2023	30 Jun 2022
	TZS' 000	TZS' 000
Employer Contributions	1,237,887,606	1,103,936,555
Employee Contributions	417,781,955	375,089,077
Voluntary Contributions	2,497,642	2,435,846
Other Contributions	23,483,610	44,806,809
<b>Total</b>	<b>1,681,650,813</b>	<b>1,526,268,288</b>

Increased contribution income for the period is the result of new employees' recruitment in the public sector and promotions.

Contributing Employers by Category:	Number of <u>Employers</u>	
	30 June 2023	30 June 2022
Local government authorities	208	209
Government ministries and independent departments	78	79
Regional secretariats	30	31
Parastatal organizations	394	399
Public corporation (Private with more than 30% government shares)	24	23
Other government agencies	245	233
<b>Total</b>	<b>979</b>	<b>974</b>

During the period, the total numbers of participating employers were 979. These include Local Government Authorities, Government Ministries, Independent Government Departments, and Corporations. As at 30 June 2023, the Fund had 731,183 Members (2022: 717,943).

7.0 BENEFIT EXPENSES

	30 June 23	30 June 22
	TZS' 000	TZS' 000
Retirement Benefits	617,313,962	700,434,880
Monthly Pensions	771,330,377	710,899,963
Withdrawals	67,055,445	83,910,249
Death Benefits	76,137,979	123,565,633
Education Benefits	841,917	976,611
Invalidity Benefits	1,615,835	1,600,411
Maternity Benefits	14,218,527	18,262,017
Unemployment Benefits	1,251,533	1,418,648
Contribution Refunds	13,773,266	56,749,260
Benefit Penalties, Insurance and Losses	6,211	
<b>Grand Total</b>	<b>1,563,545,052</b>	<b>1,697,817,672</b>

## PUBLIC SERVICE SOCIAL SECURITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

A slight decrease in benefit expenses during the period is caused by the implementation of the parametric reforms effectively from 01 July 2022. Reforms have impacted retirement benefits downward while monthly pensions have slightly improved.

During the period the Fund paid 55,152 (2022: 74,150) beneficiaries. As at 30 June 2023, the Fund had a total of 162,345 (2022: 154,358) pensioners. Contribution refunds relates to refunds of amounts erroneously contributed and 5% contribution from public servants who were removed from public service due to forged certificates.

Education benefit is payable to schools and beneficiaries for continuing students under commitments made by the former Funds.

### 8.0 INTEREST INCOME CALCULATED USING EFFECTIVE INTEREST RATE

	30 June 2023	30 June 2022
	TZS' 000	TZS' 000
Treasury Bonds	381,326,110	430,190,041
Special Non-Cash Bond	127,656,059	68,966,679
Corporate Bonds	1,023,348	435,669
<b>Total</b>	<b>510,005,517</b>	<b>499,592,389</b>

An increase in interest income calculated using the effective interest rate is caused by full-year accrued interest from the Non-Cash Special Bond amounting to 2.17 trillion, compared to last year, where only a portion was accounted for as the MoU became effective in December 2021.

### 9.0 OTHER INTEREST AND SIMILAR INCOME

	30 June 2023	30 June 2022
	TZS' 000	TZS' 000
Placement in banks	29,254,696	18,011,898
Corporate loans	1,693,260	1,187,955
SACCOS Loan	53,591	194,096
Other Loans	224,256	320,032
Other Interest Income**	11,723,146	11,846,865
<b>Total</b>	<b>42,948,949</b>	<b>31,560,846</b>

A substantial increase in other interest and similar income is a result of the Fund's efforts to increase members Fund balance through tapping investment opportunities in the commercial banks.

\*\* Other interest income consists of revenue generated from call accounts as well as commission income derived from multiple banks for the collection of monthly deductions on behalf of retirees.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**10.0 DIVIDEND INCOME**

	30 Jun 2023	30 Jun 2022
	TZS' 000	TZS' 000
Listed equities	30,821,072	26,465,320
Collective investments	129,142	352,427
Unlisted equities	2,236,472	-
<b>Total</b>	<b>33,186,686</b>	<b>26,817,747</b>

During the period, the Fund earned dividend income out of the declaration made mainly from CDRB Bank Ltd, TBL Limited, TCC Ltd and Azania Bank.

**11.0 RENTAL INCOME**

	30 Jun 23	30 Jun 22
	TZS'000	TZS'000
Rent	33,945,346	28,256,742
Parking fees	605,192	1,134,373
Conference halls	1,158,146	998,869
<b>Total</b>	<b>35,708,684</b>	<b>30,389,984</b>

The income relates solely to rental income earned from investment properties (refer to note 32) owned by the Fund, and rented to tenants for commercial purpose. Tenants are charged rental fees based on the square metres occupied at agreed rental charges as specified in the tenancy agreements. The timing of revenue recognition for rental income is entirely over time as the tenants occupy the property.

**12.0 CHANGES IN FAIR VALUES**

	30 Jun 23	30 Jun 23
	TZS'000	TZS'000
Listed Equities	29,064,112	44,624,531
Unlisted Equities	45,910	10,891,140
Mutual Fund	24,137,008	22,573,696
Investment properties	-	(65,672,017)
Associates and Joint Ventures	5,153,633	1,229,823
Subsidiaries	3,522,430	(7,264,867)
Other fair values changes	1,663,654	(7,180,451)
<b>Total</b>	<b>63,586,747</b>	<b>(798,145)</b>

A substantial change in fair value arises from the CRDB Bank Ltd. shares and the Unit Trust of Tanzania net asset value (NAV) appreciation. Further, fair value gains in respect of the subsidiaries arose as a result of good performance in the banking industry, especially Azania Bank.



PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

13.0 OTHER INCOME

	30 June 23	30 June 22
	TZS'000	TZS'000
Penalty on Delayed Contribution	6,478,099	3,709,032
Sundry income/reversal of provisions	28,733,624	32,984,983
Foreign exchange gain/(losses)(Unrealized)	3,972,545	(152,724)
<b>Total</b>	<b>39,192,987</b>	<b>36,541,291</b>

14.0 ADMINISTRATIVE EXPENSES

	30 June 23	30 June 22
	TZS' 000	TZS' 000
Staff Costs [Note 14(a)]	57,659,832	56,235,608
Board of Trustees Fees	72,647	58,523
Other Board Expenses	764,046	477,626
Audit Fees	565,528	520,884
Tender Board Expenses	411,211	438,124
Legal Expenses	778,812	449,104
Insurance Expenses	335,461	390,224
Bank Charges and Commissions**	677,050	223,589
General Operational Expenses [Note 14(b)]	15,889,877	14,268,187
<b>Total</b>	<b>77,154,464</b>	<b>73,061,869</b>

An increase in administrative expenses is caused by the transfer of some employees within the Fund from other government institutions or entities, annual increments, and promotions during the period. Also, full-period trustees served compared to last year, when some trustees were appointed lately.

\*\* The substantial rise in bank charges and commissions is attributed to the recent revision of rates by CRDB Bank. As of the reporting date, ongoing discussions between the involved parties are in progress to ensure a seamless resolution to this matter. The provided figures have been meticulously examined and meet the necessary criteria for accurate representation. Efforts are being made to navigate this situation collaboratively and arrive at a mutually beneficial outcome.

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

<b>14(a) Analysis of Staff costs</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>TZS' 000</b>	<b>TZS' 000</b>
Staff Salaries	32,612,875	31,781,669
Staff Allowances	10,545,289	10,505,683
Extra duty	552,828	668,988
Social Security Contributions	5,128,080	4,976,289
Skill and Development Levy	1,880,119	1,839,295
Medical Expenses	1,973,118	1,348,003
Leave Expenses	2,748,401	2,456,434
Staff Transfers	814,093	1,063,991
Staff Refreshments	517,713	447,676
Terminal Expenses	149,177	120,997
Other Employee Expenses	738,139	1,026,583
<b>Total</b>	<b>57,659,832</b>	<b>56,235,608</b>

<b>14(b) Analysis of General expenses</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>TZS' 000</b>	<b>TZS' 000</b>
Workers Council & Committees	503,615	592,964
ICT Software Expenses	3,332,207	2,445,200
Stationery and Consumables	1,486,587	1,921,095
National Holiday and Sports	202,275	150,293
Repair and Maintenance Expenses	878,590	824,332
Entertainment Expenses	75,550	56,450
Travelling Expenses	4,185,745	4,115,708
Fees and Subscription	86,030	60,660
Office Cleaning	223,246	238,978
Security Expenses	217,416	489,760
Staff capacity building	2,081,694	1,650,364
Office Electricity	148,655	138,643
Office Rent	500,478	518,855
Telephone expenses	227,699	362,940
Postage and courier expenses	20,046	79,668
Donation	582,824	459,058
Air ticket costs	930,999	
Other Office Expenses	206,219	163,219
<b>Total</b>	<b>15,889,877</b>	<b>14,268,187</b>

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**15.0 STATUTORY EXPENSES**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>TZS' 000</b>	<b>TZS' 000</b>
Land Rent	212,153	632,406
Property Tax	-	360
Subscriptions and fees	2,882,098	1,983,799
<b>Total</b>	<b>3,094,251</b>	<b>2,616,565</b>

**16.0 INVESTMENT MANAGEMENT EXPENSES**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>TZS' 000</b>	<b>TZS' 000</b>
Cleaning & Sanitation	111,232	121,130
Utility Expenses	1,099,923	1,754,456
Repair and Maintenance Expenses	15,234,914	10,020,084
Security Expenses	498,468	1,176,898
Property management Fees	668,256	752,282
Other Investment Management Expenses	1,861,179	211,562
Insurance-Investment properties	1,012,255	903,538
<b>Total</b>	<b>20,486,227</b>	<b>14,939,950</b>

A substantial increase in investment costs is due to major repairs done during the period as a retention strategy for existing tenants and to make rental buildings more attractive for prospective tenants, thus improving the occupancy rate.

