

The cover features a central image of a wind turbine tower against a sky with clouds, framed by large, overlapping orange and black curved shapes. The text is positioned in the upper right quadrant.

ANNUAL REPORT

OF THE DEPARTMENT OF LABOUR

THE DEPARTMENT OF LABOUR WORKING FOR YOU

A photograph of several offshore wind turbines in the ocean at sunset. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the water. The sky is filled with soft, grey clouds. A large, semi-transparent graphic element, consisting of several overlapping triangles in shades of yellow and white, is positioned in the upper right quadrant of the image, partially overlapping the turbines and the sky.

WINDS OF CHANGE
BEGIN WITH US

THE DEPARTMENT OF LABOUR, WORKING FOR YOU



labour

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“ It is my privilege and honour to submit to you the Annual Report of the Department of Labour for the period 1 April 2012 to 31 March 2013, in terms of the Public Finance Management Act, 1999. ”

CONTENTS

SECTION 1

VII GENERAL INFORMATION

- 1 Our Vision, Mission and Values
- 2 Organisational Structure
- 4 Legislative and other Policy Mandates
- 7 Entities reporting to the Minister
- 9 Minister's Statement
- 13 Accounting Officer's Overview

SECTION 2

18 STRATEGIC OBJECTIVES

- 19 Department of Labour outcomes
- 20 Performance challenges
- 21 Voted Funds
- 21 Aim of vote
- 22 Departmental revenue, expenditure, and other specific topics
- 22 Transfer payments
- 24 Capital investment, maintenance and asset management plan

SECTION 3

25 PROGRAMME PERFORMANCE

- 26 Programme 1: Administration
- 35 Programme 2: Inspections and Enforcement Services
- 44 Programme 3: Public Employment Services
- 50 Programme 4: Labour Policy and Industrial Relations

SECTION 4

60 REPORT OF THE AUDIT COMMITTEE

- 61 Introduction
- 61 Committee Meetings
- 62 Audit Committee Responsibility
- 62 Sheltered Employment Factories
- 62 Risk Management
- 63 Evaluation of Financial Statements
- 63 Combined Assurance
- 63 Appreciation

SECTION 5

64 ANNUAL FINANCIAL STATEMENTS - FOR DEPARTMENT OF LABOUR

- 65 Report of the Auditor-General
- 69 Report of the Accounting Officer
- 101 Appropriation Statement
- 113 Notes to the Appropriation Statement
- 116 Statement of Financial Performance
- 117 Statement of Financial Position
- 118 Statement of Changes in Net Assets
- 119 Cash Flow Statement
- 120 Accounting Policies
- 129 Notes to the Annual Financial Statements (including accounting policies)
- 142 Disclosures Notes to the Annual Financial Statements
- 166 Annexures

SECTION 5

180 ANNUAL FINANCIAL STATEMENTS - SHELTERED EMPLOYMENT FACTORIES

181	Report of the Auditor-General
185	Statement of Responsibility by the Accounting Officer
186	Report of the Accounting Officer
190	Statement of Comprehensive Income
191	Statement of Financial Position
192	Statement of Changes in Equity
193	Statement of Cash Flows
194	Accounting Policies
202	Notes to the Annual Financial Statements
225	Performance Information

SECTION 6

228 HUMAN RESOURCE MANAGEMENT

231	Expenditure
233	Employment and vacancies
234	Job evaluation
236	Employment changes
238	Employment equity
243	Performance rewards
245	Foreign workers
246	Leave utilisation
248	HIV and AIDS and Health Promotion Programme
252	Labour relations
255	Skills development
257	Injury on duty
258	Utilisation of consultants

260 OTHER INFORMATION

260	List of contact details
260	Additional information

Note that this report is based on the erratum to the Strategic Plan for the period 2012 – 2017 and the Annual Performance Plan for the Financial Year 2012/13. The erratum was developed based on the following reason:

The Strategic Plan 2012-2017 and Annual Performance Plan 2012/13 were published and tabled in Parliament, after which the Department realised that the two documents had

shortcomings in respect of misalignments and poorly crafted indicators. Based on that, the Technical Advisory Unit (TAU) of National Treasury was approached for assistance. Workshops were then held with different Branches and this process ensured that all the indicators and strategic objectives are adhering to the SMART principles and that the indicators and the strategic objectives are aligned. The Erratum for both documents were approved, published and tabled in Parliament on 15 February 2013.

ACRONYMS

AG	Auditor-General	GCIS	Government Communication and Information Services
APP	Annual Performance Plan	HO	Head Office
ARLAC	African Labour Administration Centre	HRM	Human Resource Management
AULSAC	African Union Labour and Social Affairs Commission	ICD	Integrated Client Database
BCEA	Basic Conditions of Employment Act	ICT	Information and Communications Technology
CCMA	Commission for Conciliation, Mediation and Arbitration	IES	Inspection and Enforcement Services
CF	Compensation Fund	ILO	International Labour Organisation
CS	Corporate Services	IT	Information Technology
CFO	Chief Financial Officer	JSE	Johannesburg Stock Exchange
COO	Chief Operations Officer	KZN	KwaZulu-Natal
CIO	Chief Information Officer	LMIS and P	Labour Market Information and Statistics
COIDA	Compensation for Occupational Injuries and Diseases	LP	Limpopo
DBAC	Departmental Bid Adjudication Committee	LP and IR	Labour Policy and Industrial Relations
DG	Director-General	LRA	Labour Relations Act
DDG	Deputy Director-General	KRA	Key Result Area
DEXCOM	Departmental Executive Committee	M and E	Monitoring and Evaluation
DOL	Department of Labour	MOU	Memorandum of Understanding
DPSA	Department of Public Services and Administration	MP	Mpumalanga
DWCP	Decent Work Country Programme	MTSF	Medium Term Strategic Framework
EC	Eastern Cape	MTEF	Medium Term Expenditure Framework
ECC	Employment Conditions Commission	NC	Northern Cape
EEA	Employment Equity Act	NT	National Treasury
EEC	Employment Equity Commission	OHS	Occupational Health and Safety
ELS	Employment and Labour Sector	PES	Public Employment Services
ES	Employment Services	PFMA	Public Finance Management Act
EPWP	Expanded Public Works Programme	PPP	Public Private Partnership
ESSA	Employment Services for South Africa	PwD	People with Disabilities
FS	Free State	RME	Research Monitoring and Evaluation

GENERAL INFORMATION

- 1 Our Vision, Mission and Values
- 2 Organisational Structure
- 4 Legislative and other Policy Mandates
- 7 Entities reporting to the Minister
- 9 Minister's Statement
- 13 Accounting Officer's Overview

01

VISION MISSION VALUES

1. OUR VISION

The Department of Labour will strive for a labour market which is conducive to investment, economic growth, employment creation and decent work.

2. OUR MISSION

Regulate the South Africa labour market for a sustainable economy through:

- Appropriate legislation and regulations
- Inspection, compliance monitoring and enforcement
- Protection of human rights
- Provision of Employment Services
- Promoting equity
- Social and income protection
- Social dialogue.

3. OUR VALUES

We treat employees with care, dignity and respect

We respect and promote:

- Client centred services
- Accountability
- Integrity and ethical behaviour
- Learning and development

We live the Batho Pele Principles

We live the principles of the Department's Service Charter

We inculcate these values through our performance management system.

LEADERSHIP

LEADERSHIP IS A KEY FACTOR IN BOTH OUR OWN ORGANISATIONAL PERFORMANCE AND IN THE SUCCESS OF THE COUNTRY WE SERVE, SOUTH AFRICA



INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

Advisory Council for Occupational Health and Safety > Commission for Conciliation Mediation and Arbitration (CCMA) > Commission for Employment Equity (CEE) > Compensation Board > Employment Conditions Commission (ECC) > National Economic Development and Labour Council (NEDLAC) > Productivity SA > Unemployment Insurance Board



ORGANISATIONAL STRUCTURE

(From left to right)

SS MKHONTO > Commissioner
Compensation Fund

T LAMATI > Acting Deputy Director-General
Inspection and Enforcement Services

L KETTLEDAS > Deputy Director-General
Labour Policy and Industrial Relations

NPT NHLEKO > Director-General of Labour

▶ **MN OLIPHANT** > MP, Minister of Labour

S MOROTوبا > Deputy Director-General
Public Employment Services

Mr. Morotoba is also acting in the vacant post of
the **Chief Operations Officer**

L MOLEBATSИ > Deputy Director-General
Corporate Services

BE MADUNA > Chief Financial Officer

TB SERUWE > Commissioner
Unemployment Insurance Fund



4. LEGISLATIVE AND OTHER POLICY MANDATES

4.1 Constitutional and Legislative Mandates

The Department of Labour legislative framework is informed by the South African Constitution, Chapter 2, and Bill of Rights:

- Section 9, to ensure equal access to opportunities
- Section 10, promotion of labour standards and fundamental rights at work
- Section 18, freedom of association
- Section 23, to ensure sound Labour relations
- Section 24, to ensure an environment that is not harmful to the health and wellbeing of those in the workplace
- Section 27, to provide adequate social security nets to protect vulnerable workers
- Section 28, to ensure that children are protected from exploitative labour practices and not required or permitted to perform work or services that are inappropriate for a person of that child's age or their well being, education, physical or mental health or spiritual, moral or social development is placed at risk
- Section 34, access to courts and access to fair and speedy labour justice.

The Department administers the following legislation:

LEGISLATION	PURPOSE
Labour Relations Act 66 of 1995 (LRA)	The Labour Relations Act (LRA), Act 66 of 1995 aims to promote economic development, social justice, labour peace and democracy in the workplace.
The Basic Conditions of Employment Act 75 of 1997 (BCEA)	The purpose of this Act is to advance economic development and social justice by fulfilling the primary objects of this Act which are— (a) to give effect to and regulate the right to fair labour practices conferred by section 23(1) of the Constitution— (i) by establishing and enforcing basic conditions of employment; (ii) by regulating the variation of basic conditions of employment; (b) to give effect to obligations incurred by the Republic as a member state of the International Labour Organisation.
The Employment Equity Act 55 of 1998 (EEA)	The purpose of the Act is to achieve equity in the workplace, by (a) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination (b) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce.

The Unemployment Insurance Act 30 of 1996 (UIA)	The Act empowers the UIF to register all employers and employees in South Africa for unemployment insurance benefits
The Occupational Health and Safety Act 85 of 1993 (OHSA)	The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety of persons in connection with the activities of persons at work and to establish an advisory council for occupational health and safety
The Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA)	To provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases; and to provide for matters connected therewith
National Economic Development and Labour Council Act, 35 of 1994 (NEDLAC)	To provide for the establishment of a national economic, development and labour council; to repeal certain provisions of the Labour Relations Act, 1956; and to provide for matters connected therewith
Skills Development Act (Act no 97 of 1998 [SDA] as amended) Employment Services Provisions	The sections of the SDA that remained with the Department of Labour when the President transferred skills functions to the Department of Higher Education and Training (DHET) provides for the regulation of Employment Services and for workplace productivity and competitiveness in the workplace.

4.2 Policy Mandates

The mandate of the Department is to regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at:

- Improved economic efficiency and productivity
- Creation of decent employment
- Promoting labour standards and fundamental rights at work
- Providing adequate social safety nets to protect vulnerable workers
- Sound labour relations
- Eliminating inequality and discrimination in the workplace
- Enhancing occupational health and safety awareness and compliance in the workplace
- Give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises which is balanced with the promotion of decent employment.

4.3 Programmes

The core functions and services rendered by the Department are focused on:

PROGRAMME	PURPOSE
1. Administration	Provides strategic direction, leadership and administrative support services to the Ministry and the Department.
2. Inspection and Enforcement Services	<p>Inspection and Enforcement Services are aimed at ensuring a fair and equitable labour market where all players adhere to the provisions of legislation that governs the labour market. The main functions of the inspectorate are:</p> <ul style="list-style-type: none"> • To conduct workplace inspections and audits of Accredited Inspection Authorities (AIAs) to monitor and enforce compliance with labour legislation • To provide advice, educate and give technical information and support services to empower both workers, employers and stakeholders and to prevent labour disputes and workplace accidents • To investigate workplace health and safety incidents once reported.
3. Public Employment Services (PES)	<p>The main functions of Employment Services are to register work seekers, obtain vacancies and identify other opportunities so as to facilitate the entry and re-entry of work seekers into the labour market. Employment Services therefore has to be supported by two main pillars: The 'Employer Services' and 'Work Seeker Services'. The key services include:</p> <ol style="list-style-type: none"> i. Registration of work seekers ii. Placement of work seekers iii. Career information and guidance iv. Special labour market (employment) programmes v. Regulatory functions including registration and monitoring of private employment agencies <p>Key interventions are through:</p> <ol style="list-style-type: none"> a. Sheltered Employment Factories that provide employment to people with disabilities b. Promotion of workplace productivity and competitiveness and social plan measures through Productivity SA c. Administration of income protection services d. Disbursement of unemployment and compensation for injuries and diseases benefits.
4. Labour Policy and Industrial Relations (LPandIR)	Labour Policy and Industrial Relations branch supervises Policy Research, Labour Market Information and Statistical Services. It also regulates labour and employer organisations and Bargaining Councils, deals with all the Department's responsibilities and obligations in relation to the International Labour Organisation and other international and regional bodies which the Government of South Africa has formal relations with. It oversees the effective functioning of the CCMA and NEDLAC.

5. ENTITIES REPORTING TO THE MINISTER

The following entities report to the Minister of Labour:

NAME OF PUBLIC ENTITY	MANDATE	OUTPUTS
Commission for Conciliation Mediation and Arbitration (CCMA)	The purpose of the CCMA is to promote social justice and economic development in the world of work, and to be the best dispute management and dispute resolution organisation trusted by our social partners	<ul style="list-style-type: none"> • Labour dispute prevention and resolution • Conciliation and arbitration of labour disputes • Mediation and conciliation of job insecurity conditions • Establish picket rules and supervise balloting • Awareness-raising, problem solving and capacity building of CCMA users and social partners • Facilitate the establishment of workplace forums and statutory councils, and the accreditation and subsidy of bargaining councils and private agencies • Compile and publish labour research reports and statistics • Implementation, in partnership, of the National Training-Layoff Scheme.
Compensation Fund (CF)	The Compensation Fund provide social security to injured and diseased employees	<ul style="list-style-type: none"> • The CF provides for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment • Compensation for death resulting from such injuries or diseases, and to provide for matters connected therewith.
National Economic Development and Labour Council (NEDLAC)	A statutory social dialogue body that serves as a forum where social partners can come together to discuss and develop public finance and monetary policy, labour market policy, trade and industrial policy, and development policy	<ul style="list-style-type: none"> • Strive to promote the goals of economic growth, participation in economic decision making and social equity. • Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy • Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament • Encourage and promote the formulation of coordinated policy on social and economic matters • Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament • Consider socio-economic disputes in terms of Section 77 of the Labour Relations Act.
Productivity SA (PSA)	Productivity SA is mandated by Government, Organised Labour and Organised Business, to improve the productive capacity of the economy, and thus contribute to South Africa's socio-economic development and competitiveness	<ul style="list-style-type: none"> • Assist companies to generate world class and competitive products and services • Productivity and competitive awareness heightened and embraced, in South Africa • Capacitate SMMEs to contribute to sustainable employment creation. • Save jobs in distressed companies • Produce productivity researched reports for selected sectors.



Unemployment Insurance Fund

The Unemployment Insurance Fund (UIF) contributes to the alleviation of poverty in South Africa by providing short-term unemployment insurance to all workers who qualify for unemployment related benefits. The Fund is financed by a dedicated tax on the wage bill

Collection of unemployment insurance contributions and payment of benefits to qualifying contributors.



6. MINISTER'S STATEMENT

We present this annual report at the cusp of this administration's mandate that was received from the electorate in 2009. In 2014, we will be going back to the electorate for their endorsement and a fresh mandate of what we need to achieve going into the future.

We also present this report on the penultimate year before we close two decades of democracy. We have to take stock of what the African National Congress has achieved in the last 19 years of democracy. There is no doubt that together with all the partners in progress, we have changed the face of South Africa for the better. We have put in place a state that places the dignity and sanctity of human life above all. This state has moved swiftly to recognise workers' rights, put in place a framework for decent work, moved with agility to protect vulnerable workers from some of the most unspeakable exploitative practises and given true meaning to our international obligations as a signatory to the International Labour Organisation and a range of other multi-lateral organisations.

We can trace this passion to change people's lives to the multitudes of brave men and women who challenged a deeply racist and brutal state in Kliptown in 1955 and put together not just a seminal document, but a blueprint – the Freedom Charter – that continues to define and guide our commitment to a better life for all.

It is correct and proper to remind ourselves of what these men and women committed a democratic state to. On work and unemployment, this is what they had to say:

- *"The state shall recognise the right and duty of all to work, and to draw full unemployment benefits*

- *Men and women of all races shall receive equal pay for equal work*
- *There shall be a forty-hour working week, a national minimum wage, paid annual leave, and sick leave for all workers and maternity leave on full pay for all working mothers*
- *Miners, domestic workers, farm workers and civil servants shall have the same rights as all others who work*
- *Child labour, compound labour, the tot-system and contract labour shall be abolished."*

In 2009 we committed to continue implementing the vision of the Freedom Charter especially in regard to protecting workers. We said:

"In order to avoid exploitation of workers and ensure decent work for all workers as well as to protect the employment relationship, introduce laws to regulate contract work, subcontracting and outsourcing, address the problem of labour broking and prohibit certain abusive practices, provisions will be introduced to facilitate unionisation of workers and conclusion of sectoral collective agreements to cover vulnerable workers in these different legal relationships and ensure the right to permanent employment for affected workers. Procurement policies and public incentives will include requirements to promote decent work."

We have delivered on these promises. The various pieces of legislation before Parliament today are an attestation to this. The amended Labour Relations Act and Basic Conditions of Employment Act are already in the final stages of being made law. The Employment

Equity Bill and Employment Services Bill should have navigated to law by the end of this administration's term.

This is an achievement that this Department has driven through with determination and zeal of knowing that we are on the correct side of history. As a signatory to the ILO, we have also committed this country to decent work as a way of protecting workers.

Decent work is broadly defined by the ILO as work that provides for workers' rights and adequate protection by legislation, and provides for access to social security and social dialogue.

Decent work is the foundation of the fight against poverty and inequality and its promotion should be the corner-stone of all our efforts. Decent work embraces both the need for more jobs and for better quality jobs.

Again, we have guidance in the Freedom Charter as far as our international engagements are concerned. Our forebearers said:

- *"South Africa shall be a fully independent state which respects the rights and sovereignty of all nations*
- *South Africa shall strive to maintain world peace and the settlement of all international disputes by negotiation - not war*
- *Peace and friendship amongst all our people shall be secured by upholding the equal rights, opportunities and status of all."*

In our 2009 Manifesto, this is what we said, amongst other things:

"The struggle against poverty and under-development is also an international struggle. Our foreign policy will continue to focus on efforts of reconstruction and development in the Southern African region and Africa in general.

The ANC government will continue to play a leading role in the international arena, strengthening South-to-South relations and working towards regional integration in Southern Africa, as well as peace and socio-economic development on the continent.

More specifically the ANC government will:

- Work together with people of our continent for cohesion, unity, democracy and prosperity of the Southern African Development Community (SADC) and the African Union, strengthening our capabilities to respond to the challenges we face
- Continue to work towards regional economic integration in Southern Africa on a fair, equitable and developmental basis, promoting SADC integration based on a developmental model that includes infrastructure development, cooperation in the real economy and development of regional supply-chains. The ANC government will ensure that trade unions and representatives of the business community are represented in SADC.
- Continue to support the global campaign to achieve the Millennium Development Goals by 2015
- Work together with the countries of the South to promote south-to-south relations and agitate for a fairer and more humane international trade and financial system and a just world order. "

In the period under review, the Minister undertook key international engagements in keeping not only with the promises made but also with our stated intention of being a responsible citizen of the international community. These engagements took into account the meeting at SADC level to further cement the work in shaping the labour market agenda in the region; to the ILO in Geneva where work is involved with not only setting the international labour standards but also influencing those standards; the ILO governing body to influence and shape the International Labour Conference agenda; the G20 dialogue on Social Security using the South African experience as the case study for International

Best Practice; and to Davos accompanying the president where the Government articulates the country's perspective on various policy matters.

In addition, the Department tabled four ILO Conventions in Parliament for consideration and which have since been ratified. These are:

- a. Convention No. 189 Domestic Workers and Recommendation No 201
- b. Convention No. 187 on Health and Safety
- c. Convention on Maritime Labour Convention
- d. Convention No. 188 on Fishing Industry and Recommendation No 199

On the home front, the Minister kept a busy schedule in furtherance of Government's five priorities which are:

- Creation of decent work and sustainable livelihoods
- Health
- Education
- Crime
- Rural development, including land reform, food production and security.

To this end, the Minister led the Department in conjunction with other Ministries, provinces and district and local municipalities on a crusade to help dent the scourge of unemployment. During these forays into all the provinces, in pursuit of employment and on-the-job-training opportunities, Job Fairs/Jobs Exhibitions were conducted. Industry leaders came in big numbers to these interactions where the Minister was able to facilitate partnership agreements with employers to enhance job opportunities for work seekers on the Department's data base. As a result, a number of job seekers were placed in existing vacancies.

The period under review presented a number of challenges on the labour relations front. These developments sought to change the framework for collective bargaining as we know it. Realising the serious impact of these challenges, and in pursuit of better compliance with labour laws and the creation of decent work environment, the Minister directly engaged the leadership of unions in the country.

In some cases, this meant getting involved directly and indirectly in the industrial unrests in the mining sector in general and the platinum sector in particular, including getting involved with the efforts to address the Marikana shootings aftermath. This was done in close cooperation with other departments but particularly the Mineral Resources Department leading to a Peace Framework in the platinum sector.

Though not ideal or sustainable but realising the dire nature, the Minister got involved in the effort to resolve protracted strikes in the mining sector – a strike that was beginning to impact the economy in a negative way.

Also, the Minister saw for herself some of the conditions that some workers in this country still live under when she led teams of inspectors into farms. This realisation has further strengthened her resolve to see to it that the inspectorate is not only given the necessary tools but the necessary teeth as well in the future. But having said that, there were areas where farmers and their workers seemed to have struck a decent and respectful working relationship, where farmers treated their workers with dignity and wished that more would do the same. The inspections also involved union leaders and members of the Parliament.

INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

The following institutions and advisory bodies report to the Minister of Labour in terms of various pieces of legislation, these include:

Commission for Conciliation Mediation and Arbitration (CCMA)

The Minister of Labour is responsible for the setting the structure, regulatory framework and appointment of the governing body of the institution. The institution's mandate finds expression from the Labour Relations Act and it is the body responsible for industrial relations dispute resolutions in the country. It has drawn accolades beyond our borders and it is revered as the international best practice in the area of dispute resolution. Here at home, the CCMA has played a vital role as mediator of choice in strifes ranging from the Marikana troubles to the Western Cape farmworkers strike and many others. CCMA draws its operational budget from the National Treasury through the Department of Labour.

Compensation Fund (CF)

The Compensation Fund is set up through the Compensation of Occupational Injuries and Diseases Act (COIDA). The Fund was set up to compensate workers who get injured on duty and pay medical expenses for their treatment.

National Economic Development and Labour Council (NEDLAC)

NEDLAC is the seat of National Social Dialogue in the country. It finds its expression in the Labour Relations Act and it brings together leaders of Organised Business, Organised Labour, Community Organisations and senior representatives of Government. It is responsible for shaping the national policy architecture and content in at least four broad areas: Labour Market Policies, Trade, Investment and Industrial Policies, Fiscal and Monetary Policies and the Developmental Policies. The institution draws its budget from the Department of Labour and it accounts to the Minister and Parliament on its activities and programmes.

Productivity South Africa

The institution reports to the Minister of Labour and was set up to promote productivity in the economy and to run programmes to retain jobs using productivity enhancement initiatives. The existence of Productivity South Africa finds expression in the National Skills Development Act. Productivity South Africa draws its budget from the Department of Labour for specific programmes. The institution reports to the Minister of Labour and Parliament on its activities and programmes.

Mrs. MN Oliphant, MP
Minister of the Department of Labour

Unemployment Insurance Fund (UIF)

The UIF is set up through the Unemployment Insurance Fund Act which resides under the Minister of Labour's sphere. The institution is primarily responsible for the administration and payment of unemployment benefits to qualifying unemployed workers. The UIF derives its funding from the Unemployment Insurance Fund contributions. The UIF reports to the Minister of Labour and Parliament for its activities and programmes.

There are also various advisory bodies that report to the Minister of Labour some of which are permanent and others are issue-driven such as;

- Employment Conditions Commission
- Employment Equity Commission
- Unemployment Insurance Fund Advisory Board
- Compensation Fund Advisory Board

The Minister appoints members and chairpersons of the commissions and the various advisory bodies.

The above-mentioned bodies have helped the Minister and the department in ensuring that the promise made to our people has been kept. We recognise that there are still some challenges and commit to do more in future in dealing with those areas of concern.

The year under review has been both eventful and rewarding. We believe that the department of labour, led by the Director General and his teams of excellent administrators, has really given expression to the mantra that Together, we can do more. There is more to come yet.



7. ACCOUNTING OFFICER'S OVERVIEW

This report is a reflection of the Departmental activities undertaken in the Financial Year 2012/2013. The activities undertaken were aimed at realising the strategic outcomes and key result areas of the Department.

We have as a Department in the year under review realigned our strategic objectives and key result areas with a view to ensure that they are measurable and achievable. Our major focus in the coming years will be to continue to strengthen our institutional capacity and provide a better definition of our strategic and performance objectives to be in line with our Medium Term Strategic Framework.

The Department will continue to step up measures to improve our performance with a view to ensure that we sustain the unqualified audit opinions received in the past three years.

We will continue to review some of our pieces of legislation such as the Basic Conditions of Employment Act, Labour Relations Act and the Employment Equity Act in order to ensure that we are able to respond to the environmental dictates in which we find ourselves in. The Labour Market dictates will continue to guide us in terms of our strategic direction such that we remain relevant to a number of strategic shifts that are happening in a number of industries.

As part of improving our service delivery environment, we will still continue with some of the change programmes that we have started as a department such as Project Shanduka. These management programmes are aimed at intensifying our efforts to reposition the Department and its institutions to respond better to the needs of our clients.

We will continue to intensify our focus based on the following service delivery outcomes:

Service delivery outcomes	The Department's Strategic Objectives
Service delivery outcome 4: Decent employment through inclusive economic growth	1: Contribute to decent employment creation 2: Promote equity in the labour market 3: Protecting vulnerable workers 4: Strengthening social protection 5: Promoting sound labour relations 6: Monitoring the impact of legislation
Service Delivery Outcome 11: Creating a better South Africa and contributing to a better and safer Africa in a better world	7: Strengthening multilateral and bilateral relations
Service Delivery Outcome 12: An efficient, effective and development-orientated public service and an empowered and inclusive citizenship	8: Strengthening the institutional capacity of the Department

The Department once more acknowledges the contributions of our staff and Executive Management in the attainment of the goals contained in this annual report despite the challenges we experienced in the labour market as well as in the global economy.

We will continue to strive towards the achievement of our goals for the attainment of a better life for all.

7.1 Strategic interventions

During the financial year 2012/13, the Department focused on the following strategic programmes:

- Policy initiatives. We will review and submit to Parliament amendments to various legislation (Basic Conditions of Employment Act, Compensation for Occupational Injuries and Diseases Act, Promulgation of the Employment Services Act, Employment Equity Act, Labour Relations Act, Unemployment Insurance Act and Occupational Health and Safety Act)
- Transforming and repositioning the Department at Head Office, provincial office and labour centre level for improved and effective service delivery and monitoring the impact of our interventions
- Ensuring that service delivery access point's staff is empowered to deliver on the entire suite of the Department's services. Developing and creating an environment of accountability for service delivery and correct attitudes and behaviour among staff.
- Reconfiguring and repositioning our service delivery points and processes to improve service quality and responsiveness to citizens' needs and expectations
- Developing a service delivery model and establishing a network of integrated service delivery points as close as possible to the people
- Establishing strategic partnerships for collaboration in creating and delivering value to citizens
- The Employment Services System, the Inspection and Enforcement System and Integrated Client Database systems will be enhanced to respond to clients' needs and expectations of access to services and information and also accurate reporting of performance data
- Putting in place measures to encourage continuous learning, development, and innovation by those serving at the point of contact with clients.

7.2 Overview of the service delivery environment for 2012/13

The South African labour administration system recognises that labour market flexibility for competitiveness of enterprises should be balanced with the promotion and protection of the basic rights of workers and with provision of adequate social safety nets to protect vulnerable workers.

Despite the introduction of progressive labour and employment policy reforms and programmes, the labour market is still characterised by high levels of unemployment and under-employment, inequality and discrimination, violation of employment standards and fundamental rights at work, and unacceptably high levels of workplace incidents and injuries.

Poorly located and inadequate infrastructure limits the country's capability to create employment for more people and to provide effective employment facilitation and support economic activity to millions of jobseekers

These conditions contribute to continued social and economic exclusion of black people and Africans in particular, women and people with disabilities

Some of the more pertinent challenges that faced the delivery environment of the Department include the following:

The **first challenge** facing us is unemployment and under-employment:

- By December 2011, the total labour force was 17 741 000 with 13 497 000 employed and 4 244 000 (23.9%) unemployed and 2 315 000 discouraged work seekers.
- Most unemployed persons are under the age of 30, and over 66% with less than a grade 12 education
- Year-on-year comparisons show a net increase of 365 000 (2.8%) jobs created, with Finance and other business service, trade, community and social services and manufacturing being the main contributors. This is the fourth successive growth observed year-on-year and the highest since the recession in 2009. There were declines in construction and utilities

- Compared to 2010, employment in 2011 increased in six of the nine provinces and decreased in North West and Free State by 40 000 and 32 000 respectively, while there was virtually no change in employment in Eastern Cape (down by 2 000).
- Despite a decline in unemployment in the fourth quarter of 2011, over 4,2 million people still remain unemployed and just over 3,0 million (68,2%) have been unemployed for a period of one year or more.

There are **two notable** features of the country's unemployment crisis:

- Firstly the unskilled (60% are without a matric education) are simultaneously most likely to be the first to lose their jobs in periods of employment contraction and least likely to be hired in periods of employment expansion
- Secondly, the youth, which currently constitute 75% of the unemployed are the dominant, identifiable cohort within this group of long-term unemployed individuals.

The **second challenge** relates to the changing nature of work:

- There is increased propensity amongst employers to move away from permanent and full time employment toward atypical forms of employment such as casual labour, part-time employment, temporary and seasonal work
- Externalisation in the form of outsourcing and subcontracting is also on the rise, as the pressures of greater international competitiveness are felt by domestic firms
- The increase in atypical forms of employment is contributing to instability in the labour market and a potential increase in violation of labour standards and fair labour practices
- It is estimated that 28% of total employment is made up of atypical work, that is, employees contracted directly to companies on fixed-term contracts, sub-contractors and employees employed through employment agencies.

The **third challenge** still facing us relates to inequalities and unfair discrimination in the workplace:

- 17 years into our democratic dispensation and 10 years after promulgation of the Employment Equity Act, South Africa still remains one of the most unequal societies in the world
- Black people, women and people with disabilities remain marginalised in relation to meaningful and influential participation in the economy
- The Commission for Employment Equity reported in 2010 that:
 - The representation of Blacks at top management and senior management levels is 24% and 33.6% respectively whereas they constitute over 88% of the Economically Active Population (EAP)
 - White people in general and white males in particular, still dominate with 73.1% at the Top Management Level, which is nearly six times their EAP and approximately three times the representation of the cumulative sum of Blacks combined at this level
 - Male representation is almost double that of their EAP and nearly four times that of women at this level
 - The representation of people with disabilities at this level was recorded at 1.4%
 - The least progressive/worst performing industry sectors of our economy in relation to the representation of Africans and African and Coloured women in particular include manufacturing.

The **fourth challenge** relates to domestic as well as cross-border labour migration

- The former describes a phenomenon whereby people from rural areas, some (though not all) of whom are unskilled, migrate to urban areas in search of employment

- The latter refers to economic refugees who have left their countries and settled in the urban areas of South Africa, hoping to find employment
- Both phenomena bear the risk of increasing the numbers of unemployed people in large urban centres, with the concomitant greater pressure on public services and utilities.

The **fifth challenge** relates to inadequate instruments for constant performance monitoring and evaluation of labour market policies and programmes to determine their impact on the economy:

- Stakeholder participation and strategic partnerships in programme delivery, monitoring and feedback is inadequate, despite our strong culture of social dialogue in policy development
- Planning processes are to some extent not well coordinated between strategic Departments on related socio-economic development programmes
- Our appreciation and use of modern information and communication technology systems to manage data and information is inadequate.

7.3 Overview of the organisational environment for 2012/13

The Department of Labour has an infrastructure network of 421 service points spread across the country. These include 126 labour centres, 31 satellite offices, 19 mobile offices, 153 visiting points, and also services provided in the 45 Thusong service centres. To deliver on its core business of Public Employment Services and inspection and enforcement services, the Department has in the Provinces including at service points a staff complement of over 5 767. The Department will continue to transform the labour market and change the way we do business and transact with citizens by enhancing access to quality services and information aimed at improving the quality of life of all South African citizens. At the centre of our transformation agenda is ensuring that real customer insight is driving service design; reducing duplication and non-value adding customer contact; and optimising contact and channel management to make use of

cheaper technology enabled channels and utilisation of Government-wide infrastructure where appropriate.

Key strategic interventions to improve service delivery quality and access will include:

- Transforming and repositioning the Department at Head Office, provincial office and labour centre level for improved and effective service delivery and monitoring the impact of our interventions
- Ensuring that service delivery access points staff are empowered to deliver on the entire suite of the Department's services and information inclusive of Employment Services, social security, and labour protection services, including dispute resolution etc. By developing and creating an environment for accountability for service delivery and correct attitudes and behaviour among staff, harnessing their energy and "softer" skills, the Department can effectively meet the needs of clients
- Reconfigure and reposition our service delivery points and streamline our key functions and processes to improve service quality and responsiveness to citizens' needs and expectations
- Improving access to quality services and information. We will develop a service delivery model and establish a network of integrated service delivery points as close as possible to the people, establish strategic partnerships for collaboration in creating and delivering value to citizens, and put in place a network of multiple access channels across the country
- The Employment Services System, the Inspection and Enforcement Case Management System, the electronic information portal, the Business Desk and Integrated Client Database systems will be enhanced to respond to clients' needs and expectations for access to services and information
- Put in place measures to encourage continuous learning and improvement, and innovation by those serving at the point of contact with the client.

7.4 Conclusion

The following revisions to legislative and other mandates were the focus of 2012/13:

- a) Amendment of the Unemployment Insurance Act No. 63 of 2001. These changes relate to improvements of benefits and administrative changes regarding submission of information by employers to the Fund.
- b) Promulgate the Employment Services Act. The new Employment Services Act aims to strengthen the provision of Employment Services within the Department and to repeal Employment Services provisions in the Skills development Act.
- c) Amendment of the Compensation for Occupational Injuries and Diseases Act. Develop a rehabilitation, re-integration and return-to-work policy for injured and diseased workers to ensure integration with other South African policies and programmes, which provide a framework for rehabilitation of people with disabilities which stresses the importance of vocational integration.
- d) Amendment of the OHS Act, 85 of 1993. Although the OHS Act has placed responsibility of creating a health and safe working environment on the employers, the provisions compelling employers to do this are very vague. In order to address these shortcomings, it is necessary that the OHS Act in its current form be amended in order to ensure that:
 - Employers develop and implement a health and safety management system
 - Penalties issued to employers are increased
 - Inspectors are enabled to issue prescribed fines on the spot
- e) Amendment of the Basic Conditions of Employment Act
- f) Amendment of the Employment Equity Act
- g) Amendment of the Labour Relations Act.

The Department of Labour stays committed to ensuring that the labour market will be conducive for positive collective bargaining, job creation and fair labour practises.



NPT Nhleko - Director-General



STRATEGIC OBJECTIVES

19	Department of Labour outcomes	22	Departmental revenue, expenditure, and other specific topics
20	Performance challenges	22	Transfer payments
21	Voted Funds	24	Capital investment, maintenance and asset management plan
21	Aim of vote		

02

PART 2: STRATEGIC OBJECTIVES

1.1 DEPARTMENT OF LABOUR OUTCOMES

Note that this report is based on the erratum to the Strategic Plan for the period 2012 – 2017 and the Annual Performance Plan for the Financial Year 2012/13. The erratum was developed based on the following reason;

The Strategic Plan 2012-2017 and Annual Performance Plan 2012/13 were published and tabled in Parliament, after which the Department realised that the two documents had short comings in respect of misalignments and poorly crafted indicators. Based on that, the Technical Advisory Unit (TAU) of National Treasury was approached for assistance. Workshops were then held with different Branches and this process ensured that all the indicators and strategic objectives are adhering to the SMART principles and that the indicators and the strategic objectives are aligned. The Erratum for both documents were approved, published and tabled in Parliament on 15 February 2013.