**17.0 DEPRECIATION & AMORTISATION**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Amortization of Intangible Assets (Note 34)	185,199	227,924
Right of use asset (Note 21)	474,675	426,665
Property, Plant and Equipment (Note 35)	6,247,344	4,313,603
<b>Total</b>	<b>6,907,217</b>	<b>4,968,192</b>

An increased depreciation and amortization are a result of the additions acquired during the period, amounting to TZS 4,271,546 million.

**18.0 EXPECTED CREDIT LOSSES**

	30 Jun 2023 TZS'000	30 Jun 22 TZS'000
<b>Financial Assets</b>		
Cash and Cash Equivalents	366,332	-
Deposit with Financial Institutions	6,931,338	8,491,768
Government Securities	(407,815)	19,228,751
Corporate Bonds	144,691	208,476
Ex Staff Receivables	(1,211,695)	(135,032)
Contribution Receivables	875,366	(9,854,888)
Penalties for delayed contributions	176,523	
Rent Receivable	5,045,707	
Parking Receivable	98,839	
Other Receivables**	309,451	3,643,927
Loans	3,680,608	4,621,628
Members receivable	-	454,711
Receivable from sale of Low cost houses - KISEKE	(153,499)	385,681
Receivable from sale of houses - HIRE PURCHASER	1,683,226	11,814,919
Receivable from sale of Plots & Houses	885,290	1,715,030
<b>Total ECL for financial assets</b>	<b>18,424,362</b>	<b>40,574,972</b>
<b>Non-financial assets</b>		
Stationery and Consumables	14,334	-
VAT receivables	5,113,114	-
<b>Total ECL for Non -financial assets</b>	<b>5,127,447</b>	-
<b>Total</b>	<b>23,551,809</b>	<b>40,574,972</b>

The decrease in expected credit losses is caused by the correctly estimated estimates provided in the last year, especially on government security. This is because the exposure at default (EAD) at the reporting has remained almost the same.

In addition, a reduced ECL in respect of Hire Purchase Receivable, as the model was implemented for the first time in the last year, and there was an insignificant EAD change.

\*\*Other receivables impairment is composed of the impairment s from other debtors (TZS 333,138) and impairment reversal of TZS 23,687 from diesel and electricity receivables.

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

19.0 FINANCE COST ON LEASE

LEASE LOCATION	30-Jun-23 TZS "000"	30-Jun-22 TZS "000"
GEITA	10,806	15,465
KAGERA	3,287	6,085
MBOZI	1,076	470
MARA	4,747	7,107
KAHAMA	535	1,613
PWANI	6,697	12,139
LINDI	4,098	5,446
KILIMANJARO	3,293	4,136
KIGOMA	2,528	4,681
SHINYANGA	0	2,961
SIMUYU	2,274	1,833
SINGIDA	8,105	11,563
NJOMBE	2,022	3,745
TABORA	1,429	1,996
MOROGORO	4,422	8,188
TANGA	710	810
IRINGA	3,668	4,590
ZANZIBAR	2,025	5,752
MBEYA	3,420	12,882
RUKWA NAO	6,800	10,263
TANGA	4,024	344
PEMBA	294	-
UNGUJA	10,908	-
KARAGWE OFFICE	496	-
	<b>87,664</b>	<b>122,069</b>

The Fund opted to use an incremental borrowing rate obtained from the main banker, CRDB Plc as a discount rate to determine the present value of the lease payments. The rate considers the interest that the Fund would have to pay to borrow over a similar term and, with security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.



PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

20.0 INCOME TAX EXPENSE

	30 June 23 TZS'000	30 June 22 TZS'000
<b>Current income tax</b>		
Current period	19,660,763	16,802,963
Adjustments in respect of current income tax of previous year	15,000,000	14,035,094
<b>Deferred income tax</b>		
Current period	(9,884,753)	211,476,529
Prior periods	-	-
	<b>24,776,010</b>	<b>242,314,586</b>

RECONCILIATION OF INCOME TAX EXPENSES

	30-Jun-23 TZS' 000	30-Jun-22 TZS' 000
Income before tax	712,434,772	316,271,110
Tax calculated at the statutory income tax rate of 30%	213,730,432	94,881,333
Tax effect on disallowed administrative expenses	25,518,838	22,257
Tax impact on exchange difference	(1,286,632)	
Tax effect on disallowed impairment		8,045,324
Tax effect on disallowed Benefit expenses	469,063,516	509,345,302
Tax effect on disallowed contribution income	(687,508,557)	(457,880,486)
Adjustments for non-taxable income & Final WHT		149,747,016
Tax Amnesty under/(over) provision of prior year	15,000,000	-
Under/(Over) provision of prior year taxes	(7,676,341)	14,035,094
Other adjustments		(75,881,254)
Tax impact for penalties on delayed contributions	(1,943,430)	
<b>Income Tax Expense</b>	<b>24,776,010</b>	<b>242,314,586</b>

21.0 CASH AND CASH EQUIVALENTS

Cash at Bank and on hand	371,637,500	201,703,151
Expected Credit Losses:		
Opening	536,626	630,907
Charge during the year	366,332	(94,281)
Expected credit loss at the end of the year	<b>902,958</b>	<b>536,626</b>
Cash as per Statement of Net Asset	<b>370,734,542</b>	<b>201,166,525</b>

A component of cash and cash equivalents includes cash at hand, bank balances, and short-term deposits. It does not include overdrafts that are repayable on demand, as the Fund does not have such arrangements with banks.

Short-term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Fund, and earn

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

interest at the respective short-term deposit rates. The Fund does not have any restrictions on the use of available cash.

During the period, expected credit losses for cash and cash equivalents have increased due to an increase in the exposure amount at the reporting date (EAD).

**ANALYSIS OF CASH AND CASH EQUIVALENTS**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances with less than three months' maturity from the date of acquisition

Cash as per statement of Net assets	370,734,542	201,166,525
Expected credit loss	902,958	536,626
Gross Cash and cash equivalent	371,637,500	201,703,151

**22.0 DEPOSITS WITH FINANCIAL INSTITUTIONS AT AMORTIZED COST**

	30 June 2023	30 June 2022
	TZS '000	TZS '000
<b>AT COST</b>		
At the beginning	484,099,693	281,493,497
Additions	608,666,000	287,817,500
Interest	29,254,695	18,011,898
Currency revaluation	-	3,085
Proceeds	(511,542,796)	(103,226,287)
	<b>610,477,593</b>	<b>484,099,693</b>
Expected credit loss	(113,176,952)	(106,245,614)
At the end of year	<b>497,300,640</b>	<b>377,854,079</b>
<b>Maturity Analysis</b>		
	30 June 23	30 June 22
	TZS '000	TZS '000
Maturing within 90 days	122,014,092	64,311,335
Maturing over 90 days	488,463,500	419,788,358
	<b>610,477,592</b>	<b>484,099,693</b>
<b>Movement in Expected Credit Loss</b>		
Beginning balance	106,245,614	97,753,846
Charge during the year *	6,931,338	8,491,768
Closing Balance	<b>113,176,952</b>	<b>106,245,614</b>

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Entity Name	EAD	ECL	Carrying Amount
ABSA	9,214,192	31,364	9,182,827.96
Akiba Commercial Bank	505,014	26,017	478,996.62
AZANIA	112,956,173	2,724,046	110,232,126.33
Bank of Africa	3,197,470	20,325	3,177,145.04
CHINA	1,000,000	44,240	955,760.00
CRDB	107,637,436	5,649,044	101,988,391.72
DCB	3,662,990	137,604	3,525,386.15
DTB	18,346,286	873,321	17,472,964.57
EQUITY	22,891,568	903,436	21,988,132.39
EXIM	10,377,190	345,864	10,031,326.19
GTB	1,010,932	222,475	788,456.36
KCB	10,863,368	336,108	10,527,259.88
MAENDELEO	2,570,712	89,940	2,480,772.06
MWALIMU	21,866,345	566,979	21,299,365.52
MWANGA	2,560,726	88,231	2,472,494.94
National Bank of Commerce	28,486,203	1,401,232	27,084,970.64
National Microfinance Bank	104,066,436	1,396,614	102,669,822.41
Peoples Bank of Zanzibar	7,412,062	165,197	7,246,864.42
Tanzania Investment Bank	119,706,562	95,765,250	23,941,312.43
Tanzania Postal Bank	18,264,634	819,119	17,445,514.60
Unit Trust of Tanzania	1,321,534	1,057,227	264,306.85
United Bank of Africa	2,559,762	513,318	2,046,443.20
<b>Total</b>	<b>610,477,593</b>	<b>113,176,952</b>	<b>497,300,640</b>

23.0 EQUITY INVESTMENTS

	Listed equity	Unlisted equity	Total
Year ended 30 <sup>th</sup> June 23	TZS '000	TZS '000	TZS '000
As at 01 July 2022	544,189,345	18,139,136	562,328,481
Addition	1,844,366		1,844,366
Adjustment	-	(9,374,019)	(9,374,019)
Impairment	-		
Fair value		18,098,050	
gains/(losses)	29,064,112		47,162,162
<b>As at 30 June 2023</b>	<b>575,097,822</b>	<b>26,863,167</b>	<b>601,960,990</b>
 As at 01 July 2021	 499,551,267	 42,523,393	 542,074,661
Addition	13,546.40		13,546
Reclassification	-	(25,227,406)	(25,227,406)
Fair value			
gain/(losses)	44,624,531	9,521,271	54,145,802
<b>As at 30 June 2022</b>	<b>544,189,345</b>	<b>26,817,258</b>	<b>571,006,603</b>

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Listed shares are measured at fair value obtained through prevailing prices on active market (DSE) at the reporting date.