The Department of Labour focused on the following outcomes:

Outcome 4: Decent employment through inclusive economic growth, and two other outcomes:

Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World; and

Outcome 12: An efficient, effective and development orientated Public Service and an empowered and inclusive citizenship. To address these strategic priorities, the Department has identified the following key strategic objectives and performance indicators:

KEY PERFORMANCE INDICATORS	OVERALL ACHIEVEMENTS
STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION	
Number of work-seekers registered on ESSA in different categories increased	Compared to 553 883 work seekers registered on the system during 2011/12, 600 259 were registered in 2012/13
Increase number of work-seekers placed in opportunities or referred to other services	Compared to the 96 505 work seekers placed/referred during 2011/12, a total 412 348 was placed/referred during 2012/13; thus 16 176 were placed and 396 172 referred
Increased number of employers registering vacancies on ESSA per annum	2 620 employers registered vacancies on ESSA
STRATEGIC OBJECTIVE 2: PROMOTE EQUITY IN THE LABOUR MARKET	
Number of sectoral determinations reviewed and published per year	Amendment to the Hospitality sectoral published on 22/06/12 in GG: 35460 Reviewed and published six determinations: <ul style="list-style-type: none"> • Contract cleaning published on 26/10/13 in GG No: 35825 • Civil engineering sector published on 4/09/12 in GG 35658 • Private security sector published on 31/08/12 in GG 35646 • Taxi sector published on 22/06/12 in GG 35462 • Wholesale and retail sector published on 17/01/13 in GG 36076 • Farm workers published on 05/02/13 in GG 35067



KEY PERFORMANCE INDICATORS	OVERALL ACHIEVEMENTS
STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS	
Number of workplaces inspected to determine their compliance levels in terms of the relevant labour legislation	A total of 101 792 workplaces against the target of 87 795 were inspected, 55 438 complied and 46 354 did not comply
Percentage of labour complaints resolved within a specified number of days of receipt at Registration Services	67% (73 786 of 110 252) against a target of 70% complaints were resolved within 14 days

1.2 PERFORMANCE CHALLENGES

The Department of Labour was faced with the following challenges which resulted in the inability to achieve on the planned targets:

Performance challenges against selected indicators

Strategic Objective	Performance Indicator	Major variance and reasons thereof	Remedial Action to resolve the problem
	Number of people placed in employment	Current economic conditions and insufficient enforcement tools enabled PES to only place 16 176 against a target of 18 000 whilst 396 172 were referred to opportunities and other services	Improvement in the economic condition and establishment of regulations under the ES Bill once it becomes law to compel employers and work seekers to report on placement
Promote equity in the labour market	Employment Equity Act (EEA) and its regulations amended	Amendment to EE not finalised due to delays in Parliamentary processes	Parliament to fast track its processes including public hearings
Protecting vulnerable workers	Wage differentials investigated	Investigation on wage differentials not conducted, due to the inability of the IT system to analyse information as reported through the EE report	Improved IT systems
	Number of new areas for setting sectoral determinations investigated	As a target for 2012/13, an investigation to establish provident fund for the domestic and farm workers sector was to be conducted, however, this was delayed due to the possibility of the introduction of the National Security Fund by the National Treasury	Clarify way-forward early in 2013/14

2.1.1 Voted Funds

The following were the voted funds for the financial year 2012/13:

Programme	Main Appropriation R'000	Adjusted Appropriation R'000	Final Appropriation R'000	Actual Amount Spent R'000	Under Expenditure R'000
Administration	732 606	764 585	764 585	687 695	76 890
Inspection and Enforcement Services	429 181	400 376	400 376	395 574	4 802
Public Employment Services	322 021	334 331	334 331	331 651	2 680
Labour Policy and Industrial Relations	635 918	640 274	640 274	619 652	20 622
Total	2 119 726	2 139 566	2 139 566	2 034 572	104 994
Responsible Minister	Minister of Labour MN Oliphant, MP				
Administering Dept.	Department of Labour				
Accounting Officer	NPT Nhleko				

2.1.2 Aim of vote

The aim of the Department of Labour is to regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at: improved economic efficiency and productivity; employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; alleviating poverty in employment; enhancing occupational health and safety awareness and compliance in the workplace; and nurturing the culture of acceptance that worker rights are human rights.

2.1.3 Departmental revenue, expenditure, and other specific topics

Collection of Departmental revenue

The table below should be used to provide a breakdown of the sources of revenue:

Appropriation	2009/10	2010/11	2011/12	2012/13	2012/13	% deviation from target
	Actual	Actual	Actual	Target	Actual	
	R'000	R'000	R'000	R'000	R'000	
Tax revenue	0	0	0	0	0	
(Specify)						
Non tax revenue	6 648	3 701	4 642	3 576	5 066	41.64
Sales of capital assets (Capital revenue)	331	0	0	0	0	0
(Specify)	Auction of 2 ministerial vehicles					
Financial transactions (Recovery of loans and advances)	5 937	5 335	2 995	4 560	10 604	132.52
Total	12 916	9 036	7 637	8 136	15 670	92.58

2.1.4 Transfer Payments

The following public entities listed in Schedule 3 of the Public Finance Management Act, No. 1 of 1999 reported to the Minister of Labour, and separate Annual Reports and Financial Statements are published independently:

- Commission for Conciliation, Mediation and Arbitration (CCMA)
- Compensation Fund (CF)
- National Economic Development and Labour Council (NEDLAC)
- Productivity South Africa (PSA)
- Unemployment Insurance Fund (UIF).

In addition to the public entities, the Department also transfer funds to other entities in accordance with the Public Finance Management Act and these transfers are listed in the table below:

NAME OF INSTITUTION	AMOUNT TRANSFERRED	ESTIMATE EXPENDITURE
Transfers to Municipalities	227	227
Municipal Vehicle Licences	227	227
Departmental Agencies and Accounts	554 070	554 071
Licences (Radio and TV)	31	31
Compensation Fund	14 085	14 085
Unemployment Insurance Fund	0	1
Commission for Conciliation, Mediation and Arbitration	478 745	478 745
Productivity SA	37 050	37 050
National Economic Development and Labour Council (NEDLAC)	24 159	24 159
Foreign Government/International Organisation	13 692	13 692
International Labour Organisation (ILO)	13 072	13 072
African Labour Administration Centre (ARLAC)	620	620
Non-Profit Institutions	88 030	88 711
SA National Council for the Blind	18	303
Deaf Federation of South Africa (DEAFSA)	0	210
National Council for the Physically Disabled	59	245
Work Centres for the Disabled	63 029	63 029
Work Centres for the Blind	9 122	9 122
Strengthening Civil Society Fund	15 802	15 802
Households	2 406	2 406
Leave Gratuity	2 279	2 279



NAME OF INSTITUTION	AMOUNT TRANSFERRED	ESTIMATE EXPENDITURE
Ex-gratia payments	127	127
Total Transfers and Subsidies	658 425	659 107

2.1.5 Capital investment, maintenance and asset management plan

Asset Management

See report of the Accounting Officer.

PROGRAMME PERFORMANCE

- 26 Programme 1: Administration
- 35 Programme 2: Inspections and Enforcement Services
- 44 Programme 3: Public Employment Services
- 50 Programme 4: Labour Policy and Industrial Relations

03



The activities of the Department of Labour are organised in the following programmes:

Programme 1: Administration

Programme 2: Inspection and Enforcement Services (IES)

Programme 3: Public Employment Services (PES)

Programme 4: Labour Policy and Industrial Relations (LPandIR)

PROGRAMME 1: ADMINISTRATION

PROGRAMME OVERVIEW

Purpose: Provide management, strategic and administrative support services to the Ministry and the Department

- Ministry provides political oversight to ensure that the Department's mandate is Achieved
- Office of the Director-General provides administrative oversight for effective implementation of the Department's mandate and overall accounting.

Programme Description: The programme consists of the following sub-programmes

- Office of the Chief Operations Officer manages and directs medium term strategic planning processes, performance information reporting, monitoring and evaluation of performance against plan and service delivery improvement plan.
- Corporate Services that includes:
 - Human Resource Management ensures optimum and efficient utilisation and development of Human Capital and to provide an advisory service on matters pertaining to, organisational effectiveness and development, transformation management, individual performance management, Sound Employee Relations, Employee health and wellness, as well as effective and efficient recruitment, selection and placement services including research and development of Human Resources policies and practices
 - Internal Audit provides management and the Audit Committee with independent objective assurance with a view to improving effectiveness of governance, risk management and control processes.
 - Risk Management pro-actively manages / addresses risks that have a negative impact on the Department's performance
 - Security Services renders security support aimed at protecting the Department's information, staff and assets
 - Communication disseminates and improves access to information about the Department
 - Legal Services exists to provide Legal Support Services to the Department
 - Office of the Chief Information Officer caters for the Information and Communications Technology (ICT) needs and requirements of the Department.
- Office of the Chief Financial Officer renders effective and efficient financial management and administrative support for the Department as well as office accommodation requirements.

Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship																						
Strategic Objective 8: Strengthen the institutional capacity of the Department																						
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance																		
		Target	Actual																			
1. Organisational Strategic plan and Annual Performance Plan approved	1.1 Strategic Plan and Annual Performance Plan approved by prescribed timeframes	Strategic Plan and Annual Performance Plan approved by end of January	Achieved - Strategic Plan for the period 2013 – 2018 and Annual Performance Plan for the financial year 2013-14 were developed and tabled on 26 February 2013	None																		
2. Organisational performance monitored and evaluated against the approved Strategic Plan and Annual Performance Plan	2.1 Number of performance information reports by prescribed timeframes	Annual report and four quarterly performance information reports approved within 60 days after quarter end/year end	Partially Achieved - The four quarterly performance reports were produced; however, the approval (specifically for Q1-3) was not done within 60 days after quarter ending	Systems delays in the sign-off of the quarterly report																		
3. Service Delivery Improvement Plan approved as per prescribed timeframes	3.1 Service Delivery Improvement Plan approved as per prescribed timeframes	Service Delivery Improvement Plan approved by end of November	Achieved - The plan was compiled and forwarded to the DPSA. The plan was approved in November 2012	None																		
4. Annual Internal audit plan, including ad hoc investigations executed	4.1 Percentage of final reports issued as per timeframes indicated in the approved annual audit plan	85% final reports issued as per timeframes indicated in the approved annual audit plan	Achieved - A total of 89.6% (29 planned and 26 finalised/issued) was achieved of final reports issued as per the timeframes indicated in the approved annual audit plan. The quarterly details are as follows: <table border="1" data-bbox="1191 1056 1697 1281"> <thead> <tr> <th>Quarter</th> <th>Planned</th> <th>Finalised/Issued</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>6</td> <td>5 (83%)</td> </tr> <tr> <td>2</td> <td>7</td> <td>7 (100%)</td> </tr> <tr> <td>3</td> <td>8</td> <td>7 (88%)</td> </tr> <tr> <td>4</td> <td>8</td> <td>7 (87.5%)</td> </tr> <tr> <td>Total</td> <td>29</td> <td>26 (89.6%)</td> </tr> </tbody> </table>	Quarter	Planned	Finalised/Issued	1	6	5 (83%)	2	7	7 (100%)	3	8	7 (88%)	4	8	7 (87.5%)	Total	29	26 (89.6%)	None
Quarter	Planned	Finalised/Issued																				
1	6	5 (83%)																				
2	7	7 (100%)																				
3	8	7 (88%)																				
4	8	7 (87.5%)																				
Total	29	26 (89.6%)																				



Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship				
Strategic Objective 8: Strengthen the institutional capacity of the Department				
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance
		Target	Actual	
5. Risk Management Strategy implemented	5.1 Number of strategic risks monitoring reports approved	Four quarterly strategic risk Monitoring reports submitted to the Accounting Officer within 30 days after the end of each quarter	<p>Achieved - The Department reviewed the strategic risk profile and the Risk Appetite Framework</p> <p>The quarterly strategic risk monitoring reports were compiled, discussed at the National Risk Management Committee</p> <p>All quarterly strategic risk monitoring reports were submitted to the Accounting Officer</p>	None
6. Fraud prevention strategy implemented	6.1 Percentage of fraud cases received or detected finalised	87% of fraud cases received or detected finalised by the year end	Not Achieved - A total of 57% (47 cases received, and 27 finalised) finalised by end of the year	At least 40% (19) of cases were received in the fourth quarter and could not be finalised at year end because of their complexity
7. Security plan implemented	7.1 Percentage of pre-employment screening applications processed to State Security Agency (SSA) within a specified timeframe	70% pre-employment screening applications processed to State Security Agency (SSA) within two weeks	Partially Achieved - 355 requests for PSC were received and 226 (63.6%) finalised and 129 (36.3%) outstanding	Delays at the State Security Agency
	7.2 Percentage increase of security vetting of staff in the Department	8% of staff in the Department vetted	Partially Achieved - A total of 513 (6.8%) of the 1 374 requests from the staff complement of 7 495 was vetted by end of March 2013	Delays at the State Security Agency

Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship				
Strategic Objective 8: Strengthen the institutional capacity of the Department				
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance
		Target	Actual	
8. Improve access to information	8.1 Number of public participation events profiled and promoted (exhibitions, job fairs, imbizo's)	All Departmental public participation events profiled (exhibitions, job fairs, imbizo's)	Achieved - <ul style="list-style-type: none"> • 7 Jobs Fairs/ Jobs Summit were promoted by placement of adverts in national and regional newspapers and radio stations • 4 Izimbizos were promoted by placing adverts in regional newspapers and regional radio stations • 8 exhibitions and 9 job fairs were successfully attended 	None
	8.2 Number of exhibitions to promote goods and services of Sheltered Employment Factories (SEF)	Two marketing exhibitions for goods and services of Sheltered Employment Factories (SEF)	Achieved - A total of 2 exhibitions were attended as per the plan which are: Randshow and Pretoria show.	None
	8.3 Number of provinces in which amendments to legislation are profiled and communicated	Communication campaigns on legislative amendments conducted in all provinces	Achieved - Public briefings for Labour Law Amendments roadshows were publicised in both national and regional newspapers and radio stations in 9 Provinces	None
	8.4 Wage adjustments communicated	Embark on information campaigns on wage adjustments in identified sectors	Achieved - Farmworkers wage increase campaign was conducted on national and regional newspapers, and radio stations	None
	8.5 Number of publications produced, launched and disseminated per request received	All publications produced, launched and disseminated per request received	Achieved - All 130 publications requests were produced, launched and disseminated	None



Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship				
Strategic Objective 8: Strengthen the institutional capacity of the Department				
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance
		Target	Actual	
9. Human resources plan implemented	9.1 Percentage of women, youth and people with disability (PWD) employed in line with the EE Plan	40% Women employed in Senior Management Service (SMS), 43% youth, 4% people with disabilities employed by 31 March 2013	Partially Achieved - As on the 31 March 2013, Women 39%, Youth 35.3% and PwDs 2.5% a. Total number of women at SMS level (33) / by total number of filled at SMS (85) x100 = 38.8 % (39 %) b. Total number of youth in DoL (2 648) / by total number of filled posts in DoL (7 495) x100 = 35.3 % c. Total number of PwDs (189) / by total number of filled posts in DoL (7495) x100 = 2.5 %	Changes in the organisational structure
	9.2 Percentage reduction of vacancies by financial year end	Vacancy rate reduced to below 7% by 31 March 2013	Partially Achieved - As on the 31 March 2013, the vacancy rate was 7% compared to 7.28% as at March 2012 Total number of vacancies (567) / by total number establishment (8 062) x 100 = 7.03 % (7%)	New posts were created during the 3 rd and the 4 th quarters
	9.3 Percentage of staff trained in line with Workplace Skills Plan (WsP) by financial year	82% of Department's staff trained in accordance with approved WsP by 31 March 2013	Achieved - 82.47% (5 402 of the 65 50) staff was trained	None
	9.4 Percentage of misconduct cases finalised within a prescribed period of time	75% of misconduct cases finalised in line with applicable prescripts by 31 March 2013	Achieved - 78% (234 of 300) cases were finalised in line with applicable prescripts	None

Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship				
Strategic Objective 8: Strengthen the institutional capacity of the Department				
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance
		Target	Actual	
10. Effective Legal Support Services	10.1 Percentage of Court Papers to resolve litigation filed with the Court within specified period	80% of Court Papers to resolve litigation filed within 10 days of receipt	Partially Achieved - 77% (51 of 66) court papers to resolve Litigation were filed within 10 days of receipt	<ul style="list-style-type: none"> - Consult with Legal Service - Lack of budget
	10.2 Percentage of Legal opinions finalised within a specified period of time	92% of Legal opinions requests finalised within 5 working days	Not Achieved - Total received = 23 Finalised 48% of legal opinion requests within 5 working days = 11/23 Finalised after 5 working days = 12	<ul style="list-style-type: none"> - Insufficient resources - Takes longer to conduct research - Incomplete documents from clients - Clients not available for consultation
11. Effective and efficient Information Communication Technology support services	11.1 Percentage of elements of the strategy implemented	50% of strategic plan components implemented	Achieved - 50% of ICT strategic elements completed	None
	11.2 ICT service delivery model completed and implemented	Feasibility study on ICT service delivery model options conducted	Achieved - ICT feasibility study conducted	None
12. PPP-ICT contract effectively managed	12.1 Exit and transfer plan implemented	Exit and transfer plan approved and implemented	Partially Achieved - Exit and services transfer project concluded	Insufficient resources



Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship				
Strategic Objective 8: Strengthen the institutional capacity of the Department				
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance
		Target	Actual	
13. Sound financial management policies and practices	13.1 Number of financial management reports compiled	Annual and 4 Interim Financial Statements by legislative due dates	Achieved - The IFS were submitted to the National Treasury as prescribed	None
	13.2 Departmental MTEF budget compiled	Departmental MTEF budget compiled by prescribed due dates	Achieved - The 2013 Estimates of National Expenditure was submitted to the National Treasury on 8 January 2013, prior to the prescribed date of 11 January 2013	None
	13.3 Number of monitoring reports regarding Public Entities compliance with Chapter 6 of the PFMA within a specified period	Monitoring report on Public Entity Compliance with PFMA produced within 5 weeks after quarter ends.	Not Achieved - Reports produced and the 3 rd quarter report was signed off on 7 March 2013	None
	13.4 Effective asset management	Asset register to comply with the regulatory framework	Achieved - Major and minor asset registers submitted to provinces to investigate and correct	None
Reconciliation between the BAS/LOGIS and assets register performed monthly		Achieved - Reconciliation between the BAS/LOGIS and asset register done up to 31 March 2013 - to be utilised for the preparation of the Annual Financial Statements	None	

Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship				
Strategic Objective 8: Strengthen the institutional capacity of the Department				
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance
		Target	Actual	
14. Effective, efficient and sound Supply Chain Management	14.1 Percentage compliance with SCM prescripts	100% compliance with SCM prescripts	Not Achieved - Training of SCM Practitioners was done and all provinces; however there was minimal short comings	Non-Compliance to SCM prescripts by spending units PPPFA incorrectly implemented Declaration of interests not done
	14.2 Turnaround time for the payment of fully compliant invoices	All compliant invoices paid within 30 days of receipt	Not Achieved - 3 266 invoices were received of which 3 051 (93%) were paid within 30 days of receipt by the Department	Delays in verification of Banking details on safety web due to incorrect information provided by suppliers Incorrect information on the invoice. Error when processing a payment on LOGIS
	14.3 Percentage reduction in irregular expenditure	Reduced irregular expenditure by 30% compared to previous financial year	Achieved - Cases of irregular expenditure reduced from 168 for the 2011/12 Financial Year to 60 for the 2012/13 Financial Year, which results in a 64% reduction	None
15. Effective and efficient provision and management of facilities and transportation	15.1 Number of months within which to process accommodation requests to DPW	Accommodation requests processed six months in advance to DPW	Achieved - Request for renewal, extension and alternative accommodation were sent to DPW six months in advance	None
	15.2 Effective capital projects management	Capital projects managed within the planned timeframes and budget	Partially Achieved - Rustenburg construction in 27 th month and building completed on outside and only final internal finishes to be completed	Construction has been stopped due to poor performance by Contractors
	15.3 Number of monitoring reports on vehicle fleet management	Monitoring report on in-house fleet management produced within 5 weeks after quarter end	Not Achieved - Monitoring report for 3 rd report was issued and discussed at the CFO forum on 4 February 2013	None



Strategic outcome oriented goals: 3 (Outcome 12): An efficient, effective and development orientated public service and an empowered and inclusive citizenship				
Strategic Objective 8: Strengthen the institutional capacity of the Department				
Outputs	Performance Indicators	Actual Performance against Target		Reason for Variance
		Target	Actual	
16. Effective records management	16.1 Percentage compliance with National Archiving Regulatory Framework	100% compliance with National Archiving Regulatory Framework	Achieved - Although it has being identified that there are different filing systems in the Department, all of them comply with National Archiving Regulatory. However there is a process to move to a unified filing system	None

PROGRAMME 2: INSPECTIONS AND ENFORCEMENT SERVICES

PROGRAMME OVERVIEW

Purpose: To realise decent work by regulating non-employment and employment conditions through inspection and enforcement in order to achieve compliance with all labour market policies.

Programme Description: The programme consists of the following sub-programmes

1. **Management and Support Services: Inspection and Enforcement Services** manages the delegated administrative and financial responsibilities of the office of the Deputy Director-General: Inspection and Enforcement Services, and provides corporate support to line function sub-programmes within the programme.
2. **Occupational Health and Safety** promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery.
3. **Registration: Inspection and Enforcement Services** registers incidents relating to labour relations and occupational health and safety matters, as reported by members of the public, and communicates these to the relevant structures within the Compliance, Monitoring and Enforcement sub-programme for investigation.
4. **Compliance, Monitoring and Enforcement** ensures that employers and employees comply with labour legislation through regular inspections and following-up on reported incidents.
5. **Training of staff: Inspection and Enforcement Services** defrays all expenditure relating to staff training within this programme in order to easily identify this expenditure for reporting purposes.
6. **Statutory and Advocacy** gives effect to the legislative enforcement requirement and educate stakeholders on labour legislation.



Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth							
Strategic Objectives 2: Promoting equity in the labour market (Outcome 4) 3: Protecting vulnerable workers (Outcome 4) 5: Strengthening social protection (Outcome 4)							
Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target			Reason for Variance		
		Target	Actual				
Promote equity in the labour market 1. Ensure promotion of Employment Equity in the labour market	1. Number of workplaces reviewed for compliance with employment equity legislation	240 workplaces reviewed	Partially Achieved - 269 employers were reviewed (87 public and 182 private)		Target were over achieved due to request for inspection from the public and unions		
		Public Companies (116)					
		Private Companies (124)					
		Prov.	Target (Public)	Actual (Public)		Target (Private)	Actual (Private)
		EC	16	2		9	22
		FS	17	17		0	0
		GP	25	29		30	45
		KZN	17	2		35	34
		LP	16	14		6	16
		MP	6	6		11	21
		NC	3	2		7	13
		NW	10	9		6	11
WC	6	6	20	20			
TOTAL	116	87	124	182			

Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth								
Strategic Objectives 2: Promoting equity in the labour market (Outcome 4) 3: Protecting vulnerable workers (Outcome 4) 5: Strengthening social protection (Outcome 4)								
Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target			Reason for Variance			
		Target	Actual					
Protecting vulnerable workers 2. Reduction in worker vulnerability through improved compliance and enforcement	2.1 Number of workplaces inspected to determine their compliance levels in terms of the relevant labour legislation	87 795 workplaces inspected	Achieved - 101 792 against a target of 87 795 workplaces were inspected and 55 438 complied, and 46 354 did not comply		Our inspectors have to constantly respond to request for inspection as a result of complaints not resolved from the Registration services. This resulted in over achievement of the target			
			Prov.	Target inspections		Actual inspected	Actual complied	No. not complying
			EC	11 112		12 843	6 820	6 023
			FS	8 287		8 550	6 446	2 104
			GP	17 027		18 108	11 026	7 082
			KZN	16 092		17 992	9 498	8 494
			LP	10 627		10 730	5 171	5 559
			MP	7 519		7 418	3 260	4 158
			NC	3 844		4 408	3 069	1 339
			NW	5 226		10 197	6 886	3 311
			WC	8 061		11 546	3 262	8 284
			TOTAL	87 795		101 792	55 438	46 354



Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth																																																												
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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target			Reason for Variance																																																							
		Target	Actual																																																									
	2.2 Number of non-complying workplaces of those inspected dealt with in terms of the relevant enforcement regime (relevant labour legislation)	Follow-up all non-complying workplaces of those inspected	Not Achieved - 10 880 follow-up inspections against a target of 46 354 workplaces were inspected; and 10 588 complied, and 3 036 did not comply		None																																																							
			<table border="1"> <thead> <tr> <th>Prov.</th> <th>Follow-up inspections</th> <th>Actual inspected</th> <th>Actual complied</th> <th>No. not complying</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>6 023</td> <td>2 984</td> <td>3 975</td> <td>991</td> </tr> <tr> <td>FS</td> <td>2 104</td> <td>516</td> <td>478</td> <td>38</td> </tr> <tr> <td>GP</td> <td>7 082</td> <td>1 674</td> <td>1 122</td> <td>552</td> </tr> <tr> <td>KZN</td> <td>8 494</td> <td>1 044</td> <td>824</td> <td>220</td> </tr> <tr> <td>LP</td> <td>5 559</td> <td>1 475</td> <td>765</td> <td>710</td> </tr> <tr> <td>MP</td> <td>4 158</td> <td>421</td> <td>391</td> <td>30</td> </tr> <tr> <td>NC</td> <td>1 339</td> <td>188</td> <td>167</td> <td>21</td> </tr> <tr> <td>NW</td> <td>3 311</td> <td>422</td> <td>329</td> <td>93</td> </tr> <tr> <td>WC</td> <td>8 284</td> <td>2 156</td> <td>2 537</td> <td>381</td> </tr> <tr> <td>TOTAL</td> <td>46 354</td> <td>10 880</td> <td>10 588</td> <td>3 036</td> </tr> </tbody> </table>	Prov.	Follow-up inspections	Actual inspected	Actual complied	No. not complying	EC	6 023	2 984	3 975	991	FS	2 104	516	478	38	GP	7 082	1 674	1 122	552	KZN	8 494	1 044	824	220	LP	5 559	1 475	765	710	MP	4 158	421	391	30	NC	1 339	188	167	21	NW	3 311	422	329	93	WC	8 284	2 156	2 537	381	TOTAL	46 354	10 880	10 588	3 036		
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TOTAL	46 354	10 880	10 588	3 036																																																								
	2.3 Number of advocacy and educational sessions	4 Seminars conducted in identified sectors	Achieved - Forestry seminar conducted Hospitality seminar Construction Accord signed Construction breakfast conducted Major Hazard Installation seminar conducted		None																																																							
		1 International conference held	Not Achieved - The conference was not held		Unavailability of international law experts/ specialist to deal/ handle labour law topics as anticipated in the international labour law conference																																																							

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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance																																																							
		Target	Actual																																																								
		Train 400 shop stewards in identified sectors	Partially Achieved - 283 shop stewards trained	This was a result of poor attendance by the shopstewards even though confirmation for attendance was verified and confirmed																																																							
	2.4 Number of provinces identified to roll-out the Roving Safety Representative programme	Roll out the programme in two provinces <ul style="list-style-type: none"> • FS • NW 	Achieved - Two meetings were held in Bloemfontein and one meeting was held in North West Province to roll out the program	None																																																							
	2.5 Percentage of labour complaints resolved within a specified number of days of receipt at Registration Services	70% of labour complaints resolved within 14 days of receipt at Registration Services	Partially Achieved - 67% (73 786 of 110 252) against a target of 70% complaints were resolved within 14 days <table border="1" data-bbox="1093 986 1702 1375"> <thead> <tr> <th>Prov.</th> <th>Target</th> <th>No. received</th> <th>No. resolved</th> <th>% resolved</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>70%</td> <td>6 862</td> <td>3 843</td> <td>56</td> </tr> <tr> <td>FS</td> <td>70%</td> <td>6 299</td> <td>4 957</td> <td>79</td> </tr> <tr> <td>GP</td> <td>70%</td> <td>44 073</td> <td>30 037</td> <td>68</td> </tr> <tr> <td>KZN</td> <td>70%</td> <td>12 671</td> <td>9 885</td> <td>78</td> </tr> <tr> <td>LP</td> <td>70%</td> <td>9 154</td> <td>5 187</td> <td>57</td> </tr> <tr> <td>MP</td> <td>70%</td> <td>13 909</td> <td>10 891</td> <td>78</td> </tr> <tr> <td>NC</td> <td>70%</td> <td>3 226</td> <td>1 932</td> <td>60</td> </tr> <tr> <td>NW</td> <td>70%</td> <td>8 413</td> <td>5 497</td> <td>65</td> </tr> <tr> <td>WC</td> <td>70%</td> <td>5 645</td> <td>1 757</td> <td>31</td> </tr> <tr> <td>TOTAL</td> <td>70%</td> <td>110 252</td> <td>73 786</td> <td>67</td> </tr> </tbody> </table>	Prov.	Target	No. received	No. resolved	% resolved	EC	70%	6 862	3 843	56	FS	70%	6 299	4 957	79	GP	70%	44 073	30 037	68	KZN	70%	12 671	9 885	78	LP	70%	9 154	5 187	57	MP	70%	13 909	10 891	78	NC	70%	3 226	1 932	60	NW	70%	8 413	5 497	65	WC	70%	5 645	1 757	31	TOTAL	70%	110 252	73 786	67	Employers intransigence to settle complaints at this level. Some cases more complex than others and thus take longer to be resolved.
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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target			Reason for Variance			
		Target	Actual					
Strengthening Social Protection 3. Reduction in worker vulnerability through improved compliance and enforcement	3.1 Number of workplaces audited to determine their compliance levels in terms of Occupational Health and Safety Legislation	41 965 workplaces audited	Not Achieved - 26 333 against a target of 41 965 workplaces were audited, 13 640 complied and 12 593 did not comply		Given the increase in the number of inspection done (15.9%) it was impossible for inspectors to audit the places as planned as more resources had to be utilized to meet the extra demand else where			
			Prov.	Follow-up inspections		Actual audited	Actual complied	No. not complying
			EC	2 339		1 826	1 167	659
			FS	1 234		1 117	821	296
			GP	12 783		6 647	3 194	3 453
			KZN	12 080		8 666	4 308	4 358
			LP	644		1 002	420	482
			MP	1 721		2 175	986	1 189
			NC	1 655		845	497	348
			NW	3 457		2 420	1 710	710
			WC	6 052		1 635	537	1098
TOTAL	41 965	26 333	13 640	12 593				

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	3.2 Number of non-complying workplaces of those audited dealt with in terms of the relevant enforcement regime (OHS legislation)	Follow-up all non-complying workplaces of those audited	<p>Not Achieved - 2 270 follow-up inspections audited against a target of 12 593 workplaces were audited. 1 807 complied, and 1 121 did not comply</p> <table border="1"> <thead> <tr> <th>Prov.</th> <th>Follow-up inspections</th> <th>Actual audited</th> <th>Actual complied</th> <th>No. not complying</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>65</td> <td>419</td> <td>748</td> <td>329</td> </tr> <tr> <td>FS</td> <td>296</td> <td>149</td> <td>134</td> <td>15</td> </tr> <tr> <td>GP</td> <td>3 453</td> <td>126</td> <td>109</td> <td>17</td> </tr> <tr> <td>KZN</td> <td>4 358</td> <td>660</td> <td>444</td> <td>216</td> </tr> <tr> <td>LP</td> <td>482</td> <td>206</td> <td>106</td> <td>100</td> </tr> <tr> <td>MP</td> <td>1 189</td> <td>105</td> <td>89</td> <td>16</td> </tr> <tr> <td>NC</td> <td>348</td> <td>109</td> <td>75</td> <td>34</td> </tr> <tr> <td>NW</td> <td>710</td> <td>96</td> <td>76</td> <td>20</td> </tr> <tr> <td>WC</td> <td>1 098</td> <td>400</td> <td>26</td> <td>374</td> </tr> <tr> <td>TOTAL</td> <td>12 593</td> <td>2 270</td> <td>1 807</td> <td>1 121</td> </tr> </tbody> </table>		Prov.	Follow-up inspections	Actual audited	Actual complied	No. not complying	EC	65	419	748	329	FS	296	149	134	15	GP	3 453	126	109	17	KZN	4 358	660	444	216	LP	482	206	106	100	MP	1 189	105	89	16	NC	348	109	75	34	NW	710	96	76	20	WC	1 098	400	26	374	TOTAL	12 593	2 270	1 807	1 121	<p>The target could not be due to:</p> <ul style="list-style-type: none"> Some of the notices issued were still within the period The increase in demand made it impossible to go back and do more follow up inspections
Prov.	Follow-up inspections	Actual audited	Actual complied	No. not complying																																																								
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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target				Reason for Variance																				
		Target	Actual																							
	3.3 Number of workplaces audited to determine compliance to occupational exposure limit regarding workers exposure to silica dust	200 workplaces audited in WC (100) and KZN (100)	Partially Achieved - 187 workplaces were audited. 83 complied and 104 did not comply <table border="1"> <thead> <tr> <th>Prov.</th> <th>Follow-up inspections</th> <th>Actual audited</th> <th>Actual complied</th> <th>No. not complying</th> </tr> </thead> <tbody> <tr> <td>KZN</td> <td>100</td> <td>93</td> <td>58</td> <td>35</td> </tr> <tr> <td>WC</td> <td>100</td> <td>94</td> <td>25</td> <td>69</td> </tr> <tr> <td>TOTAL</td> <td>200</td> <td>187</td> <td>83</td> <td>104</td> </tr> </tbody> </table>			Prov.	Follow-up inspections	Actual audited	Actual complied	No. not complying	KZN	100	93	58	35	WC	100	94	25	69	TOTAL	200	187	83	104	Level of compliance is external and the owners therefore on the employers to comply
Prov.	Follow-up inspections	Actual audited	Actual complied	No. not complying																						
KZN	100	93	58	35																						
WC	100	94	25	69																						
TOTAL	200	187	83	104																						
	3.4 Number of non-complying workplaces of those audited dealt with in terms of the relevant enforcement regime (occupational exposure limit)	Follow-up all non-complying workplaces of those audited	Partially Achieved - 13 follow-up inspections against a target of 83 workplaces were audited. 13 complied and 0 did not comply <table border="1"> <thead> <tr> <th>Prov.</th> <th>Follow-up inspections</th> <th>Actual audited</th> <th>Actual complied</th> <th>No. not complying</th> </tr> </thead> <tbody> <tr> <td>KZN</td> <td>58</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>WC</td> <td>25</td> <td>13</td> <td>13</td> <td>0</td> </tr> <tr> <td>TOTAL</td> <td>83</td> <td>13</td> <td>13</td> <td>0</td> </tr> </tbody> </table>			Prov.	Follow-up inspections	Actual audited	Actual complied	No. not complying	KZN	58	0	0	0	WC	25	13	13	0	TOTAL	83	13	13	0	The process of enforcement takes longer in the criminal courts and thus some cases are still being pursued
Prov.	Follow-up inspections	Actual audited	Actual complied	No. not complying																						
KZN	58	0	0	0																						
WC	25	13	13	0																						
TOTAL	83	13	13	0																						
	3.5 Preventative strategy and implementation programme on noise-induced hearing loss approved and rolled out	Conduct base line study on the extent of noise induced hearing loss in the Iron and Steel Industry. Develop a prevention strategy and implementation programme based on the findings	Achieved - Research was conducted and all respective companies were provided with findings of the research. Copies of the research were provided to Management, Unions and Occupational and Health Personnel The National feedback session for the research outcome, also coincided with the signing of the Accord which was held on 27 March 2013			None																				

Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth				
Strategic Objectives 2: Promoting equity in the labour market (Outcome 4) 3: Protecting vulnerable workers (Outcome 4) 5: Strengthening social protection (Outcome 4)				
Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	3.6 OHS Act amended	Complete the consultation process Submit the Bill to NEDLAC by October Submit the Bill to Cabinet by November	Achieved - OHS Act was submitted to the Advisory Council and its constituents for approval and will be submitted in Q4 to State Law Advisors	None



PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES

PROGRAMME OVERVIEW

Purpose: Provide assistance to companies and workers to adjust to changing labour market conditions and to regulate private employment agencies.

Programme Description: The programme consists of the following sub-programmes:

- **Management and Support Services:** manages delegated administrative and financial responsibilities, co-ordinates all planning, monitoring and evaluation of functions and provides corporate support to line-function sub-programmes
- **Employer Services:** facilitates registration of vacancies, and disseminates scarce skills information, makes recommendations on the issue of immigrant corporate and work Visas, assist companies in distress and regulates private employment agencies
- **Work-Seekers Services:** registers work-seekers, provides employment counseling and facilitates matching of work seekers to vacancies and training and income generating opportunities
- **Designated Groups Special Services:** facilitates the transfer of subsidies to national councils to promote the employment of people with disabilities in the mainstream economy.

The programme has oversight over the following entities:

- **Sheltered Employment Factories** provides special employment to people with disabilities
- **Productivity South Africa** promotes improvements in workplace productivity, competitiveness and social plan (job saving mechanisms through future forums and turnaround solutions). The Branch PES facilitates the conclusion of the Memorandum of Agreement, transfer of funding and monitoring of the entity's performance against its Strategic Plan
- **Unemployment Insurance Fund** provides for possible future funding of the Unemployment Insurance Fund. The UI activities are funded from its revenue and the entity report separately from PES in accordance with its Strategic Plan except in those areas wherein there are joint projects
- **Compensation Fund** for possible future funding requests of the Compensation Fund. Refund of costs incurred through claims received from civil servants for injuries sustained on duty or occupational related illnesses. The Compensation Fund activities are funded from its revenue and the entity reports separately in accordance with its Strategic Plan.

Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth																																																
Strategic Objective 1: Contribution to Decent employment creation																																																
Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance																																												
		Target	Actual																																													
1. Employment Services legislation, related regulations and guidelines in place	1.1 Employment Services legislation, related regulations and guidelines in place	Employment Services Act, regulations and guidelines in place (private employment agencies and career guidance)	<p>Achieved - PES Branch tabled the Bill to the Portfolio Committee on Labour in March 2013</p> <p>Private Employment Agencies (PEA) and Career Guidance Regulations and guidelines in place</p> <p>Verification Source (VS): Recordings of the Portfolio Committee on Labour</p>	None																																												
2. PES initiatives and interventions communicated through various media channels	2.1 Number of PES Advocacy campaigns conducted	At-least 1 PES national and 2 major provincial advocacy campaigns per province held annually	<p>Achieved - 44 major campaigns and 3 306 minor campaigns were held</p> <p>VS: Provincial Quarterly Reports</p>	None																																												
3. Work seekers registered on the system	3.1 Increased number of work seekers registered in different categories	450 000 work-seekers registered on the system	<p>Achieved - A total of 600 259 work seekers against a target of 450 000 was registered on the system</p> <table border="1"> <thead> <tr> <th>Prov.</th> <th>Placement Target</th> <th>Actual Placed</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>59 000</td> <td>68 380</td> <td>9 380</td> </tr> <tr> <td>FS</td> <td>36 500</td> <td>43 586</td> <td>7 086</td> </tr> <tr> <td>GP</td> <td>81 500</td> <td>152 065</td> <td>70 565</td> </tr> <tr> <td>KZN</td> <td>95 000</td> <td>116 560</td> <td>21 560</td> </tr> <tr> <td>LP</td> <td>32 000</td> <td>60 791</td> <td>28 791</td> </tr> <tr> <td>MP</td> <td>36 500</td> <td>50 524</td> <td>14 024</td> </tr> <tr> <td>NC</td> <td>18 500</td> <td>17 992</td> <td>(508)</td> </tr> <tr> <td>NW</td> <td>32 000</td> <td>20 514</td> <td>(11 486)</td> </tr> <tr> <td>WC</td> <td>59 000</td> <td>69 847</td> <td>10 847</td> </tr> <tr> <td>TOTAL</td> <td>450 000</td> <td>600 259</td> <td>150 259</td> </tr> </tbody> </table>	Prov.	Placement Target	Actual Placed	Difference	EC	59 000	68 380	9 380	FS	36 500	43 586	7 086	GP	81 500	152 065	70 565	KZN	95 000	116 560	21 560	LP	32 000	60 791	28 791	MP	36 500	50 524	14 024	NC	18 500	17 992	(508)	NW	32 000	20 514	(11 486)	WC	59 000	69 847	10 847	TOTAL	450 000	600 259	150 259	None
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LP	32 000	60 791	28 791																																													
MP	36 500	50 524	14 024																																													
NC	18 500	17 992	(508)																																													
NW	32 000	20 514	(11 486)																																													
WC	59 000	69 847	10 847																																													
TOTAL	450 000	600 259	150 259																																													



4. Work seekers provided with career counselling and employability enhancement	4.1 Percentage of work seekers registered on the system provided with career counselling and employability enhancement	60% of Work seekers registered on the system profiled (provided with career counselling and employability enhancement within 60 days of registration)	Achieved - 59% of work seekers were profiled against a 60% target. That is, with a target of 450 000, 600 259 work seekers were registered on the system, of which 264 068 were provided with career counselling and employability enhancement against a 60% [270 000] target.	None																																												
5. Work seekers placed in opportunities and referred to other services	5.1 Number of workseekers placed in opportunities and referred to other services	90 000 18 000 placed in opportunities 72 000 work seekers referred to other services	<p>Partially Achieved - 16 171 work seekers against a target of 18 000 was placed</p> <table border="1" data-bbox="1137 587 1682 975"> <thead> <tr> <th>Prov.</th> <th>Placement Target</th> <th>Actual Placed</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>2 860</td> <td>1 865</td> <td>-995</td> </tr> <tr> <td>FS</td> <td>1 420</td> <td>1 445</td> <td>25</td> </tr> <tr> <td>GP</td> <td>3 400</td> <td>5 050</td> <td>1 650</td> </tr> <tr> <td>KZN</td> <td>2 680</td> <td>1 158</td> <td>-1 522</td> </tr> <tr> <td>LP</td> <td>1 960</td> <td>893</td> <td>-1 067</td> </tr> <tr> <td>MP</td> <td>1 780</td> <td>2 603</td> <td>823</td> </tr> <tr> <td>NC</td> <td>880</td> <td>1 093</td> <td>213</td> </tr> <tr> <td>NW</td> <td>1 240</td> <td>1 103</td> <td>-137</td> </tr> <tr> <td>WC</td> <td>1 780</td> <td>961</td> <td>-819</td> </tr> <tr> <td>TOTAL</td> <td>18 000</td> <td>16 171</td> <td>-1 829</td> </tr> </tbody> </table>	Prov.	Placement Target	Actual Placed	Difference	EC	2 860	1 865	-995	FS	1 420	1 445	25	GP	3 400	5 050	1 650	KZN	2 680	1 158	-1 522	LP	1 960	893	-1 067	MP	1 780	2 603	823	NC	880	1 093	213	NW	1 240	1 103	-137	WC	1 780	961	-819	TOTAL	18 000	16 171	-1 829	<ul style="list-style-type: none"> • Low skill levels of work seekers • Mismatch between skills required and skills registered
Prov.	Placement Target	Actual Placed	Difference																																													
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			<p>Achieved - A total of 396 172 work seekers against a target of 72 000 were referred to opportunities and other DoL services.</p> <table border="1"> <thead> <tr> <th>Prov.</th> <th>Referral Target</th> <th>Actual Reference</th> <th>Difference</th> </tr> </thead> <tbody> <tr><td>EC</td><td>11 440</td><td>29 387</td><td>17 947</td></tr> <tr><td>FS</td><td>5 680</td><td>30 731</td><td>25 051</td></tr> <tr><td>GP</td><td>13 600</td><td>125 987</td><td>112 387</td></tr> <tr><td>KZN</td><td>10 720</td><td>112 968</td><td>102 248</td></tr> <tr><td>LP</td><td>7 840</td><td>59 981</td><td>52 141</td></tr> <tr><td>MP</td><td>7 120</td><td>10 425</td><td>3 305</td></tr> <tr><td>NC</td><td>4 960</td><td>4 128</td><td>-832</td></tr> <tr><td>NW</td><td>3 520</td><td>7 218</td><td>3 698</td></tr> <tr><td>WC</td><td>7 120</td><td>15 347</td><td>8 227</td></tr> <tr><td>TOTAL</td><td>72 000</td><td>396 172</td><td>324172</td></tr> </tbody> </table>	Prov.	Referral Target	Actual Reference	Difference	EC	11 440	29 387	17 947	FS	5 680	30 731	25 051	GP	13 600	125 987	112 387	KZN	10 720	112 968	102 248	LP	7 840	59 981	52 141	MP	7 120	10 425	3 305	NC	4 960	4 128	-832	NW	3 520	7 218	3 698	WC	7 120	15 347	8 227	TOTAL	72 000	396 172	324172	None
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6. Employers provided with specialised services	6.1 Number of employers registering vacancies on ESSA per annum increased	Increase from 2 000 to 3 000 number of employers registering vacancies on ESSA	<p>Achieved - A total of 2 620 companies registered vacancies on ESSA</p> <table border="1"> <thead> <tr> <th>Prov.</th> <th>Target</th> <th>Actual registered</th> <th>Difference</th> </tr> </thead> <tbody> <tr><td>EC</td><td>90</td><td>162</td><td>72</td></tr> <tr><td>FS</td><td>80</td><td>193</td><td>113</td></tr> <tr><td>GP</td><td>190</td><td>769</td><td>579</td></tr> <tr><td>KZN</td><td>160</td><td>224</td><td>64</td></tr> <tr><td>LP</td><td>110</td><td>310</td><td>200</td></tr> <tr><td>MP</td><td>100</td><td>277</td><td>177</td></tr> <tr><td>NC</td><td>50</td><td>162</td><td>112</td></tr> <tr><td>NW</td><td>70</td><td>182</td><td>112</td></tr> <tr><td>WC</td><td>150</td><td>341</td><td>191</td></tr> <tr><td>TOTAL</td><td>1 000</td><td>2 620</td><td>1 620</td></tr> </tbody> </table>	Prov.	Target	Actual registered	Difference	EC	90	162	72	FS	80	193	113	GP	190	769	579	KZN	160	224	64	LP	110	310	200	MP	100	277	177	NC	50	162	112	NW	70	182	112	WC	150	341	191	TOTAL	1 000	2 620	1 620	None
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	<p>6.2 Number of Private Employment Agencies registered increased</p>	<p>Increase from 1 500 to 2 000 existing private employment agencies registered</p>	<p>Partially Achieved - A total of 350 new PEAs were registered</p> <table border="1" data-bbox="1140 339 1686 740"> <thead> <tr> <th>Prov.</th> <th>Target</th> <th>Actual registered</th> <th>Difference</th> </tr> </thead> <tbody> <tr><td>EC</td><td>60</td><td>5</td><td>-55</td></tr> <tr><td>FS</td><td>40</td><td>3</td><td>-37</td></tr> <tr><td>GP</td><td>95</td><td>148</td><td>53</td></tr> <tr><td>KZN</td><td>75</td><td>36</td><td>-39</td></tr> <tr><td>LP</td><td>55</td><td>3</td><td>-52</td></tr> <tr><td>MP</td><td>50</td><td>57</td><td>7</td></tr> <tr><td>NC</td><td>25</td><td>2</td><td>-23</td></tr> <tr><td>NW</td><td>30</td><td>19</td><td>-11</td></tr> <tr><td>WC</td><td>70</td><td>77</td><td>7</td></tr> <tr><td>TOTAL</td><td>500</td><td>350</td><td>-150</td></tr> </tbody> </table>	Prov.	Target	Actual registered	Difference	EC	60	5	-55	FS	40	3	-37	GP	95	148	53	KZN	75	36	-39	LP	55	3	-52	MP	50	57	7	NC	25	2	-23	NW	30	19	-11	WC	70	77	7	TOTAL	500	350	-150	<p>Insufficient legal instrument to enforce registration of PEAs</p>
Prov.	Target	Actual registered	Difference																																													
EC	60	5	-55																																													
FS	40	3	-37																																													
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TOTAL	500	350	-150																																													
	<p>6.3 Number of requests for recommendation of migrant work permits responded to</p>	<p>All compliant applications received processed within 30 working days</p>	<p>Achieved - A total of 153 applications received were processed within 30 days, 108 were corporate permits covering 12 631 employment opportunities of which 8 320 were positively recommended. Out of 45 applications for individual work permit 32 were negatively recommended</p> <table border="1" data-bbox="1140 965 1686 1356"> <thead> <tr> <th>Prov.</th> <th>Number received</th> <th>Actual processed</th> </tr> </thead> <tbody> <tr><td>EC</td><td>1</td><td>1</td></tr> <tr><td>FS</td><td>9</td><td>9</td></tr> <tr><td>GP</td><td>29</td><td>29</td></tr> <tr><td>KZN</td><td>6</td><td>6</td></tr> <tr><td>LP</td><td>41</td><td>41</td></tr> <tr><td>MP</td><td>29</td><td>29</td></tr> <tr><td>NC</td><td>2</td><td>2</td></tr> <tr><td>NW</td><td>1</td><td>1</td></tr> <tr><td>WC</td><td>35</td><td>35</td></tr> <tr><td>TOTAL</td><td>153</td><td>153</td></tr> </tbody> </table>	Prov.	Number received	Actual processed	EC	1	1	FS	9	9	GP	29	29	KZN	6	6	LP	41	41	MP	29	29	NC	2	2	NW	1	1	WC	35	35	TOTAL	153	153	<p>None</p>											
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NC	2	2																																														
NW	1	1																																														
WC	35	35																																														
TOTAL	153	153																																														

7. Special Employment opportunities provided to eligible people with disabilities	7.1 Approved policy and legal framework for Sheltered Employment Factories in place	80% of work done on SEF legal mandate and policy framework, structure, systems and pilots	<p>Partially Achieved - SEF legal mandate included within ES Bill 2013 was tabled to the Portfolio Committee on Labour in March 2013 in parliament</p> <p>VS: Recordings of Portfolio Committee on Labour</p>	Delays in the Parliamentary process				
	7.2 Percentage increase of sales leading to more intake of people with disabilities into SEF	1,25% increase in sales	<p>Not Achieved - -7% decrease in sales as against the target of 1.25%</p> <table border="1" data-bbox="1144 536 1731 600"> <thead> <tr> <th data-bbox="1144 536 1435 568">Actual 2011/12 sales</th> <th data-bbox="1435 536 1731 568">Actual 2012/13 sales</th> </tr> </thead> <tbody> <tr> <td data-bbox="1144 568 1435 600">50 607 934.84</td> <td data-bbox="1435 568 1731 600">46 880 031.70</td> </tr> </tbody> </table>	Actual 2011/12 sales	Actual 2012/13 sales	50 607 934.84	46 880 031.70	Insufficient contracts secured
Actual 2011/12 sales	Actual 2012/13 sales							
50 607 934.84	46 880 031.70							
	7.3 Number of people with disabilities/ ex-combatants and Compensation Fund beneficiaries assisted with skills	300 learners with disabilities recruited for training to the SEF Centre of Excellence pilot project for the year 2012 /13	<p>Not Achieved - 19 learners with disabilities against the target of 300 were recruited</p>	Insufficient contracts secured				
8. Products and services of assisted companies are world class and competitive	8.1 Number of companies assisted to facilitate constructive dialogue between social partners and workers, to improve productivity per annum increased	200 companies assisted	<p>Achieved - 1 698 companies against the target of 200 were assisted</p>					
9. Capacitated SMMEs to contribute to sustainable employment creation	9.1 Number of SMME managers trained and assisted to manage matters related to intellectual property increased	3 500 SMME managers trained and capacitated	<p>Partially Achieved - 3 009 SMME managers against the target of 3 500 were trained and capacitated</p>	Delays in securing funding				
10. Jobs saved in distressed companies	10.1 Number of jobs saved through social plan interventions	22 500 jobs saved	<p>Not Achieved - 3 956 jobs against the target of 22 500 were saved</p>	Delays in securing UI funding				



PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS

PROGRAMME OVERVIEW

Purpose: Facilitate the establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysing and evaluating labour policy and providing statistical data on the labour market, including providing support to institutions that promote social dialogue.

Programme Description: The programme consists of the following sub-programmes

- **Management and Support Services: Labour Policy and Industrial Relations** manages delegated administrative and financial responsibilities, co-ordinates all planning, monitoring and evaluation functions and provides corporate support to line-function sub-programmes:
- **Strengthen Civil Society** funds civil society organisations that protect vulnerable workers in order to contribute to a stable and smooth functioning labour market by providing resources, support and expertise to improve the independence and self-reliance of workers through transfers to the Development Institute for Training, Support and Education for Labour (DITSELA), the Workers' College Natal, the Congress of South African Trade Unions (COSATU), the South African Confederation of Trade Unions (SACOTU), the South African Labour Bulletin and selected rural advice offices
- **Collective Bargaining** manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations. Funds are mainly used to: register labour organisations and de-register those that are non-compliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration; and to participate in relevant National Economic Development and Labour Council (NEDLAC) activities
- **Employment Equity** promotes equity in the labour market through improving the enforcement of the Employment Equity Act (1998)
- **Employment Standards** protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997)
- **Commission for Conciliation, Mediation and Arbitration** - funds are transferred to the Commission for Conciliation, Mediation and Arbitration, which promotes social justice and fairness in the workplace through dispute prevention and dispute resolution services
- **Research, Policy and Planning** researches and monitors working conditions and policies affecting the labour market in South Africa
- **Labour Market Information and Statistics** collects, collates, analyses and disseminates internal and external labour market statistics about changes in the South African labour market that impact on legislation.

- **International Labour Matters** facilitates compliance with international obligations, multi- and bilateral relations and makes transfers to the relevant bodies for membership fees
- **National Economic Development and Labour Council** – promotes economic growth, participation in economic decision making and social equity.

Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth				
Strategic Objectives 2: Promoting equity in the labour market 3: Protecting vulnerable workers 6: Promoting sound labour relations 7: Monitoring the impact of legislation				
Strategic outcome oriented goals: 2 (Outcome 11): Creating a better South Africa and contributing to a better and safer Africa in a better world.				
Strategic Objective 4: Strengthening multilateral and bilateral relations				
Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Promote equity in the labour market	1.1 Employment Equity Act (EEA) and its regulations amended	NEDLAC engagement finalised on the EEA Amendments by November 2012	Achieved	None
1. Employment equity in the labour market promoted	1.2 Code of Good Practice and Technical Assistance guidelines on HIV and AIDS amended	HIV and AIDS Code and Technical Assistance Guidelines amended by June 2012	Achieved - Amendment to HIV and AIDS Code was gazetted on 15 June 2012 and the amendment to HIV and AIDS Technical Assistance Guidelines (TAG) was finalised on 27 June 2012	None
	1.3 Number of income differentials assessed to determine race and gender disparities in salaries	30 income differentials assessed to determine race and gender disparities in salaries by March 2013	Achieved - 31 income differentials assessed to determine race and gender disparities in salaries	None



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Protecting vulnerable workers 2. Basic Conditions of Employment in the labour market ensured	2.1 BCEA amended	Bill submitted to Cabinet by March 2013	Achieved	None
	2.2 Wage differentials investigated	Develop norms and benchmarks for proportionate income differentials by March 2013	Not Achieved - Investigation on wage differentials not conducted	Inability of the IT system to analyse information as reported through the EE report
	2.3 Number of child labour programme of action reviewed	One Child Labour Programme of Action for 5 year period (2012-2016) reviewed and submitted to Cabinet by March 2013	Partially Achieved - Child Labour Programme of Action submitted to the Minister for approval	Government Departments delay to adopt the Programme of Action
3. Sectoral determinations (SD) published for residual and emerging vulnerable workers	3.1 Number of existing sectoral determinations reviewed	Publish an amended SD with minimum wages for one sector by June 2012	Achieved - Amendment to the Hospitality sectoral published on 22/06/12 in GG: 35460	None

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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
		Review and publish 5 Sectoral Determinations by January 2013	Achieved - Amendments published as follows: <ul style="list-style-type: none"> • Contract cleaning published on 26/10/13 in GG No: 35825 • Civil engineering sector published on 4/09/12 in GG 35658 • Private security sector published on 31/08/12 in GG 35646 • Taxi sector published on 22/06/12 in GG 35462 • Wholesale and Retail sector published on 17/01/13 in GG 36076 • Farm workers published on 05/02/13 in GG 35067 	None
	3.2 Number of new areas for setting sectoral determinations investigated	Investigate possibility of Sectoral determinations for 2 new sectors by March 2013	Not Achieved - Investigation to establish provident funds for domestic and farm workers sector delayed	Possible introduction of National Social Security Fund by the National Treasury
4. Small Business Determination amended	4.1 Categories of Ministerial Determinations amended	Amended Ministerial Determination for Small Business implemented by March 2013	Achieved - Report on the small business determination finalised.	None



Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth Strategic Objectives 2: Promoting equity in the labour market 3: Protecting vulnerable workers 6: Promoting sound labour relations 7: Monitoring the impact of legislation Strategic outcome oriented goals: 2 (Outcome 11): Creating a better South Africa and contributing to a better and safer Africa in a better world. Strategic Objective 4: Strengthening multilateral and bilateral relations				
Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
5. Civil society organisations that protect vulnerable workers funded	5.1 Number of civil society organisations funded and monitored	10 civil society organisations involved in the world of work funded	Achieved - <ul style="list-style-type: none"> • DITSELA • Workers College • COSATU • NACTU • FEDUSA • South African Labour Bulletin • Bloodriver Advice Office • Relemogile Advice Office • Funda Development Centre • Mothutlong Network Advisory Development Centre 	None
Strengthening multilateral and bilateral relations. 6. Participation in the International Labour Organisation (ILO) Governing Body and the International Labour Conference (ILC) ensured	6.1 South Africa's position documents on agenda items for ILO GB and ILC developed and approved	South Africa's position documents on the agenda items of the ILO GB and ILC developed and submitted by May 2012	Achieved - South Africa's position documents on the agenda items of the ILO GB and ILC developed	None
	6.2 Number of reports compiled in terms of Article 19 and 22 of the Constitution of the ILO by specified timeframe	Seven reports compiled and submitted in terms of Article 19 and 22 of the Constitution of the ILO by September 2012	Achieved - Five Reports compiled and submitted to the ILO in terms of Article 19 (unratified) and Article 22 (ratified) Conventions	The reporting cycle for the 8 ILO Core Conventions and the 4 Governance Conventions has now been delayed to 3 years and is no longer of 2 years. Accordingly, there are no reports due for Conventions Nos. 100, 111 and 144 for 2012, which were originally requested by the ILO

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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
7. Relations strengthened with fraternal countries through Memoranda of Understanding (MOU)	7.1 Number of MOUs reviewed and signed	Review signed Memoranda with China, Cuba, Lesotho, Namibia and Zimbabwe by April 2013	Partially Achieved - Review of China MOU finalised and ready for signing	Lesotho - Changes in the areas of Co-operation Namibia - There was a change in administration which delayed the finalisation of the MOU Cuba - Indicated that they were not yet ready Zimbabwe - Discussions on the issue of Zimbabwean migrant labour are still continuing
		MOU with Brazil signed by March 2013	Achieved - MOU signed	None
8. Participation in the African Union Labour and Social Affairs Commission (AULSAC), African Regional Labour Administration Centre (ARLAC) and the SADC ensured	8.1 South Africa's position documents on agenda items for AULSAC, ARLAC and SADC ELS developed and approved	Briefing documents for ARLAC Governing Council compiled by May 2012	Achieved - Briefing documents developed and submitted to Minister for approval	None
		Briefing documents and South Africa's position documents on the agenda items for SADC ELS compiled by April 2012	Achieved - Briefing documents and position documents for the SADC ELS developed	None
		Briefing documents and South Africa's position documents on the agenda items for AULSAC compiled by April 2012	Achieved - A country report on the Ouagadougou Declaration and Plan was developed and submitted to the AU	AULSAC - was not convened in 2012 but member states were expected to submit the progress report on the Ouagadougou Declaration and Plan of Action



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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
9. South African's Decent Work Country Programme implemented	9.1 Number of Monitoring reports on implementation of DWCP complied	Four Quarterly monitoring reports on implementation of DWCP compiled	Achieved	None
Promoting Sound Labour Relations	10.1 Labour Relations Act amended	Bill submitted to Cabinet by 31 March 2013	Achieved - Bill approved by Cabinet and currently in Parliament	None
10. Sound Labour Relations ensured	10.2 Number of collective agreements extended within a specified number of days	18 collective agreements published within 60 days of receipt	Achieved - 25 collective agreements approved Averaged turnaround time: 52 days	None
	10.3 Decision to register new labour organisations taken within a specified number of days of receipt of competent applications	Decision to register new labour organisations taken within 90 days of receipt of competent applications	Achieved - 130 new applications received • 16 approved • 114 refused Averaged turnaround time: 86 days	None
11. Sound dispute resolution maintained	11.1 Number of monitoring reports on CCMA's performance against plan and budget transferred as per agreement	Four Monitoring Quarterly reports on CCMA's Performance against plan and budget transferred as per agreement	Achieved - Four Quarterly reports on CCMA's performance and budget transferred as per agreement	None
12. Sound social dialogue maintained	12.1 Number of monitoring reports on NEDLAC's performance against plan and budget transferred as per agreement	Four Monitoring Quarterly reports on NEDLAC's performance against plan and budget transferred as per agreement	Achieved - Four Quarterly reports on NEDLAC's performance and budget transferred as per agreement	None

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Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Monitoring the impact of legislation 13. Changing labour market trends monitored	13.1 Number of Ministerial briefing reports produced on labour market issues within a specified period	Four Labour market trends reports completed and published by September 2012: <ul style="list-style-type: none"> Industrial Action Annual Labour Market Bulletin, Job Opportunity and Unemployment in the South African labour market Annual Administrative Statistics Report 	Achieved - Four annual labour market trends produced and published by September 2012. These include: <ul style="list-style-type: none"> Annual Industrial Action report 2011 Annual Labour Market Bulletin 2011/12 Annual Job Opportunity and Unemployment in the SA labour market 2011/12 Annual Administrative Statistics report 2011 	None
		Four briefing reports on QLFS by April, July, October and January 2013	Achieved - Four briefing reports on QLFS and UI data submitted and disseminated internally by January 2013	None
	13.2 Annual Labour Market Review developed and disseminated	Labour Market Review developed and disseminated by March 2013	Achieved - Labour Market Review titled Retirement Funds Provided by Private Bargaining Councils in South Africa was developed	None



Strategic outcome oriented goals 1: (Outcome 4): Improve the quality of labour market services to contribute to decent employment through inclusive economic growth Strategic Objectives 2: Promoting equity in the labour market 3: Protecting vulnerable workers 6: Promoting sound labour relations 7: Monitoring the impact of legislation Strategic outcome oriented goals: 2 (Outcome 11): Creating a better South Africa and contributing to a better and safer Africa in a better world. Strategic Objective 4: Strengthening multilateral and bilateral relations				
Strategic Objectives and Outputs	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
14. Research on impact of legislation conducted	14.1 Research reports produced and disseminated	Dissemination of the RME agenda 2 research result Development of agenda 3	Achieved - Dissemination of completed research reports: (i) Noise Induced Hearing Loss (ii) Impact of the Taxi Sectoral Determination on working conditions in the Taxi Sector (iii) Occupational Health and Safety in high risk sectors RME agenda 3 was developed and approved by the Minister for further processing and by DBAC for procurement	None



REPORT OF THE AUDIT COMMITTEE

61	Introduction	62	Risk Management
61	Committee Meetings	63	Evaluation of Financial Statements
62	Audit Committee Responsibility	63	Combined Assurance
62	Sheltered Employment Factories	63	Appreciation

04

REPORT OF THE AUDIT COMMITTEE FOR THE PERIOD 2012/13

INTRODUCTION

The Committee is pleased to present its final annual report for the financial year ending 31 March 2013. The report is presented in accordance with the requirements of the Public Finance Management Act 1 of 1999 (PFMA), as amended and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (King III). The Audit Committee had operated in line with these terms of reference, and dealt adequately with its authority and responsibilities.

COMMITTEE MEETINGS

The Department of Labour has a constituted Audit Committee, comprising of four independent non-executive directors. The committee met six times during the year as follows:

Name	Rank	Number of Meetings Attended	Comment
Mrs M Chokoe	Chairperson	6/6	None
Mr K Buthelezi	Member	3/6	Apology for one meeting
Mr T Mageza	Member	6/6	None
Mr M Zakwe	Member	5/6	Apology for one meeting
Mr S Makhubu	Co-opted	1/1	Attending on behalf of Mr Buthelezi
Mr F Xaba	Co-opted	1/1	Attending on behalf of Mr Buthelezi

The committee also had special meetings with the Accounting Officer, Auditor-General and the Executive Authority.



AUDIT COMMITTEE RESPONSIBILITY

Effectiveness of Internal Control

DEPARTMENT OF LABOUR

The system of internal control has shown some improvements in certain areas for the period under review. The Audit Committee further noted that the following areas still need attention:

- Information technology control environment risks and control with regard to the management of the transition of the Public Private Partnership contract
- Slow progress on filling critical vacant posts within the entire Department
- Organisational planning and management of organisational performance information.

SHELTERED EMPLOYMENT FACTORIES

The system of internal control has shown some element of regression in comparisons to the previous financial year, and this is demonstrated by the audit results by both internal and external auditors. There are still some challenges noted by both the Internal Audit Directorate and Auditor-General during the year. The SEF presented a business case/turnaround strategy and the committee will continue to be appraised with the developments in 2013/14. The Audit Committee further noted that the following areas still need attention:

- Implementation of SEF Business Case
- Supply Chain Management - compliance to laws and regulations including implementing the recently approved SCM policy; which may lead to prevention of irregular expenditure;
- Financial sustainability or funding and income generation capability
- Management of debt collection.

RISK MANAGEMENT

The Committee is generally satisfied with the implementation of risk management initiatives in the Department but there is still room for improvement. The Risk Committee has assessed and discussed with the Audit Committee its concerns around the Information Technology environment instability due to challenges experienced towards the implementation of the Information and Communications Strategy.

The quality of in-year management and monthly/quarterly reports submitted in terms of the PFMA and Division of Revenue Act

The Audit Committee was presented with and discussed monthly and quarterly reports during the year. The Audit Committee is satisfied with the quality of monthly and quarterly reports prepared and issued by the Department during the year.

EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has for both the Department and Sheltered Employment Factories:

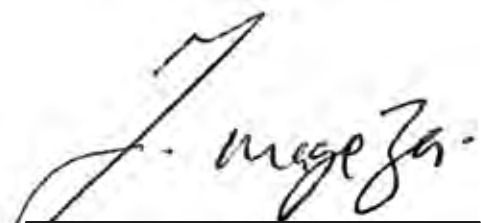
- Reviewed and discussed the quarterly and audited annual financial statements
- Reviewed and discussed the quarterly and audited annual organisational performance reports
- Reviewed the Department's compliance to legal and regulatory provisions
- Reviewed the Audit Report and Management Report from Auditor-General.

COMBINED ASSURANCE

There were great improvements in the operations of the Internal Audit Activity and the Audit Committee is satisfied with its contributions in the Department on both consulting and assurance services. During the reporting period, the Risk Committee also played an important role to assist the Audit Committee in fulfilling its responsibilities.

APPRECIATION

During the reporting year, commitment was evident in addressing issues and the Audit Committee would like to acknowledge these improvements. We are very confident that similar good work will continue in future and the Department's role in the labour market will be of increasing value to South Africa.



Chairperson: Audit Committee - 2013

ANNUAL FINANCIAL STATEMENTS [FOR DEPARTMENT OF LABOUR]

65	Report of the Auditor-General	118	Statement of Changes in Net Assets
69	Report of the Accounting Officer	119	Cash Flow Statement
101	Appropriation Statement	120	Accounting Policies
113	Notes to the Appropriation Statement	129	Notes to the Annual Financial Statements (including Accounting policies)
116	Statement of Financial Performance	142	Disclosures Notes to the Annual Financial Statements
117	Statement of Financial Position	166	Annexures

05

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.18: DEPARTMENT OF LABOUR

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Department of Labour set out on pages 69 to 179, which comprise the appropriation statement, statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Accounting Officer is responsible for the preparation of these financial statements in accordance with The Departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Labour as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with the Departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

EMPHASIS OF MATTER PARAGRAPHS

I draw attention to the matters below. My opinion is not modified in respect of these matters.

RESTATEMENT OF PRIOR YEAR FIGURES

7. As disclosed in note 22, to the financial statements the corresponding figures for 31 March 2012, has been restated as a result of an error discovered during the 31 March 2013 in the financial statements of the Department of Labour at, and for the year ended 31 March 2012.

**Material under spending of the budget/vote**

8. As disclosed in the appropriation statement, the Department has materially under spent the budget to the amount of R104 994 000. The under spending on current payments is mainly attributable to less than anticipated payments to the Department of Public Works (DPW), as incorrect invoices received from DPW were returned to be corrected and not received in time for payment, amounting to R61 907 000, and compensation of employees, amounting to R19 399 000.

ADDITIONAL MATTER

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

FINANCIAL REPORTING FRAMEWORK

10. The financial reporting framework prescribed by the National Treasury and applied by the Department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "present fairly". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

PREDETERMINED OBJECTIVES

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the Department's annual performance report as set out on pages 19 to 58 of the annual report.

13. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (ie. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (ie. whether it is valid, accurate and complete).

14. The material findings are as follows:

**Usefulness of information
Measurability****INDICATORS NOT WELL DEFINED**

15. The National Treasury Framework for Managing Programme Performance Information requires that indicators should be well defined. Overall 57% of the indicators were not well defined. This was due to management not establishing and communicating technical indicators descriptions to enable collection, collating, and support the execution of indicators.

RELIABILITY OF SELECTED PROGRAMMES IN THE ANNUAL PERFORMANCE REPORT

16. The National Treasury Framework for managing programme performance information (FMPPPI) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to Inspection and Enforcement Services.

This was due to limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the Inspection and Enforcement Services.

17. The National Treasury Framework for managing programme performance information (FMPPi) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information of Public Employment Services are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the targets relevant to Public Employment Services. This was due to the lack of approved standard operating procedures for the accurate recording of actual achievements.

ADDITIONAL MATTER

18. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

ACHIEVEMENT OF PLANNED TARGETS

19. Of the total number of 53 targets planned for the year, 25 of targets were Not Achieved during the year under review. This represents 47% of total planned targets that were Not Achieved during the year under review, as reported in the Departments' annual performance report.

COMPLIANCE WITH LAWS AND REGULATIONS

20. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

ANNUAL FINANCIAL STATEMENTS

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. Material misstatements identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

22. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1 and 16A6.4.
23. Suppliers were awarded contracts without submitting the required standard bidding document, (SBD) 4, 8 and 9, in contravention of the Treasury Regulations 16A and practice notes, and the following amounts may result in irregular expenditure.

HUMAN RESOURCE MANAGEMENT AND COMPENSATION

24. Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1NIIIC.1A.2. Vacant positions in the Department were not advertised within six months of becoming vacant.
25. Vacant posts at senior management level were not filled at the required time as per Public Service Regulation C.1A
26. Lump sum payment of a terminated employee in contravention of section 16 B, section 17 of the Public Service Act, and Part X C, and D of the Public service regulations.

EXPENDITURE MANAGEMENT

27. There were creditors that were not settled within 30 days of receipt of the invoice or statement, in contravention of TR 8.2.3.
28. The Accounting Officer did not take effective steps to prevent fruitless and wasteful expenditure as required by section 38(1)(c), of the PFMA and TR 9.1.1.

REVENUE AND RECEIVABLES MANAGEMENT

29. The Accounting Officer did not take effective and appropriate steps to collect all money due as required by section 38(1)(c) (i) of the PFMA and TR 11.2.1, TR 15.10.1.2(a) and TR 15.10.1.2 (e).

**INTERNAL CONTROL**

30. I considered internal control relevant to my audit of the financial statements, annual performance report for the Department of Labour and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the findings on the Department's annual performance report and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

31. The Accounting Officer did not effectively exercise oversight responsibility regarding compliance with laws and regulations and related internal controls relating to accruals, assets, commitments, including lease commitments, human resources, revenue management supply chain management and reporting on predetermined objectives.
32. Management has developed a plan to address prior year internal and external audit findings, but adherence to the plan was not monitored on a timely basis, resulting in a number of deficiencies reported in the prior year recurring in the current year.

Auditor - General.

Pretoria [31 July 2013]

33. The Accounting Officer did not effectively exercise oversight responsibility regarding information technology (IT) security management controls,(including network controls), over reliance on the IT service provider and inadequate development of a business continuity plan, and a disaster recovery plan.

FINANCIAL AND PERFORMANCE MANAGEMENT

34. The Accounting Officer did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework and this resulted in material misstatements, corrected, in the annual financial statements and material misstatements identified in the annual performance report.
35. Non-compliance with laws and regulations regarding procurement and contract management could have been prevented had compliance with laws and regulations been adequately reviewed and monitored. The Department does not implement a performance management for employees and there are not consequences for non compliance and lack of performance.



REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

1.1 Important policy developments and strategic issues facing the Department, significant events that have taken place during the year and major projects undertaken or completed during the year.

1.1.1 Strategic priorities

Specific strategic goals include:

To regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at:

- Improved economic efficiency and productivity
- Creation of decent employment, promoting labour standards and fundamental rights at work
- Providing adequate social safety nets to protect the vulnerable workers
- Sound labour relations
- Eliminating inequality and discrimination in the workplace
- Enhancing occupational health and safety awareness and compliance in the workplace
- Provide value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises which is balanced with the promotion of decent employment.

1.1.2 In the Medium-term, the Department of Labour will focus mainly on Outcome 4: Decent employment through inclusive economic growth. To address these strategic priorities, the Department has identified the following strategic goals:

Implementation of the Decent Work Country Programme

- Rebuilding the Public Employment Services: We will promote a policy environment to provide Public Employment Services which will enable Government to maintain a database of job seekers and job opportunities, as well as matching and placement of job seekers. This will include partner alliances and effective infrastructure roll-out and management to ensure effective employment facilitate (that job seekers and employers can easily transact using the Public Employment Services system)
- Contribute to decent employment creation



- Strengthening of Department of Labour inspectorate. The labour inspectorate system will be strengthened to effectively monitor and enforce compliance with legislation to ensure that decent work principles are adhered to and to address vulnerability in the labour market. This will include strengthening collaborations and strategic alliances for effective promotion of standards and rights at work including equality of opportunities
- Strengthening social security including reintegration of workers into the labour market and restructuring the Sheltered Employment Factories
- Give value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises which is balanced with the promotion of decent employment
- Strengthen the institutional capacity of the Department to improve service delivery quality and access.

1.1.3 The National Development Plan

The priorities of the National Development Plan are to increase employment through:

- Economic growth
- Reduce inequality
- Improve skills development and education
- Build a developmental, transformative state.

The Department's strategic goals are in alignment with these aims and with the actions proposed by the plan to achieve its targets, and its work will continue to focus on facilitating increased employment and ensuring decent working conditions to enhance productivity and eliminate inequality. The Department's programmes include, interventions to:

- Broaden access to employment
- Transform protected employment factories into viable, sustainable businesses
- Provide access by citizens to work seeker services and employment counselling
- Enforce equality and compliance to labour regulations in the workplace
- Provide support to Productivity South Africa to promote productivity and competitiveness. In addition the Department will strive to build capability in the sector strengthen institutional capacity and improve service delivery.