Unlisted shares are measured at fair value obtained through the use of a market approach where two market multiples of the price to earnings and price to book ratio were considered from entities of the same nature found in the emerging economy countries.

In estimating unquoted equities fair values, the following assumptions were used:

- i. Latest updated Industrial multiple of PE derived from Aswath Damodaran data bank,
- ii. Latest updated industrial multiple of PBV derived from Aswath Damodaran data bank,
- iii. Marketability discount ranging from 10% to 15% and
- iv. Size discount ranging from 10% to 15%

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

Investments in listed equity by entity at the reporting date: -

23(a)	LISTED EQUITIES		30 Jun 2023	Fair Value Change	Addition	30 Jun 2022
	Name	% ownership	TZS '000	TZS '000		TZS '000
	CRDB Bank Plc	13	162,977,683	24,273,272	-	138,704,411
	Mwalimu Commercial Bank	16	3,200,002	(750,001)	-	3,950,002
	National Investment Company Limited	15	2,550,002	680,000	-	1,870,001
	NMB Bank Plc	1	27,111,287	2,805,080	-	24,306,207
	Swissport Tanzania Ltd	3	2,261,277	482,543	-	1,778,733
	Tanga Cement Company Limited	4	4,218,770	141,497	-	4,077,273
	Tanzania Breweries Limited	5	179,149,951	2,014,946	1,844,366	175,290,639
	Tanzania Cigarette Company	5	79,624,991	-	-	79,624,991
	Tanzania Portland Cement Ltd	6	44,314,004	3,101,980	-	41,212,024
	TCCIA		4,215,045	(3,793,541)	-	8,008,586
	TOL Gases Limited	2	704,166	108,333	-	595,833
	Vodacom Tanzania Plc	4	64,770,644	-	-	64,770,644
	<b>Total Listed Equities</b>		<b>575,097,822</b>	<b>29,064,112</b>	<b>1,844,366</b>	<b>544,189,345</b>

Investments in unlisted equity by entity at the reporting date: -

23(b)	Unlisted Entity	% of ownership	Net of FV	Adjustment (TZS '000)	Accumulated FV TZS '000	At Cost
			TZS '000			TZS '000
	TCB Bank	2.35	1,455,113	(9,374,019)	794,712	10,034,420
	Tanzania Pharmaceuticals Industries	10	-		(1,500,000)	1,500,000
	ACB Bank	11.2	1,818,869		854,912	963,957
	ZE-PRE	11.2	23,589,186		17,948,427	5,640,759
	<b>Total</b>		<b>26,863,167</b>	<b>(9,374,019)</b>	<b>18,098,051</b>	<b>18,139,136</b>



**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**24.0 MUTUAL FUNDS INVESTMENTS AT FAIR VALUE**

Mutual Fund Investments are investments in Collective Schemes (CIS) wherein persons come together to pool their funds for investing in a particular asset(s) and for sharing the returns arising from those investments. These collective schemes are Unit Trust and Watumishi Housing REITs. All investments in collective schemes are measured at fair values. The fair value of the investments is determined using scheme's net asset value (NAV) at the balance sheet date.

	<b>TZS '000</b>	<b>TZS '000</b>
	<b>30 June 23</b>	<b>30 June 22</b>
As at 01 July 2022	246,237,431	223,663,735
Additions	5,000,000	
Fair Value Change	24,137,008	22,573,696
As at 30 June 2023	<b>275,374,439</b>	<b>246,237,431</b>

<b>DETAILS</b>	<b>Closing Balance</b>	<b>Addition</b>	<b>FV Change</b>	<b>Opening Balance</b>
<b>Name</b>	<b>TZS '000</b>	<b>TZS'000</b>	<b>TZS '000</b>	<b>TZS '000</b>
Unit Trust of Tanzania (UTT)	225,864,776		22,756,476	203,108,300
Watumishi Real Estate (REITS)	44,261,128		1,131,997	43,129,131
Watumishi Faida Fund	5,248,535	5,000,000	248,535	
<b>Total</b>	<b>275,374,439</b>		<b>23,888,473</b>	<b>246,237,431</b>

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

25.0 GOVERNMENT SECURITIES AT AMORTIZED COST

	Treasury Bonds TZS '000	Non-Cash Special Bonds TZS '000	Total TZS '000
<b>Period ended 30 June 2023</b>			
Opening balance	2,354,780,921	2,205,132,035	4,559,912,956
Additions	440,519,836	-	440,519,836
Interest	381,326,110	127,656,059	508,982,169
Proceeds	(586,796,231)	(127,946,278)	(714,742,509)
	<b>2,589,830,636</b>	<b>2,204,841,816</b>	<b>4,794,672,452</b>
<b>EXPECTED CREDIT LOSSES</b>			
Opening balance	(10,352,240)	(19,228,751)	(29,580,992)
Charges for the year	(474,541)	882,356	631,110.95
	<b>(10,826,781)</b>	<b>(18,346,395)</b>	<b>(28,949,881)</b>
<b>Closing net book amount</b>	<b>2,579,003,855</b>	<b>2,186,495,421</b>	<b>4,765,499,276</b>
<b>Year ended 30 June 2022</b>			
Opening balance	2,546,167,583	2,176,740,000	4,722,907,583
Additions	101,009,537	-	101,009,537
Interest	430,190,041	68,966,679	499,156,720
Proceeds	(722,586,239)	(40,574,644)	(763,160,884)
	<b>2,354,780,921</b>	<b>2,205,132,035</b>	<b>4,559,912,956</b>
<b>EXPECTED CREDIT LOSSES</b>			
Opening balance	(22,701,786)	-	(22,701,786)
Charges for the year	12,349,546	(19,228,751)	(6,879,205)
	<b>(10,352,240)</b>	<b>(19,228,751)</b>	<b>(29,580,991)</b>
<b>Closing net book amount</b>	<b>2,344,428,681</b>	<b>2,185,903,283</b>	<b>4,530,331,964</b>

Non-cash special bonds represent a financial instrument issued by the government of the United Republic of Tanzania through the Ministry of Finance and Planning. This issuance, initiated on 15 December 2021, serves the purpose of compensating a portion of pre-1999 contributions. These bonds are distinct in that they do not involve a direct cash transaction; instead, they are a form of compensation in the bond format. The government issues them as a means to acknowledge and fulfill obligations related to contributions made before 1999. It's important to recognize that these bonds hold a unique nature, being a non-cash instrument tailored specifically for addressing pre-1999 commitments.

Maturity Analysis	Within 90 days TZS '000	> 90 days TZS '000	Total TZS '000
<b>30-Jun-23</b>			
Treasury bonds	16,978,000	2,337,802,921	2,354,780,921
Non-Cash Special Bond		2,205,095,584	2,205,095,584
<b>30-Jun-22</b>			
Treasury bonds	101,136,110	2,422,329,687	2,523,465,797
Non-Cash Special Bond	-	*2,176,740,000	2,176,740,000

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**26.0 CORPORATE BONDS AT AMORTIZED COST**

	30 June 23	30 June 22
	TZS'000	TZS'000
At the beginning of the year	8,289,790	3,208,704
Addition	6,000,000	5,000,000
Repayments	(2,926,001)	(354,582)
Amortized interest	1,023,349	435,669
	<b>12,387,137</b>	<b>8,289,791</b>
Accumulated Expected Credit loss	(520,533)	(375,843)
<b>At the end of the year</b>	<b>11,866,605</b>	<b>7,913,948</b>

<b>Maturity analysis</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Maturing within 90 days		2,124,740
Maturing over 90 days	12,387,137	5,789,208
	<b>12,387,137</b>	<b>7,913,948</b>
<b>Expected Credit loss</b>		
Opening Balance	375,842	167,366
Charge during the year	144,691	208,477
<b>Closing Balance</b>	<b>520,533</b>	<b>375,843</b>

The increase in ECL is due to large exposure at default compared to last year balance.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Investments in corporate bonds by entity at the reporting date**

DETAILS	30 Jun 2023	REPAYMENTS	ACCUMULATED ECL	AMORTIZED INTEREST	ADDITION	30 Jun 2022
NAME	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
TMRC (C-BOND)	8,048,247	(2,776,001)	(368,220)	902,677	2,000,00	8,289,790
NBC(C BOND	2,811,206	(150,000)	(133,574)	94,780	3,000,00	-
IMAAAN	1,007,152		(18,738)	25,890	1,000,00	0
Total	11,866,605	(2,926,001)	(520,533)	1,023,348	6,000,00	8,289,790
					0	0