Specific areas of the Department's work that are aligned with the employment objectives and actions of the National Development Plan include:

- The Inspection and Enforcement Services programme reinforces compliance in relation to equality in the workplace and the payment of minimum wages through regular workplace inspections
- The Public Employment Services programme aims to contribute to facilitating an increase in employment to the plan's 11 million jobs target by 2030 through its employer and work seeker service
- Sectorial determinations are set in industries not covered by collective agreements to address poverty and its impact, by broadening access to employment.
- The work of the Commission for Conciliation, Mediation and Arbitration strengthens labour dispute resolutions in the labour market.

1.1.4 Amending legislation

- a) **Amendment of the Unemployment Insurance Act No. 63 of 2001.** These changes relate to improvement of benefits and administrative changes regarding submission of information by employers to the Fund.
- b) **Promulgate the Employment Services Act.** The new Employment Services Act aims to strengthen the provision of Employment Services within the Department and to repeal Employment Services provisions in the Skills Development Act.
- c) **Amendment of the Compensation for Occupational Injuries and Diseases Act.** Develop a rehabilitation, re-integration and return-to-work policy for injured and diseased workers to ensure integration with other South African policies and programmes, which provide a framework for rehabilitation of people with disabilities which stresses the importance of vocational integration.
- d) **Amendment of the Occupational Health and Safety Act, 85 of 1993.** Although the OHS Act has placed responsibility of creating a healthy and safe working environment on the employers, the provisions compelling employers to do this are very vague. In order to address these shortcomings, it is necessary that the OHS Act in its current form be amended in order to ensure that:
 - Employers develop and implement a health and safety management system
 - Penalties issued to employers are increased
 - Inspectors are enabled to issue prescribe fines on the spot.
- e) **Amendment of the Basic Conditions of Employment Act.**
- f) **Amendment of the Employment Equity Act.**
- g) **Amendment of the Labour Relations Act.**



1.2 Spending trends

1.2.1 The original allocation for Vote 18: Labour, as included in the Estimates of National Expenditure for 2012/13, was reflected as R 2 119 726 000. This included a provision in respect of Transfer Payments to the value of R 639 284 000.

During the 2012/13 Adjustment Budget process, the allocation for Vote 18: Labour increased by R19 840 000 or .94%.

The final allocation for Vote 18: Labour therefore reflected in the Adjusted Estimates of National Expenditure as R2 139 566 000 which included R656 369 000 in respect of Transfe Payments.

The adjustment was made up as follows:

	R'000
Funds approved to be rolled-over from the previous financial year	R 1 713
Other:	
Compensation of Employees	<u>R 18 127</u>
Total	<u>R 19 840</u>

As per the Appropriation Statement for the Department of Labour, in respect of the 2012/13 financial year, the total expenditure defrayed against the Vote is recorded as R2 034 572 000. This represents an expenditure level of 95.10%. An underutilisation of R 104 994 000 or 4.90% is reflected.

The underutilisation is reflected under the following economic classifications

	R'000
Compensation of Employees	R 19 399
Goods and Services	R 82 880
Transfers and Subsidies	R 681
Payments for Capital Assets	<u>R 2 034</u>
Total	<u>R104 994</u>

1.2.2 Reasons for under spending

Programme 1: Administration

The under spending on current payments is mainly attributable to vacancies and less than anticipated payments to the Department of Public Works (DPW) processed for the payments of leases for office buildings. Incorrect invoices received from DPW were returned to be corrected and not received in time for payment – application for roll-over has been made to National Treasury.

Programme 2: Inspection and Enforcement Services

The under spending on Payments for Capital Assets is mainly attributable to vacancies and to less than anticipated orders being processed for the procurement of new office furniture and equipment.

Programme 3: Public Employment Services

The major under spending is attributable to vacancies. The under spending on Payments for Capital Assets is mainly attributable to less than anticipated orders being processed for the procurement of new office furniture and equipment.

Programme 4: Labour Policy and Industrial Relations

Advance payments were made for communication campaigns to the Department of Government Communication Information Systems (GCIS).

The under spending on current payments is attributable to invoices in this regard not received in time to be processed before the end of the financial year.

1.2.3 Impact on programmes and service delivery

No negative impact on programmes or service delivery.

1.2.4 Actions taken or planned, to avoid recurrence

- Expenditure relating to the procurement of office furniture and equipment will be closely monitored during the 2013/14 financial year
- Vacancies in process to be filled
- Payments to DPW regarding leases for office buildings will be closely monitored during the 2013/14 financial year
- Advance payments for communication campaigns to GCIS for the 2012/13 financial year not received for payment will be followed up to be paid (please take note that some campaigns have not been finalised by GCIS during the financial year).



1.3 Virement applied

1.3.1 Virement was applied as follows:

Virement was not made from or to any main divisions within the vote. However, virement was made to the economic classification within a main division. See Appropriation Statement for detail in this regard.

1.4 Unauthorised, Fruitless and Wasteful and Irregular expenditure

No Unauthorised Expenditure was reported during the 2012/13 financial year. The Department incurred Fruitless and Wasteful Expenditure to the amount of R 879 999.49 during the Financial year. This matter is being investigated. Refer to Note 25 in the Annual Financial Statements. Irregular expenditure incurred by the Department is disclosed in Note 24 of the Annual Financial Statements.

2. SERVICES RENDERED BY THE DEPARTMENT

2.1 List of services

2.1.1 The Department of Labour is a service rendering National Department which operates in all Provinces of the Republic. In line with its strategic plan, the Department focuses on the delivery of the following core services:

- 2.1.1.1 Inspection and Enforcement Services
- 2.1.1.2 Public Employment Services
- 2.1.1.3 Labour Policy and Industrial Relations.

2.1.2 In providing these core services, the Department is structured into the following Main Divisions of the Vote:

2.1.2.1 Programme 1: Administration

Provide management, strategic and administrative support services to the Ministry and the Department.

2.1.2.2 Programme 2: Inspection and Enforcement Services

Realise decent work by regulating non-employment and employment conditions through inspection and enforcement in order to achieve compliance with all labour market policies.

2.1.2.3 Programme 3: Public Employment Services

Provide assistance to companies and workers to adjust to changing labour market conditions and to regulate private employment agencies.

2.1.2.4 Programme 4: Labour Policy and Industrial Relations

Establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysing and evaluating labour policy and providing statistical data on the labour market, including providing support to institutions that promote social dialogue.

2.2 Tariff Policy

2.2.1 The Department determines tariffs for services rendered according to the Occupational Health and Safety Act 1993 (Act no. 85 of 1993 and the Labour Relations Act (Act no. 66 of 1995) which was approved and published in the Government Gazette (Refer to Note 2: Departmental Revenue in the Annual Financial Statements).

2.3 Free Services

2.3.1 The Department does not render free services that would have yielded significant revenue had a tariff been charged.

2.4 Inventories

2.4.1 Inventories on hand, as at year-end, are disclosed in Annexure 5 in the Annual Financial Statements.

3. CAPACITY CONSTRAINTS

3.1 The Department has a funded establishment of 3 481 posts and 18 posts additional to the establishment. The number of filled posts increased to 3 504 in 2012/13 and will continue to increase to 3 566 over the medium term. The increase in the number of posts has not yet been translated to posts being filled yet, as the Department is yet to acquire personnel with requisite skill set to fill in the vacant specialist labour inspector and IT posts.

4. UTILISATION OF DONOR FUNDS

4.1 During the year under review, the Department did not receive or utilize any donor funds.



5. PUBLIC ENTITIES

5.1 The following public entities listed in Schedule 3 of the Public Finance Management Act, No. 1 of 1999 reported to the Minister of Labour, and separate Annual Reports and Financial Statements are published independently:

- Commission for Conciliation, Mediation and Arbitration (CCMA)
- Compensation Fund (CF)
- National Economic Development and Labour Council (NEDLAC)
- Productivity South Africa (PSA)
- Unemployment Insurance Fund (UIF).

5.2 Commission for Conciliation, Mediation and Arbitration (CCMA)

Section 112 of the Labour Relations Act, 1995 (LRA), Established the CCMA with the following functions, to:

- Attempt to resolve disputes through conciliation and arbitration
- Assist in the establishment of workplace forums
- Compile and publish information and statistics about its activities
- Advise a party on the procedure to follow in respect of a dispute in terms of this Act
- Assist a party to obtain legal advice, assistance or representation in respect of a dispute
- Offer to resolve a dispute that has not been referred to the Commission through conciliation
- Conduct, oversee or scrutinise any election or ballot of a registered trade union or registered employers' organisation if requested to do so
- Publish guidelines in relation to any matter dealt with in this Act
- Conduct and publish research into matters relevant to its functions
- Provide, upon request, to workers, employers, registered trade unions, and registered employers' organisations, federations of trade unions, federations of employers' organisations or councils with advice on training relating to the primary objects of the LRA
- Perform any other duties imposed, and exercise any other powers conferred on it by or in terms of the LRA and perform any other function entrusted to it by any other law

- Detailed information for the CCMA performance and financial status is available in its published Annual Report. Comparative information for the 2011/12 and 2012/13 financial years are as follows:

DISPUTE RESOLUTIONS	2012/13 - Unaudited		2011/12 - Audited	
	Number of cases	%	Number of cases	%
Jurisdiction referrals	130 978	N/A	126 040	N/A
Pre-conciliations heard	22 438	17%	20 578	16%
Pre-conciliations settled (of jurisdiction cases)	11 419	9%	10 699	8%
Con-arbs heard (of jurisdiction referrals)	53 060	40%	51 701	41%
Con-arbs finalised of jurisdiction referrals	47 241	35%	44 935	36%
Cases settled (based on finalised cases)	83 917	N/A	79 156	N/A

The CCMA participates in the Training Layoff Scheme by providing Advisory Awards to the Project Evaluation Committee regarding the eligibility of employers and employees to partake in this scheme, as an alternative to retrenchment.

5.3 Compensation Fund (CF)

The Compensation Fund administers the Compensation for Occupational Injuries and Diseases Act (1993) as amended. In terms of the act, the Fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases. The Fund generates its revenue from levies paid by employers, which consists mainly of annual assessments paid by registered employers on the basis of a percentage or fixed rate of the annual earnings of their employees.

The Compensation for Occupational Injuries and Diseases Act (1993), however, makes provision for a minimum assessment to ensure that the assessment is not less than the administration costs incurred.

During the past few years, considerable strides were made to reduce the service delivery challenges experienced by the Fund and its clients. To this end, the Fund has worked tirelessly to improve services to beneficiaries with regards to, among others, shortening the turnaround time and improving access for beneficiaries as well as improving communication with stakeholders. In order to meet its key strategic priority of improving the health profile of the nation, the Fund has set itself to focus on the following initiatives:

Detailed information for the Fund's performance and financial status is available in its published Annual Report. Comparative information for the 2011/12 and 2012/13 financial years are as follows:

Compensation Fund Claims (Comparison with previous financial years)

	2009/2010	2010/2011	2011/2012	2012/2013 Unaudited
Claims Registered	200 560	215 493	141 437	201 724
Claims Accepted	178 293	190 168	110 180	99 226
Claims Repudiated	361	447	129	323
Claims with outstanding information/not accepted	21 906	24 878	31 128	83 552
Number of Payments issued	340 159	329 109	205 150	48 508
Monetary value Paid	771 801 533	801 774 215	549 000 702	986 687 432

Over the last five financial years, the Fund has paid an average of 800 000 invoices per year. A 12 % increase is noted in invoices processed this financial year as illustrated below:

2011/2012		2012/2013	
Number paid	Amount	Number paid	Amount
824 924	1 872 583 374 .00	934 834	1 426 189 044.00

The Fund successfully implemented a Return of Earnings Website in 2012. For the period until the end of March 2013 the Fund received 94,302 online submissions with total revenue of R3, 3 billion.

In the year under review the Fund completed the draft amendments of COIDA, which includes a chapter in Reintegration and Rehabilitation to work, and will be taken through the necessary consultation process.

5.4 National Economic, Development and Labour Council (NEDLAC)

NEDLAC was established under section 2 of the National Economic Development and Labour Council Act, 1994 (NEDLAC Act). The functions of the Council are to:

- Strive to promote the goals of economic growth, participation in economic decision-making and social equity
- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy
- Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament
- Encourage and promote the formulation of co-ordinated policy on social and economic matters.

Detailed information on the NEDLAC performance and financial status is available in its published Annual Report. Comparative performance examples for the 2011/12 and 2012/13 financial years are as follows:

PERFORMANCE	2011/12	2012/13
Section 77	07	05
Research reports	06	03
Acts under review	06	14
Policy	05	06

***Section 77** – Protest action to promote or defend socio – economic interests of workers – NEDLAC had concluded consideration of the following Section 77 notices in the period of 2012/13 COSATU, NACTU and FEDUSA on the electricity tariff increases. SOLIDARITY regarding the inability of the SAPS to combat crime efficiently. COSATU, NACTU and FEDUSA on the extensive deterioration of the quality of water. COSATU (Eastern Cape) on the poor service delivery by municipalities in the Eastern Cape.

***Research reports** – The following research reports were concluded in the year under review: Regional Investment Study. Appliance Energy. National Phase-out Plan for Ozone Depleting Substances (HCF141B) in South Africa. The latter study did not appear on the Annual Performance Plan for 2012-13, but arose during the course of the 2012-13 financial year.

***Acts under review** – NEDLAC Reports on the following draft legislation were concluded in the 2012-13 financial year: National Education Evaluation and Development Unit Bill, Customs Control Bill, Customs Duty Bill, Tourism Bill, Broad-based Black Economic Empowerment Amendment Bill, Electricity Regulation Act, National Electricity Regulator Act, Special Economic Zone Bill, Basic Conditions of Employment Amendment Bill, Employment Equity Amendment Bill, Labour Relations Amendment Bill, Employment Services Bill, Merchant Shipping Act, Spatial Planning and Land Use Management Act, All NEDLAC Reports were submitted to the Minister of Labour and the Ministers concerned.

***Policy under review** – Consideration of the following policy was concluded in the 2012-13 financial year: National Disability Policy, Integrated Youth Development Strategy, Customs Fraud and Illegal Imports, Industrial Policy Action Plan 2, Paragraph 31(i) of the Doha Ministerial Declaration, HIV/AIDS and the World of Work.

- New Developments

Labour Market Policy Review on existing labour laws in process.



5.5 Productivity South Africa (PSA)

Productivity South Africa is established as a Section 21 Company (Incorporated association without gain), under the Companies Act, 1973, and is listed as a Public Entity in Schedule 3A of the Public Finance Management Act (Act No. 1 of 1999 as amended). It is responsible for the following functions:

- To promote a culture of productivity in workplaces
- To develop relevant productivity competencies
- To facilitate and evaluate productivity improvement and competitiveness in workplaces
- To measure and evaluate productivity in the workplace
- To maintain a data-base of productivity and competitiveness systems and publicising these systems
- To undertake productivity-related research
- To support initiatives aimed at preventing job losses
- Detailed information on the PSA performance and financial status is available in the Published Annual Report. Comparative information for the 2011/12 and 2012/13 Financial years are as follows:

INDICATORS	2011/12 Unaudited	2012/13 Unaudited
Number of education, training and development service providers trained as productivity trainers per year	-	647
Number of ETD service providers and productivity trainers accredited / Licensing of external service providers	-	30
Number of emerging entrepreneurs trained in productivity improvement and competencies per year	3 791	3 884
Number of skills development facilitators trained in productivity per year	64	212
Number of managers and workers trained per year to enhance productivity competencies and mind-sets in private and public enterprises	867	612
Number of future forums established per year at companies with turnaround solutions	3	24

5.6 Unemployment Insurance Fund (UIF)

Section 4 of the Unemployment Insurance Act (Act No. 63 of 2001) established the UIF to provide for the payment from the Fund of ordinary unemployment benefits to qualifying employees, including maternity, illness, adoption and dependants' benefits related to the unemployment of such employees.

The Fund strives to contribute to the alleviation of poverty in South Africa by providing effective short-term unemployment insurance to all workers who qualify for unemployment and related benefits.

The Unemployment Contributions Act (Act No. 4 of 2002) empowers the SARS Commissioner to collect monthly contributions from both employers and workers. Detailed information on the UIF performance and financial status is available in its published Annual Report. Comparative information for the 2011/12 and 2012/13 financial years are as follows:

INDICATORS	2011/12 Audited	2012/13 Prelim
Total contribution revenue collected	12 441 164 000	13 687 497 000
Benefits paid (R)	5 612 266 000	6 012 886 000
Total number of beneficiaries	705 854	731 131
Total number of employers registered	1 408 205	1 465 218
Total number of employees registered	8 125 575	8 330 760
Investment revenue	4 212 022 000	4 660 361 000

The UIF provides funding toward the Training Layoff Scheme which allows employers and employees to participate in this scheme as an alternative to retrenchment, subject to eligibility. In addition the Minister of Labour approved in principle projects to provide funding to unemployment alleviation schemes which includes up-skilling/training to the unemployed and Social Plan Funding. The up-skilling/training are executed in close relationship with the National Skills Fund and the various Sector Education Training Authorities (Seta's).

During the period under review, the Unemployment Insurance Fund together with the Industrial Development Corporation (IDC) enhanced their strategic relationship and interaction. In addition to the R2 billion 5-year private placement bond that was issued by the IDC, and in turn subscribed by the UIF in April 2010, the UIF approved 4 additional bonds of R500 million each to be registered by the IDC and taken up by the UIF. Three of the four R500 million bonds had been taken up by the UIF at the end of the financial year 2012/13. As at 31 March 2013, the UIF's total direct socially responsible investment with the IDC amounted to R3.56 billion. IDC has indicated that the last bond of R500 million will be taken up in September 2013.

5.7 Other Entities

5.7.1 Sheltered Employment Factories (SEF)

The Sheltered Employment Factories (SEF) was established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market, due to the nature of their afflictions.

Of the factory workers currently employed, 80% are intellectually / mentally / psychologically challenged.

There are currently 12 factories across the country in 7 provinces. Income from the factories are generated from sales of manufactured goods that include wood and metal furniture, hospital commodities, linen, bedding, protective clothing, garments, upholstery, bookbinding and screen printing. The income from sales, supplemented by subsidy transfers from the Department of Labour, covers the operating expenses of the factories.

It is the vision of the factories to transform and expand direct employment for people with intellectual and multiple disabilities, and to develop as a provider of quality training for people with disabilities to enable and facilitate their transition into the open labour market.



6 ORGANISATIONS TO WHICH TRANSFER PAYMENTS HAVE BEEN MADE

6.1 Organisations, to which transfer payments have been made for the year under review, are disclosed in Annexure 1 of the Annual Financial Statements.

7 PUBLIC PRIVATE PARTNERSHIPS (PPP)

7.1 The Information Technology Public/Private, Partnership Agreement (IT PPP) was concluded and implemented on 1 December 2002, aimed at providing an IT enablement to the Department as well as the Unemployment Insurance and Compensation Funds, for a period of ten (10) years and the contract ended on 30 November 2012 (Disclosed in Note 28 of the AFS).

7.2 The Department of Labour concluded a Public Private Partner (PPP Agreement) with Siemens Business Services (Pty) Ltd on 27 November, 2002, providing for the total outsourcing of the IT operations of the Department. The IT Public-Private Partnership expired on 30 November 2012. Steps to address the transition from the IT Public-Private Partnership to a Departmental managed Information Technology environment are as follows:

- Annexure 12 of the PPP Agreement provides for the Department to, among others, request certain Services to be rendered by the Contractor during the contract termination support period, i.e. 1 December 2012 to 30 November 2013. The Department has requested the Contractor by way of its contract termination support service request, dated 8 August 2012, to render certain services and the contractor has subsequently provided the Department with a proposal setting out the services to be rendered.
- During November 2012, the Department and the Contractor agreed to activate the termination support period, stipulated in the contract. During this period the Contractor will provide specific services to the Department with a focus of transferring skills and knowledge to the staff of the Department. The Department will pay a negotiated termination support fee to the amount of R16 401 308.93 per month to the Contractor for this support period.
- The Department is managing the transition from an IT Public Private Partnership to a Departmental managed Information Technology environment – in the process to develop and implement a new ICT Strategy and roadmap.

8 CORPORATE GOVERNANCE ARRANGEMENTS

8.1 Governance Structures and Responsibilities

In an on-going effort to ensure that the Department is managed responsibly and ethically, reviews and updates are done for governance processes and practices. The Department operates according to the understanding that ethical and effective corporate governance requires a combination of internal regulation and compliance with the regulatory environment in which it conducts its business.

Management is compliant with and guided by, inter alia, the provisions of the Public Finance Management Act, Public Service Act and other legislations and governance principles. The King III report brings about added compliance requirements that moving forward; the Department will embrace and comply with.

8.2 Risk Management

Risk Management approach, system and processes are embodied into the culture and practices of the organisation. The effective management of risks is critical to the achievement of the Department's objectives. The Risk Management Unit of the Department is imperative for the Department to fulfil its mandate, the service delivery expectation of the public and the performance expectation within the institution. The risk management unit assists with the facilitation and management of the risk management processes in the Department. The risk management activities are conducted to mitigate risks and threats so as to minimise and /or prevent deficiencies of any nature. The unit has a mandate to implement risk management processes, to build a culture of risk management, to ensure that all major risks are identified, managed and reported on and to monitor the entire risk profile of the Department.

During the period under review, risk reviews were done on both strategic and operational level for the entire organisation. These processes are supplemented by comprehensive risk registers and risk control matrixes that are used as monitoring tools. Furthermore, a risk framework for monitoring of the prioritised risks was developed in line with the Risk Appetite Framework.

8.3 Management of Conflict of Interest

The Department has implemented processes to minimise conflict of interest. These processes are as a result of legislative requirements and best practices that we intend to enrich. All members of the Senior Management Service (SMS) are required to declare their business interests annually. All other officials are required to follow the prescribed disclosure mechanisms should they perform remunerative work outside of the public sector.

Critical to strengthening organisational integrity, and in addition to the above, pre-employment screening, vetting processes of both employees and service providers; declarations during recruitment processes; supply chain practitioners signing the Code of Conduct, and the signing of declaration by the oversight committee members are amongst others initiatives implemented to manage possible conflict of interest.

8.4 Fraud Prevention

The Department has a formalised Fraud Prevention Plan to prevent, detect and investigate fraudulent activities and to protect assets and other resources from any dishonest and unethical conduct. The Fraud Prevention Plan ensures that the Department addresses all fraud related cases and manage fraud risks effectively. In responding to the new developments in the public sphere, the Fraud Prevention Strategy/ Plan have been recently reviewed.

Fraud risk assessments were conducted as part of the operational risk assessments and reviews. Mitigation plans were also developed. Continuous awareness campaigns were conducted in all Provinces including the Sheltered Employment Factories in accordance with the approved Fraud Prevention Plan.

In furtherance to the implementation of the fraud strategy, the Department has entrenched its reporting leg with the development of a whistle blowing policy. A whistleblowing



Hotline was established. The overall intent is to intensify the whistleblowing mechanisms in the Department in line with the Protected Disclosure Act. The Department is able to provide a mechanism for the public and the staff to report suspicious allegations/acts. In the long-run this will also prevent and minimise the extent of fraud and corruption.

8.5 Oversight Structures

8.5.1 Risk Committees

The Department established a National Risk Committee to strengthen its risk management processes. The committee met at least quarterly during the year and has been fundamental to ensure a comprehensive risk management process. This Committee also interlink with the Audit Committee to ensure that combined assurance is promoted by all governance structures.

The Departmental Provincial Risk Management Committees were established in the 2008/09 financial year and have been operating since. These Committees deals with operational risks and provincial dynamics, and supplement the overall risk strategy.

8.5.2 Audit Committee and the Internal Audit Unit

The Audit Committee of the Department is constituted of independent members and remained instrumental in providing independent advises to the entire Department. The Audit Committee also provide oversight responsibilities to the Sheltered Employment Factories. The committee has met at least quarterly during the year and also met the Accounting Officer and Auditor-General in a separate special meeting.

The Internal Audit Unit reports administratively and functionally to the Accounting Officer and the Audit Committee respectively. The Internal Audit Unit has played a crucial role as an input advisor to the committee. The Internal Audit planning processes is based on the risk profile of the Department, also considering Audit Committee and management requests. The Internal Audit Unit presented its annual internal audit plan to the Audit Committee for approval and progress reports were provided on a quarterly basis. The Audit Committee is generally satisfied with the work of Internal Audit as provided in its reports to the Accounting Officer and resolutions of the Audit Committee meetings.

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The Department has not identified any activities to be discontinued. However, name changes were proposed and effected as follows:

Programme 3: Change of sub-programme name from "Registration and Placement Services" to "Work Seeker Services".

Programme 4: The splitting of the sub-programme "Employment Equity and Standards" into two sub-programmes, namely "Employment Equity", and "Employment Standards".

This request was approved by National Treasury on 10 August 2011.

10. NEW/PROPOSED ACTIVITIES

No new activities have been proposed.

The Department requested to amend the budget structure of Programme 2 for the 2013/14 financial year. The proposed new sub-programme: Statutory and Advocacy Services will deal primarily with statutory and advocacy services which enforce and promote health and safety legislation by ensuring compliance with the Occupational Health and Safety Act, 85 of 1993

This request was approved by National Treasury on 20 August 2012.

11. ASSET MANAGEMENT

11.1 All assets have been captured on the Department's Integrated Asset Management System (IAMS).

11.2 The IAMS system, which the Department's utilise for the asset register, complies with the minimum requirements, as prescribed by National Treasury.

11.3 All assets are recorded in an asset register and a reconciliation of assets between the asset register (LOGIS) and the Basic Accounting System has been performed.

11.4 Constraints have been experienced in respect of the LOGIS system, which does not provide for an asset management system. The Department implemented the IAMS System for this purpose.

12. EVENTS AFTER THE REPORTING DATE

None

13. PERFORMANCE INFORMATION

In this respect, policies relating to the quarterly and annual monitoring and evaluation processes were adhered to and source documentation/information substantiating such reported performance is available. Quarterly Performance Reports were compiled and submitted in line with the applicable prescripts.

14. SCOPA RESOLUTIONS

Reference to previous audit report and SCOPA resolutions

Sixteenth Report of the Committee on Public Accounts on the Annual Reports and Financial Statements of the Department of Labour, the Sheltered Employment Factories and the Report of the Auditor-General for the 2010/11 Financial Year, dated 22 August 2012

Introduction:

The Committee on Public Accounts (the Committee) heard evidence on and considered the content of the Annual Report and the Report of the Auditor-General (AG) on the 2010/11 financial statements of the Department of Labour (Department). The Committee noted the unqualified audit opinion, highlighted areas which required the attention of the Accounting Officer, and reports as follows:

14.1 COMPLIANCE WITH LAWS AND REGULATIONS

Subject

The AG identified the following:

14.1.1 Procurement and contract management:

- a) The Department did not comply in certain circumstances with National Treasury Practice Note 8 of 2007-08 for transactions between R10 000 and R500 000 and those exceeding R500 000 (VAT included), as the Accounting Officer did not invite written quotations or competitive bids respectively as required;
- b) In certain instances awards were made to suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state as per the requirements of Treasury Regulation 16A8.2 and Practice Note 7 of 2009/10; and
- c) In certain instances awards were made to suppliers who did not submit a declaration of past supply chain practices such as fraud, abuse and non-performance as per the requirements of Treasury Regulation 16A9.1(a) and Practice Note 4 of 2006.

The Committee recommends that the Accounting Officer ensures the following:

- a) The Department follows at all times Treasury Regulations and Practice Notes in the awarding of bids;
- b) There are regular reviews of supply chain management activities to ensure compliance; and
- c) Officials who approved bids that did not comply with legal prescripts are held accountable.

Progress

Management progress report:

The recommendations of the Committee were noted and the following actions were implemented by the Department to address the procurement and contract management findings of the Auditor-General:

- Training has been provided and workshops have been held to inform officials of SCM policies and procedures.
- Policies and procedures communicated to all the Department's officials.
- All database registration forms are completed and signed (SBD 4 - Declaration of Interest by suppliers).
- SCM – Head Office downloaded the list of suppliers from the iQual database (supplier database) for Head Office's suppliers to be verified / screened.
- Successful tests conducted on the Supplier's system.
- Database registration forms are completed and signed (SBD 8 - Declaration of Bidder's past Supply Chain Management Practice).
- Officials who approved bids that did not comply with legal prescripts will be held accountable.
- The action steps have been implemented and the monitoring thereof takes place on a monthly basis.

Subject	Progress
<p>14.1.2 Human Resource Management and compensation:</p> <p>The Auditor-General identified the following:</p> <ul style="list-style-type: none"> a) The Accounting Officer did not ensure that performance assessments of senior managers were conducted during the year as required by Public Service Regulations paragraph B1; and b) The Accounting Officer did not ensure that funded vacant posts were filled within 12 months after becoming vacant as per the requirements of Public Service Regulation C.1A.2. <p>The Committee recommends that the Accounting Officer ensures the following:</p> <ul style="list-style-type: none"> a) Funded vacant posts are filled timeously. b) The Human Resource Unit ensures that performance assessments are performed at all levels and makes follow up where evidence is not provided. <p>The Committee further recommends that the Executive Authority takes action against the Accounting Officer for contravening Public Service Regulations (paragraph B1 and C.1A.2).</p>	<p>Management progress report:</p> <p>The recommendations of the Committee are noted. The following actions were implemented by the Department to address the Human Resource Management and compensation findings of the Auditor-General:</p> <ul style="list-style-type: none"> • 100% of SMS members have submitted performance assessments for the 2010/11 performance period – no further corrective actions to be put in place as the finding did not recur in the 2011/12 reporting period. • Monthly reports provided to all Programmes to identify posts to be advertised and a weekly vacancy rate report is provided to the Deputy Director-General: Corporate Services. • Recommendations of the task team have been communicated to Provinces and deliverables are monitored by Human Resources Management.



Subject	Progress
<p>14.1.3 Expenditure Management:</p>	<p>Management progress report:</p>
<p>The Auditor-General identified the following:</p>	<p>The recommendations of the Committee are noted. The following actions were implemented by the Department to address the Expenditure Management findings of the Auditor-General:</p>
<p>a) The Accounting Officer did not take effective and appropriate steps to prevent and detect irregular expenditure as per the requirements of section 38(1)(c)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 9.1.1. The Department incurred irregular expenditure due to procurement procedures that were not always adhered to;</p> <p>b) The Accounting Officer did not ensure that all payments due to creditors are settled within 30 days from receipt of an invoice as per the requirement of section 38 (1)(f) of the PFMA and Treasury Regulation 8.2.3; and</p> <p>c) The Accounting Officer did not ensure that the Public Private Partnership (PPP) agreement is properly implemented, managed, enforced, monitored, and reported on as required by Treasury Regulations, paragraph 16.7.1.</p>	<p>a) Irregular Expenditure:</p> <ul style="list-style-type: none"> • Communication of the Supply Chain Management (SCM) policies and procedures as well as training provided to relevant officials. • Procurement exceeding R 500,000 must be subjected to a competitive bidding process. • Irregular expenditure to be investigated. • Irregular expenditure to be dealt with in accordance with National Treasury Practice Note no. 4 of 2008/09. <p>b) Training has been provided and workshops have been held with Departmental officials. Monthly reports are provided to National Treasury regarding payments not processed within 30 days. Officials who do not comply will be held accountable. The action steps listed have been implemented and the monitoring thereof takes place on a monthly basis.</p> <p>c) The opinion from the Department is that all possible steps were taken to ensure compliance with all regulations and stipulations in respect of the PPP agreement. The Department takes the PPP Agreement and all its facets very serious and wishes to express its on-going strive to obtain all objectives and goals as set out initially.</p>

Subject	Progress
The Committee recommends that the Accounting Officer ensures the following:	1. According to Annexure 9 of the PPP Agreement (Services and Agreement Management) Clause 5.2.4, the PPP Executive Committee meeting should take place annually between the Department and representatives of the contractor.
a) There is regular monitoring and review over the procurement processes and the PPP contract; and	2. Such a meeting did take place for the period of that financial year on 23 November 2011.
b) A weekly follow up on outstanding invoices and payments is done.	3. According to Annexure 9 clause 5.2 the principal objectives of the Executive Committee meeting are (Quoted from PPP Agreement):
	3.1 Share information in respect of the Department's business and the Contractor's corporate plans such as may provide opportunities and/or affect the performance of each Parties rights and obligations under this Agreement;
	3.2 Consider the effect of, and manage, significant changes affecting the relationship;
	3.3 Fulfil the committee's obligations in respect of Change Management as set out in Annexure 8: CHANGE MANAGEMENT;
	3.4 Fulfil the committee's obligations in respect of the application of the Dispute Escalation Procedures.
	3.5 The principle actions and decisions of the Executive Committee are to:
	3.5.1 Review the performance of the Parties' respective obligations under this Agreement;
	3.5.2 Review the success of the on-going relationship of the Parties;
	3.5.3 Recommend Changes such as it believes shall benefit the Parties or are otherwise necessary in accordance with the Change Management Procedure set out in Annexure 8: Change Management.



Subject	Progress
	3.5.4 Perform any other actions consistent with the level of representation in this committee, in the interests of the Services or Relationship Management, subject to the Agreement;
	3.5.5 Review, consider the facts of and use reasonable endeavours to satisfactorily resolve disputes referred to it by the Steering Committee and if such resolution is not reached to refer the said dispute(s) in accordance with the Dispute Resolution Procedures pursuant to the Terms and Conditions.
	4. As deduced from the quoted paragraphs above, it is evident that the focus of the Executive Committee Meeting (EXCO) is to oversee the work done by many other forums like the PPP Steering Committee.
	5. The Steering Committee (as indicated in the audit report) did take place regularly and functioned well.
	6. Whenever matters were unresolved by the Steering Committee, it was duly escalated over the years.
	7. Further EXCO meetings did take place in the current financial year as evidence to the seriousness of the Department to ensure that strict governance is adhered to where and when required.
	8. Monthly Delivery Reports (SDR) are compiled by the Project Manager of the PPP Partner and provided to the Business Project Manager at the Department to monitor progress of the deliverables as agreed in the PPP contract.

14.1.4 Asset Management:

The Auditor-General identified the following:
 The Accounting Officer did not take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, losses, wastage and misuse as required by section 38(1)(d) of the PFMA and Treasury Regulation 10.1. A significant number of minor assets were recorded in the asset register without locations and barcodes.

Action plan:

The recommendations of the Committee are noted. An action plan was developed by the Department to comply with section 38(1) (d) of the PFMA, as well as Treasury Regulation 10.1.1, in respect of asset management.

Subject	Progress
<p>The Committee recommends that the Accounting Officer ensures that:</p> <p>Monthly reviews of the asset register are done so as to make certain that it is updated with all the relevant details regarding additions, disposals and movement.</p> <p>The Committee further recommends that the Executive Authority should take action against the Accounting Officer for contravening section 38(1) (d) of the PFMA, as well as Treasury Regulation 10.1.1.</p>	<p>The following was implemented by the Department to address the Asset Management findings of the Auditor-General:</p> <ul style="list-style-type: none"> • Assets have been captured on the Department’s Integrated Asset Management System (IAMS). • IAMS, from which the Department’s asset register is drawn, complies with the minimum requirements, as indicated by National Treasury. • Assets are recorded in the asset register and a reconciliation of assets between the Asset Register (Logis) and the Basic Accounting System has been performed. <p>The Department received an unqualified audit report for the 2010/11 and 2011/12 financial years, which further indicates that monitoring and controls are in place to effectively address the findings relating to assets.</p>

14.2 SHELTERED EMPLOYMENT FACTORIES:

Introduction:

The Committee on Public Accounts (the Committee) heard evidence on and considered the content of the Annual Report and the Report of the Auditor-General (AG) on the 2010/11 financial statements of the Sheltered Employment Factories (SEF). The Committee noted the qualified audit opinion, highlighted areas which required the attention of the Accounting Officer, and reports as follows:



Subject	Progress
<p>14.2.1 Operating leases</p> <p>The AG identified the following:</p> <p>The entity did not disclose the minimum future lease payment for the operating lease commitments for the current period under review as well as for the prior period (2010). The AG was unable to confirm or verify by alternative means the completeness, valuation, rights and obligations of the lease payable as well as the completeness and accuracy of the related lease expense and the corresponding lease payable.</p> <p>The Committee recommends that the Accounting Officer ensures the following:</p> <ul style="list-style-type: none"> a) The entity's management makes certain that the prior period errors are retrospectively corrected as required by International Accounting Standards (IAS) 8 b) The entity's management makes certain that future minimum lease payments are disclosed in its annual financial statements to comply with the requirements of IAS 17. 	<p>Management progress report:</p> <p>Prior period's errors were retrospectively corrected and future minimum lease payments are disclosed in the SEF Annual Financial Statements.</p>
<p>14.2.2 Inventories</p> <p>The AG identified the following:</p> <p>During the inventory count, material variances between counts of inventory on hand and the accounting records were identified. Furthermore, an assessment of the stage of completion of work in progress at 31 March 2011 was not done. The entity's records did not permit the application of alternative audit procedures regarding inventories. Consequently, the AG did not obtain all the information and explanations considered necessary to verify the existence and completeness of inventories amounting to R 993 000.</p> <p>The Committee recommends that the Accounting Officer ensures the following:</p> <p>The entity's management makes certain that all the designed internal controls are implemented and adhered to by all personnel, through the assigning of oversight responsibilities.</p>	<p>Management progress report:</p> <p>Internal controls are currently in place and bi-annual stock counts are conducted at all factories. Work in progress assessment at year end (2012/13) was done. The 2012/13 half-year and final stock counts were conducted - no material differences were identified.</p>

Subject	Progress
<p>14.2.3 Cost of sales</p> <p>The Auditor-General identified the following:</p> <ul style="list-style-type: none"> a) Included in the prior period (2010) figure for cost sales is a movement of R1.5 million relating to direct labour and manufacturing overhead costs. These costs were allocated to the opening balances of inventory for the prior period (2010) figure using a historic allocation rate. The AG was unable to obtain the assumptions made to determine the reasonableness of the rate used; and b) Costs relating to the production of items sold during the prior year have been incorrectly classified as operating expenditure. As a result, cost of sales is understated by R1.839 million. <p>The Committee recommends that the Accounting Officer should ensure that:</p> <ul style="list-style-type: none"> • The entity's management makes certain that the prior period errors are retrospectively corrected as required by IAS 8. 	<p>Management progress report:</p> <p>Prior year errors were correctly allocated. Constant monitoring and improvement of expenditure allocations are made to avoid recurrence.</p>
<p>14.2.4 Property, plant and equipment:</p> <p>The Auditor-General identified the following:</p> <ul style="list-style-type: none"> a) Assets with a cost below R3 000 (minor assets), with a gross carrying amount of R3.553 million were not recognised but expensed in the year of acquisition; and b) Assets with an estimated value of R180 000 which are still in use are still not recorded in the prior year's accounting records. <p>Consequently, prior year property, plant and equipment as disclosed in note 6 to the financial statements are understated by R3.732 million.</p> <p>The Committee recommends that the Accounting Officer ensures that:</p> <p>The entity's management makes certain that the prior period errors are retrospectively corrected as required by IAS 8.</p>	<p>Management progress report:</p> <p>Prior period errors were corrected. Physical verification of assets is performed bi-annually to avoid possible recurrence of understatement of assets.</p>



15. PRIOR MODIFICATIONS TO AUDIT REPORTS

Audit report and important matters in the management report for the 2011/12 financial year:

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance

The Department received an unqualified Audit Report for the 2011/12 financial year.

15.1 MATTERS OF NON-COMPLIANCE

15.1.1 Predetermined Objectives

The material findings are as follows:
Usefulness of information and measurability

15.1.1.1 Performance targets not specific:

Finding	Action Plan	Progress Status
<p>The National Treasury Framework for managing programme performance information (FMPPI) requires that performance targets be specific in clearly identifying the nature and required level of performance. A total 25% of the targets relevant to Public Employment Services strategic priorities were not specific in clearly identifying the nature and the required level of performance. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles of the requirements of the FMPPI.</p>	<p>In this respect, performance targets that are not specific, policies relating to the quarterly and annual monitoring and evaluation processes will be adhered to and source documentation / information substantiating such reported performance will be made available.</p>	<p>Quarterly Performance Reports were compiled and submitted in line with the applicable prescripts.</p>

15.1.1.2 Performance targets not time bound:

<p>The National Treasury Framework for managing programme performance information (FMPPI) requires that the time period or deadline for delivery be specified. A total of 28% of the targets relevant to Inspection and Enforcement Services were not time bound in specifying a time period or deadline for delivery. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.</p>	<p>In this respect performance targets that are not time bound, policies relating to the quarterly and annual monitoring and evaluation processes will be adhered to and source documentation / information substantiating such reported performance will be made available.</p>	<p>Quarterly Performance Reports were compiled and submitted in line with the applicable prescripts.</p>
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Finding	Action Plan	Progress Status
15.1.1.3 Performance Indicators not well defined:		
<p>The National Treasury Framework for managing programme performance information (FMPPPI) requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 33% reported indicators relevant to Inspection and Enforcement Services were not accurate when compared to source information. This was due to a lack of monitoring, review, standard operating procedures and information systems for the recording of actual achievements by senior management.</p>	<p>In this respect performance targets that are not well defined, policies relating to the quarterly and annual monitoring and evaluation processes will be adhered to and source documentation / information substantiating such reported performance will be made available.</p>	<p>Quarterly Performance Reports were compiled and submitted in line with the applicable prescripts.</p>
15.1.1.4 Indicators not verifiable:		
<p>The National Treasury Framework for managing programme performance information (FMPPPI) requires that it must be possible to validate the processes and systems that produce the indicator. A total of 22% and 47% of the indicators relevant to Inspection and Enforcement Services and Public Employment Services respectively were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the lack of key controls in the relevant systems of collection, collation and verification of actual performance information.</p>	<p>In this respect indicators that are not verifiable, policies relating to the quarterly and annual monitoring and evaluation processes will be adhered to and source documentation / information substantiating such reported performance will be made available.</p>	<p>Quarterly Performance Reports were compiled and submitted in line with the applicable prescripts.</p>
15.1.1.5 Reliability of information:		
Validity, Accuracy and Completeness		
15.1.1.5.1 Reported performance not valid, accurate and complete:		
<p>The National Treasury Framework for managing programme performance information (FMPPPI) requires that processes and systems which produce the indicator should be verifiable. Furthermore, the framework requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. It also requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained.</p>	<p>Develop a standard performance information reporting template to reconcile the performance data between Provinces and Branches.</p>	<p>Standard performance information reporting template to reconcile the performance data between Provinces and Branches was developed and approved by the delegates of the Weekly Management Meeting and Monthly Operations meetings.</p>
<p>A total of 47% of the actual reported performance relevant to the selected programmes was not valid, accurate or complete when compared to the source information. This was due to a lack of monitoring, review, standard operating procedures and information systems for the recording of actual achievements by senior management.</p>		



Finding	Action Plan	Progress Status
15.1.1.6 Additional matter:		
<p>I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.</p> <p>Achievement of planned targets</p> <p>Of the total number of 140 planned targets, only 82 were Achieved during the year under review. This represents 59% of total planned targets that were Not Achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.</p>	<p>Align and reconcile planned targets in the Annual Performance Plan (APP) and quarterly reports for completeness and accuracy.</p>	<p>Aligned and reconciled planned targets in the APP and quarterly reports for completeness and accuracy.</p>
15.2 COMPLIANCE WITH LAWS AND REGULATIONS :		
<p>I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:</p>		
15.2.1 Procurement and contract management:		
<p>Goods and Services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the Accounting Officer even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4.</p>	<ul style="list-style-type: none"> • All procurement above R500 000 must follow a competitive bidding process. • Proper / valid motivations for deviations to be documented for DBAC approval and reporting thereof to NT (if the amount exceeds R1 million). • Condonation of irregular expenditure by the Accounting Officer. 	<p>Submissions to request condonation of irregular expenditure have been approved by the Accounting Officer.</p> <p>Furthermore the irregular expenditure has also been reported to the National Treasury and Auditor-General.</p>
<p>The Department did not comply with paragraph 16A.3 of the Treasury Regulations as the supply chain management policy is not sufficiently documented with regard to measures to prevent abuse of the SCM system and processes.</p>	<p>The Department to review and amend the SCM policy to clarify all processes and include all relevant amendments as required by Treasury practice notes.</p>	<p>The Department is in the process of reviewing and amending the SCM policy for submission to the delegated authority for consideration.</p>

Finding	Action Plan	Progress Status
<p>The Accounting Officer did not report the deviation from normal procurement processes to National Treasury and the Auditor-General as required by paragraph 16A.6.4 of the Treasury Regulations.</p>	<ul style="list-style-type: none"> • Proper / valid motivations for deviations to be documented for DBAC approval and reporting thereof to NT (if the amount exceeds R1 million). • Provide the relevant reports to National Treasury and the Auditor-General. 	<p>Prior approval will be granted by DBAC in order to deviate from the procurement processes. Furthermore where approval has not been granted and where the amounts exceed the DBAC threshold, the matter is reported to the National Treasury and Auditor-General within 10 days of occurrence.</p>
<p>Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury Regulation 16A8.3.</p>	<ul style="list-style-type: none"> • Communication of SCM policies and procedures to officials of the Department. • All database registration forms must include a completed and signed SBD 4 - Declaration of Interest. • A register of registered and declined service providers must be kept. • The responsible Database Administrator must ensure that a checklist is attached to each registration form, and that it is completed and signed accordingly. • Monthly monitoring of the aforementioned. 	<p>All database registration forms include a completed and signed SBD 4 - Declaration of Interest form.</p> <p>A register of declined suppliers is kept with the reasons for exclusion from the database.</p>
<p>Employees of the Department performed remunerative work outside their employment in the Department without written permission from the relevant authority as required by section 30 of the Public Service Act.</p>	<p>Communication of the policies and procedures to all staff.</p>	<p>A declaration of interest for staff members has been developed and staff members are requested to declare their interest.</p>



Finding	Action Plan	Progress Status
15.2.2 Human resource management and compensation:		
Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2 Vacant positions in the Department were not advertised within six months.	<ul style="list-style-type: none"> • Persal Establishment reports to be provided to all Programmes and vacancy rate must be monitored weekly. • Task team to be established to develop a guide to expedite the filling of vacancies. 	<ul style="list-style-type: none"> • Monthly reports provided to all Programmes to identify posts to be advertised and a weekly vacancy rate report is provided to the Deputy Director-General: Corporate Services. • Recommendations of the task team have been communicated to Provinces and deliverables are monitored by Human Resource Management. • Weekly status report is provided to Deputy Director-General: Corporate Services by the Chief Directorate: Human Resource Management.
15.2.3 Expenditure Management:		
Contractual obligations and money owed by the Department were not settled within 30 days or an agreed period, as required by section 38(1) (f) of the Public Finance Management Act and Treasury Regulation 8.2.3. The Accounting Officer did not take effective steps to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.	<ul style="list-style-type: none"> • Request Logis report regarding payments not processed within 30 days. • Registers of invoices in place to monitor payments. • Provide reasons why the creditor(s) was/were not paid within 30 days after receipt of the invoice. • Invoices to be captured on Logis when received at SCM. • Monthly reporting to NT of payments not processed within 30 days. • SCM should monitor open orders. 	A commitment register has been developed and monitoring is done on a monthly basis. Furthermore, reasons for payments not made within 30 days are indicated and reported to the National Treasury.

Finding	Action Plan	Progress Status
15.2.4 Asset management:		
<p>Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1)(d) of the Public Finance Management Act and Treasury Regulation 10.1.1(a) as a material number of minor assets had no physical location and condition recorded.</p>	<p>An action plan was developed by the Department to comply with section 38(1) (d) of the PFMA, as well as Treasury Regulation 10.1.1, in respect of asset management.</p>	<p>The following was implemented by the Department to address the Asset Management findings of the Auditor-General:</p> <ul style="list-style-type: none"> • Assets have been captured on the Department's Integrated Asset Management System (IAMS). • The IAMS system, from which the Department's asset register is drawn, complies with the minimum requirements, as indicated by National Treasury. • Assets are recorded in the asset register and a reconciliation of assets between the Asset Register (Logis) and the Basic Accounting System have been performed.
15.2.5 Revenue Management:		
<p>The Accounting Officer did not take effective and appropriate steps to collect all money due as required by section 38(1)(c) (i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2 (e).</p>	<p>Identify and record debt on BAS.</p> <ul style="list-style-type: none"> • Notify the debtor of the amount owing in terms of payment and the type (detail) of debt. • Either institute the deduction or refer the debt to Legal Services. • Perform regular reconciliations of debtors to follow up on long outstanding debts. 	<p>Monthly debtor's reconciliations are performed by the Provincial Offices and monitored at Head Office.</p> <p>Out-of-service debts have been referred to Legal Services.</p>



Finding	Action Plan	Progress Status
15.2.6 Governance:		
<p>Management did not implement adequate risk management activities to ensure that IT governance risks of the Department are addressed. The Information Communications Technology (ICT) strategy and policies were not updated. The business continuity plan which should form a basis for ICT governance framework to direct the positioning of ICT, resource requirements, risk and internal control management was not developed and implemented.</p>	<ul style="list-style-type: none"> • ICT policies to be comprehensively documented and approved to ensure that the actions carried out by information systems users support the Department's security objectives, which would include ensuring that the confidentiality, integrity and availability of its information are not compromised. • An ICT governance framework to be developed and implemented. IT governance is the responsibility of top management and includes the leadership, organisational structures and processes that ensure that the Department's IT section sustains and extends the Department's strategies and objectives. 	<ul style="list-style-type: none"> • ICT Policies are in a draft phase • ICT governance framework has been developed and adopted in the ICT strategic plan

16. EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

The Department did not request any exemptions and deviations from National Treasury.

17. INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were prepared in accordance with National Treasury prescripts and submitted within the required timeframes. The amounts reported in the Financial Statements were reconciled with the financial systems prior to submission thereof to National Treasury. The Interim Financial Statements were approved by the Accounting Officer.

18. APPROVAL

The Annual Financial Statements for the 2012/13 financial year have been approved by the Accounting Officer.


 NPT Nhleko - Director-General: Labour (Date: 31 MAY 2013)

APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

APPROPRIATION STATEMENT	Appropriation per programme								
	2012/13				2011/12				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. ADMINISTRATION									
Current payments	730 634	-	(66 072)	664 562	587 672	76 890	88.4%	589 977	589 977
Transfers and subsidies	573	-	862	1 435	1 435	-	100.0%	770	770
Payment for capital assets	33 378	-	58 974	92 352	92 352	-	100.0%	115 613	112 850
Payment for financial assets	-	-	6 236	6 236	6 236	-	100.0%	673	673
2. INSPECTION AND ENFORCEMENT SERVICES									
Current payments	398 074	-	(634)	397 440	394 520	2 920	99.3%	375 077	375 077
Transfers and subsidies	290	-	635	925	925	-	100.0%	583	583
Payment for capital assets	2 012	-	(1)	2 011	129	1 882	6.4%	89	89
3. PUBLIC EMPLOYMENT SERVICES									
Current payments	209 353	-	(229)	209 124	207 237	1 887	99.1%	192 031	192 031
Transfers and subsidies	124 078	-	229	124 307	123 625	682	99.5%	138 683	138 158
Payment for capital assets	900	-	-	900	789	111	87.7%	2 005	2 005
4. LABOUR POLICY AND INDUSTRIAL RELATIONS									
Current payments	108 649	-	(1 012)	107 637	87 055	20 582	80.9%	99 989	93 427
Transfers and subsidies	531 428	-	1 012	532 440	532 440	-	100.0%	501 536	501 441
Payment for capital assets	197	-	-	197	157	40	79.7%	357	41
TOTAL	2 139 566	-	-	2 139 566	2 034 572	104 994	95.1%	2 017 383	2 007 122
Reconciliation with statement of financial performance									
ADD Departmental receipts				15 670	-			7 637	-
Actual amounts per statement of financial performance (total revenue)				2 155 236	-			2 025 020	-
Actual amounts per statement of financial performance (total expenditure)					2 034 572				2 007 122

Appropriation per economic classification									
	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	847 541	-	(7 678)	839 863	820 465	19 399	97.7%	758 492	757 883
Goods and services	599 143	-	(60 266)	538 877	455 996	82 880	84.6%	498 552	492 599
Interest and rent on land	26	-	(3)	23	23	-	100.0%	30	30
Transfers and subsidies									
Provinces and municipalities	88	-	139	227	227	-	100.0%	51	51
Departmental agencies and accounts	554 053	-	18	554 071	554 070	1	100.0%	542 184	542 183
Foreign Governments and international organisations	12 722	-	970	13 692	13 692	-	100.0%	14 306	14 211
Non-profit institutions	88 711	-	-	88 711	88 030	681	99.2%	83 258	82 734
Households	795	-	1 611	2 406	2 406	-	100.0%	1 773	1 773
Payments for capital assets									
Buildings and other fixed structures	3 416	-	5 221	8 637	8 637	-	100.0%	4 571	4 571
Machinery and equipment	33 071	-	53 752	86 823	84 790	2 033	97.7%	113 493	110 414
Payments for financial assets	-	-	6 236	6 236	6 236	-	100.0%	673	673
Total	2 139 566	-	-	2 139 566	2 034 572	104 994	95.1%	2 017 383	2 007 122

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 MINISTER									
Current payments	15 354	-	1 279	16 633	16 633	-	100.0%	15 314	15 314
Transfers and subsidies	2	-	1	3	3	-	100.0%	316	316
Payment for capital assets	45	-	117	162	162	-	100.0%	876	876
1.2 MANAGEMENT									
Current payments	431 584	-	(29 836)	401 748	393 521	8 227	98.0%	330 789	330 789
Transfers and subsidies	322	-	734	1 056	1 056	-	100.0%	391	391
Payment for capital assets	3 830	-	52 339	56 169	56 169	-	100.0%	80 714	78 138
1.3 CORPORATE SERVICES									
Current payments	53 342	-	(395)	52 947	47 096	5 851	88.9%	53 696	53 696
Transfers and subsidies	26	-	40	66	66	-	100.0%	-	-
Payment for capital assets	418	-	(141)	277	277	-	100.0%	422	383
1.4 OFFICE OF THE CHIEF FINANCIAL OFFICER									
Current payments	74 876	-	(5 968)	68 908	68 003	905	98.7%	62 506	62 506
Transfers and subsidies	223	-	87	310	310	-	100.0%	63	63
Payment for capital assets	25 684	-	1 423	27 107	27 107	-	100.0%	161	13
Payment for financial assets	-	-	6 236	6 236	6 236	-	100.0%	673	673
1.5 OFFICE ACCOMMODATION									
Current payments	155 478	-	(31 152)	124 326	62 419	61 907	50.2%	127 672	127 672
Payment for capital assets	3 401	-	5 236	8 637	8 637	-	100.0%	33 440	33 440
Total	764 585	-	-	764 585	687 695	76 890	89.9%	707 033	704 270



Programme 1 per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	298 083	-	(2 764)	295 319	284 618	10 701	96.4%	267 115	267 115
Goods and services	432 525	-	(63 305)	369 220	303 031	66 189	82.1%	322 832	322 832
Interest and rent on land	26	-	(3)	23	23	-	100.0%	30	30
Transfers and subsidies									
Provinces and municipalities	88	-	125	213	213	-	100.0%	50	50
Departmental agencies and accounts	13	-	15	28	28	-	100.0%	-	-
Households	472	-	722	1 194	1 194	-	100.0%	720	720
Payment for capital assets									
Buildings and other fixed structures	3 416	-	5 221	8 637	8 637	-	100.0%	4 557	4 557
Machinery and equipment	29 962	-	53 753	83 715	83 715	-	100.0%	111 056	108 293
Payments for financial assets	-	-	6 236	6 236	6 236	-	100.0%	673	673
Total	764 585	-	-	764 585	687 695	76 890	89.9%	707 033	704 270

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 MANAGEMENT AND SUPPORT SERVICES: INSPECTION AND ENFORCEMENT SERVICES									
Current payments	16 647	-	(1 143)	15 504	14 341	1 163	92.5%	13 364	13 364
Payment for capital assets	12	-	12	24	24	-	100.0%	-	-
2.2 OCCUPATIONAL HEALTH AND SAFETY									
Current payments	15 110	-	2 346	17 456	17 456	-	100.0%	19 804	19 804
Transfers and subsidies	5	-	1	6	6	-	100.0%	101	101
Payment for capital assets	-	-	-	-	-	-	-	18	18
2.3 REGISTRATION: INSPECTION AND ENFORCEMENT SERVICES									
Current payments	90 556	-	(5 130)	85 426	84 420	1 006	98.8%	80 089	80 089
Transfers and subsidies	112	-	153	265	265	-	100.0%	129	129
2.4 COMPLIANCE, MONITORING AND ENFORCEMENT									
Current payments	271 041	-	3 293	274 334	273 846	488	99.8%	257 323	257 323
Transfers and subsidies	173	-	481	654	654	-	100.0%	353	353
Payment for capital assets	2 000	-	(13)	1 987	105	1 882	5.3%	71	71
2.5 TRAINING OF STAFF: INSPECTION AND ENFORCEMENT SERVICES									
Current payments	4 720	-	-	4 720	4 457	263	94.4%	4 497	4 497
Total	400 376	-	-	400 376	395 574	4 802	98.8%	375 749	375 749

Programme 2 per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	307 052	-	(623)	306 429	305 243	1 186	99.6%	275 972	275 972
Goods and services	91 022	-	(11)	91 011	89 277	1 734	98.1%	99 105	99 105
Transfers and subsidies									
Provinces and municipalities	-	-	10	10	10	-	100.0%	1	1
Departmental agencies and accounts	-	-	1	1	1	-	100.0%	-	-
Households	290	-	624	914	914	-	100.0%	582	582
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 012	-	(1)	2 011	129	1 882	6.4%	89	89
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	400 376	-	-	400 376	395 574	4 802	98.8%	375 749	375 749

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 MANAGEMENT AND SUPPORT SERVICES: PUBLIC EMPLOYMENT									
Current payments	25 008	-	(3 945)	21 063	21 062	1	100.0%	19 034	19 034
Transfers and subsidies	-	-	19	19	19	-	100.0%	-	-
Payment for capital assets	900	-	(58)	842	731	111	86.8%	1 968	1 967
3.2 EMPLOYER SERVICES									
Current payments	86 538	-	61 747	148 285	148 285	-	100.0%	143 362	143 362
Transfers and subsidies	-	-	176	176	176	-	100.0%	288	288
Payment for capital assets	-	-	58	58	58	-	100.0%	23	23
3.3 REGISTRATION AND PLACEMENT SERVICES: PUBLIC EMPLOYMENT									
Current payments	90 059	-	(57 364)	32 695	32 696	(1)	100.0%	23 473	23 473
Transfers and subsidies	33	-	34	67	67	-	100.0%	35	35
Payment for capital assets	-	-	-	-	-	-	-	14	15
3.4 DESIGNATED GROUPS SPECIAL SERVICES									
Transfers and subsidies	758	-	-	758	77	681	10.2%	722	198

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.5 SHELTERED EMPLOYMENT FACTORIES AND SUBSIDIES TO DESIGNATED WORKSHOPS									
Current payments	6 401	-	(436)	5 965	4 078	1 887	68.4%	4 934	4 934
Transfers and subsidies	72 151	-	-	72 151	72 151	-	100.0%	67 473	67 473
3.6 PRODUCTIVITY SOUTH AFRICA									
Transfers and subsidies	37 050	-	-	37 050	37 050	-	100.0%	34 059	34 059
3.7 UNEMPLOYMENT INSURANCE FUND									
Transfers and subsidies	1	-	-	1	-	1	-	1	-
3.8 COMPENSATION FUND									
Transfers and subsidies	14 085	-	-	14 085	14 085	-	100.0%	36 105	36 105
3.9 TRAINING OF STAFF: PUBLIC EMPLOYMENT SERVICES									
Current payments	1 347	-	(231)	1 116	1 116	-	100.0%	1 228	1 228
Total	334 331	-	-	334 331	331 651	2 680	99.2%	332 719	332 194

Programme 3 per Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	175 199	-	(4 249)	170 950	169 064	1 886	98.9%	154 514	154 514
Goods and services	34 154	-	4 020	38 174	38 173	1	100.0%	37 517	37 517
Transfers and subsidies									
Provinces and municipalities	-	-	3	3	3	-	100.0%	-	-
Departmental agencies and accounts	51 136	-	2	51 138	51 137	1	100.0%	70 165	70 164
Non-profit institutions	72 909	-	-	72 909	72 228	681	99.1%	68 195	67 671
Households	33	-	224	257	257	-	100.0%	323	323
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	14	14
Machinery and equipment	900	-	-	900	789	111	87.7%	1 991	1 991
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	334 331	-	-	334 331	331 651	2 680	99.2%	332 719	332 194

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 MANAGEMENT AND SUPPORT SERVICES: LP AND MP									
Current payments	12 201	-	780	12 981	12 320	661	94.9%	9 538	9 538
Payment for capital assets	-	-	-	-	-	-	-	23	23
4.2 STRENGTHEN CIVIL SOCIETY									
Transfers and subsidies	15 802	-	-	15 802	15 802	-	100.0%	15 063	15 063
4.3 COLLECTIVE BARGAINING									
Current payments	12 365	-	(780)	11 585	11 223	362	96.9%	10 222	10 215
Transfers and subsidies	-	-	-	-	-	-	-	1	1
Payment for capital assets	47	-	(12)	35	11	24	31.4%	89	-
4.4 EMPLOYMENT EQUITY									
Current payments	13 679	-	-	13 679	9 900	3 779	72.4%	24 088	20 747
Payment for capital assets	-	-	7	7	7	-	100.0%	10	10
4.5 EMPLOYMENT STANDARDS									
Current payments	12 487	-	-	12 487	8 422	4 065	67.4%	-	-
4.6 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION									
Transfers and subsidies	478 745	-	-	478 745	478 745	-	100.0%	448 104	448 104

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.7 RESEARCH, POLICY AND PLANNING									
Current payments	11 702	-	(10)	11 692	5 246	6 446	44.9%	12 065	10 598
Transfers and subsidies	-	-	11	11	11	-	100.0%	-	-
Payment for capital assets	-	-	5	5	5	-	100.0%	50	-
4.8 LABOUR MARKET INFORMATION AND STATISTICS									
Current payments	32 849	-	(32)	32 817	30 254	2 563	92.2%	29 175	29 166
Transfers and subsidies	-	-	31	31	31	-	100.0%	133	133
Payment for capital assets	38	-	(16)	22	6	16	27.3%	10	8
4.9 INTERNATIONAL LABOUR MATTERS									
Current payments	12 609	-	(970)	11 639	9 142	2 497	78.5%	14 297	12 645
Transfers and subsidies	12 722	-	970	13 692	13 692	-	100.0%	14 320	14 225
Payment for capital assets	112	-	16	128	128	-	100.0%	175	-
4.10 NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL									
Current payments	757	-	-	757	548	209	72.4%	604	518
Transfers and subsidies	24 159	-	-	24 159	24 159	-	100.0%	23 915	23 915
Total	640 274	-	-	640 274	619 652	20 622	96.8%	601 882	594 909



Programme 4 per Economic classification	2012/13						2011/12		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	67 207	-	(42)	67 165	61 540	5 625	91.6%	60 891	60 282
Goods and services	41 442	-	(970)	40 472	25 515	14 957	63.0%	39 098	33 145
Transfers and subsidies									
Provinces and municipalities	-	-	1	1	1	-	100.0%	-	-
Departmental agencies and accounts	502 904	-	-	502 904	502 904	-	100.0%	472 019	472 019
Foreign Governments and international organisations	12 722	-	970	13 692	13 692	-	100.0%	14 306	14 211
Non-profit institutions	15 802	-	-	15 802	15 802	-	100.0%	15 063	15 063
Households	-	-	41	41	41	-	100.0%	148	148
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	197	-	-	197	157	40	79.7%	357	41
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	640 274	-	-	640 274	619 652	20 622	96.8%	601 882	594 909

NOTES TO THE APPROPRIATION STATEMENT

For the year ended 31 March 2013

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-E) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Programme

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Administration				
Current Payments	664 562	587 672	76 890	11.6%
Transfers and Subsidies	1 435	1 435	-	0.0%
Payment for Capital Assets	92 352	92 352	-	0.0%
Payment of Financial Assets	6 236	6 236	-	0.0%

The under spending on current payments is mainly attributable to vacancies and less than anticipated payments to the Department of Public Works (DPW) processed for the payments of leases for office buildings. Incorrect invoices received from DPW were returned to be corrected and not received in time for payment – application for roll-over has been made to National Treasury.

Inspection and Enforcement Services

Current Payments	397 440	394 520	2 920	0.7%
Transfers and Subsidies	925	925	-	0.0%
Payment for Capital Assets	2 011	129	1 882	93.6%



The under spending on Payments for Capital Assets is mainly attributable to vacancies and to less than anticipated orders being processed for the procurement of new office furniture and equipment.

Programme

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Public Employment Services				
Current Payments	209 124	207 237	1 887	0.9%
Transfers and Subsidies	124 307	123 625	682	0.5%
Payment for Capital Assets	900	789	111	12.3%

The major under spending is attributable to vacancies. The under spending on Payments for Capital Assets is mainly attributable to less than anticipated orders being processed for the procurement of new office furniture and equipment.

Labour Policy and Industrial Relations

Current Payments	107 637	87 055	20 582	19.1%
Transfers and Subsidies	532 440	532 440	-	0.0%
Payment for Capital Assets	197	157	40	20.3%

Advance payments were made for communication campaigns to the Department of Government Communication Information Systems (GCIS). The under spending on current payments are attributable to invoices in this regard not received in time to be processed before the end of the financial year.



4.2	Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Current payments					
	Compensation of employees	839 863	820 465	19 398	2.3%
	Goods and services	538 877	455 996	82 881	15.4%
	Interest and rent on land	23	23	-	0.0%
Transfers and subsidies					
	Provinces and municipalities	227	227	-	0.0%
	Departmental agencies and accounts	554 071	554 070	1	0.0%
	Foreign Governments and international organisations	13 692	13 692	-	0.0%
	Non-profit institutions	88 711	88 030	681	0.8%
	Households	2 406	2 406	-	0.0%
Payments for capital assets					
	Buildings and other fixed structures	8 637	8 637	-	0.0%
	Machinery and equipment	86 823	84 790	2 033	2.3%
Payments for financial assets					
		6 236	6 236	-	0.0%

The under spending on current payments is mainly attributable to vacancies and less than anticipated payments to the Department of Public Works (DPW) processed for the payments of leases for office buildings. Incorrect invoices received from DPW were returned to be corrected and not received in time for payment – application for roll-over has been made to National Treasury. The under spending on payments for Capital Assets is mainly attributable to less than anticipated orders being processed for the procurement of new office furniture and equipment



STATEMENT OF FINANCIAL PERFORMANCE

PERFORMANCE	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	1	2 139 566	2 017 383
Departmental revenue	2	15 670	7 637
TOTAL REVENUE		2 155 236	2 025 020
EXPENDITURE			
Current expenditure			
Compensation of employees	3	820 465	757 883
Goods and services	4	455 996	492 599
Interest and rent on land	5	23	30
Total current expenditure		1 276 484	1 250 512
Transfers and subsidies			
Transfers and subsidies	7	658 425	640 952
Total transfers and subsidies		658 425	640 952
Expenditure for capital assets			
Tangible capital assets	8	93 427	114 985
Software and other intangible assets	8	-	-
Total expenditure for capital assets		93 427	114 985
Payments for financial assets	6	6 236	673
TOTAL EXPENDITURE		2 034 572	2 007 122
SURPLUS/(DEFICIT) FOR THE YEAR		120 664	17 898
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		104 994	10 261
Departmental revenue and NRF Receipts	13	15 670	7 637
SURPLUS/(DEFICIT) FOR THE YEAR		120 664	17 898

STATEMENT OF FINANCIAL POSITION

POSITION	Note	2012/13 R'000	2011/12 R'000
ASSETS			
Current assets		265 688	223 593
Cash and cash equivalents	9	138 955	137 805
Prepayments and advances	10	6 865	5 371
Receivables	11	119 868	80 417
TOTAL ASSETS		265 688	223 593
LIABILITIES			
Current liabilities		252 196	204 507
Voted funds to be surrendered to the Revenue Fund	12	104 994	10 261
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	6 104	(368)
Bank overdraft	14	140 421	193 871
Payables	15	677	743
TOTAL LIABILITIES		252 196	204 507
NET ASSETS		13 492	19 086
Represented by:			
Recoverable revenue		13 492	19 086
TOTAL		13 492	19 086

**NET ASSETS**

	Note	2012/13 R'000	2011/12 R'000
Recoverable revenue			
Opening balance		19 086	17 579
Transfers:		(5 594)	1 507
Debts recovered (included in Departmental receipts)		(8 490)	(1 792)
Debts raised		2 896	3 299
TOTAL		13 492	19 086

**STATEMENT
OF CHANGES
IN NET ASSETS**

CASH FLOW STATEMENT

CASH FLOW	Note	2012/13 R'000	2011/12 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 155 236	2 025 020
Annual appropriated funds received	1.1	2 139 566	2 017 383
Departmental revenue received	2	15 670	7 637
Net (increase)/decrease in working capital		(41 011)	(17 589)
Surrendered to Revenue Fund		(19 459)	(17 873)
Current payments		(1 276 484)	(1 250 512)
Payments for financial assets		(6 236)	(673)
Transfers and subsidies paid		(658 425)	(640 952)
Net cash flow available from operating activities	16	153 621	97 421
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	11	(93 427)	(114 985)
Net cash flows from investing activities		(93 427)	(114 985)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(5 594)	1 507
Net cash flows from financing activities		(5 594)	1 507
Net increase/(decrease) in cash and cash equivalents		54 600	(16 057)
Cash and cash equivalents at beginning of period		(56 066)	(40 009)
Cash and cash equivalents at end of period	17	(1 466)	(56 066)



ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2010.

1. PRESENTATION OF THE FINANCIAL STATEMENTS

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The “modification” results from the recognition of certain near-cash balances in the Financial Statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the Financial Statements where it is deemed to be useful to the users of the Financial Statements.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's Financial Statements. Where necessary figures included in the prior period Financial Statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. REVENUE

2.1 Appropriated funds

Appropriated funds comprises of Departmental allocations as well as direct charges against revenue fund (i.e. Statutory Appropriation). Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

2.2 Departmental revenue

All Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund at the end if the financial year is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are, however, disclosed in the Disclosure Notes to the Annual Financial Statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

2.5 Aid assistance

Aid assistance is recognised as revenue when received.

All in-kind aid assistance is disclosed at fair value on the date of receipt in the Annexures to the Annual Financial Statements.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system (by no later than 31 March of each year).



The value of the assistance expensed prior to the receipt of funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

All CARA funds received are recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments effected on the system (by no later than 31 March of each year).

Inappropriately expensed amounts using CARA funds are recognised as payables in the Statement of Financial Position. Any unutilised amounts are transferred to retained funds as they are not surrendered to the Revenue Fund.

3. EXPENDITURE

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the Disclosure Notes to the Financial Statements at its face value and are not recognised in the Statement of Financial Performance or Position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the Statement of Financial Performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the Financial Statements of the Department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the Financial Statements of the employer Department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the Disclosure Notes to the Financial Statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is derecognised from the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date stipulated in the Act.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.



3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. ASSETS

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

4.4 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party (including Departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the Disclosure Notes.

4.5 Investments

Capitalised investments are shown at cost in the Statement of Financial Position.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the Disclosure Notes.

4.6 Loans

Loans are recognised in the Statement of Financial Position when the cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the Disclosure Notes.

4.7 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.8 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" and is capitalised in the asset register of the Department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.



4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital assets”. On completion, the total cost of the project is included in the asset register of the Department that is accountable for the asset.

Repairs and maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.*

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset” and is capitalised in the asset register of the Department.

Maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

5. LIABILITIES

5.1 Payables

Recognised payables mainly comprise of amounts owing to other Governmental entities. These payables are carried at cost in the Statement of Financial Position.

5.2 Contingent liabilities

Contingent liabilities are included in the Disclosure Notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the Disclosure Notes to the Financial Statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the Disclosure Notes.

5.5 Accruals

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the Disclosure Notes.

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the Disclosure Notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

5.7 Lease commitments**Finance lease**

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as a capital expense in the Statement of Financial Performance and are not apportioned between the capital and the interest portions. The total finance lease payment is disclosed in the Disclosure Notes to the Financial Statements.

Operating lease

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the Disclosure Notes to the Financial Statement.

5.8 Impairment

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.



6. RECEIVABLES FOR DEPARTMENTAL REVENUE

Receivables for Departmental revenue are disclosed in the Disclosure Notes to the Annual Financial Statements. These receivables are written off when identified as irrecoverable and are disclosed separately.

7. NET ASSETS

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

8. RELATED PARTY TRANSACTIONS

Specific information with regards to related party transactions is included in the Disclosure Notes.

9. KEY MANAGEMENT PERSONNEL

Compensation paid to key management personnel including their family members where relevant, is included in the Disclosure Notes.