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

**27.0 PREPAYMENTS**

	30 Jun 2023 TZS'000	30 Jun 2022 TZS'000
Prepaid expenses	1,182,842	1,218,850
Deposits	50,245	116,976
Capital Expenditure Advances	1,461,644	1,506,051
Other prepayments	40,132	-
<b>Total</b>	<b>2,734,863</b>	<b>2,841,878</b>

**28.0 RECEIVABLES**

	30 Jun 2023 TZS'000	30 Jun 2022 TZS'000
Contribution receivable	44,492,234	104,265,205
Statutory penalties	183,799	2,449,637
Other receivable	30,809,229	33,504,176
Dividend receivable	365,304	205,596
Rent and parking receivable	12,259,601	13,528,208
	<b>88,110,167</b>	<b>153,952,821</b>

**28(a) CONTRIBUTION RECEIVABLES**

	30 Jun 2023	30 Jun 2022
Opening	192,686,679	129,850,916
Additions	1,681,650,813	1,526,268,288
Receipts	(1,740,548,417)	(1,463,432,524)
	<b>133,789,075</b>	<b>192,686,679</b>
Expected credit losses	(89,296,841)	(88,421,475)
<b>Closing</b>	<b>44,492,234</b>	<b>104,265,205</b>

**Breakdown**

	30 Jun 2023 TZS'000	30 Jun 2022 TZS'000
Statutory Contribution Debtors	133,153,196	191,926,442
Receivables from treasury	191,849	191,849
Receivable from Members	444,030	568,389
Expected Credit Loss	(89,296,841)	(88,421,475)
	<b>44,492,234</b>	<b>104,265,205</b>

A substantial decrease in contribution receivable is caused by timely payment of contribution from giant employers such as ministry of finance.



PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

<b>28(b) STATUTORY PENALTIES</b>	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Opening	55,097,722	57,246,139
Addition	6,478,099	3,709,032
Receipts	(8,567,271)	(5,857,449)
	<b>53,008,550</b>	<b>55,097,722</b>
<b>ECL</b>		
Opening Balance	52,648,085	56,906,214 -
Impairment charges	176,523	(4,258,129)
Adjustment	144	
	<b>52,824,752</b>	<b>52,648,085</b>
<b>Closing</b>	<b>183,798</b>	<b>2,449,637</b>

	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
	<b>TZS'000</b>	<b>TZS'000</b>
<b>28(b) STATUTORY PENALTIES</b>		
Statutory Debtors- Penalties	53,008,550	55,097,722
Impairment	(52,824,752)	(52,648,085)
	<b>183,798</b>	<b>2,449,637</b>

<b>28(c) OTHER RECEIVABLES</b>	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
	<b>TZS "000"</b>	<b>TZS "000"</b>
Opening	67,485,047	66,450,361
Addition	28,417,396	32,984,983
Receipts	(29,617,299)	(31,950,298)
	<b>66,285,143</b>	<b>67,485,047</b>
<b>ECL</b>		
Opening	(33,980,871)	(19,581,511)
Addition	(1,495,044)	(14,399,359)
	<b>(35,475,914)</b>	<b>(33,980,871)</b>
<b>Closing balance</b>	<b>30,809,229</b>	<b>33,504,176</b>

<b>OTHER RECEIVABLES BREAKDOWN</b>	<b>30 Jun 2023</b>	<b>30 Jun 2022</b>
Staff receivable	17,752,609	17,510,049
X staff loan receivables	7,115,957	8,649,990
Diesel and Electricity	545,243	517,269
Low cost houses and plots	23,791,062	24,026,245
Other debtors	17,080,272	16,781,493
Impairment	(35,475,914)	(33,980,871)
	<b>30,809,229</b>	<b>33,504,176</b>

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

**28(d) DIVIDEND RECEIVABLE**

	30-Jun-23	30-Jun-22
	TZS'000	TZS'000
Opening Balance	205,596	699,727
New declaration	33,186,686	26,817,747
Dividend Received	(33,026,978)	(27,311,878 )
As at 30 June 2023	365,304	205,596

**28(e) RENT AND PARKING RECEIVABLES**

	Rent receivables	Parking receivables	Hiring of Conference	<u>Total</u>
	TZS '000	TZS '000	TZS '000	TZS '000
<b>30 June 2023</b>				
Opening balance	35,254,118	1,792,278	-	37,046,397
Additions during the year	35,103,492	605,192	607,102	35,708,684
Receipts	(32,255,487)	(184,359)	-	(32,439,846)
<b>Total</b>	<b>38,102,123</b>	<b>2,213,111</b>	-	<b>40,922,336</b>
Impairment	(26,928,026)	(1,734,709)	-	(28,662,735)
<b>Closing net book amount</b>	<b>11,174,097</b>	<b>478,402</b>	<b>607,102</b>	<b>12,259,601</b>
<b>30 June 2022</b>				
Opening balance	34,821,339	1,483,897	-	36,305,236
Additions during the year	29,255,610	1,134,373	-	30,389,983
Receipts	(28,822,831)	(825,991)	-	(29,648,822)
<b>Total</b>	<b>35,254,118</b>	<b>1,792,278</b>	-	<b>37,046,397</b>
Impairment	(21,882,318)	(1,635,870)	-	(23,518,189)
<b>Closing net book amount</b>	<b>13,371,800</b>	<b>156,408</b>	-	<b>13,528,208</b>

The receivables are initially measured at the amount to which the Fund expects to be entitled, which is the amount expected to be received at the end of the contractual period or the period provided in the statute. There were no restrictions on the use of balances due from debtors (2022/23: nil). Except for the ECL estimates on staff receivable, which have been computed by considering the time value of money, the remaining receivable ECL was calculated from individual payment characteristics obtained through a provisional matrix.

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

IMPAIRMENTS ANALYSIS	Contribution receivable	Statutory Penalties	Other receivables**	Rent and Parking	Total
As at 01 July 2022	88,421,475	52,648,085	33,980,870	23,518,189	198,568,619
Charge during the year	875,366	176,667	1,495,044	5,144,546	7,691,622
<b>As at 30 June 2023</b>	<b>89,296,841</b>	<b>52,824,752</b>	<b>35,475,914</b>	<b>28,662,735</b>	<b>206,260,242</b>
As at 01 July 2021	97,821,652	56,906,214	24,301,017	20,427,674	199,456,557
Charge during the year	(9,400,177)	-	13,817,727	3,090,515	7,508,065
Reversal during the year	-	(4,258,129)	(4,137,874)	-	(8,396,003)
<b>As at 30 June 2022</b>	<b>88,421,475</b>	<b>52,648,085</b>	<b>33,980,870</b>	<b>23,518,189</b>	<b>198,568,619</b>

\*\* Other receivable impairments of TZS 1,495,044 for the period are comprised of impairments reversals of TZS 17,729 from staff loans, TZS 1,211,695 from x staff receivables, TZS 23,687 from electricity and diesel receivables, as well as TZS 153,499 from low-cost house receivables. Further, impairment charges of TZS 1,683,266 from hire purchase, TZS 885,290 from plots and houses receivable, and TZS 333,138 from other debtors

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

29.0 VAT AND WITHHOLDING TAX RECOVERABLE

	30-Jun-23	30-Jun-22
	TZS'000	TZS'000
VAT Receivable	6,492,669	6,492,669
Withholding tax Receivable/(Payable)	3,730,411	289,216
Impairment	(5,304,962)	(191,849)
<b>Total</b>	<b>4,918,118</b>	<b>6,590,036</b>

The increased impairment charge is a result of the VAT amount that was deducted from the X PPF, which was deducted as input instead of requesting a refund from the authority. Through a letter issued to the Fund lately November 2023, that showed a remote probability of recovering.

**\*Movement in VAT and withholding tax recoverable**

At the beginning of the year	6,590,036	8,523,144
Tax claimable/(payable) during the year	(1,671,918)	(1,933,108)
At the end of the year	<b>4,918,118</b>	<b>6,590,036</b>

30.0 LOAN INVESTMENTS

	30-Jun-23	30-Jun-22
	TZS'000	TZS'000
At the beginning of year	599,346,573	597,385,230
Loan disbursement	8,706,748	13,978,812
Interest	1,971,106	1,702,084
Reclassification from Joint venture	9,304,710	-
Repayments	(10,556,028)	(13,719,553)
	<b>608,773,109</b>	<b>599,346,573</b>
Impairment	281,595,993	277,897,655
<b>At the end of year</b>	<b>327,177,116</b>	<b>321,448,918</b>
<b>Expected credit losses allowances for loan investments</b>		
Balance at 1 July	277,897,655	273,399,535
Additional Impairment	3,698,338	4,621,501
Release of provision	-	123,380.51
	<b>281,595,993</b>	<b>277,897,655</b>

**LOANS BREAKDOWN**

	<b>TZS'000</b>	<b>TZS'000</b>
Direct loan to the Government	231,402,698	231,402,698
Corporate Loans	85,595,278	71,273,200
Loans to corporative societies	3,561,770	6,733,524
Members Loans	6,617,370	12,039,496
	<b>327,177,116</b>	<b>321,448,918</b>

Loan investments are comprised of loans issued directly to the government, public institution with government guarantee, corporate and corporate societies. Further, mortgage loan issued to members before merging of Funds as well as education loans. The loans are secured against Members' retirement benefits in the case of loans to Members, property and equipment as well as government guarantees in the case of corporate entities.

Loans outstanding from Government related entities totalled TZS 231 billion as at 30 June 2023 (2022: TZS 231 billion).

**31.0 TRADEABLE INVENTORY**

	<b>Houses TZS '000</b>	<b>Plots TZS '000</b>	<b>Total TZS '000</b>
<b>Period ended 30 June 2023</b>			
Opening balance	4,161,363	7,298,433	11,459,795
Sold during the period	(878,394)	(663,484)	(1,541,878)
Surrendered/forfeited plot	-	34,290	34,290
Write down	1,664,391		1,664,391
<b>Closing net book amount</b>	<b>4,947,360</b>	<b>6,669,239</b>	<b>11,616,599</b>
<b>Period ended 30 June 2022</b>			
Opening balance	101,027,215	12,994,931	114,022,146
Reclassification from Investment Properties	(93,941,610)	-	(93,941,610)
Sold during the period	(1,087,960)	(352,310)	(1,440,270)
Write down	(1,836,282)	(5,344,189)	(7,180,471)
<b>Closing net book amount</b>	<b>4,161,363</b>	<b>7,298,433</b>	<b>11,459,795</b>

All tradeable inventories were physically verified. Had inventory been written down, determination would have been made by reference to the specific items of the house or plot.



**32.0 INVESTMENT PROPERTIES**

	Land	Rental Buildings	Total
	TZS '000'	TZS '000'	TZS '000'
<b>Year ended 30 June 2023</b>			
At start of year	58,880,200	1,052,520,158	1,111,400,358
Additions during the year	-	-	-
Fair value adjustments	-	-	-
<b>At end of the period</b>	<b>58,880,200</b>	<b>1,052,520,158</b>	<b>1,111,400,358</b>
	-	-	-
<b>Year ended 30 June 2022</b>			
At start of year	57,634,561	1,109,528,619	1,167,163,181
Additions	-	(122,680,479)	(122,680,479)
Reclassifications	1,245,639	-	1,245,639
Fair value adjustments	-	65,672,017	65,672,017
<b>At end of the Period</b>	<b>58,880,200</b>	<b>1,052,520,158</b>	<b>1,111,400,358</b>

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of at least 1 year, with fixed annual rents and landlord review rights at the end of the lease period. Subsequent renewals are negotiated with the lessee, and the average renewal period is five years. No contingent rents are charged. There are no restrictions on the realisability of investment property or the remittance of income and proceeds from disposal. None of the Fund investment property has been pledged as collateral.

The Fund is aware of a 35-year lease contract with Southern Sun Tanzania Limited on plots 217 and 218 situated at Block 35 Garden Avenue, Ilala. The lease contract started on August 1, 2000, and contains an extension option of 15 years.

Changes in fair values are recognized as gains or losses in the statements of changes in net assets available for benefits and included in 'investment income. All gains and losses are unrealized.

**Measurement of Fair Values**

The Fund uses fair value to measure its investment properties. The fair value of investment properties was determined by an independent, external property valuer who has appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides fair value information on the Fund's investment properties every year. The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**Valuation Technique and Significant Unobservable Inputs**

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used

Fair value at 30 June 23	30 June 22	Hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable input to fair value
TZS'000	TZS'000				
1,111,400,358	1,111,400,358	Level 3	Depreciated cost method	Construction cost per square meter	Direct relationship

The Fund had no investment property that exceed 5% of the Fund's net assets as at 30<sup>th</sup> June 2023 (2022: NIL).

The following are amounts recognized in profit or loss for investment properties:

	30 June 23	30 June 22
	TZS' 000	TZS' 000
Rental Income	35,708,684	30,385,384
Direct operating expenses used to manage the properties	20,486,227	14,939,949
Fair value gain (losses)		(65,672,017)

The Fund operations is within Tanzania therefore has no exchange difference resulted from foreign currency translations in its Investment properties.

The Fund currently has no new construction in progress and has not acquired any investment hence all Additions are expenditures incurred for major repairs.

The Fund has no any of its Investment Properties classified as Held for sale under IFRS 5.

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

33.0 ASSOCIATES AND JOINT VENTURE

	Associates	Joint Ventures	Total
	TZS '000	TZS '000	TZS '000
<b>Period ended 30 June 2023</b>			
Opening balance	44,612,097	30,627,147	75,239,243
Reclassification	-	(9,304,710)	(9,304,710)
Equity redemption	-	(90,000)	(90,000)
	<b>44,612,097</b>	<b>21,232,436</b>	<b>65,844,533</b>
<b>Fair Values</b>			
Opening balance	8,977,616	(13,298,011)	(4,320,395)
Increased/Released during the year	6,118,920	(965,286)	5,153,634
Reversal	-	7,991,627	7,991,627
	15,096,536	(6,271,671)	8,824,865
<b>Net closing amount</b>	<b>59,708,633</b>	<b>14,960,765</b>	<b>74,669,398</b>
<b>Year ended 30 June 2022</b>			
Opening balance	17,359,691	31,678,816	49,038,507
Additions	-	-	0
Reclassification	27,252,406	(332,044)	26,920,362
Proceed	-	(719,625)	(719,625)
	<b>44,612,097</b>	<b>30,627,147</b>	<b>75,239,243</b>
<b>Fair Values</b>			
Opening balance	5,070,001	(12,322,133)	(7,252,132)
Increase	3,907,615	(975,878)	2,931,737
	<b>8,977,616</b>	<b>(13,298,011)</b>	<b>(4,320,395)</b>
<b>Closing balance</b>	<b>53,589,713</b>	<b>17,329,135</b>	<b>70,918,848</b>

Decrease in joint venture and associates is caused by the reclassification of APC investments to loan investment following equity redemption agreement entered between the Fund and national board of Accountants and Auditors.

As at 30 June 2023, the Fund had four associates entities (2022: five) with holding percentage ranging from 35 to 44 after reclassifying APC investment Centre to loan investments and four Joint Ventures that are material to the Fund.

The Fund elected to measures its investments in Associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 and IAS 28. The fair value of investments in associates and joint ventures is determined using market approach through multiples of earning and price to book value methods. As at 30 June 2023, there were no contingent liabilities in relation to our interest in the Associates and Joint Ventures (2022: NIL). The Fund receives income in the form of dividends and interest from its investments in the Associate and Joint Ventures. There are no restrictions in the ability of Associate or Joint Ventures to transfer funds to the Fund in the form of cash dividends or to repay loan and advances.

## PUBLIC SERVICE SOCIAL SECURITY FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

## 33. ASSOCIATES

Entity	% of ownership	30-Jun-23 TZS' 000	Accumulated FV TZS' 000	30-Jun-22 TZS' 000
Nguru Hills Ranch Limited	39	1,716,000	-	1,716,000
Ubungu Plaza Limited	35	21,530,411	6,886,721	14,643,691
Tanzania Mercantile Exchange Plc	44	397,389	(602,611)	1,000,000
Tanzania Re-Insurance Ltd	35	34,039,833	8,812,427	25,227,406
Mponde Holding Company	42	2,025,000	-	2,025,000
<b>Total</b>		<b>59,708,633</b>	<b>15,096,536</b>	<b>44,612,097</b>

## 33 (a) JOINT VENTURES

Entity	% of ownership	30 June 23 TZS' 000	Reclassification TZS' 000	Accumulated FV TZS' 000	01 July 22 TZS' 000
NHC/PPF IPS Building Company Limited	50	11,579,981	-	(6,882,033)	18,462,014
PPF/DCC Investment Company Limited	50	2,124,490	-	278,318	1,846,173
Mkulazi Holdings Limited *	50	332,044	-	332,044	0
APC investment Centre	54	-	(9,304,710)	-	9,304,710
Nambongo Sumbawanga		924,249	(90,000)	-	1,014,249
<b>Total</b>		<b>14,960,765</b>	<b>(9,394,710)</b>	<b>(6,271,671)</b>	<b>30,627,147</b>

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023**

**DESCRIPTION OF THE ASSOCIATES**

<b>Details</b>	<b>Nguru Hills Ranch Limited</b>	<b>Ubungu Plaza Limited</b>	<b>Tanzania Mercantile Exchange Plc</b>	<b>TAN RE</b>	<b>Mponde Holding Company Ltd</b>
Nature of Business	Industry	Real Estate	Trade/Commerce	Re-insurance	Manufacturing
Nature of relationship with the Fund	Associate	Associate	Associate	Associate	Associate
Principal place of business	Morogoro	Dar es Salaam	Dar es Salaam	Dar es Salaam	Lushoto
Reporting period	30 June	30-June	31 December	31 December	
Ownership interest/rights held	39%	35%	44%	35%	42%



PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE, 2022 (CONTINUED)

DESCRIPTION OF THE JOINT VENTURES

Details	PPF/DCC Investment Company Limited	NHC/PPF IPS Building Company Limited
Nature of Business	Car parking Block & Offices	Property Management
Nature of relationship with the Fund	Joint Venture	Joint Venture
Principal place of business	Dar es Salaam	Dar es Salaam
Reporting period	30-June	30-June
Ownership interest/rights held	50%	50%
Total Assets	10,071,112	31,968,476
Total Liabilities	3,668,020	423,989
Net Assets	6,403,092	31,544,487
Turnover	241,856	773,544
Operating profit/(Loss)	(118,225)	(992,817)

- PPF/DCC Parking Ltd. and PPF/NHC IPS Building Co. Ltd. are unlisted joint arrangements in which the Fund has joint control and a 50% ownership interest. PPF/DCC Parking Ltd. was founded by the Fund and Dar es Salaam City Council. The Fund has joint control with NHC in PPF/NHC IPS Building Co. Ltd. These are the Fund's strategic partners, principally engaged in real estate investments in a strategic location.
- Both PPF/DCC Parking Ltd. and PPF/NHC IPS Building Co. Ltd. are structured as separate vehicles, and the Fund has a residual interest in their net assets. Accordingly, the Fund has classified its interest in these entities as joint ventures.
- PPF/DCC Parking Ltd. and PPF/NHC IPS Building Co. Ltd. are unlisted joint arrangements in which the Fund has joint control and a 50% ownership interest. PPF/DCC Parking Ltd. was founded by the Fund and Dar es Salaam City Council. The Fund has joint control with NHC in PPF/NHC IPS Building Co. Ltd. These are the Fund's strategic partners, principally engaged in real estate investments in a strategic location.