10. PUBLIC PRIVATE PARTNERSHIPS

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the Disclosure Notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ANNUAL APPROPRIATION

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds):

	Final Appropriation R'000	2012/13 Actual Funds Received R'000	Funds not requested/ not received R'000	2011/12 Appropriation received R'000
Administration	764 585	764 585	-	698 455
Inspection and Enforcement Services	400 376	400 376	-	389 290
Public Employment Services	334 331	334 331	-	324 809
Labour Policy and Industrial Relations	640 274	640 274	-	604 829
Total	2 139 566	2 139 566	-	2 017 383

2. DEPARTMENTAL REVENUE

	Note	2012/13 R'000	2011/12 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	3 179	2 584
Fines, penalties and forfeits	2.2	107	993
Interest, dividends and rent on land	2.3	1 780	1 065
Transactions in financial assets and liabilities	2.4	10 604	2 995
Departmental revenue collected		15 670	7 637


2.1 Sales of goods and services other than capital assets

	Note	2012/13	2011/12
	2	R'000	R'000
Sales of goods and services produced by the Department		3 167	2 577
Sales by market establishment		174	171
Administrative fees		1 396	1 002
Other sales		1 597	1 404
Sales of scrap, waste and other used current goods		12	7
Total		3 179	2 584

2.2 Fines, penalties and forfeits

	Note	2012/13	2011/12
	2	R'000	R'000
Fines		107	993
Total		107	993

2.3 Interest, dividends and rent on land

	Note	2012/13	2011/12
	2	R'000	R'000
Interest		1 780	1 065
Total		1 780	1 065

2.4 Transactions in financial assets and liabilities

	Note	2012/13	2011/12
	2	R'000	R'000
Receivables		7 130	1 033
Stale cheques written back		-	15
Other Receipts including Recoverable Revenue		3 474	1 947
Total		10 604	2 995

3. COMPENSATION OF EMPLOYEES

3.1 Salaries and Wages

	Note	2012/13 R'000	2011/12 R'000
Basic salary		582 410	538 487
Performance awards		11 625	9 672
Service Based		1 178	1 165
Compensative/circumstantial		5 027	4 885
Other non-pensionable allowances		96 237	88 058
Total		696 477	642 267

3.2 Social contributions

	Note	2012/13 R'000	2011/12 R'000
Employer contributions			
Pension		75 512	69 278
Medical		48 304	46 168
Bargaining councils		172	170
Total		123 988	115 616
Total compensation of employees		820 465	757 883
Average number of employees		3 146	3 170

4. GOODS AND SERVICES

	Note	2012/13 R'000	2011/12 R'000
Administrative fees		5 512	5 647
Advertising		14 407	21 863
Assets less than R5,000	4.1	2 130	3 880
Bursaries (employees)		2 344	2 463
Catering		4 853	5 276
Communication		37 270	43 237
Computer services	4.2	71 029	42 096



Consultants, contractors and agency/outsourced services	4.3	50 482	21 668
Entertainment		276	306
Audit cost – external	4.4	14 810	14 014
Fleet services		6 409	1 016
Inventory	4.5	13 089	19 677
Operating leases		47 790	115 147
Property payments	4.6	47 731	44 155
Rental and hiring		962	278
Transport provided as part of Departmental activities		76	24
Travel and subsistence	4.7	106 192	126 978
Venues and facilities		9 947	10 376
Training and staff development		11 904	7 607
Other operating expenditure	4.8	8 783	6 891
Total		455 996	492 599

4.1 Assets less than R5, 000

	Note	2012/13	2011/12
	4	R'000	R'000
Tangible assets		2 130	3 865
Machinery and equipment		2 130	3 865
Intangible assets		-	15
Total		2 130	3 880

4.2 Computer services

	Note	2012/13	2011/12
	4	R'000	R'000
SITA computer services		39 162	26 372
External computer service providers		31 867	15 724
Total		71 029	42 096

4.3 Consultants, contractors and agency/outsourced services

	Note	2012/13	2011/12
	4	R'000	R'000
Business and advisory services		39 612	12 311
Laboratory services		1	-
Legal costs		3 751	2 619
Contractors		3 953	3 501
Agency and support/outsourced services		3 165	3 237
Total		50 482	21 668

4.4 Audit cost – External

	Note	2012/13	2011/12
	4	R'000	R'000
Regularity audits		14 810	14 014
Total		14 810	14 014

4.5 Inventory

	Note	2012/13	2011/12
	4	R'000	R'000
Learning and teaching support material		18	60
Food and food supplies		28	-
Other consumables		1 410	4 429
Materials and supplies		115	409
Stationery and printing		11 514	14 757
Medical supplies		4	22
Total		13 089	19 677

4.6 Property payments

	Note	2012/13	2011/12
	4	R'000	R'000
Municipal services		24 414	15 403
Property management fees		354	767
Property maintenance and repairs		-	5 729
Other		22 963	22 256
Total		47 731	44 155



4.7 Travel and subsistence

	Note	2012/13	2011/12
	4	R'000	R'000
Local		98 810	118 102
Foreign		7 382	8 876
Total		106 192	126 978

4.8 Other operating expenditure

	Note	2012/13	2011/12
	4	R'000	R'000
Professional bodies, membership and subscription fees		20	91
Resettlement costs		2 222	1 886
Gifts		13	-
Other		6 528	4 914
Total		8 783	6 891

5. INTEREST AND RENT ON LAND

	Note	2012/13	2011/12
		R'000	R'000
Interest paid		23	30
Total		23	30

6. PAYMENTS FOR FINANCIAL ASSETS

	Note	2012/13	2011/12
	6.1	R'000	R'000
Debts written off		6 236	673
Total		6 236	673

6.1 Debts written off

	Note	2012/13	2011/12
	6	R'000	R'000
Other debt written off			
Staff Debts		883	661
Subsidised Transport Debts		5 353	-
Other		-	12
Total debt written off		6 236	673

7. TRANSFERS AND SUBSIDIES

	Note	2012/13	2011/12
		R'000	R'000
Provinces and municipalities	Annex 1A	227	51
Departmental agencies and accounts	Annex 1B	554 070	542 183
Foreign Governments and international organisations	Annex 1C	13 692	14 211
Non-profit institutions	Annex 1D	88 030	82 734
Households	Annex 1E	2 406	1 773
Total		658 425	640 952

8. EXPENDITURE FOR CAPITAL ASSETS

	Note	2012/13	2011/12
		R'000	R'000
Tangible assets		93 427	114 985
Buildings and other fixed structures	33	8 637	4 572
Machinery and equipment	31	84 790	110 413
Total		93 427	114 985



8.1 Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	93 427	-	93 427
Buildings and other fixed structures	8 637	-	8 637
Machinery and equipment	84 790	-	84 790
Total	93 427	-	93 427

8.2 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	114 985	-	114 985
Buildings and other fixed structures	4 572	-	4 572
Machinery and equipment	110 413	-	110 413
Total	114 985	-	114 985

9. CASH AND CASH EQUIVALENTS

	Note	2012/13 R'000	2011/12 R'000
Cash in transit (FNB)		138 473	137 303
Cash on hand		482	502
Total		138 955	137 805

An amount of R137 654 649.35 (UIF) and R807 708.94 (CF) was received in the Department's FNB bank account on 26-28 March 2013. This amount did not interface into the PMG account and therefore will be disclosed as such in the 2013/14 financial year. An amount of R36 800 208.24 (CF) was received on 3 April 2013. This amount was classified as cash in transit and to account for this in the Statement of Financial Position, the cash and cash equivalents were increased by R138 472 956.74 in 2012/13 and R137 302 782.82 in the prior financial year. The receivables were decreased with the same amounts, refer to Note 11 below.

10. PREPAYMENTS AND ADVANCES

	Note	2012/13 R'000	2011/12 R'000
Travel and subsistence		146	83
Prepayments		6 719	5 288
Total		6 865	5 371

11. RECEIVABLES

	Note				2012/13 Total R'000	2011/12 Total R'000
		Less than one year R'000	One to three years R'000	Older than three years R'000		
Claims recoverable	11.1 Annex 3	81 004	15 608	415	97 027	52 420
Recoverable expenditure	11.2	23	1 355	139	1 517	1 542
Staff debt	11.3	1 323	2 470	17 472	21 265	26 454
Other debtors	11.4	59	-	-	59	1
Total		82 409	19 433	18 026	119 868	80 417



11.1 Claims recoverable

	Note	2012/13	2011/12
	11	R'000	R'000
National Departments		12 928	14 706
Provincial Departments		301	319
Public entities		83 798	37 395
Total		97 027	52 420

11.2 Recoverable expenditure (disallowance accounts)

	Note	2012/13	2011/12
	11	R'000	R'000
Disallowance Miscellaneous		840	929
Deduction Disallowance		1	559
Disallowance Account		639	54
Clearing Account		37	-
Total		1 517	1 542

11.3 Staff debt

	Note	2012/13	2011/12
	11	R'000	R'000
Subsidised Transport		1 298	8 502
Travel and Subsistence		189	6 726
Bursaries		3 945	224
Salary Overpayment (In-Service)		2 119	3 786
Salary Overpayment (Out of Service)		5 631	835
State Guarantees		894	5 488
Other		7 189	893
Total		21 265	26 454

11.4 Other debtors

	Note	2012/13	2011/12
	11	R'000	R'000
Clearing Accounts		59	1
Total		59	1

12. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2012/13	2011/12
		R'000	R'000
Opening balance		10 261	9 513
Transfer from statement of financial performance		104 994	10 261
Paid during the year		(10 261)	(9 513)
Closing balance		104 994	10 261

13. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2012/13	2011/12
		R'000	R'000
Opening balance		(368)	355
Transfer from Statement of Financial Performance		15 670	7 637
Paid during the year		(9 198)	(8 360)
Closing balance		6 104	(368)

14. BANK OVERDRAFT

	Note	2012/13	2011/12
		R'000	R'000
Consolidated Paymaster General Account		(140 421)	(193 871)
Total		(140 421)	(193 871)

*The PMG Account is in overdraft due to expenditure incurred on behalf of the Unemployment Insurance Fund (UIF) and the Compensation Fund (CF). An amount of R137 654 649.35 (UIF) and R 807 708.94 (CF) was received in the Department's FNB bank account on 27-28 March 2013. This amount did not interface into the PMG account and therefore will be disclosed as such in the 2013/14 financial year. An amount of R36 800 208.24 (CF) was received on 3 April 2013.

15. PAYABLES – CURRENT

	Note	2012/13 R'000	2011/12 R'000
Clearing Accounts	15.1	462	484
Other payables	15.2	215	259
Total		677	743

15.1 Clearing accounts

	Note	2012/13 R'000	2011/12 R'000
Salary Control Account	15	462	484
Total		462	484

15.2 Other payables

	Note	2012/13 R'000	2011/12 R'000
Recoverable Expenditure	15	-	25
Arrear Wages		215	234
Total		215	259

16. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2012/13 R'000	2011/12 R'000
Net surplus/(deficit) as per Statement of Financial Performance		120 664	17 898
Add back non cash/cash movements not deemed operating activities		32 957	79 523
(Increase)/decrease in receivables – current		(39 451)	(21 262)
(Increase)/decrease in prepayments and advances		(1 494)	6 147
Increase/(decrease) in payables – current		(66)	(2 474)
Expenditure on capital assets		93 427	114 985
Surrendered to Revenue Fund		(19 459)	(17 873)
Net cash flow generated by operating activities		153 621	97 421

17. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account		(1 948)	(56 568)
Cash on hand		482	502
Total		(1 466)	(56 066)



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

18.1 Contingent liabilities

Liable to	Nature	Note	2012/13 R'000	2011/12 R'000
Housing loan guarantees	Employees	Annex 2A	6 989	9 589
Claims against the Department		Annex 2B	2 928	2 840
Other Departments (interDepartmental unconfirmed balances)		Annex 4	2 756	2 646
Total			12 673	15 075

18.2 Contingent assets

Nature of contingent asset	Note	2012/13 R'000	2011/12 R'000
Disputed 2012/13 invoices from Department of Public Works		61 907	-
Total		61 907	-

19. COMMITMENTS

	Note	2012/13 R'000	2011/12 R'000
Current expenditure		120 323	67 449
Approved and contracted		117 894	67 018
Approved but not yet contracted		2 429	431
Capital expenditure		5 503	8 902
Approved and contracted		5 105	6 105
Approved but not yet contracted		398	2 797
Total Commitments		125 826	76 351

20. ACCRUALS

Listed by economic classification			2012/13	2011/12
	30 Days	30+ Days	R'000	R'000
Goods and services	20 703	15 413	36 116	31 139
Interest and rent on land	2	-	2	2
Transfers and Subsidies	215	2 384	2 599	-
Capital assets	243	80	323	4 441
Total	21 163	17 877	39 040	35 582

	2012/13	2011/12
	R'000	R'000
Programme 1 – Administration	31 528	27 794
Programme 2 – Inspection and Enforcement Services	3 348	5 104
Programme 3 – Public Employment Services	3 477	1 760
Programme 4 – Labour Policy and Industrial Relations	687	924
Total	39 040	35 582

	Note	2012/13	2011/12
		R'000	R'000
Confirmed balances with Departments	Annex 4	550	-
Confirmed balances with other Government entities	Annex 4	2 600	2 821
Total		3 150	2 821

21. EMPLOYEE BENEFITS

	Note	2012/13	2011/12
		R'000	R'000
Leave entitlement*		28 906	24 479
Service bonus (Thirteenth cheque)		24 162	23 828
Performance awards		1 797	1 215
Capped leave commitments		32 421	35 326
Total		87 286	84 848

*During January to March, leave is at times taken in excess of the accrued leave days (one quarter of the leave entitlement) and this resulted in negative leave balances at year-end. Included in the leave entitlement of R 28 905 592.46 is of leave with negative balances amounting to R 1 298 333.55.

22. LEASE COMMITMENTS

22.1 Operating leases expenditure

	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
2012/13			
Not later than 1 year	89 393	7 401	96 794
Later than 1 year and not later than 5 years	94 220	4 511	98 731
Total lease commitments	183 613	11 912	195 525
2011/12			
Not later than 1 year	84 652	27 444	112 096
Later than 1 year and not later than 5 years	183 612	5 634	189 246
Total lease commitments	268 264	33 078	301 342

The Department participated in the PPP transport contract entered into between the Department of Transport and Phakisaworld Fleet Solutions (Contract no. RTG718SP). This contract came to an end in November 2011. On 24 January 2012 the Department requested that extension be granted from 14 February 2012 until 14 June 2012, with an option to extend the contract on a month to month basis thereafter. This request was approved until November 2013 as per the agreement between the Department of Transport and Phakisaworld. The prior financial year's amount (i.e. from April 2012 to March 2013) is R 22 148 298.35 and for the period April 2013 until November 2013 the amount is R 6 365 632.61.

22.2 Finance leases expenditure**

	Machinery and equipment	Total
	R'000	R'000
2012/13		
Not later than 1 year	283	283
Total lease commitments	283	283
LESS: Finance costs	(10)	(10)
Total present value of lease liabilities	273	273

2011/12	Machinery and equipment R'000	Total R'000
Not later than 1 year	116	116
Later than 1 year and not later than 5 years	282	282
Total lease commitments	398	398
LESS: Finance costs	(33)	(33)
Total present value of lease liabilities	365	365

**This note excludes leases relating to the Public Private Partnership as they are separately disclosed in Note no.28.

23. RECEIVABLES FOR DEPARTMENTAL REVENUE

	2012/13 R'000	2011/12 R'000
Sales of goods and services other than capital assets	48	-
Fines, penalties and forfeits	69	-
Interest, dividends and rent on land	14	30
Transactions in financial assets and liabilities	-	368
Total	131	398

23.1 Analysis of receivables for Departmental revenue

	2012/13 R'000	2011/12 R'000
Opening balance	398	-
Less: amounts received	(398)	-
Add: amounts recognised	131	398
Closing balance	131	398



24. IRREGULAR EXPENDITURE

24.1 Reconciliation of irregular expenditure

	2012/13 R'000	2011/12 R'000
Opening balance	20 123	10 231
Add: Irregular expenditure – relating to prior year	-	(5 000)
Add: Irregular expenditure – relating to current year	41 580	15 688
Less: Amounts condoned	(12 590)	(796)
Irregular expenditure awaiting condonation	49 113	20 123

Analysis of amounts awaiting condonation per age classification

Current year	41 580	15 542
Prior years	7 533	4 581
Total	49 113	20 123

24.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/ criminal proceedings	2012/13 R'000
Correct procurement procedures not followed	Investigation in process	14 441
Inspectors wrongful remuneration	Investigation in process	2 959
Accenture to assist the Department with IT related services	Investigation in process	24 180
Total		41 580

24.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2012/13 R'000
Expenditure for Casual Labourers not approved in accordance with Delegations	Accounting Officer	90
Correct procurement procedures not followed	Accounting Officer	894
Accenture to assist the Department with IT related services	Accounting Officer	11 606
Total		12 590

Note: R 25 121 440.14 was condoned on 11 May 2013 for services rendered by Accenture.

25. FRUITLESS AND WASTEFUL EXPENDITURE

25.1 Reconciliation of fruitless and wasteful expenditure

	2012/13 R'000	2011/12 R'000
Opening balance	-	-
Fruitless and wasteful expenditure – relating to current year	880	-
Fruitless and wasteful expenditure awaiting resolution	880	-

25.2 Analysis of awaiting resolution per economic classification

	2012/13 R'000	2011/12 R'000
Current	880	-
Total	880	-

25.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2012/13 R'000
Gauteng Ministerial Imbizo scheduled for 4-5 May 2012 was cancelled due to urgent and unavoidable commitments that the Minister had to attend to	Investigation in process	312
Hygiene contract – lost soap dispensers	Investigation in process	1
Ministers visit (Job Fair)	Investigation in process	43
Mutual Separation agreement with official	Investigation in process	58
Damaged Minolco photocopier machine	Investigation in process	466
Total		880



26. RELATED PARTY TRANSACTIONS

Expenditure paid on behalf of the Funds and recovered in the financial year.

Related Parties	Nature of relationship	Transaction type	2012/13	2011/12
			R'000	R'000
Compensation Fund	Remuneration of staff and payment for goods and services on behalf of the entity	Compensation of Employees	330 606	305 727
		Goods and Services	69 359	122 192
		Transfers	6 716	2 997
		Capital Expense (PPP Unitary Fee)	53 108	-
		Total	459 789	430 916
Unemployment Insurance Fund	Remuneration of staff and payment for goods and services on behalf of the entity	Compensation of Employees	633 903	572 255
		Goods and Services	156 235	198 116
		Transfers	1 615	1 348
		Capital Expense (PPP Unitary Fee)	53 108	-
		Total	844 861	771 719
Sheltered Employment Factories	Remuneration of staff and Transfer payments to Sheltered Employment Factories	Compensation of Employees	2 477	-
		Transfers	63 029	-
		Total	65 506	-

	2012/13	2011/12
	R'000	R'000
Year end balances arising from revenue/payments:		
Receivables from related parties	215 743	170 966
Cash in transit (FNB)	(138 462)	(137 262)
Total	77 281	33 704

27. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2012/13 R'000	2011/12 R'000
Political office bearers			
Officials:	1	2 006	1 902
Level 15 to 16	6	9 517	8 043
Level 14	21	20 493	18 071
Acting Positions	2	44	1 053
Total		32 060	29 069

28. PUBLIC PRIVATE PARTNERSHIP**A description of the arrangement**

The Department of Labour entered into a Public Private Partnership Agreement ("PPP Agreement") with EOH Managed services (Proprietary) Limited, contract ceded from Siemens Business Services (Proprietary) Limited ("private partner"), on 1 December 2002. The PPP Agreement requires the private partner to provide information technology related infrastructure, services and management support to the Department of Labour, the Unemployment Insurance Fund and the Compensation Fund ("the Funds") for a period of 10 years which ended on 30 November 2012.

Significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows

Significant terms that may affect the amount, timing or certainty of future cash flows are summarised below:

- **Fees**
The Department of Labour pays a fixed fee ("unitary fee"), which is subject to escalation with CPIX annually on 1 April, of each year.
- **Service credits**
The Department of Labour is entitled to deduct service credits from the unitary fee if and when the quality of service falls below the agreed service levels.
- **Additional services**
Provision is made for additional services to be obtained from a table of rates that is adjusted annually by CPIX and benchmarked at 3-yearly intervals. The private partner does not have an exclusive right to provide additional services, but does however, have a "first call" option.



- **Variations**

The contractual change management procedures make provision for the approval of changes in respect of the PPP Agreement via mutual agreement and payment will either be in the form of an agreed change in the unitary fee or a lump sum payment.

- **Scalability**

Provision is made for scalability of services within certain boundaries in terms of volume and usage. The unitary fee may be adjusted for the following categories if the actual number of users exceeds the stipulated breakpoints:

- Number of end-user devices.
- Rural and urban spread of end-user devices.
- Number of end-user devices with high license and maintenance cost.

- **Excess Profit Regime**

Any actual profits Achieved by the private partner on the PPP Agreement above a stipulated percentage have to be deposited in the re-investment fund by the private partner.

- **Foreign exchange rate mechanism**

The PPP Agreement makes provision for sharing the risk of devaluation of the Rand against foreign currency over the PPP Agreement period. The Department of Labour's risk in the event that the Rand devaluates against foreign currency is capped and managed through a prescribed mechanism which is stipulated in PPP Agreement.

The nature and extent of the arrangement

a) Rights to use specified assets

The beneficial use of, control and risks in respect of legacy assets were transferred to the private partner in terms of the PPP Agreement.

Legacy assets means the system of integrated computer hardware, operating systems software, Department data, software, computer network and computer peripherals and the like used by the Department of Labour and the Funds prior to the effective date of the PPP Agreement.

b) Obligations to provide or rights to expect provision of services

In terms of the PPP Agreement, the services to be provided by the private partner are divided into three categories:

- Initial Services

Immediately prior to the effective date of the PPP Agreement, the Department of Labour and the Funds provided their own information technology services. The Initial Services are continued by the private partner until such time as they are replaced by other services explained in the following paragraph.

- Improvement Services

The private partner is required to develop a new information technology environment (hardware, network, operating systems, software applications and training) that is appropriate to support the business processes of the Department of Labour and the Funds.

- Operational Services

The private partner is required to operate, maintain, support and refresh the information technology environment of the Department of Labour and the Funds at agreed service levels.

c) Obligations to acquire or build items of property, plant and equipment

The private partner has to acquire computer equipment to the extent necessary in order to deliver the improvement services and operational services at the agreed service levels.

d) Obligation to deliver or rights to receive specified assets at the end of the concession period

On early termination of the PPP Agreement the information technology environment shall transfer to the Department of Labour upon payment of the relevant termination compensation to the private partner as set out in the PPP Agreement.

On expiry of the PPP Agreement (30 November 2012) the information technology environment shall transfer to the Department at no cost.

e) Renewal and termination options

The PPP Agreement provides the Department of Labour an option to renew the PPP Agreement for a further period of up to 10 years, provided that such renewal shall be on materially similar terms and conditions. The Department of Labour has to exercise this option in writing by no later than 12 months prior to the expiry date of the PPP Agreement.

The Department of Labour may at expiry of the PPP Agreement, in its sole discretion, request support services for a twelve month period in order to facilitate transition to any new arrangement. The fee arrangement would be at an Agreed Price in the PPP Agreement.

The PPP Agreement makes provision for the following termination options:

- Department event of default;
- Private partner event of default;
- Termination on Force Majeure; and
- Termination on Corrupt Gifts and Fraud.

f) Other rights and obligations (e.g. major overhauls)

None, other than those underlying the improvement services and operational services.

g) Changes in the arrangement occurring during the period

None.



h) Reinvestment fund

The reinvestment fund is a separate bank account for purposes of administering and the separate safekeeping of excess profit, foreign exchange rate savings and service credits. The reinvestment fund may be used during the term of the PPP Agreement to fund:

- The Department of Labour's obligations in the event that the Rand devaluates outside certain agreed parameters.
- Additional services or variations.
- A reduction in unitary fee.
- Bank charges related to the reinvestment fund

Any residual funds at the end of the PPP Agreement will be distributed to the party entitled to it, which is summarised below:

- Funds accumulated due to foreign exchange savings will be distributed to the Department of Labour.
Funds accumulated due to excess profits will be shared equally between the Department of Labour and the private partner.
- Funds accumulated due to service credits will be shared between the Department of Labour and the private partner, depending on how the service credit originated.

As at 31 March 2013, the balance of the reinvestment fund was:

	2012/13 R'000	2011/12 R'000
Department of Labour	1 000 765	6 916 378
Compensation Fund	305 603	8 020 713
Unemployment Insurance Fund	301 055	6 926 559
Total	1 607 423	21 863 650

The remaining reinvestment fund balance will be utilised towards the payment of the termination support by the Private partner (refer to 28.1).

During the 31 March 2013 year end, the following was paid from the reinvestment fund in accordance with the provisions of the contract.

	2012/13 R'000	2011/12 R'000
Department of Labour	(12 193 445)	(7 189 600)
Compensation Fund	(8 203 781)	(7 189 600)
Unemployment Insurance Fund	(7 080 806)	(7 189 600)
Total	(27 478 032)	(21 568 800)

i) Expenditure for the financial year

The expenditure incurred by the Funds since the inception of the PPP Agreement paid to the private partner in terms of the PPP Agreement is as follow:

Year ended	Unitary fee	Additional services	Total
31 March 2003	40 833 333	RNil	40 833 333
31 March 2004	125 463 046	36 806 561	162 269 607
31 March 2005	136 962 744	22 646 145	159 608 889
31 March 2006	160 210 820	14 130 604	174 341 424
31 March 2007	158 421 099	21 988 865	180 409 964
31 March 2008	194 901 365	11 386 879	206 288 244
31 March 2009	202 499 896	11 967 310	214 467 206
31 March 2010	219 218 864	12 248 944	231 467 808
31 March 2011	230 418 314	7 593 339	238 011 653
31 March 2012	229 588 725	6 447 288	236 036 013
31 March 2013 (Note 1)	160 858 054	19 016 526	179 874 580

Note 1 – As per the PPP agreement the contract expired at the end of November 2012. This amount therefore reflects the unitary fee payment for 8 months. The Department of Labour makes all payments to the private partner in respect of the unitary fee element in terms of the PPP Agreement. The unitary fee element of the PPP Agreement is divided equally between the Department of Labour, the Unemployment Insurance Fund and the Compensation Fund, as agreed to in writing between the entities.

The Unemployment Insurance Fund and Compensation Fund pay their applicable portion of the unitary fee to the Department of Labour.

The cost of additional services is paid by the entity that requested the additional services. The Unemployment Insurance Fund and Compensation Fund pay their applicable portion of the cost of additional services directly to the private partner.

The table below provides a summary of payments made for the year ended 31 March 2013:

Payment type	Total payments to private partner	Department of Labour portion	Unemployment Insurance Fund portion	Compensation Fund portion
	R'000	R'000	R'000	R'000
Unitary fee	160 857	53 619	53 619	53 619
Additional services	19 015	8 622	5 225	5 168
Total	179 872	62 241	58 844	58 787

The table below provides a summary of payments made for the year ended 31 March 2012:

Payment type	Total payments to private partner	Department of Labour portion	Unemployment Insurance Fund portion	Compensation Fund portion
	R'000	R'000	R'000	R'000
Unitary fee	229 589	76 529	76 530	76 530
Additional services	6 447	6 276	103	68
Total	236 036	82 805	76 633	76 598

The Department of Labour's portion of the payments to the private partner which relate to capital items are disclosed as finance lease payments, as per the guidelines received from the Accounting Standards Board in the Annual Financial Statements of the Department of Labour.

Disclosure

	2012/13 R'000	2011/12 R'000
Contract fee received	(107 238)	(153 060)
Unitary fee portion paid to the Department by the:		
Unemployment Insurance Fund	(53 619)	(76 530)
Compensation Fund	(53 619)	(76 530)
Contract fee paid	189 736	242 249
Fixed component (Note 1)	160 858	229 589
Decrease/(increase) in reinvestment fund	20 256	6 384
Additional services	8 622	6 276
Total	82 498	89 189

Note 1: The Department pays a fixed fee ("unitary fee"), which is subject to escalation with CPI annually on 1 April.

Additional disclosure

The International Financial Reporting Committee (IFRIC) issued IFRIC 12 Service Concession Arrangements (IFRIC 12) in November 2006. IFRIC 12 is effective for periods commencing on or after 1 January 2008. IFRIC 12 provides guidance on the financial reporting implications of a service concession arrangement in the financial statements of the operator (private party). IFRIC 12 does not address the accounting treatment for the grantor (public entity). The Accounting Standards Board (ASB) in South Africa has issued guidance in respect of the grantor's (public entity's) accounting treatment in such arrangements.

Certain aspects and disclosures relating to some forms of service concession arrangements are already addressed by existing standards. The disclosures required in terms of AC 429 (SIC29) Service Concession Arrangements Disclosures have been provided above and the disclosures in terms of GRAP 13 Leases are disclosed below to provide additional disclosure. The following disclosures, based on the treatment of the PPP as a finance lease, are made that indicate the potential effect on the Annual Financial Statements of the Department of Labour.

Notes 31 and 32 of the Annual Financial Statements – Tangible and Intangible capital assets

Notes 31 and 32 of the Annual Financial Statements would require the following additions in respect of the PPP Agreement:

PPP IT environment asset movement schedule as at 31 March 2013

	Opening Balance Cost R'000	Current year adjustments to prior year balances Cost R'000	Additions Cost R'000	Disposals Cost R'000	Closing Balance Cost R'000
PPP IT environment					
Tangible assets					
- IT hardware (Note 1)	158 050	720	23 052	(30 518)	151 304
Intangible assets (Note 2)	375 402	-	4 911	-	380 313
Total assets in PPP IT environment	533 452	720	27 963	(30 518)	531 617

PPP IT environment asset movement schedule as at 31 March 2012

	Opening Balance Cost R'000	Current year adjustments to prior year balances Cost R'000	Additions Cost R'000	Disposals Cost R'000	Closing Balance Cost R'000
PPP IT environment					
Tangible assets					
- IT hardware (Note 1)	147 873	3 200	10 137	(3 160)	158 050
Intangible assets (Note 2)	305 129	5 387	64 886	-	375 402
Total assets in PPP IT environment	453 002	8 587	75 023	(3 160)	533 452

Note 1: IT hardware refers to additions of IT components (hardware, network and operating systems) which are required to develop the new information technology environment (hardware, network, operating systems, software applications and training) and which are appropriate to support the business processes of the Department of Labour and the Funds. Legacy assets have been included in the IT hardware.

IT hardware is stated at cost (being the cost price to the private partner, inclusive of VAT) and no depreciation is recognised, although the assets have an estimated useful life of three years. If the annual financial statements were to be prepared on an accrual basis of accounting, the assets would be depreciated over their useful lives. The depreciation charge would be recognised in the statement of financial performance on a straight-line basis over three years. The carrying value of the assets would decrease as the asset is depreciated.

Note 2: Intangible assets means Improvement and Operational Services the private partner is required to develop and refresh (software applications and training) that is appropriate to support the business processes of the Department of Labour and the Funds at agreed service levels. This includes the software improvements made by the private partner during the provision of the services, including those improvements in respect of additional services where the actual cost of such improvements are known and the improvements meets the definition of an asset. Intangible assets are stated at cost (being the cost price to the private partner, inclusive of VAT) and no amortisation is included, although the assets have an estimated useful life of three years.

If the annual financial statements were to be prepared on an accrual basis of accounting, the assets would be recognised as the Department's intangible assets and amortised over their useful lives. The amortisation charge would be recognised in the statement of financial performance on a straight-line basis over the remaining period of the PPP agreement.

A breakdown of the categories of IT hardware for the 2012/2013 financial year is as follows:

	Opening Balance	*Current year adjustments to prior year balances	Additions	Disposals	Closing Balance
	Cost R'000	Cost R'000	Cost R'000	Cost R'000	Cost R'000
Laptops	12 579	41	1 410	(3 111)	10 919
Thin clients (terminals)	12 121	19	7 327	(4 741)	14 726
Fat clients (PC's)	27 875	15	6 610	(12 943)	21 557
Monitors	9 352	34	2 936	(3 673)	8 649
Printers	9 072	301	3 093	(4 080)	8 386
Servers	65 812	173	1 229	(1 317)	65 897
Network equipment	19 698	134	71	(454)	19 449
Cabinets	1 541	3	375	(199)	1 721
Total	158 050	720	23 052	(30 518)	151 304

*The current year adjustment relates to items identified which were in possession of the private party and picked up during the physical verification of inventory.

At the end of the PPP contract the PPP IT assets will be distributed to the Funds and DHET as follows:

	Transferred to CF Cost R'000	Transferred to UIF Cost R'000	Transferred to DHET Cost R'000	Remain at the Department Cost R'000	Closing balance Cost R'000
PPP IT environment					
Tangible assets					
IT hardware	6 961	5 345	1 424	137 574	151 304
Intangible assets	-	-	-	380 313	380 313
Total	6 961	5 345	1 424	517 887	531 617

Included in the closing balance above, IT assets amounting to R6 730 124.67 were transfer in April 2013 due to a system error.

28.1 Termination support

During November 2012, the Department and the Private partner agreed to a termination support period (up to 12 months), as stipulated in the contract. During this period the Private partner will provide specific services to the Department with a focus of transferring skills, knowledge and staff to the Department. No refresh of assets will take place and the Department will pay a negotiated termination support fee to the Private partner for this support period.

Payment type	Total payments to private partner R'000	Department of Labour portion R'000	Unemployment Insurance Fund portion R'000	Compensation Fund portion R'000
Termination support fee	30 916	10 305	10 305	10 306

Note 30 of the Annual Financial Statements – Lease Commitments

30.1 Finance leases:

Public Private Partnership Agreement in respect of information technology:

For the year ended 31 March 2013

The PPP contract expired on 30 November 2012 and as such there are no future lease payment obligations.

For the year ended 31 March 2012

Less than one year	Future minimum lease payments	Interest	Present value of minimum lease payments
	27 942	(1 525)	26 416

The above disclosure is based on the following information and calculations for current and prior year respectively:

Year ends	Months in period	Unitary Fee R'000	Additional Service Fee R'000	Total payment to private partner R'000	Capital expenditure by private partner R'000	"Deemed" lease payments R'000	Interest element of "deemed" lease payment R'000	Computer Services R'000
1 December to 31 March 2003	4	40 833	-	40 833	-	-	-	40 833
1 April 2003 to 31 March 2004	12	125 463	36 807	162 270	34 184	12 871	2 381	149 399
1 April 2004 to 31 March 2005	12	136 963	22 646	159 609	44 976	29 804	4 633	129 805
1 April 2005 to 31 March 2006	12	160 211	14 131	174 342	20 459	37 509	3 948	136 833
1 April 2006 to 31 March 2007	12	158 421	21 989	180 410	15 654	30 532	2 710	149 878
1 April 2007 to 31 March 2008	12	194 901	11 387	206 288	10 578	17 598	1 779	189 968
1 April 2008 to 31 March 2009	12	202 500	11 967	214 467	9 065	13 342	1 418	201 125
1 April 2009 to 31 March 2010	12	219 219	12 249	231 468	73 475	41 500	6 734	189 968
1 April 2010 to 31 March 2011	12	230 418	7 593	238 011	177 015	109 362	16 442	128 649
1 April 2011 to 31 March 2012	12	229 589	6 447	236 036	75 023	149 394	16 512	85 933
1 April 2012 to 30 November 2013	8	160 858	19 017	179 875	26 437	27 964	1 527	151 911
Total	120	1 859 376	164 233	2 023 609	486 866	469 876	58 084	1 554 302

Capital expenditure includes tangible assets and is based on the actual cost, including VAT, incurred by the private partner up to 31 March 2012 for the PPP IT environment. Capital expenditure also includes the actual cost of intangible assets incurred by the private partner for the year ending 31 March 2012. In prior years the cost of intangible assets was not considered in the lease calculation as the actual costs was not previously available.