## PUBLIC SERVICE SOCIAL SECURITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE, 2022 (CONTINUED)

- Nambongo Sumbawanga was established for the purpose of surveying land and selling plots to citizens. No specific vehicle was established other than opening a bank account that requires both parties' consent in cases of withdrawal and other transactions.
- Since the Fund and Sumbawanga Municipal agreed to operate bank accounts used to collect revenues from plots, no Financial Statements were prepared to enable asset and liability disclosure at the reporting date.
- APC investment was reclassified as loan investments following the agreement between parties to exercise the equity purchase-back option.

### 34.0 INVESTMENT IN SUBSIDIARIES

	30-Jun-23 TZS '000	30-Jun-22 TZS '000
<b>COST</b>		
At the beginning of year	266,675,879	267,003,861
Additions		
Equity redemption	(6,686)	
Adjustment	(14,294,676)	(327,981)
	<b>252,374,517</b>	<b>266,675,880</b>
<b>Fair value movement</b>		
Accumulated fair value	(16,503,362)	(9,238,495)
Changes in fair value	3,522,430	(7,264,867)
	<b>(12,980,931)</b>	<b>(16,503,362)</b>
<b>At the end of year</b>	<b>239,393,585</b>	<b>250,172,518</b>

In accordance with the exception under IFRS 10, the Fund does not consolidate subsidiaries in the Financial Statements. Accordingly, the subsidiaries are recognized as investments at fair value through profit or loss.

#### Summary of unconsolidated subsidiaries

Entity	Principal place of business	Proportion of Ownership	
		30 June 23	30 June 22
Azania Bank Limited	Dar es salaam	51.95%	51.95%
Msamvu Properties Company (T) Ltd	Morogoro	72.70%	72.70%
Mamba Ginger Growers Company Limited	Kilimanjaro	60.00%	60.00%
Kilimanjaro International Leather Company	Kilimanjaro	85.7%	85.7%
Mwanza City Commercial Complex Company Limited	Mwanza	92.80%	92.80%
Watumishi Housing Company	Dar es salaam	57.20%	57.20%

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)

Investments in subsidiaries by entity at the end of period

Entity	30-Jun-22	Cumm. Fair Values	Equity redemption	Reclassification Cost	30-Jun-23
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Azania Commercial Bank	97,415,780	7,903,350	-	-	105,319,130
Kilimanjaro International Leather Industries	59,960,100	(19,306,754)	-	-	40,653,346
Mamba Ginger Co. Ltd	6,700,000	-	-	-	6,700,000
Msamvu Properties Company Ltd	29,600,000	(5,119,619)	(6,686)	(14,294,676)	10,179,019
Mwanza City Commercial Complex Company Ltd	72,000,000	3,732,389	-	-	75,732,389
Watumishi Housing Co. Ltd (Shares)	1,000,000	(190,297)	-	-	809,703
	266,675,880	(12,980,931)	(6,686)	(14,294,676)	239,393,586

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)**

**35.0 STATIONERY AND CONSUMABLES**

	<b>Stationeries</b>	<b>Other Consumables</b>	<b>Total</b>
	<b>TZS '000</b>	<b>TZS '000</b>	<b>TZS '000</b>
<b>Year ended 30 June 2022</b>			
Opening balance	376,788	5,478	382,266
Purchases	264,224	807,057	1,071,281
Utilized during the period	(483,045)	(266,028)	(749,073)
Written down value	(107,362)	-	(107,362)
<b>Closing net book amount</b>	<b>50,604</b>	<b>546,508</b>	<b>597,111</b>
<b>Year ended 30 June 2021</b>			
Opening balance	417,655	5,645	423,301
Purchased during the year	791,998	558,532	1,350,530
Utilized during the year	(832,865)	(558,701)	(1,391,566)
Written down value	(93,029)	-	(93,029)
<b>Closing net book amount</b>	<b>283,759</b>	<b>5,478</b>	<b>289,236</b>

The Fund used FIFO method to account for its inventories. Provision for obsolescence is determined by reference to specific items of stationery or consumable.

During the period under review

- (i) None of the Fund's inventory was pledged as security for liability during the year.
- (ii) Inventories amounting to TZS 0.75 billion (2022: TZS 1.39 billion) has been expensed during the year.
- (iii) The Fund has been providing 100% impairment losses for its stationery and consumables that are considered obsolete
- (iv) The Fund wrote down the inventories amounting to TZS 14 million during the year for the inventories which are obsolete.
- (v) The Fund did not reverse any amount resulting from previous accumulated impairments
- (vi) The Fund also did not reverse any amount that was written off in previous years.
- (vii) The Fund did not have any of its inventory pledged as a security for liabilities during the year

# **PUBLIC SERVICE SOCIAL SECURITY FUND**

## **NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)**

### **36.0 RIGHT OF USE ASSET**

	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>TZS'000</b>	<b>TZS'000</b>
Opening Balance	1,990,115	1,961,633
Addition	100,021	28,481
Closing Balance	2,090,136	1,990,114
Accumulated amortization	1,097,482	771,011
Charge for the year	474,675	426,665
Adjustments	(43,571)	(100,195)
	1,528,585	1,097,481
Closing Balance	561,551	892,633

- Right of use assets include leases of office space for the Fund's zonal and regional offices.
- All places leased by the Fund were used solely for the office use to support the Fund's operations during the period. Neither party nor the whole space have been subleased to other parties.
- There was no income earned as a result of sub-leasing right-of-use assets.

### **37.0 INTANGIBLE ASSETS**

	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<b>TZS '000</b>	<b>TZS '000</b>
<b>COST</b>		
At beginning of year	6,196,266	5,979,948
Additions	186,488	216,318
At the end of year	6,382,754	6,196,266
<b>AMORTISATION</b>		
At the beginning of year	5,214,317	4,986,393
Charge for the year	185,199	227,924
At the end of year	5,399,516	5,214,317
Net book value	983,238	981,949

Intangible assets of the Fund have a finite useful life over the useful life. The Fund has been amortizing its intangible assets on a straight-line basis, and initially it has been estimating its software to have useful life of 10 years.

The amortization expense of the intangible assets with finite lives is recognized in the statement of changes in net assets available for benefits in the expense category. Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of changes in net assets when the asset is derecognized.



## **PUBLIC SERVICE SOCIAL SECURITY FUND**

### **NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2022 (CONTINUED)**

The amortization expense on intangible assets with finite lives is recognized in the statement of changes in Net Asset Available for Benefits in the expense category.

At the year end the Management tested for impairments on its intangible assets in accordance with IAS 36 and no item was found impaired therefore nothing posted as impairment loss in the statement of changes in net assets available for benefits. Furthermore, the Fund did not reverse any impairment amount accumulated from previous years' impairment assessments. The management considers that the NBV of its properties does not materially vary with fair values.

The Fund has internally generated software that supports its operations. This has not been recognized as part of intangible assets as there are no costs relating to the development of the internally generated software that can be differentiated from the ordinary operating costs of the Fund. The related expenditure is recognized in the Statement of Changes in Net Assets Available for Benefits in the period in which the expenditure is incurred. The Fund has no contractual commitments for development costs (2022: nil), and none of the Fund's fully amortized intangible assets are still in use.

The Fund did not reclassify any of its intangible assets during the year as held for sale under IFRS 15. The Fund has some fully amortized intangible assets, which are old, merged Fund systems for data retrieval. The systems are not used for any of their active operations. The Fund does not have foreign operations therefore all of its intangible assets are reported in TZS therefore there are no exchange difference arising from translation of Financial Statements.

The Fund had no any restrictions to use any of its intangible assets as at 30 June 2023 (2021/22 Nil). The Fund had no individual intangible assets that has significant value to its Financial Statements as at 30 June 2023 (2021/22 Nil). The Fund during the year did not recognize amount with regard to research and development expenditure in the statement of changes in net assets available for benefits (2021/22 Nil).

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR PERIOD ENDED 30<sup>TH</sup> JUNE, 2022

38.0 PROPERTY PLANT AND EQUIPMENTS

	Equipment and Machinery	Furniture and Fittings	Computer Hardware	Motor Vehicles	Office Buildings	Total
	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000	TZS '000
<b>Year Ended 30 June 2023</b>						
<b>AT COST</b>						
At the beginning	13,468,443	5,655,288	7,368,873	3,075,557	84,834,507	114,402,668
Additions	751,431	805,570	2,309,723	325,869	78,952	4,271,546
Disposals	(1,304,095)	(1,018,000)	(2,950,924)	-	-	(5,273,019)
At the end	12,915,779	5,442,859	6,727,672	3,401,426	84,913,460	117,870,676
<b>DEPRECIATIONS</b>						
At the beginning	8,247,916	3,061,605	5,459,928	2,625,721	58,819	19,453,990
Charged during the period	1,825,583	1,438,578	1,009,358	277,221	1,696,604	6,247,344
Disposals	(1,303,783)	(1,017,533)	(2,949,974)	0	(0)	(5,271,290)
At the end	8,769,716	3,482,651	3,519,312	2,902,942	1,755,423	24,988,781
<b>NET AMOUNT</b>	<b>4,146,063</b>	<b>1,960,208</b>	<b>3,208,360</b>	<b>498,484</b>	<b>83,158,037</b>	<b>92,881,895</b>
<b>Year Ended 30 June 2022</b>						
<b>AT COST</b>						
At the beginning	13,748,117	5,875,680	7,600,966	5,816,508	1,030,344	34,071,615
Additions	258,371	11,199	846,632	-	-	1,116,202
Reclassification from Inv Properties	18,290	356,745	-	-	83,804,164	84,179,199
Disposals	(556,335)	(587,253)	(1,079,808)	(2,740,951)	-	(4,964,347)
At the end	13,468,443	5,655,288	7,368,873	3,075,557	84,834,507	114,402,668
<b>ACC DEPRECIATIONS</b>						
At the beginning	5,932,740	3,482,245	5,607,831	4,999,195	38,111	20,060,121
Charged during the period	1,965,556	1,160,560	814,318	352,461	20,708	4,313,603
Disposals	(550,380)	(581,199)	(1,062,220)	(2,725,934)	-	(4,919,734)
At the end	8,247,916	3,061,605	5,459,928	2,625,721	58,819	19,453,990
<b>NET AMOUNT</b>	<b>5,220,527</b>	<b>2,593,683</b>	<b>1,908,944</b>	<b>449,835</b>	<b>84,775,689</b>	<b>94,948,678</b>

## PUBLIC SERVICE SOCIAL SECURITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)

The Fund during the year did not record any revaluation gains that may affect taxes as the property and equipment are carried at cost less accumulated depreciation or impairments.

The useful lives of the assets are estimated as follows:

Buildings 50 years;

Office equipment 5 years;

Motor vehicles 5 years;

Furniture & fittings 5 years and

Computer hardware 5 years.

Cash outflow for the purchase of items of property and equipment are equivalent to the amount of additions.

Property and equipment are recognized when it is probable that the future economic benefits associated with the asset will flow to the entity and its cost can be measured reliably. The cost includes cost incurred initially to acquire or construct an item and cost incurred subsequently to add to, replace part of or service it. Items of PPE are depreciated over useful life on straight line basis and the useful life is reviewed at each reporting date or when the need arises.

At the year end the Management tested for impairments on its assets in accordance with IAS 36 and no item was found impaired therefore nothing posted as impairment loss in the statement of changes in net assets available for benefits. Furthermore, the Fund did not reverse any impairment amount accumulated from previous years' impairment assessments. The management considers that the NBV of its properties does not materially vary with fair values.

There is no item of property and equipment that was used as security for any loan. None of properties and equipment is fully depreciated but still in use. The net carrying amount of property and equipment does not include any finance lease as the Fund does not have property and equipment that are held under finance lease. There is no compensation from third parties for item in property and equipment that were impaired, lost or given up that is included in profit or loss.

The Fund had no significant temporary idle items that are not in use. The Fund does not have any restrictions in using its properties as at 30th June 2023 (2021/22 Nil). The Fund had no any item of Property, plant and equipment classified as Held for Sale in accordance to IFRS 5 as at 30th June 2023. The Fund does not have foreign operations therefore all of its property and equipment are reported in TZS therefore there are no exchange difference arising from translation of Financial Statements.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

The Fund spent TZS 78 Million during the year for acquisition of plots for construction of its office buildings (2021/22 TZS Nil). The Fund had a contractual commitment of TZS 7,700.23 Million for construction works of its office buildings as at 30th June 2023 (2021/22 Nil). Included in the Fund's statement of changes in net assets available for benefits amount of TZS 8.72 million (2021.22 TZS) as gain on disposal of property and plants. The Proceed from property and equipment was TZS 10.45 (2021/22 TZS) million.

**39.0 DEFERRED TAX ASSETS**

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred tax account is as follows:

	30 June 23 TZS'000	30 June 22 TZS'000
At start of year	(68,568,347)	(280,062,876)
Debited/(Credited) to statement of changes in net assets available for benefits	(9,884,753)	211,476,529
At end of period	(78,471,101)	(68,586,347)

Deferred income tax assets and liabilities, deferred income tax charge/ (credit) in the statement of changes in net assets available for benefits is attributed to the following items:

	30-Jun-23 TZS'000	(Credit)/Charge to statement of changes in assets available for benefits TZS'000	30-Jun-22 TZS'000
Fair value gain/loss on investments	(30,529,255)	(15,970,189)	(14,559,066)
Accelerated capital deductions	(47,941,846)	6,085,435	(54,027,281)
Net deferred income tax	(78,471,101)		(68,586,347)



PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)

40.0 BENEFITS PAYABLES

	30 June 2023	30 June 2022
	TZS'000	TZS'000
Opening	463,176,149	696,221,722
Additions during the year	1,563,545,052	1,697,817,672
Payments	(1,667,632,512)	(1,924,961,389)
Closing	359,088,690	469,078,005
<b>Payable Details</b>		
Retirement	303,827,650	384,898,618
Survivor	12,486,750	18,958,469
Invalidity	341,748	242,654
Withdrawal	14,678,140	10,836,526
Other Benefits	27,754,402	54,141,738
<b>Grand Total</b>	<b>359,088,690</b>	<b>469,078,005</b>

Benefits payable are comprised of the benefit claims due to Members and their dependents under the PSSSF Act at the year end.

41.0 LEASE LIABILITY

The Fund leased various zonal and regional offices under non-cancellable lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. No arrangements have been entered into for contingent rental payments, and also no restrictions have been imposed by these lease arrangements.

The carrying amounts of lease liabilities and the movements during the year is shown below

	30 June 23	30 June 22
	TZS'000	TZS'000
Opening (As at July)	1,031,482	1,188,973
Additions (due to extension option)	194,073	99,802
Interest (Finance Cost)	87,664	122,069
Payments during the year	(634,470)	(379,362)
Closing	678,748	1,031,482
<b>MATURITY ANALYSIS</b>		
	30 June 23	30 June 22
	TZS'000	TZS'000
Maturing within twelve months	409,899	620,799
Maturing over twelve months	268,850	410,682
<b>Total</b>	<b>678,748</b>	<b>1,031,482</b>



PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)

**Note:** Current and non-current liabilities agree with the above maturity analysis.

During the period, there were no expenses as a result of low value lease or shorter period leases. In addition, no expenses relating to lease payments not included in the measurement of lease liabilities.

**42.0 OTHER PAYABLES**

	30 Jun 23	30 Jun 22
	TZS'000	TZS'000
Creditors Goods and Services	2,794,826	2,035,750
Retention Money	945,412	2,723,232
VAT and Withholding Tax Payable	2,168,174	155,716
Rent Deposit and Advances	7,635,117	10,076,795
Service Charge	20,390	26,370
Other Creditors	6,479,064	3,265,661
<b>Grand Total</b>	<b>20,042,983</b>	<b>18,283,525</b>

**43.0 PROVISIONS**

	30 June 23	30 June 22
	TZS'000	TZS'000
Beginning Balance	8,753,394	5,367,997
Provision made during the year	53,611,394	9,619,831
Provision used during the year	(47,739,160)	(6,234,435)
Provision reversed during the year		
<b>Ending Balance</b>	<b>14,625,628</b>	<b>8,753,394</b>

The Fund recognizes a provision when it has a present obligation because of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. Further, when there is a reliable estimate of the amount that qualifies for the provision.

When the Fund can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, an entry to record a provision against the case is passed. Where the probability of outflow is remote or probable but a reliable estimate cannot be made, a contingent liability is disclosed.

**Provision for Pending litigation**

As at year-end, there were pending legal cases in which the Fund was a defendant. No provision has been made due to professional advice on the chances of losing the case, but there can be no assurance that the scope of these matters will not be extended, nor will material lawsuits, claims, legal proceedings, or investigations not arise in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)

**Provision for Retirement Benefit Obligations**

The Fund made a provision for retirement benefits in respect of the Fund's obligation to the retirees. The timing of submission by the employers of the retirement claims and the potential changes in salary information and exit dates create uncertainties over the eventual amount of benefit payable and the timing of the payments.

The Fund has estimated the liability using an estimate of existing salary information and the start and exit dates of the member. Accordingly, provision of TZS 359 billion has been made (30 June 2022: TZS 463 billion).

**Provisions for onerous contracts**

The assessment made at the reporting date does not show the existence of a loss contract that cannot be avoided and necessitates taking the lower value between the unavoidable costs of fulfilling the contract and the penalty for not meeting the obligation from the contract.

**44.0 CONTINGENT LIABILITIES**

These are possible Fund's obligations that may or may not occur depending on how the future unfolds. At the reporting date, the Fund had 16 tax assessment objections, which, upon legal expert opinion, showed possible chances (31-59%) for the tax authority to lose with a total exposure amounting to TZS 708,902,947 million. All these cases are under the Tax Revenue Appeals Board, based in Dar es Salaam.