"Deemed" lease payments have been calculated based on the capital expenditure and unitary fee, the weighted average Government borrowing rate (being 8,45%), a lease term of the remaining period of the PPP Agreement, monthly lease payments in arrears and assuming that all capital expenditure in a year is incurred on the first day of the financial year. The table below provides reconciliation between the Department of Labour's portion in respect of the PPP Agreement and the total payments made to the private partner:

	Total 2012/13 R'000	Total 2011/12 R'000
Total payments to private partner	179 875	236 036
Allocated to the Department of Labour	62 242	82 805
Allocated to Unemployment Insurance Fund	58 845	76 633
Allocated to Compensation Fund	58 788	76 598
“Deemed” finance lease payments (additional disclosure in respect of note 22.2)	(27 964)	(148 695)
Total computer services in respect of the PPP (additional disclosure in respect of note 4)	151 911	87 341
Payments allocated to the Department of Labour as per the Statement of Financial Performance		
“Deemed” finance lease payments	9 321	36 610
Computer services	52 921	46 196
Total payments by the Department of Labour (included in note 4)	62 242	82 806

29. IMPAIRMENT

	Note	2012/13 R'000	2011/12 R'000
Impairment			
Debtors		305	338
Debtors (Approved, but not written-off as at 31 March'13)		1 360	-
Total		1 665	338

30. PROVISIONS

	Note	2012/13 R'000	2011/12 R'000
Private Enterprises		64	32
Staff Debtors		11 349	15 154
Other Debtors		6 059	6 411
Total		17 472	21 597



31. MOVABLE TANGIBLE CAPITAL ASSETS

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	138 200	38 256	30 283	(8 609)	198 130
Transport assets	51 147	(4 690)	26 959	(730)	72 686
Computer equipment	8 989	45 300	-	(6 839)	47 450
Furniture and office equipment	49 197	(329)	2 878	(661)	51 085
Other machinery and equipment	28 867	(2 025)	446	(379)	26 909
TOTAL CAPITAL ASSETS	138 200	38 256	30 283	(8 609)	198 130

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	84 790	-	(54 734)	227	30 283
Transport assets	27 051	-	(92)	-	26 959
Computer equipment	54 642	-	(54 642)	-	-
Furniture and office equipment	2 651	-	-	227	2 878
Other machinery and equipment	446	-	-	-	446
TOTAL ADDITIONS	84 790	-	(54 734)	227	30 283

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	-	(8 609)	(8 609)	-
Transport assets	-	(730)	(730)	-
Computer equipment	-	(6 839)	(6 839)	-
Furniture and office equipment	-	(661)	(661)	-
Other machinery and equipment	-	(379)	(379)	-
TOTAL DISPOSALS	-	(8 609)	(8 609)	-

31.3 Movement for 2011/12

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	107 629	37 234	(6 663)	138 200
Transport assets	18 128	33 019	-	51 147
Computer equipment	8 616	1 666	(1 293)	8 989
Furniture and office equipment	48 173	2 206	(1 182)	49 197
Other machinery and equipment	32 712	343	(4 188)	28 867
TOTAL MOVEMENTS	107 629	37 234	(6 663)	138 200



31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	15	80 753	80 768
Current Year Adjustments to Prior Year balances	-	24 898	24 898
Additions	-	2 298	2 298
Disposals	-	(6 225)	(6 225)
TOTAL MINOR ASSETS	15	101 724	101 739

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	5 605	5 605
Number of minor assets at cost	4	94 764	94 768
TOTAL NUMBER	4	100 369	100 373

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	-	80 043	80 043
Additions	15	4 005	4 020
Disposals	-	(3 295)	(3 295)
TOTAL MINOR ASSETS	15	80 753	80 768

	Intangible assets	Machinery and equipment	Total
Number of minor assets at cost	4	88 287	88 291
TOTAL NUMBER	4	88 287	88 287

32. INTANGIBLE CAPITAL ASSETS**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	40	-	-	-	40
SERVICES AND OPERATING RIGHTS	23	-	-	(23)	-
TOTAL INTANGIBLE CAPITAL ASSETS	63	-	-	(23)	40

32.1 Disposals**DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	-	-	-	-
SERVICES AND OPERATING RIGHTS	-	(23)	(23)	-
TOTAL DISPOSALS	-	(23)	(23)	-

32.2 Movement for 2011/12**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	40	-	-	40
SERVICES AND OPERATING RIGHTS	23	-	-	23
TOTAL INTANGIBLE CAPITAL ASSETS	63	-	-	63



33. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	88	(77)	8 726	(8 637)	100
Non-residential buildings	88	(77)	8 726	(8 637)	100
TOTAL CAPITAL ASSETS	88	(77)	8 726	(8 637)	100

33.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	8 637	-	-	89	8 726
Non-residential buildings	8 637	-	-	89	8 726
TOTAL ADDITIONS	8 637	-	-	89	8 726

33.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Non-residential buildings	-	(8 637)	(8 637)	-
TOTAL DISPOSALS	-	(8 637)	(8 637)	-

33.3 Movement for 2011/12

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES				
Non-residential buildings	(771)	5 407	(4 548)	88
TOTAL IMMOVABLE TANGIBLE ASSETS	(771)	5 407	(4 548)	88



ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2011/12
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Transfers										
Municipal Vehicle Licences	88	-	139	227	227	100%	-	-		51
Total	88	-	139	227	227		-	-		51

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Licences (Radio and TV)	13	-	18	31	31	100%	-
Compensation Fund	14 085	-	-	14 085	14 085	100%	36 105
Unemployment Insurance Fund	1	-	-	1	-	-	-
Commission for Conciliation, Mediation and Arbitration(CCMA)	478 745	-	-	478 745	478 745	100%	448 104
Productivity SA	37 050	-	-	37 050	37 050	100%	34 059
National Economic Development and Labour Council(NEDLAC)	24 159	-	-	24 159	24 159	100%	23 915
Total	554 053	-	18	554 071	554 070		542 183



ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
International Labour Organisation	12 056	-	1 016	13 072	13 072	100%	13 672
African Regional Labour Administration Centre	666	-	(46)	620	620	100%	539
Total	12 722	-	970	13 692	13 692		14 211

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
SA National Council for the Blind	303	-	-	303	18	6%	75
Deaf Federation of South Africa	210	-	-	210	-	-	67
National Council for the Physical Disabled	245	-	-	245	59	24%	56
Workcentres for the Disabled	63 029	-	-	63 029	63 029	100%	58 785
Workcentres for the Blind	9 122	-	-	9 122	9 122	100%	8 688
Strengthen Civil Society	15 802	-	-	15 802	15 802	100%	15 063
Total	88 711	-	-	88 711	88 030		82 734



ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Severance Package	14	-	(14)	-	-	-	-
Leave Gratuity	575	-	1 704	2 279	2 279	100%	1 729
Ex-gratia Payments	206	-	(79)	127	127	100%	44
Total	795	-	1 611	2 406	2 406		1 773

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Adjustment to opening balance	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank of SA Limited	Housing Loan Guarantee	1 413	1 413	(40)	-	(225)	-	1 148	-	-
Nedbank Limited (former Cape of Good Hope)	Housing Loan Guarantee	16	16	-	-	-	-	16	-	-
Nedbank Limited	Housing Loan Guarantee	1 279	1 279	(189)	91	(433)	-	748	-	-
Firststrand Bank Limited: FNB	Housing Loan Guarantee	1 367	1 367	(15)	-	(205)	-	1 147	-	-
Nedbank Limited Incorp. BOE	Housing Loan Guarantee	9	9	-	-	(9)	-	-	-	-
MEEG Bank	Housing Loan Guarantee	25	25	-	-	-	-	25	-	-
ABSA	Housing Loan Guarantee	2 371	2 371	(129)	-	(644)	-	1 598	-	-
Company Unique Finance Limited	Housing Loan Guarantee	45	45	-	-	(15)	-	30	-	-



ANNEXURE 2A (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Adjustment to opening balance	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Old Mutual Finance Limited	Housing Loan Guarantee	80	80	-	-	(46)	-	34	-	-
Peoples Bank (former FBC Fidelity Bank)	Housing Loan Guarantee	324	324	(16)	-	(27)	-	281	-	-
Nedbank Limited Incorp. NBS (former Peoples Bank NBS)	Housing Loan Guarantee	609	609	(12)	-	(92)	-	505	-	-
Firststrand Bank Limited: FNB (former Saambou)	Housing Loan Guarantee	586	586	(31)	-	(55)	-	500	-	-
Old Mutual Bank: Nedbank (former PERM)	Housing Loan Guarantee	1 171	1 171	(197)	-	(257)	-	717	-	-
Future Bank Corporation Limited	Housing Loan Guarantee	14	14	-	-	-	-	14	-	-
Ithala Limited	Housing Loan Guarantee	15	15	-	-	(15)	-	-	-	-

ANNEXURE 2A (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Adjustment to opening balance	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Free State Development Corporation	Housing Loan Guarantee	92	92	-	-	(14)	-	78	-	-
VBS Mutual Bank	Housing Loan Guarantee	66	66	-	-	(25)	-	41	-	-
Mpumalanga Housing Finance Unibank	Housing Loan Guarantee	43	43	-	-	-	-	43	-	-
BOE Bank Limited	Housing Loan Guarantee	19	19	-	-	-	-	19	-	-
SA Home loans (PTY) LTD	Housing Loan Guarantee	12	12	-	-	-	-	12	-	-
Green Start Home Loans (PTY) LTD	Housing Loan Guarantee	33	33	-	-	-	-	33	-	-
Total		9 589	9 589	(629)	91	(2 062)	-	6 989	-	-

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2013 R'000
Claims against the Department					
Claims: Supplier-Related	734	-	(17)	-	717
Claims: Employee-Related	2 092	-	-	-	2 092
Civil Claims	14	105	-	-	119
Other					
Resulting from a contractual dispute with the landlord of the building occupied by the Kwazulu-Natal Provincial Office, this matter is under legal advice with possible material breach of contract.	-	-	-	-	-
Total	2 840	105	(17)	-	2 928

ANNEXURE 3

CLAIMS RECOVERABLE

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENT						
Correctional Services	-	17	-	-	-	17
Agriculture	10	10	-	-	10	10
Higher Education and Training	12 400	13 833	-	-	12 400	13 833
International Relations and Co-operation	-	113	-	-	-	113
Health	255	329	-	-	255	329
Public Works	65	93	-	-	65	93
Gauteng Shared Services	27	27	-	-	27	27
Social Development	82	87	-	-	82	87
Justice and Constitutional Development	9	36	-	-	9	36
Rural and Development	20	10	-	-	20	10
Home Affairs	-	41	-	-	-	41
Transport	50	8	-	-	50	8
Water Affairs	20	29	-	-	20	29
National Treasury	52	46	-	-	52	46
Mineral and Energy	-	21	-	-	-	21
Environmental Affairs	14	-	-	-	14	-
Safety and Security	-	49	-	-	-	49
Economic Development	-	8	-	-	-	8
Agriculture and Rural Development	-	28	-	-	-	28
South African Police Services	70	70	-	-	70	70
Art and Culture	13	13	-	-	13	13
Defence	-	15	-	-	-	15



ANNEXURE 3 (continued)

CLAIMS RECOVERABLE

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENT						
Public Service and Administration (DPSA)	-	39	-	-	-	39
Limpopo Provincial Government	4	4	-	-	4	4
KZN Agriculture, Environment Affairs and Rural Development	4	-	-	-	4	-
Co-operative Governance and Traditional Affairs	17	-	-	-	17	-
Mpumalanga Provincial Government	20	-	-	-	20	-
Mineral Resources	25	-	-	-	25	-
Government Employees Pension Fund (GEPF)	8	35	-	-	8	35
South African Social Security Agency (SASSA)	64	64	-	-	64	64
OTHER GOVERNMENT ENTITIES						
Compensation Fund (CF)	57 108	15 565	-	-	57 108	15 565
National Skills Fund (NSF)	964	2	-	-	964	2
Unemployment Insurance Fund (UIF)	25 726	21 828	-	-	25 726	21 828
Total	97 027	52 420	-	-	97 027	52 420

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Justice and Constitutional Development	532	-	-	111	532	111
Higher Education and Training	18	-	-	19	18	19
Public Service and Administration	-	-	366	943	366	943
Home Affairs	-	-	60	-	60	-
Public Works	-	-	12	-	12	-
Social Development	-	-	18	-	18	-
OTHER GOVERNMENT ENTITIES						
Current						
Provincial Treasury: Eastern Cape	-	-	-	3	-	3
KZN Provincial Government: Works	-	-	-	19	-	19
South African Police Services	-	-	-	111	-	111
Government Printing Works	-	-	697	607	697	607
Palama	-	-	1 424	833	1 424	833
Compensation Fund	2 600	2 821	-	-	2 600	2 821
Gauteng Province: Education	-	-	111	-	111	-
Provincial Government: Limpopo Health	-	-	4	-	4	-
South African Social Security Agency	-	-	20	-	20	-
Province of the Eastern Cape: Social Development and Special Programmes	-	-	35	-	35	-
Eastern Cape Province: Roads and Public Works	-	-	9	-	9	-
Total	3 150	2 821	2 756	2 646	5 906	5 467



ANNEXURE 5

INVENTORY

INVENTORY	Note	Quantity	2012/13 R'000	Quantity	2011/12 R'000
Opening balance		199 684	4 298	938 454	22 857
Add/(Less): Adjustments to prior year balance		(1 098)	(582)	(639 810)	(19 341)
Add: Additions/Purchases - Cash		953 971	23 543	848 792	26 345
Add: Additions - Non-cash		25 300	32	4 472	357
(Less): Disposals		(4 592)	(296)	(102 765)	(71)
(Less): Issues		(810 045)	(18 012)	(848 490)	(26 902)
Add/(Less): Adjustments		(195)	(96)	(969)	1 053
Closing balance		363 025	8 887	199 684	4 298

ANNEXURE 6

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	5 961	8 637	-	14 598
Non-residential buildings	5 961	8 637	-	14 598
TOTAL	5 961	8 637	-	14 598

ANNUAL FINANCIAL STATEMENTS [SHELTERED EMPLOYMENT FACTORIES]

181	Report of the Auditor-General	192	Statement of Changes in Equity
185	Statement of Responsibility by the Accounting Officer	193	Statement of Cash Flows
186	Report of the Accounting Officer	194	Accounting Policies
190	Statement of Comprehensive Income	202	Notes to the Annual Financial Statements
191	Statement of Financial Position	225	Performance Information

05

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON SHELTERED EMPLOYMENT FACTORIES (SEF)

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Sheltered Employment Factories set out on pages 185 to 224, which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Accounting Officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Accepted Accounting Practice (GAAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

BASIS FOR QUALIFIED OPINION

INVENTORY

6. Note 7 (inventory) to the annual financial statements, reflects an amount of R4 811 555, relating to finished goods. Included in this amount is R 2 710 258 which we could not verify. Consequently inventory is overstated by the said amount and the Sheltered Employment Factories did not recognise the inventory loss in its statement of comprehensive income, understating the net loss for the period ending 31 March 2013.

QUALIFIED OPINION

7. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Sheltered Employment Factories as at 31 March 2013, its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standard and the requirements of the PFMA.

EMPHASIS OF MATTERS

I draw attention to the matters below. My opinion is not modified in respect of these matters.

FINANCIAL SUSTAINABILITY

8. As disclosed in note 21 to the financial statements, the Sheltered Employment Factories incurred a net loss of R11 414 421 during the year ended 31 March 2013 and, as of that date, the trading entity's current liabilities exceeded its total assets by R10 920 104. These conditions, along with other matters as set in note 21, indicate the existence of a material uncertainty that may cast significant doubt on the trading entity's ability to operate as a going concern.

RESTATEMENT OF CORRESPONDING FIGURES

- 9 As disclosed in note 15 to the financial statements, the corresponding figures relating to the financial period ending 31 March 2012, was restated as a result of an error discovered during the financial period ending 31 March 2013 in the financial statements of Sheltered Employment Factories at, and for the financial year ended 31 March 2012.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

PREDETERMINED OBJECTIVES

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report, as set out on pages 225 to 227 of the annual report.
12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information

further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information (FMPP)*.

The reliability of the information, in respect of the selected objectives, is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

13. The material findings concerning the usefulness and reliability of the information are as follows:

Usefulness of information**Consistency****REPORTED INDICATORS/TARGETS NOT CONSISTENT WITH PLANNED INDICATORS/TARGETS**

14. Treasury Regulation 5.2.4 requires that the annual performance plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 25% of the reported indicators are not consistent with the indicators as per the approved annual performance plan and a total of 36% of the reported targets are not consistent with the targets as per the approved. This is due to the insufficient review by management to ensure that planned indicators are reported on in the annual monitoring report.

PERFORMANCE TARGET NOT SPECIFIC

15. The FMPP requires that performance targets be specific in clearly identifying the nature and required level of performance. In total, 25% of the reported targets were not specific in clearly identifying the nature and required level of performance. This was due to the fact that management was aware of the requirements of the FMPP but did not receive the necessary training to enable application of the principles.

PERFORMANCE TARGET NOT WELL DEFINED

16. The FMPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 83,33% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

ADDITIONAL MATTER

17. I draw attention to the following matter below. This matter does not have an impact on the findings arising from the audit of predetermined objectives that are reported above.

ACHIEVEMENT OF PLANNED TARGETS

18. Of the total number of eleven targets planned for the year, seven were Not Achieved during the year under review. This represents 64% of total planned targets that were not achieved.

COMPLIANCE WITH LAWS AND REGULATIONS

19. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the General Notice issued in terms of the PAA, are as follows:

BUDGETS

20. The Sheltered Employment Factories had not prepared a budget for the 2012-2013 financial year, in contravention of the requirements of the PFMA 40(4)(a).

ANNUAL FINANCIAL STATEMENTS

21. The financial statements submitted for auditing were not prepared in all material respects, in contravention of section 40(1) of the PFMA. Material misstatements of (non-current assets/ current assets/ liabilities/ revenue/ expenditure/ disclosure items) identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the [uncorrected material misstatements and/ or supporting records that could not be provided] resulted in the financial statements receiving a qualified audit opinion.

ASSET AND LIABILITY MANAGEMENT

22. The Accounting Officer and the chief executive officer (CEO) did not comply with the requirements of the PFMA, as prescribed by section 38(1)(a) to have and maintain effective, efficient and transparent systems of financial and risk management and internal control. This was due to a lack of approved and implemented policies and procedures to govern the processes.

EXPENDITURE MANAGEMENT

23. The Accounting Officer and the CEO did not take effective and appropriate steps to prevent irregular as well as fruitless and wasteful expenditure, as required by section 38(c) of the PFMA and Treasury Regulation 9.1.1.

PROCUREMENT AND CONTRACT MANAGEMENT

24. Goods and Services with a transaction value of between R10 000 and R500 000 were procured without obtaining written price quotations from at least three different prospective providers, as per the requirements of Treasury Regulation 16A6.1 and Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

25. Goods and Services of a transaction value above R500 000 were procured without inviting competitive bids, as per the requirements of Treasury Regulation 16A6.1 and Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA.

HUMAN RESOURCE MANAGEMENT AND COMPENSATION

26. A policy regulating overtime costs, and ensuring that overtime cost incurred was within budgeted amounts was not in place, as required by Treasury Regulation 8.3.2.

REVENUE MANAGEMENT

27. The Accounting Officer and the CEO did not manage revenue efficiently and effectively, as no appropriate processes were developed and implemented to provide for the identification, collection, recording, reconciliation and safeguarding of revenue information, as required by Treasury Regulation 7.2.1.

28. The Accounting Officer did not establish systems, procedures and processes to ensure efficient and effective cash management, including collecting revenue when it is due, pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable are collected, and accurately forecasting the institution's cash flow requirements, as required by Treasury Regulation 15.10.1.1 and 15.10.1.2.

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

29. The CEO did not ensure that there were expected outcomes, programme outputs, indicators (measures) and targets that were linked to a financial budget, as per the requirements of paragraph 2.1 of *National Treasury Framework on strategic plans and annual plans*.

Auditor General

Pretoria [31 July 2013]

INTERNAL CONTROL

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below are limited to the significant deficiencies that resulted in the basis for a qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

31. The CEO was not visible at the head office of the Sheltered Employment Factories and, consequently, was unable to ensure that the internal controls in place were enforced throughout the period.

32. The CEO was ineffective in monitoring controls to ensure adherence to laws and regulations relating to procurement, revenue management and human resource.

FINANCIAL AND PERFORMANCE MANAGEMENT

33. The CEO did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework, and this resulted in material misstatements.

GOVERNANCE

34. The CEO did not adequately implement the fraud prevention plan and, consequently, a number of control deficiencies were identified.



STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING OFFICER

The Director-General of Labour is responsible for the preparation and fair presentation of these Annual Financial Statements in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP) and in the manner required by the Public Finance Management Act, 1999, (Act No. 1 of 1999). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Auditor-General of South Africa is responsible for expressing an opinion on the fair presentation of the financial statements.

As the Director-General is also responsible for the system of internal financial control, it should be noted that these are designed to provide reasonable, but not absolute, assurance as to the fair presentation of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatements and

loss. Nothing has come to the attention of the Director-General to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Director-General has every reason to believe that the SEF factories have adequate resources in place to continue in operation for the foreseeable future.

The financial statements have been audited by the Auditor-General of South Africa, who was given unrestricted access to all financial records and related data, including minutes of all management meetings held. The Auditor-General of South Africa believes that all representations made to the Auditor-General of South Africa during the audit were valid and appropriate.

The financial statements were approved by the Director-General on 31 May 2013.



Mr. NPT Nhlleko - Director-General: Labour (Date: 31 MAY 2013)



REPORT OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

GENERAL REVIEW OF THE STATE OF AFFAIRS

The Sheltered Employment Factories (SEF) was established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market due to the nature of their afflictions. Of the 1 040 employees (factory workers and administrative personnel) factory workers currently employed, 90% are intellectually / mentally / psychologically challenged. The factories are open to all races.

The factories have operated without enabling legislation since inception, except for a Cabinet Memorandum, first compiled in 1947. This issue is being addressed by investigating options for conferring an appropriate legal and corporate form for the entity and a transformation plan that will align with Government's national integrated disability strategy.

There are currently 12 factories across the country in seven provinces. Income from the factories are generated from sales of manufactured goods that include wood and metal furniture, hospital commodities, linen, bedding, protective clothing, garments, upholstery, bookbinding and screen printing. The income from sales, supplemented by subsidy transfers from the Department of Labour, covers the operating expenses of the factories.

It is the vision of the factories to transform and expand direct employment for people with intellectual and multiple disabilities, and to develop as a provider of quality training for people with disabilities to enable and facilitate their transition into the open labour market. The SEF business case and implementation plan have been approved and will be implemented from April 2013 to March 2016. The Employment Services Bill was tabled in Parliament and awaiting enactment.

SERVICES RENDERED BY SEF

The results of the operations of the SEF are summarised in the Statement of Comprehensive Income and the Statement of Changes in Equity.

CAPACITY CONSTRAINTS

The Business Case provides guidance on the proposed organogram (including management structure) for the SEF. The process of filling positions will commence after approval of the structure in the 2013/14 financial year.

CORPORATE GOVERNANCE ARRANGEMENTS

The Department is currently providing the following services to SEF:

- Risk management
- Internal audit
- Audit and risk committee

INVENTORIES

All inventory opening and closing balances together with movement for the year has been reflected in note 7 to the Annual Financial Statements

EVENTS AFTER THE REPORTING DATE

The SEF is not aware of any other material circumstances arising subsequent to the end of the financial year, not otherwise dealt with in the annual financial statements and the notes thereto, that would affect the operations or the results of operations significantly.

INFORMATION ON PREDETERMINED OBJECTIVES

A restructured Management Committee will be put in place to capacitate the organization in ensuring comprehensive predetermining of objectives and reporting thereof.

SCOPA RESOLUTIONS

Reference to previous audit reports and SCOPA resolutions	Subject	Findings / progress
<p>The Committee recommends that the Accounting Officer ensures the following:</p> <p>a) The entity’s management makes certain that the prior period errors are retrospectively corrected as required by International Accounting Standards (IAS) 8; and</p> <p>b) The entity’s management makes certain that future minimum lease payments are disclosed in its annual financial statements to comply with the requirements of IAS 17</p>	<p>Inadequate disclosure of leases</p>	<p>Prior period errors were retrospectively corrected. Controls have been put in place on procurement of assets to ensure correct accounting treatment. Future minimum lease payments are disclosed in the SEF Annual Financial Statements. The Intervention has resulted in substantial improvements on lease disclosures in the AFS. No findings were raised during the 2011/12 audit.</p>
<p>The Committee recommends that the Accounting Officer ensures the following:</p> <p>The entity’s management makes certain that all the designed internal controls are implemented and adhered to by all personnel, through the assigning of oversight responsibilities.</p>	<p>Variances during stock counts and no assessment were done to determine the stage of completion on work in progress.</p>	<p>Internal controls are currently in place and bi-annual stock counts are conducted at all factories. Work in progress assessments is done at the end of each financial year. The intervention has resulted in no material differences identified in the stock takes conducted in all factories. There were also no findings on the 2011/12 audit report.</p>
<p>The Committee recommends that the Accounting Officer should ensure that:</p> <p>The entity’s management makes certain that the prior period errors are retrospectively corrected as required by IAS 8.</p>	<p>Incorrect classification of production costs</p>	<p>Classification of production costs has been corrected. Similar errors were picked in the 2012/13 financial year and were corrected. No findings were raised in the 2011/12 audit.</p>
<p>The Committee recommends that the Accounting Officer ensures that: The entity’s management makes certain that the prior period errors are retrospectively corrected as required by IAS 8.</p>	<p>Incorrect accounting treatment of property, plant and equipment</p>	<p>All assets below R3,000 which was expensed in the prior years were corrected. Physical verification of assets is performed bi-annually to avoid possible recurrence of understatement of assets. No similar instances reoccurred in the subsequent year.</p>


PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Matters affecting the audit report		
None		
Report on pre-determined objectives		
Non-compliance with Chapter 7 of the Framework for Managing Programme Performance Information paragraph 7.3 - Targets not aligned to the strategic plan	31 March 2011	Resolved. The revised strategic plan has been approved
Non-compliance with PFMA 38(1)(a) - Policy on predetermined objectives not developed	31 March 2012	Resolved. Performance management policy was submitted to the Department of Labour for approval.
Compliance with laws and regulations		
Non-compliance TR 9.1.1 – Irregular and fruitless and wasteful expenditure	31 March 2010	Resolved. The SCM policy has been approved; training of staff took place in February 2013. Implementation is in progress.
Non-compliance with the Basic Conditions of Employment Act 75 of 1997 – No policy for overtime worked	31 March 2012	Target 31 August 2013. The overtime policy will be routed for approval
Non-compliance TR 8.3.4 – Payroll certification not done	31 March 2012	Resolved. Certification is done by Factory and responsible managers after each employee has signed for his/her pay slips
Non-compliance TR 11.2 – Collection of debtors	31 March 2010	Implemented but the process is ongoing. Regular follow-ups in respect of debt recovery are conducted. Enforcing signatures on delivery notes. Handing over old debtors to legal Department for debt collection and requirement of 50 % deposit through memorandum of understanding with new clients.
Non-compliance with the Public Service Act 103 of 1994, section 30 – No declaration of remuneration work outside SEF	31 March 2012	Resolved. All SEF employees have completed the declaration forms.

Non-compliance TR 3.2.1 - Risk management strategy and fraud prevention plan not approved timely	31 March 2012	Resolved. The Risk Management Strategy and Fraud Prevention Plan were approved.
Non-compliance TR 8.2.1 - The delegation of authority has not been approved	31 March 2011	Resolved Financial delegations of authority were submitted to Department of Labour for approval.
Non-compliance PFMA 38(1)(a) - Weak policy and procedure framework	31 March 2010	Target date 31 August 2013. The following policies have been submitted for approval: Debtors Management, Assets Management, VAT and Preparation of Financial Statement and Year-end procedures and related party procedure manuals were approved. A procedure manual on production and sales manual is in draft. Subsequent events, leases and related party policies are in draft and will be submitted for approval.
Non-compliance TR 44 - No approved price list	31 March 2012	Target date 31 July 2013. Costing model has been developed and tested; implementation will commence in 2013/14. It will be used to conduct a profitability analysis which will result in an approved price list.
Non-compliance TR8.4.1 - Conditional grants not used for intended purpose	31 March 2012	Resolved
Non-compliance with Public Service Regulations Chapter 1 part V D2© - No proper overtime register are kept	31 March 2012	Resolved

Approval

The Annual Financial Statements have been approved by the Accounting Officer.



.....
Mr. NPT Nhleko - Director-General: Labour (31 July 2013)



STATEMENT OF COMPREHENSIVE INCOME

	Note	2012/13 R	2011/12 R
Revenue	1	43 702 650	48 747 001
Cost of sales		(28 102 811)	(36 352 021)
Gross profit		15 599 839	12 394 980
Other revenue	2	67 328 407	59 800 789
Operating expenses	3	(95 034 731)	(86 811 763)
Operating (loss) / profit		(12 106 486)	(14 615 993)
Interest income	4	772 321	1 725 161
Finance costs	5	(80 256)	(985 936)
Loss for the year		(11 414 421)	(13 876 768)
Other comprehensive income		-	-
Total Comprehensive Income / (Loss)		(11 414 421)	(13 876 768)

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2013

	Note	2012/13 R	2011/12 R Restated
ASSETS			
Non-current assets		11 438 738	10 074 102
Property, plant and equipment	6	11 438 738	10 074 102
Current assets		54 259 439	22 047 128
Inventories	7	15 539 170	8 496 328
Trade and other receivables	8	6 006 641	7 188 640
Cash and cash equivalents	9	32 713 628	6 362 161
Total Assets		65 698 177	32 121 231
EQUITY AND LIABILITIES			
Equity		(2 032 102)	9 382 320
Retained earnings		(2 032 102)	9 382 320
Total Equity		(2 032 102)	9 382 320
LIABILITIES			
Non-current liabilities		2 550 735	332 027
Non-current finance lease liability	10	2 550 735	332 027
Current liabilities		65 179 543	22 406 884
Trade and other payables	11	62 538 196	16 530 702
Deferred income	12	1 509 442	5 776 182
Current portion of finance lease liability	10	1 131 905	100 000
Total Liabilities		67 730 278	22 738 911
Total Equity and Liabilities		65 698 176	32 121 231



STATEMENT OF CHANGES IN EQUITY

	Retained earnings R	Total equity R
Balance at 1 April 2011	23 245 978	23 245 978
Prior period error	13 110	13 110
Total comprehensive loss for the year	(13 876 768)	(13 876 768)
Restated balance at 31 March 2012	9 382 320	9 382 320
Total comprehensive loss for the year	(11 414 421)	(11 414 421)
Balance at 31 March 2013	(2 032 102)	(2 032 102)

STATEMENT OF CASH FLOWS

	Note	2012/13 R	2011/12 R Restated
Cash flows from operating activities			
Cash receipts from customers		159 148 956	110 955 834
Cash paid to suppliers and employees		(133 358 259)	(113 185 101)
Cash generated from operations	13	25 790 697	(2 229 268)
Interest income		772 321	1 725 161
Finance costs		(80 256)	(985 936)
Net cash flows from operating activities		26 482 761	(1 490 042)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(147 761)	(411 249)
Proceeds on disposal of property, plant and equipment		16 467	68 061
Net cash flows from investing activities		(131 294)	(343 188)
Net increase / (decrease) in cash and cash equivalents		26 351 467	(1 833 230)
Cash and cash equivalents at beginning of the year		6 362 161	8 195 391
Cash and cash equivalents at end of the year	9	32 713 628	6 362 161



ACCOUNTING POLICIES

BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis, and incorporate the principal accounting policies set out below. The Annual Financial Statements have been prepared in accordance with South African Standards of Generally Accepted Accounting Practice (GAAP). They are presented in South African Rands.

These accounting policies are consistent with the previous period.

Critical judgments, estimations and assumptions

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

Significant judgements include:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in the Statement of Comprehensive Income, the entity makes judgements as to whether there is observable data indicating a measureable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other

indicators present at the reporting date that correlates with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment of Financial Assets

Accounting Policy 0 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the entity considered the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments - Recognition and Measurement. The management of the entity is satisfied that the impairment of financial assets recorded during the year, is appropriate.

Useful lives of Property, Plant and Equipment (“PPE”) and Intangible Assets

As described in Accounting Policies 0 and 3.2, the entity depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

Impairment: Write down of PPE and Inventories

Significant estimates and judgments are made relating to PPE impairment tests and write down of inventories to net realisable values.

Going concern assumption

The Annual Financial Statements have been prepared on a going concern basis.

Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a South African Standards of Generally Accepted Accounting Practice.

PROPERTY, PLANT AND EQUIPMENT

Initial Recognition

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost, where applicable, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Depreciation

Depreciation on assets is calculated on cost, using the straight line method, to depreciate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives and are being reviewed at the end of each year. The depreciation charge for each period is recognized in profit or loss unless it is included in the carrying amount of another asset.

Depreciation only commences when the asset is available for use, unless stated otherwise.

<u>Item</u>	<u>Years</u>
Plant and machinery	10 – 15
Furniture and fixtures	12 – 15
Office equipment	8 – 10
IT equipment	5 – 8
Appliances	5 – 8
Leased assets	3 – 5



The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term.

De-recognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is de-recognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds. This is included in the Statement of Comprehensive Income as a gain or loss on disposal of property, plant and equipment.

Impairment of assets

Cash generating assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount

of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:
to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

Impairment of non-cash generating assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a non-cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

FINANCIAL INSTRUMENTS

The entity has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

Financial Assets - Classification

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

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial and Subsequent Measurement

Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.



Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of Financial Assets

Impairment of financial assets

At each reporting date the entity assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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

Impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

De-recognition of Financial Assets

The entity derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when the Accounting Officer approves the write-off of Financial Assets due to non-recoverability.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

De-recognition of Financial Liabilities

The entity de-recognises Financial Liabilities when, and only when, the entity's obligations are discharged, cancelled or they expire.

INVENTORIES

Inventories comprising consumable stores, raw materials and finished goods are valued at lower of cost and net realizable value, determined on the weighted average cost.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Provision for obsolete stock is determined at 100% of the value of inventories that have not been used in production or sold for a period longer than 12 months.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write downs of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

REVENUE RECOGNITION

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.



GOVERNMENT GRANTS AND RECEIPTS

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, are recognised in the Statement of Comprehensive Income in the period in which they become receivable.

PROVISIONS

Provisions are recognised when the entity has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

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

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

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

EMPLOYEE BENEFITS

Short-term Employee Benefits

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

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

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

Defined Contribution Plans

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Comprehensive Income in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

The entity is also liable for other post-retirement benefits, such as accumulated leave balance, to which workers become entitled to at retirement.

LEASES

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

Finance leases - Lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

TAX

The entity accounts for Value Added Tax on the invoice basis.
Provision has not been made for taxation as the entity is exempt from income tax.

IRREGULAR EXPENDITURE

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999); the State tender Board Act, 1968 (Act No. 86 of 1968, or any regulation made in terms of that Act.

Irregular expenditure is recognised as expenditure in the Statement of Comprehensive Income. If the expenditure is not condoned by the Accounting Officer it is treated as an asset until it is recovered or written off as irrecoverable.

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Comprehensive Income. If the expenditure is not condoned by the Accounting Officer it is treated as an asset until it is recovered or written off as irrecoverable.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		2013 R	2012 R Restated
1. REVENUE			
Revenue from sale of goods		42 199 913	48 747 001
Revenue from services rendered		1 502 737	-
		<u>43 702 650</u>	<u>48 747 001</u>
2. OTHER REVENUE			
Department of Labour transfer		63 029 000	58 785 000
Deferred revenue recognised	12.	4 266 740	987 159
Commission received		32 667	28 631
		<u>67 328 407</u>	<u>59 800 789</u>
3. OPERATING EXPENSES			
Advertising		72 925	33 345
Auditor's remuneration	3.1	1 275 091	1 768 420
Bad debts written off		-	-
Bank Charges		145 846	137 810
Professional fees		4 341 544	1 100 478
Depreciation on property, plant and equipment		2 003 258	2 178 780
Employee costs		69 753 552	66 433 850
Operational expenses		8 365 574	6 150 333
Write down of inventory expense		571 687	1 006 852
Entertainment		23 642	3 230
Provision for doubtful debts movement		(648 378)	71 769
Minor assets expensed		-	-
Loss on disposal of assets		122 828	129 327
IT expenses		847 177	1 057 135
Printing and stationary		398 521	417 065

	2013 R	2012 R Restated
Repairs and maintenance	18 074	244 690
Rentals (lease charges)	68 583	37 854
Health and safety	4 936	1 702
Security	1 044 883	859 204
Telephone and fax	1 259 333	1 160 971
Training	69 064	118 306
Transport and freight	4 809 015	3 740 429
Travel local	487 576	160 213
	<u>95 034 731</u>	<u>86 811 763</u>
3.1 Auditors remuneration		
Fees	-	-
3.2 Depreciation on property, plant and equipment		
Depreciation as per note 6	2 150 252	2 178 780
Depreciation as per note 3	<u>(2 003 258)</u>	<u>(2 178 780)</u>
	146 993	-
Recovery of depreciation as part of cost of sales	<u>(46 993)</u>	-
	<u>-</u>	<u>-</u>
4. INTEREST INCOME		
Interest on overdue debtors accounts	123 810	316 555
Bank	780 377	377 733
Interest due to fair value adjustment on debtors	<u>(131 866)</u>	<u>1 030 873</u>
	<u>772 321</u>	<u>1 725 162</u>
5. FINANCE COSTS		
Interest charge on finance leases	74 037	41 064
Other interest paid	<u>6 220</u>	<u>944 872</u>
	<u>80 256</u>	<u>985 936</u>

6. PROPERTY, PLANT AND EQUIPMENT	2012/13	2011/12
	R	R
		Restated
Carrying amounts of:		
Plant and machinery	6 509 832	7 912 375
Furniture and fixtures	888 376	1 101 280
Office equipment	116 470	165 441
Computer equipment	309 783	405 859
Appliances	58 988	77 352
Leased assets	3 555 289	411 795
	<u>11 438 738</u>	<u>10 074 102</u>

	Plant and machinery	Furniture and fixtures	Office equipment	Computer equipment	Appliances	Leased assets	TOTAL
	R	R	R	R	R	R	R
Cost / Valuation							
Balance at 31 March 2011	16 443 010	1 781 396	418 251	1 404 041	136 931	651 284	20 834 914
Additions	98 704	48 057	20 188	219 369	24 931	375 752	87 001
Disposals	(244 165)	(17 217)	(27 607)	(171 196)	(4 320)	(223 501)	(688 007)
Balance at 31 March 2012	16 297 550	1 812 235	410 833	1 452 214	157 542	803 535	20 933 909
Additions	4 011	34 631	-	108 334	785	3 506 421	3 654 182
Disposals	(225 314)	(29 949)	(21 955)	(50 542)	(850)	(160 499)	(489 108)
Balance at 31 March 2013	16 076 247	1 816 917	388 878	1 510 006	157 477	4 149 57	24 098 983

Accumulated depreciation

Balance at 31 March 2011	7 077 342	420 459	213 905	978 360	48 967	432 614	9 171 646
Eliminated on disposal of assets	(109 891)	(18 893)	(25 679)	(148 219)	(1 015)	(186 922)	(490 619)
Depreciation expense	1 417 724	309 389	57 166	216 214	32 238	146 049	2 178 780
Balance at 31 March 2012	8 385 175	710 956	245 392	1 046 354	80 190	391 741	10 859 808
Eliminated on disposal of assets	(123 326)	(19 185)	(20 289)	(42 579)	(402)	(144 032)	(349 813)
Depreciation expense	1 304 566	236 312	47 765	196 447	18 702	346 459	2 150 252
Balance at 31 March 2013	9 566 415	928 082	272 868	1 200 223	98 489	594 169	12 660 247

Change in estimates

2013
R

2012
R

Restated

Decrease in depreciation due to change in useful life and residual values

200 903

70 241

2013
R

2012
R

Restated

7. INVENTORIES

Raw materials and components	8 927 907	6 905 732
Work in progress	1 864 498	505 586
Finished goods	4 811 555	1 660 076
	15 603 960	9 071 395
Inventory write downs to net realizable value	(64 791)	(575 067)
	15 539 170	8 496 328
Value of inventory carried at the lower of cost and net realisable value.	-	-



		2013 R	2012 R Restated
8. TRADE AND OTHER RECEIVABLES			
Trade receivables		16 010 655	17 812 487
Provision for doubtful debts	8.1	<u>(10 022 935)</u>	<u>(10 671 313)</u>
		5 987 720	7 141 174
VAT receivable		-	-
Sundry debtors		<u>18 921</u>	<u>47 465</u>
		<u><u>6 006 641</u></u>	<u><u>7 188 640</u></u>
Age of receivables that are past due but not impaired			
Current (0 – 30 days)		3 698 136	1 406 720
31 - 60 Days		979 544	4 374 836
61 - 90 Days		785 645	1 516 125
91 - 120 Days		<u>179 581</u>	<u>396 381</u>
		<u><u>5 642 905</u></u>	<u><u>7 694 061</u></u>

	2013 R	2012 R Restated
8.1 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	10 671 313	10 599 544
Prior period error	-	-
Amounts written off during the year as uncollectible	-	-
Increase / (decrease) in provision	<u>(648 378)</u>	<u>71 769</u>
Balance at end of the year	<u>10 022 935</u>	<u>10 671 313</u>
<i>Age of trade receivables included in provision</i>		
Greater than one year	<u>10 022 935</u>	<u>10 671 313</u>
	<u>10 022 935</u>	<u>10 671 313</u>

In determining the recoverability of a trade receivable, the entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large.