**45.0 COMMITMENTS**

Items are classified as commitments where the Fund commits itself to future transactions if the items will result in the acquisition of assets or support its operations through the provision of office space for short-term leases.

**1) Loan commitments**

Schemes investment guideline issued by the Bank of Tanzania July, 2021 prohibited dishing of funds in terms of loan due to the conflicting roles between social security funds and banks. Further, unsatisfactory performance depicted from the Fund's portfolio.

Due to the above restriction, there was no loan commitment made during the period under review.

**2) Capital commitments**

These are capital commitments payable to associates and subsidiaries as per memorandum of understanding entered. Share certificates are issued to reflect paid up share capital. Please refer to the note 45 for more details.

**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**3) Short-term leases**

The Fund policy consider all contracts with tenure not exceeding 12 months to be of a short-term thus qualifies the exemption under the IFRS 16.

Leased office space tenure ranging from two years to five with an extension option. This implies that there was no commitment made in respect of the short-term unpaid rent.

**46.0 PAYABLE TO RELATED PARTIES**

	30 June 23	30 June 22
	TZS'000	TZS'000
MAMBA GINGER CO. LTD	4,874,520	5,096,349
MSAMVU PROPERTIES COMPANY LTD		14,294,196
MPONDE HOLDING COMPANY	1,025,000	2,025,000
<b>Grand Total</b>	<b>5,899,520</b>	<b>21,415,545</b>

**47.0 INCOME TAX LIABILITIES**

	30 June 23	30 June 22
	TZS'000	TZS'000
At the beginning of the year	89,023,912	141,422,963
Current tax for the year	19,660,763	16,802,963
Adjusted tax assessment	15,000,000	14,035,094
Tax paid during the period	(86,271,628)	(83,237,109)
<b>At period end</b>	<b>37,413,047</b>	<b>89,023,912</b>

**48.0 RESERVES**

The reserve account represents special contributions from endowments schemes managed by the Fund and income earned from investing those monies other than administration costs imposed as per the memorandum of understanding between parties.

As at 30 June 2023, the Fund had two (2022: two) special schemes namely TANAPA and SUMATRA endowments scheme as detailed below.

<b>Reserves</b>	30-Jun-23	30-Jun-22
	TZS'000	TZS'000
Opening	11,566,506	9,751,909
Addition	10,098,843	5,600,251
Adjustment	3,809,701	-
Payments	(8,668,864)	(3,785,654)
<b>Closing</b>	<b>16,806,186</b>	<b>11,566,506</b>
<b>Breakdown</b>		
TANAPA	16,538,890	15,108,911
SUMATRA	267,296	(3,542,405)
	<b>16,806,186</b>	<b>11,566,506</b>

PUBLIC SERVICE SOCIAL SECURITY FUND

NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)

**49.0 RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the normal course of business, a number of transactions are entered into with related parties, i.e., trustees, key management staff, subsidiaries, associates, directors, and their associates.

These include allowances, loans, trustees' fees, and payments to and from associates and subsidiaries. The following are transactions and balances outstanding with related parties.

		30 June 23	30 June 22
		TZS,000	TZS,000
<b>i. Payments Made to Related Parties</b>			
Nguru Hills Ranch Limited		-	-
Mamba Ginger Growers Company Limited		221,349	186,047
Kilimanjaro International Leather Company		8,527,244	12,212,063
Staff loans		5,504,341	5,504,341
		<b>14,252,934</b>	<b>17,902,451</b>
<b>ii. Receipts from related parties</b>			
Azania Bank Limited		2,236,472	-
Repayments of staff loans		7,012,596	6,103,069
Sumbawanga municipal council		90,000	42,000
APC Investment Centre		677,625	677,625
Kilimanjaro International Leather Company			34,317
Members loans		4,777,589	10,240,829
Tanzania Cigarette Company (Div)		3,138,161	
Tanzania Breweries Ltd		4,823,297	
CRDB Bank Plc		15,604,246	
NMB Bank Plc		2,228,069	
Watumishi Housing Ltd		129,142	
Tanzania Portland Ltd		4,320,616	
NICO		80,000	
		<b>45,837,813</b>	<b>17,097,840</b>
<b>iii. Outstanding balances due from related parties</b>			
Staff loans		16,889,613	16,790,544
Members' loans		6,643,435	11,421,024
		<b>23,533,048</b>	<b>28,211,568</b>
<b>iv. Outstanding balances to related parties</b>			
MAMBA GINGER CO. LTD		4,874,520	5,096,349
MSAMVU PROPERTIES COMPANY LTD			14,294,196
MPONDE HOLDING COMPANY		1,025,000	2,025,000
<b>Grand Total</b>		<b>5,899,520</b>	<b>21,415,545</b>

## PUBLIC SERVICE SOCIAL SECURITY FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)

#### v. Interest income from related parties

Interest Members loans	112,819	320,032
	<b>112,819</b>	<b>320,032</b>

The amounts due from subsidiaries are unsecured. Members' loans were granted at the age of 55 and secured by benefits vested in the Fund while staff loans are secured by motor vehicle registration cards or title deeds for car loans and house loans respectively. These amounts are settled in cash.

#### Remuneration of Trustees and Key Management Personnel

The remuneration of the Board of Trustees, the Governing Board of the Fund, is set out below:

	<u>30 June 23</u> TZS '000	<u>30 June 22</u> TZS '000
i. <b>Board of Trustees</b>		
Trustees' remuneration	71,597	58,523
Other board expenses	764,046	477,626
	<b>835,642</b>	<b>536,149</b>

Increased Trustee remuneration is caused by fully-served trustees compared to the last period, where some were served and exited before the end of the period. Those who were appointed to replace retired members also served for a few months before the end of the period. The remuneration, allowances and loans of the key management personnel, those persons having authority and responsibility for planning, directing and controlling the Fund, are as set below:

#### ii. Key Management compensation

Short-term employee benefits	1,359,624	1,358,424
Social security contributions - defined contribution plan	203,944	203,764
Employee health benefit expense	426,437	420,173
	<b>1,990,005</b>	<b>1,982,361</b>

#### iii Loans to key Management Personnel

Opening balance	919,570	919,570	419,409
Additions	690,973	116,692	625,317
Repayment	(381,555)	(212,287)	25,156)
Ending Balance	<b>1,228,988</b>	<b>823,975</b>	<b>919,570</b>



**PUBLIC SERVICE SOCIAL SECURITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS FOR PERIOD ENDED 30 JUNE 2023 (CONTINUED)**

**50.0 INVESTMENTS EXCEEDING 5% OF NET ASSETS AVAILABLE FOR BENEFITS**

The following class of investments exceeded 5% of the net assets available for members' benefits

Investment Class	Percentage of net asset available for benefits	
	30 June 2023	30 June 2022
Deposits with financial institutions at amortized costs	6%	5%
Equity Investments at fair value	7%	8%
Government securities at amortized cost	59%	61%
Investment properties	14%	15%

More details regarding the amount and composition are available from a specific note to the Financial Statements.

**51.0 INVESTMENTS IN THE EMPLOYERS**

The Fund had thirteen (13) investments in the employers as detailed below.

Entity	Investment Category	30-Jun-23	30-Jun-22
CRDB Bank Plc	Fixed deposit	101,988,392	121,901,918
NBC Bank Ltd	Fixed deposit	27,084,971	19,717,892
NMB	Fixed deposit	102,669,822	49,731,297
UTT Microfinance	Fixed deposit	264,307	1,320,091
TIB Development Bank	Fixed deposit	23,941,312	23,941,312
CRDB Bank Plc	Equity	162,977,683	138,704,411
NMB Bank Plc	Equity	27,111,287	24,306,207
Tanzania Commercial Bank	Equity	1,455,113	1,820,900
Watumishi Real Estate	Equity	809,703	-
Unit Trust of Tanzania (UTT)	Units	225,864,776	203,108,300
Watumishi Real Estate	Units	44,261,128	43,129,131
TMRC	Corporate bond	8,048,247	7,913,949
NBC Bank Ltd	Corporate bond	2,811,206	-
		<b>726,476,741</b>	<b>635,595,408</b>

**52.0 EVENTS AFTER REPORTING PERIOD**

The Fund had a VAT receivable of TZS 5,113,114 million, which originated from PPF Pension Fund before merging. This amount was utilized against VAT output, as the Fund chose not to pursue a refund, instead incorporating it into monthly returns. The decision to utilize the amount aligns with the provisions of the establishing act that facilitated the transfer of all assets and liabilities to the Fund, a matter was communicated (since 2019) to the Commissioner General of Tanzania Revenue Authority (TRA) through several letters and meetings.

In response to the Fund's intention to continue this practice, the Commissioner General, in a communication dated October 20, 2023, expressed reservations about the remote recoverability chances. This skepticism is based on the application's failure to meet the specified conditions outlined in Section 66(3) of the VAT Act, Cap. 148. In light of this response, the management interpreted it as an impairment indicator and took the necessary steps to accurately reflect this situation through appropriate accounting entries.

Furthermore, on February 6<sup>th</sup>, 2024, the President of the United Republic of Tanzania appointed new Director General subsequent to the expiration of the former director general's contract. Management classified this event as a non-adjusting event since it occurred after the reporting period but before the Financial Statements were issued for public consumption.

The Trustees are not aware of any other matters or circumstances arising after the reporting period that requires adjustment to or disclosure in the Financial Statements.