Age of trade receivables included in provision

Greater than one year

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

Included in the provision for bad debt is an amount of R5 462 446 which has been identified as bad debt and a resubmission is prepared to consider approval for write off.

There was a decrease in the impairment from the previous financial year. The result is R648 378, which is disclosed as a negative amount in the statement of comprehensive income.

	2013 R	2012 R Restated
9. CASH AND CASH EQUIVALENTS		
Bank balances	32 690 528	6 339 061
Cash on hand	23 100	23 100
	<u>32 713 628</u>	<u>6 362 161</u>
9.1 Significant cash and cash equivalent balances held by the entity that are not available for use by the entity.		
The entity holds the amount in its call account which relates to certain conditional grants from the Department of Labour for which the conditions of recognition have not yet been met.		
	<u>1 523 585</u>	<u>5 943 932</u>
10. FINANCE LEASE LIABILITY		
The entity leases certain of its office equipment and motor vehicles in terms of finance leases. The entity does not have the option to acquire the assets at the termination of the lease. The average lease term is between 3 and 5 years and the average effective borrowing rate was 9% (2012: 10%). Interest rates are linked to prime at the contract date. All the leases have fixed repayment.		
<i>Amounts payable under finance leases:</i>		
Finance lease liability - Minimum lease payments		
No later than 1 year	1 405 073	136 468
Later than 1 year and no later than 5 years	2 795 711	383 372
Later than 5 years	-	-
Future Finance charges on finance leases	(518 145)	(87 813)
Present Value of finance lease liability	<u>3 682 639</u>	<u>432 027</u>
<i>Present Value of Minimum Lease Obligations:</i>		
No later than 1 year	1 131 904	100 000
Later than 1 year and no later than 5 years	2 550 735	332 027
Later than 5 years	-	-
	<u>3 682 639</u>	<u>432 027</u>

		2013 R	2012 R Restated
11. TRADE AND OTHER PAYABLES			
Trade payables		2 565 975	8 908 892
Accruals		3 096 412	2 449 522
Income received in advance		51 882 591	1 328 330
VAT payable		269 932	465 972
Accrued leave pay		2 384 654	2 224 085
Provision for long service allowance		1 015 261	1 022 989
Accrued staff and workers back pay		-	-
Stabilisation fund		106 541	108 781
Unreconciled receipts		-	-
Outstanding cheques		276 361	22 132
Unidentified deposits		940 470	-
		<u>62 538 196</u>	<u>16 530 702</u>
12. DEFERRED INCOME			
Balance at beginning of the year		5 776 182	6 763 340
Conditions met and recognised as revenue	2	<u>(4 266 740)</u>	<u>(987 159)</u>
Balance at end of the year		<u>1 509 442</u>	<u>5 776 182</u>
Balance at end of year relates to the following projects:			
Business case project		111 325	3 316 049
Other special projects		1 398 117	2 460 133
		<u>1 509 442</u>	<u>5 776 182</u>

	2013 R	2012 R Restated
13. CASH GENERATED FROM OPERATIONS		
(Loss) / profit for the year	(11 414 421)	(13 876 768)
Adjustments for:	1 248 514	2 494 449
Depreciation on property, plant and equipment	2 003 258	2 178 780
Interest income	(772 321)	(1 725 161)
Finance costs	80 256	985 936
Write down of inventory expense	571 687	1 006 852
Impairment on trade and other receivables	(648 378)	71 769
Finance lease instalments	(255 809)	(166 164)
Prior period error	-	13 110
Loss on disposal of assets	122 828	129 327
Recovery of depreciation	146 992	-
Operating surplus before working capital changes:	35 956 604	9 153 052
(Increase)/decrease in inventories	(7 614 528)	4 477 801
(Increase)/decrease in trade and other receivables	1 830 377	3 146 945
Increase/(decrease) in trade and other payables	46 007 495	2 515 465
Increase/(decrease) in deferred income	(4 266 740)	(987 159)
	25 790 697	(2 229 268)

14. DEFINED CONTRIBUTION PLAN

Included in employee costs are the following:

Pension fund: Factory Instructors	802 822	798 419
Pension fund: Administrative Staff	1 378 733	1 209 156
Provident fund: Factory Workers	2 350 535	2 317 350
Provident fund: Factory Administrative Workers	163 699	69 007
	4 695 789	4 393 932

	2013 R	2012 R Restated
15. RELATED PARTIES		
<p>All the transactions below were made on terms equivalent to those in arm's length transaction unless otherwise stated.</p>		
15.1 Related party relationships		
<p>SEF is an entity controlled by the Department of Labour (DoL), the Accounting Officer of SEF is the Director-General of the DoL and DoL has control and significant influence on the operations of the SEF as defined in IAS 24 Related Parties.</p> <p>SEF is a related party to all national Government Departments as a result of the relationship with the Department.</p> <p>SEF is a related party to all national Government entities as a result of operating in the national sphere of Government as defined in SAICA Circular 04/05.</p>		
15.2 Related party transactions		
Revenue received		
Sale of goods to Government Departments and entities.	43 430 244	49 355 483
Sale of goods to SEF CEO	-	-
Transfers - Department of Labour subsidy	65 623 391	63 265 619
SARS - VAT refund	2 147 074	700 547
Total	111 200 709	113 321 649

	2013 R	2012 R Restated
Payments made		
SARS - VAT	1 592 051	1 234 646
SARS - PAYE	1 771 982	1 745 931
SARS - UIF	1 229 649	1 099 406
Compensation Fund	1 197 494	-
Telkom	1 158 445	1 111 850
Post Office	6 245	-
Municipalities	4 944 553	4 696 974
Department of Transport	2 188 852	2 102 623
Department of Labour	-	114 813
Total	14 089 271	12 106 244

15.3 Related party balances

Year end balances arising from revenue/payments

Receivables from Government Departments and entities

Provision for doubtful debts related to receivables amount

SARS - VAT Payable

SARS - VAT Receivable

Compensation Commissioner

Buffulo City

City of Cape Town Epping

Ethekwini Municipality

Manguang Municipality

Msunduzi Municipality

Nelson Mandela Municipality

City of Cape Town N'Dabeng

City of Johannesburg

Department of Health

Fleet Management: Department of Police, Roads and Transport Free State Province

Gauteng Government Garage

Telkom - Accrual

	13 163 836	13 564 161
	(7 850 888)	(8 339 842)
	252 146	490 498
	-	-
	22 561	-
	48 382	35 456
	10 757	-
	-	32 831
	-	40 309
	-	46 237
	-	44 570
	89 888	95 359
	262 297	101 273
	120	-
	44 549	-
	327 690	-
	141 162	66 137
	6 512 500	6 176 989

	2013 R	2012 R Restated
15.4 Compensation to key management personnel		
Short term employee benefits	2 594 391	4 480 619
These salaries were paid by the Department of Labour.		
15.5 Other		
NJ Tracking CC	15 000	-
Total	15 000	-

Mr NJ Killian is a staff member of SEF and a member of NJ Tracking CC. The transaction was for the procurement of tracking devices for motor vehicles.

16. FINANCIAL INSTRUMENTS

16.1 Classification

16.1.1 Financial Assets

In accordance with IAS 39.09 the Financial Assets of the entity are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>
Receivables	
Trade receivables	Loans and receivables
VAT receivable	Loans and receivables
Sundry debtors	Loans and receivables
Bank, Cash and Cash Equivalents	
Bank Balances	Held for trading



		2013 R	2012 R Restated
Summary of financial assets			
Receivables			
Trade receivables (incl doubtful debt provision)	Loans and receivables	5 987 720	7 141 174
VAT receivable	Loans and receivables	-	-
Sundry debtors	Loans and receivables	18 921	47 465
		6 006 641	7 188 640
Held for trading			
Bank Balances and Cash	Bank Balances	32 713 628	6 362 161
		32 713 628	6 362 161
		38 720 269	13 550 800

16.1.2 Financial Liabilities

In accordance with IAS 39.09 the Financial Liabilities of the entity are classified as follows :

Financial Liabilities

Classification

Long-term liabilities

Non-current finance lease liability

Financial liabilities at amortised cost

Creditors

Trade payables

Financial liabilities at amortised cost

Accruals

Financial liabilities at amortised cost

Income received in advance

Financial liabilities at amortised cost

VAT payable

Financial liabilities at amortised cost

Accrued leave pay

Financial liabilities at amortised cost

Stabilisation fund

Financial liabilities at amortised cost

Unreconciled receipts

Financial liabilities at amortised cost

Outstanding cheques

Financial liabilities at amortised cost

		2013	2012
		R	R Restated
Current Portion of Long-term Liabilities			
Current portion of finance lease liability	Financial liabilities at amortised cost		
Summary of financial liabilities			
Financial Liabilities at Amortised Cost			
Long-term Liabilities	Non-current finance lease liability	2,550,735	332,027
Current Portion of Long-term Liabilities	Current portion of finance lease liability	1,131,905	100,000
Creditors	Trade payables	2,565,975	8,908,892
Creditors	Accruals	3,096,412	2,449,522
Creditors	Income received in advance	51,882,591	1,328,330
Creditors	VAT payable	269,932	465,972
Creditors	Accrued leave pay	2,384,654	2,224,085
Creditors	Accrued back pay	-	-
Creditors	Stabilisation fund	106,541	108,781
Creditors	Unreconciled receipts	-	-
Creditors	Outstanding cheques	276,361	22,132
Creditors	Unidentified deposits	940,470	
		<u>65 205 575</u>	<u>15 939 740</u>
Total Financial Liabilities		<u>65 205 575</u>	<u>15 939 740</u>



16.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- The Fair Value of other Financial Assets and Financial Liabilities is determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis using interest rates currently charged or paid by other parties and the remaining term to repayment of the interest;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 31 March 2012, as a result of the short-term maturity of these assets and liabilities.

31 March 2013	Carrying Amount R	Fair Value R
Financial Assets		
Loans and Receivables		
Trade receivables (incl doubtful debt provision)	6 006 641	6 006 641
Held for trading		
Bank Balances and Cash	32 713 628	32 713 628
Total Financial Assets	38 720 269	38 720 269
Financial liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	2 550 735	2 550 735
Current Portion of Long-term Liabilities	1 131 905	1 131 905
Creditors	60 582 466	60 582 466
Total Financial Liabilities	64 265 105	64 265 105

31 March 2012	Carrying Amount R	Fair Value R
Financial Assets		
Loans and Receivables		
Trade receivables (incl doubtful debt provision)	7 188 640	7 188 640
Held for trading		
Bank Balances and Cash	6 362 161	6 362 161
Total Financial Assets	13 550 800	13 550 800
Financial liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	332 027	332 027
Current Portion of Long-term Liabilities	100 000	100 000
Creditors	15 507 713	15 507 713
Total Financial Liabilities	15 939 740	15 939 740

16.3 Financial Risk Management Objectives

Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the ISA's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the entity in undertaking its activities.

The entities finance Department monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The entity does not enter into or trade financial instruments for speculative purposes.



16.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

16.5 Market Risk

The entity's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

16.6 Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. There was no change in the entity's interest rate risk management policy during the period.

All financial instruments attract interest at rates linked directly to the prime bank overdraft rate. The effective interest rate used by the entity is the prime interest rate.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of entity debtors management policy.

All trade receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Interest Rate Sensitivity Analysis

As the entity has no significant interest risk exposure at financial year end, the effect of a 1% strengthening or weakening of the prime interest rate at reporting date is not considered material.

16.7 Liquidity risk

Sufficient cash is maintained to manage the entity's liquidity risk. Limitations are imposed by Treasury Regulations 32 to the Public Finance Management Act, 1999 (Act 1 of 1999) on borrowings, which limits the committed lines of credit available to entity.

16.8 Credit risk

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

Trade debtors consist mainly of Government Departments of which surety vests in the National Treasury for any such debts owing. Other debtors comprise private sector trade debtors and staff debtors.

	2013 R	2012 R Restated
Maximum credit and interest risk exposure in respect of financial instruments is as follows:		
Trade and other receivables	6 006 641	7 188 640
Bank balances and cash	32 713 628	6 362 161
Maximum Credit and Interest Risk Exposure	38 720 269	13 550 800

	2013 R	2012 R Restated
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17. IRREGULAR EXPENDITURE

Reconciliation of Irregular Expenditure:

Opening balance	37 332 963	52 753 851
Irregular Expenditure current year	36 853 356	30 359 825
Condoned by Accounting Officer	(74 091 745)	(45 780 713)
Closing balance	94 574	37 332 963

Irregular expenditure relates to expenditure incurred through procurement from sole suppliers by means other than tender without Accounting Officer authorisation of this deviation, procurement without requesting the number of quotes as required by Treasury Regulations and procurement without acquiring the necessary tax clearance certificates. No disciplinary procedures or criminal proceedings are required and the entity did not incur any financial loss.



	2013 R	2012 R Restated
18. FRUITLESS AND WASTEFUL EXPENDITURE		
Opening balance	584 249	331 708
Fruitless and wasteful expenditure – relating to current year 18.1	728 650	252 542
Less: Amounts condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	1 312 899	584 249
18.1 Detail of fruitless and wasteful expenditure current year		
Payment of cell phone costs for DoL employees seconded to SEF	-	12 805
Interest incurred on late payment of accounts	717 953	3 626
Interest and penalties paid to SARS relating to tax period 2000 - 2008	-	226 995
Payment of panel beater for accident damage caused to private vehicle by a SEF trailer during delivery of goods in Newcastle	-	9 116
Overpayment of salaries. The factories failed to inform Head Office that the individuals retired in December 2012.	6 933	-
Overpayment of salaries after an individual's services was terminated.	3 764	-
	728 650	252 542

	2013 R	2012 R Restated
19. PRIOR PERIOD ERROR		
The prior period errors was identified and corrected as stated in the notes below:		
19.1 Provision for long service allowances		
2012		
Based on an agreement signed with the staff union, SEF should provide R1 for each week of service by employees.		
An assumption was made that the provision will be for employees who are 10 years and longer in the employment of SEF.		
<i>This resulted in an increase in expenses and an increase in provisions</i>		
Long Service Allowance		1 022 989
Long Service Allowance Provision		(1 022 989)
These amounts was not paid out to the employees whom has left the services of SEF		
<i>This resulted in an increase in expenses and an increase in liabilities</i>		
Long Service Allowance		41 885
Long Service Allowance Liability		(41 885)
19.2 Leased assets		
2012		
VAT was included in the present value calculation of lease liabilities.		
VAT is however, in accordance with SARS regulations, claimed on the monthly payments, and shouldn't be claimed upfront.		
This resulted in an increase in the VAT liability and a decrease in the lease liability		
Lease Liability		60 484
VAT Control Account		(60 484)



	2013 R	2012 R Restated
19.3 Accruals		
2012		
Accruals was raised without taking VAT into consideration This resulted in a decrease in the VAT liability and in increase in the accruals.		
VAT		99 255
Accruals		(99 255)
Accrue for March 2012 return		
Salaries and wages		228,074
Accruals		(228 074)
19.4 Circ 9/2006 Fair value of trade receivables		
2012		
As per Circular 9/2006 and IAS 18 revenue must be stated at its fair value upon initial recognition and therefore if extended credit terms are given to clients the revenue as disclosed in the financial statements must be split between the actual revenue and the interest earned on the credit granted to the client. The debtors balance in the financial statements must be disclosed at the fair value in terms of IAS 39. This adjustment relates to the fair value of both revenue and debtors which was not done in the prior year.		
<i>This resulted in a decrease in revenue and in increase in interest income</i>		
Revenue		1 621 680
Interest income		(1 621 680)
<i>This resulted in a decrease in interest income and a decrease in debtors</i>		
Interest income		590,807
Debtors		(590 807)

	2013 R	2012 R Restated
19.5 Unallocated deposits allocated to income		
Deposits made into SEF's bank account was allocated to unidentified deposits. We received detail on these sales, which was for redundant stock and has subsequently recorded the sales		
<i>This resulted in a increase in revenue, a increase in the VAT liability and a decrease in unidentified deposits liability</i>		
2011		
Unidentified deposits		14 945
Accumulated profit		(13 110)
VAT liability		(1 835)
2012		
Unidentified deposits		22 185
Revenue		(19 461)
VAT liability		(2 724)
19.6 Salaries paid by Department of Labour		
2012		
Department of Labour pay the salaries of some of SEF's employees, though SEF does not reimburse the Department. SEF has previously recognised the salaries, although there were no actual transaction.		
<i>This resulted in a decrease in expenses and a decrease in the transfer from the Department of Labour</i>		
Transfer from the Department of Labour		4 480 619
Salaries		(4 480 619)
VAT not claimed on invoice		
2012		
SEF didn't recognise the deferred income on the VAT portion of an expense		
<i>This resulted in a increase in revenue and a decrease in deferred income liability</i>		
Deferred revenue recognised		15 129
Deferred income liability		(15 129)



	2013 R	2012 R Restated
20. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT		
SEF was a victim of change in bank details fraud with a supplier. A legal case ensued and DoL Legal gave assistance to SEF. SEF had to make payment of R 130,374 to the supplier's attorney as amount could not be recovered from the fraudsters. No disciplinary steps were taken against SEF staff as they had acted in good faith. Additional procedures have been implemented for processing of change in supplier bank accounts.	-	130 374

21. GOING CONCERN

The Statement of Changes in Equity on page 6 of the financial statements indicates that Sheltered Employment Factories incurred a net loss of R11 414 421 during the year ended 31 March 2013 and, as of that date, the entity has provided for doubtful debts amounting to R10 022 935. These conditions and issues over settlement of creditors indicate the existence of a material uncertainty that may cast significant doubt on the entity's ability to operate as a going concern. The underlying causes of these indicators are due to a increase in the additional funding provided by the Department of Labour, but it was not inflation related, and the entity not obtaining sufficient orders from Government Departments. To address this matter management is currently busy with the SEF Business Case which will give SEF financial stability and implement a turnaround strategy for the entity.

No contingent liabilities are recorded for the period.

23. CAPITAL COMMITMENTS

No capital commitments are recorded for the period.

24. EVENTS AFTER REPORTING DATE

The SEF is not aware of any other material circumstances arising subsequent to the end of the financial year, not otherwise dealt with in the annual financial statements and the notes thereto, that would affect the operations or the results of operations significantly.

PERFORMANCE INFORMATION

Key Output	Performance indicator	Annual Target	Actual Performance	Reasons For Variance
		For 2012/13	For 2012/13	
1. Special employment opportunities provided to people with disabilities	Approved policy and legal framework for SEF	Management Structure established, systems developed and piloting conducted	Partially Achieved Management structure has been developed and job evaluations conducted. Submission still to be processed for the Minister's approval	Delays were experienced with the completion of the management structure
		2 nd Phase of the SEF Business Case finalised by year end	Achieved Second phase of the Business Case is available and approved by the DG on the 05 February 2013	
	Increased sales of goods and services from service products leading to intake of people with disabilities into SEF	5% increase in sales/revenue in comparison to 2011/12 financial year	Not Achieved 3% reduction in sales compared to 2011/12 (2012: R48, 6 million vs. 2013: R47, 1 million)	Lack of raw materials due to cash flow challenges in the first three quarters of the Financial YearY
2. Risk Management Framework implemented	Strategic risks monitored in line with the Risk Appetite Model/ Framework	Quarterly strategic risk monitoring reports prepared and discussed at the Management Committee (MANCO)	Partially Achieved Quarterly strategic risks prepared and discussed at National Risk Management Committee and not at MANCO	Strategic Risk Reports not included in the discussions in the MANCO proceedings
	Number of factories conducted operations risk assessments.	Operational risk reviews conducted in 8 factories	Achieved Operational risk reviews were conducted in 8 factories. (Bloemfontein, Kimberly, Epping, N'dabeni, East London, Port Elizabeth, Rand and Spriengfields)	None



Key Output	Performance indicator	Annual Target	Actual Performance	Reasons For Variance																		
		For 2012/13	For 2012/13																			
3. Annual audit plan, including adhoc investigations executed	Percentage of final reports issued as per time frames indicated in the approved annual audit plan	85% final reports as per timeframes indicated in the approved annual plan	<p>Achieved A total of 87.5 (16 audits planned and 14 finalised) as per the timeframes indicated in the approved annual plan</p> <p>The quarterly details are as follows:</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Planned</th> <th>Finalised/Issued</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>1 (100%)</td> </tr> <tr> <td>2</td> <td>4</td> <td>4 (100%)</td> </tr> <tr> <td>3</td> <td>7</td> <td>6 (86%)</td> </tr> <tr> <td>4</td> <td>4</td> <td>3 (75%)</td> </tr> <tr> <td>Total</td> <td>16</td> <td>14 (87.5%)</td> </tr> </tbody> </table>	Quarter	Planned	Finalised/Issued	1	1	1 (100%)	2	4	4 (100%)	3	7	6 (86%)	4	4	3 (75%)	Total	16	14 (87.5%)	None
Quarter	Planned	Finalised/Issued																				
1	1	1 (100%)																				
2	4	4 (100%)																				
3	7	6 (86%)																				
4	4	3 (75%)																				
Total	16	14 (87.5%)																				
4 Supply Chain Management Framework Implemented	Procurements done in line with the SCM Policy	Approval and Implementation of the SCM Policy and procedures.	<p>Partially Achieved Supply Chain Management Policy approved on the 22 September 2012</p> <p>Supply chain management policy and procedures were implemented in the 4th quarter</p> <p>Training provided to all staff members and Factory managers and Bid Adjudication Committee was appointed.</p>	Lack of capacity and a Supply Chain Management Unit in the SEF and supplier database																		

Key Output	Performance indicator	Annual Target	Actual Performance	Reasons For Variance																				
		For 2012/13	For 2012/13																					
5. Debtors Collection and recovery Policy implemented	% of debt recovery rate	60% annual recovery rate for current debts	Achieved 79% of current debtors collected in the period 1 st April 2012 – 31 st March 2013 (R37, 842, 092 out of R47, 185, 381)	None																				
	% increase in debt recovery rate and maintain an age analysis of number of days for debts	50% recovery rate for debtors above 120 days.	Not Achieved 66% of SEF's debts have aged 120 days+ <table border="1"> <thead> <tr> <th>Debtors' Value</th> <th>Age Analysis</th> <th>% Split</th> </tr> </thead> <tbody> <tr> <td>R3 698 136</td> <td>Current</td> <td>22%</td> </tr> <tr> <td>R979 544</td> <td>31 to 60 days</td> <td>6%</td> </tr> <tr> <td>R785 645</td> <td>61 to 90 days</td> <td>5%</td> </tr> <tr> <td>R179 581</td> <td>91 to 120 days</td> <td>1%</td> </tr> <tr> <td>R11 100 345</td> <td>120 days +</td> <td>66%</td> </tr> <tr> <td>R16 475 750</td> <td></td> <td>100%</td> </tr> </tbody> </table>	Debtors' Value	Age Analysis	% Split	R3 698 136	Current	22%	R979 544	31 to 60 days	6%	R785 645	61 to 90 days	5%	R179 581	91 to 120 days	1%	R11 100 345	120 days +	66%	R16 475 750		100%
Debtors' Value	Age Analysis	% Split																						
R3 698 136	Current	22%																						
R979 544	31 to 60 days	6%																						
R785 645	61 to 90 days	5%																						
R179 581	91 to 120 days	1%																						
R11 100 345	120 days +	66%																						
R16 475 750		100%																						
6. Performance Management Framework for factory workers implemented	Implementation of the performance management system	93% of qualifying workers are evaluated/assessed within a month	Achieved 100% of qualifying workers are evaluated/assessed within a month. (364 employees needed to be assessed. All were assessed)	None																				
7. Equity Plan Implemented	% of Youth and Women employed in SEF	10% of Youth employed in the SEF as at end of March 2013 30% of Women employed in the SEF by end of March 2013	Partially Achieved SEF has 10% youth employed. (105 from 1040 as at 31 st March 2013) SEF has 29% women employed. (302 from 1040 as at 31 st March 2013)	SEF has not been able to generate enough sales revenue to employ additional people with disabilities																				
8. Marketing Strategy Implemented	Increase awareness of the SEF to the market	Approval of the Revised Marketing Strategy	Not Achieved Marketing Strategy not yet approved.	Marketing strategy required to be revised to include recommendation of the business case, business case only approved at the beginning of 2013																				

HUMAN RESOURCE MANAGEMENT

231	Expenditure	246	Leave Utilisation
233	Employment and Vacancies	248	HIV and AIDS and Health Promotion Programme
234	Job evaluation	252	Labour Relations
236	Employment changes	255	Skills Development
238	Employment Equity	257	Injury on Duty
243	Performance Rewards	258	Utilisation of consultants
245	Foreign Workers		

06

HUMAN RESOURCE MANAGEMENT

The statistics and information published in the Human Resources Management part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2002 and have been prescribed by the Minister for the Public Service and Administration for all Departments within the Public Service.

The tables were obtained from Department of Public Service and Administration (DPSA). Any input or clarification required should be directed to:

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 Department of Public Service and Administration
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For a detailed description and explanation of the terminology used in this section of the report, please consult the publication from the DPSA entitled 'A guide to understanding the oversight report of Departmental annual reports'. A copy of the guide is available from all Departments or can be accessed from the DPSA website (www.dpsa.gov.za).

Service delivery (to be completed by Chief Operations Officer in consultation with IES, PES, CF and UIF)

All Departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

Table 1.1 – Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards

Table 1.2 – Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements



Table 1.3 – Service delivery access strategy

Access Strategy	Actual achievements

Table 1.4 – Service information tool

Types of information tool	Actual achievements

Table 1.5 – Complaints mechanism

Complaints Mechanism	Actual achievements

EXPENDITURE

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the Department.

Table 2.1 – Personnel costs by programme, 2012/13

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Administration	687 695	284 618	5 489	41 549	14.0	90
Inspection and Enforcement Services	395 574	305 243	4 451	446	15.0	97
Public Employment Services	331 651	169 064	1 116	27	8.3	54
Labour Policy and Industrial Relations	619 652	61 540	848	1 296	3.0	20
Total	2 034 572	820 465	11 904	43 315	40.3	261

Table 2.2 – Personnel costs by salary bands, 2012/13

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	258 436	31.50	82
Highly skilled production (Levels 6-8)	414 038	50.46	132
Highly skilled supervision (Levels 9-12)	132 974	16.21	42
Senior management (Levels 13-16)	14 589	1.78	5
Other	428	0.05	0
Total	820 465	100	261

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2012/13

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Program 1: Administration	198 042	24.14	2 524	0.31	9 822	1.20	16 255	1.98
Program 2: Inspection and Enforcement Services	217 088	26.46	312	0.04	12 469	1.52	20 806	2.54
Program 3: Public Employment Services	123 392	15.04	28	0.00	5 190	0.63	8 789	1.07
Program 4: Labour Policy and Industrial Relations	43 888	5.35	3	0.00	1 496	0.18	2 484	0.30
Total	582 410	70.99	2 867	0.35	28 976	3.53	48 304	5.89

Table 2.4 – Salaries, overtime, home owners allowance and medical assistance by salary bands, 2012/13

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	0	0.00	0	0.00	0	0.00	0	0.00
Skilled (Levels 3-5)	183 452	22.36	903	0.11	9 127	1.11	15 215	1.85
Highly skilled production (Levels 6-8)	293 906	35.82	1 447	0.18	14 622	1.78	24 376	2.97
Highly skilled supervision (Levels 9-12)	94 392	11.50	465	0.06	4 696	0.57	7 829	0.95
Senior management (Levels 13-16)	10 356	1.26	51	0.01	515	0.06	859	0.10
Other	304	0.04	1	0.00	15	0.00	25	0.00
Total	582 410	70.99	2 867	0.35	28 976	3.53	48 304	5.89

EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the Department.

The vacancy rate reflects the percentage of posts that are not filled.

Table 3.1 – Employment and vacancies by programme, 31 March 2013

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administration (Corporate Services)	507	352	30.6	0
Chief Operation Officer	5 793	5 526	4.6	50
Public Employment Services	81	56	30.9	0
Labour Policy and Labour Market Programmes	123	112	8.9	1
Inspection and Enforcement Services	70	45	35.7	5
Social Insurance	UIF: 461 CC: 1 027	UIF: 419 CC: 985	9.1 4.1	UIF: 18 CC: 131
Total	*8 062	7 495	7.0	205

Table 3.2 – Employment and vacancies by salary bands, 31 March 2013

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	3 356	3 200	4.7	195
Highly skilled production (Levels 6-8)	3 636	3 424	5.8	5
Highly skilled supervision (Levels 9-12)	965	786	18.6	2
Senior management (Levels 13-16)	105	85	19.1	3
Total	*8 062	7 495	7.0	205

Table 3.3 – Employment and vacancies by critical occupation, 31 March 2013

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Employment Service Practitioners	189	176	6.9	0
Inspectors	1 429	1 366	4.4	0
Total	1 618	1 542	4.7	0

The information in each case reflects the situation as at 31 March 2012. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

JOB EVALUATION

The Public Service Regulations, 1999, introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

Table 4.1 summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.1 – Job Evaluation, 1 April 2012 to 31 March 2013

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	3 365	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	3 636	11	0.3	0	0	0	0
Highly skilled supervision (Levels 9-12)	965	82	8.5	0	0	0	0
Senior Management Service Band A	69	30	43.5	0	0	0	0
Senior Management Service Band B	27	8	29.6	0	0	0	0
Senior Management Service Band C	8	8	100	0	0	0	0
Senior Management Service Band D	1	1	100	0	0	0	0
Total	8 062	626	1.7	0	0	0	0

Table 4.2 provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2012 to 31 March 2013

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2012 to 31 March 2013 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Senior Account Clerk	1	5	6	Grade progression
Director: Internal Audit	1	13	14	The official was granted a higher salary as part of retention.
Total number of employees whose salaries exceeded the level determined by job evaluation in 2012/13				2
Percentage of total employment				0.03

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2012 to 31 March 2013 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	1	1
Male	1	0	0	0	1
Total	1	0	0	1	2
Employees with a disability					0



EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).

Table 5.1 – Annual turnover rates by salary band for the period 1 April 2012 to 31 March 2013

Salary Band	Number of employees per band as on 1 April 2012	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	2 897	488	88	3.0
Highly skilled production(Levels 6-8)	3 318	164	119	3.6
Highly skilled supervision(Levels 9-12)	760	30	37	4.9
Senior Management Service Band A	55	4	5	9.1
Senior Management Service Band B	18	1	0	0
Senior Management Service Band C	8	0	0	0
Senior Management Service Band D	1	0	0	0
Total	7 057	687	249	3.5

Table 5.2 – Annual turnover rates by critical occupation for the period 1 April 2012 to 31 March 2013

Occupation:	Number of employees per occupation as on 1 April 2012	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Employment Service Practitioners	176	15	14	8.0
Inspectors	1 327	32	48	3.6
Total	1 503	47	62	4.1

Table 5.3 – Reasons why staff are leaving the Department

Termination Type	Number	% of total
Death	30	12.0
Resignation	92	37.0
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	19	7.6
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	53	21.3
Transfers to other Public Service Departments	55	22.1
Other	0	0
Total	249	100
Total number of employees who left as a % of the total employment	7 495	3.3

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Employment Service Practitioners	176	9	5.1	0	0
Inspectors	1 327	53	4.0	0	0
Total	1 503	62	4.1	0	0

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	2 897	20	0.7	0	0
Highly skilled production (Levels 6-8)	3 318	126	3.8	0	0
Highly skilled supervision (Levels 9-12)	760	40	5.3	0	0
Senior management (Levels 13-16)	82	6	7.3	0	0
Total	7 057	192	2.7	0	0



EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2013

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	40	5	3	4	29	1	0	3	85
Professionals	80	5	6	8	73	4	1	21	198
Technicians and associate professionals	994	102	47	90	1 043	134	47	290	2 747
Clerks	1 546	173	42	76	1 901	248	48	201	4 235
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	87	10	2	3	109	16	1	2	230
Total	2 747	295	100	181	3 155	403	97	517	7 495
Employees with disabilities	77	9	4	13	52	8	4	22	189

6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	1	0	0	1	0	0	0	7
Senior Management	35	4	3	4	28	1	0	3	78
Professionally qualified and experienced specialists and mid-management	307	24	19	26	308	30	7	65	786
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	767	83	34	72	808	108	41	246	2 159
Semi-skilled and discretionary decision making	1633	183	44	79	2 010	264	49	203	4 465
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	2 747	295	100	181	3 155	403	97	517	7 495

6.3 – Recruitment for the period 1 April 2012 to 31 March 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	3	0	0	0	2	0	0	0	5
Professionally qualified and experienced specialists and mid-management	15	0	0	0	15	0	0	0	30
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	39	1	1	0	20	2	1	0	64
Semi-skilled and discretionary decision making	244	9	5	14	259	10	5	15	561
Unskilled and defined decision making	12	2	0	0	12	0	1	0	27
Total	313	12	6	14	308	12	7	15	687
Employees with disabilities	5	6	0	1	0	0	0	0	12



6.4 – Promotions for the period 1 April 2012 to 31 March 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	3	1	0	0	2	0	0	0	6
Professionally qualified and experienced specialists and mid-management	21	2	0	1	15	1	0	0	40
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	49	3	0	0	27	2	0	1	82
Semi-skilled and discretionary decision making	31	4	0	1	28	0	0	0	64
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	104	10	0	2	72	3	0	1	192
Employees with disabilities	1	1	0	0	0	0	0	0	2

6.5 – Terminations for the period 1 April 2012 to 31 March 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	2	0	0	0	2	0	0	0	4
Professionally qualified and experienced specialists and mid-management	17	3	0	3	14	0	0	0	37
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	45	5	2	1	29	2	0	13	97
Semi-skilled and discretionary decision making	45	5	0	2	30	7	1	4	94
Unskilled and defined decision making	5	1	0	0	10	0	0	0	16
Total	114	14	2	6	86	9	1	17	249
Employees with disabilities	4	2	0	0	0	0	0	0	6

6.6 – Disciplinary action for the period 1 April 2012 to 31 March 2013

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	142	13	27	11	93	7	4	3	300



6.7 – Skills development for the period 1 April 2012 to 31 March 2013

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	18	0	1	1	14	0	0	2	36
Professionals	260	15	14	19	287	17	2	38	652
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	1 688	110	30	60	2 195	213	37	201	4 534
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	84	2	1	0	90	2	0	1	180
Total	2 050	127	46	80	2 586	232	39	242	5 402
Employees with disabilities	23	1	0	3	19	2	3	6	57

PERFORMANCE REWARDS

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

Table 7.1 – Performance Rewards by race, gender, and disability, 1 April 2012 to 31 March 2013

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	481	2 731	17.6	7 178	14 924
Female	714	3 239	22.0	9 889	13 850
Asian					
Male	29	95	30.5	547	18 853
Female	36	93	38.7	570	15 8264
Coloured					
Male	60	287	20.9	921	15 348
Female	103	396	26.0	1 547	15 016
White					
Male	35	168	20.8	628	17 939
Female	194	498	39.0	3 523	18 159
Employees with a disability	31	191	16.2	439	14 172
Total	1 683	7 698	21.9	25 241	14 998

Table 7.2 – Performance rewards by salary bands for personnel below senior management service, 1 April 2012 to 31 March 2013

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	1	0	0	6	6 000	0.7
Skilled (Levels 3-5)	585	3 185	18.4	5 575	9 530	1.2
Highly skilled production (Levels 6-8)	868	3 424	25.4	13 300	15 323	1.9
Highly skilled supervision (Levels 9-12)	228	787	29.0	6 336	27 789	3.4
Total	1 682	7 396	22.7	25 217	58 642	7.1

Table 7.3 – Performance Rewards by critical occupations, 1 April 2012 to 31 March 2013

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Employment Service Practitioners	44	272	16.2	1 060	24 091
Inspectors	265	1 271	20.8	3 852	14 536
Total	309	1 543	20.0	4 912	38 627

Table 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service (To be completed by DDG: Corporate Services)

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	0	54	0	0	0	0
Band B	0	25	0	0	0	0
Band C	0	6	0	0	0	0
Band D	0	3	0	0	0	0
Total	0	88	0	0	0	0

FOREIGN WORKERS

Tables 8.1 and 8.2 below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 8.1 – Foreign Workers, 1 April 2012 to 31 March 2013, by salary band

Salary Band	1 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	1	100	1	100	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	1	100	1	100	0	0

Table 8.2 – Foreign Worker, 1 April 2012 to 31 March 2013, by major occupation

Major Occupation	1 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% change
Administrative office workers	1	100	1	100	0	0
Elementary occupations	0	0	0	0	0	0
Professionals and managers	0	0	0	0	0	0
Rank: committee member	0	0	0	0	0	0
Total	1	100	1	100	0	0

LEAVE UTILISATION

for the period 1 January 2012 to 31 December 2012

The Public Service Commission identified the need for careful monitoring of sick leave within the Public Service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

Table 9.1 – Sick leave, 1 January 2012 to 31 December 2012

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	6	100	1	0	6	2
Skilled (Levels 3-5)	22 124	78.7	2 675	42.9	8	8 797
Highly skilled production (Levels 6-8)	21 914	76.1	2 851	45.7	8	13 557
Highly skilled supervision (Levels 9-12)	4 483	78	654	10.5	7	5 723
Senior management (Levels 13-16)	408	83.1	58	0.9	7	1 292
Total	48 935	77.5	6 239	100	8	29 371

Table 9.2 – Disability leave (temporary and permanent), 1 January 2012 to 31 December 2012

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	2 779	99.3	158	43.7	18	1 090
Highly skilled production (Levels 6-8)	4 706	100	173	47.8	27	3 066
Highly skilled supervision (Levels 9-12)	879	100	29	8.0	30	1 164
Senior management (Levels 13-16)	84	100	2	0.5	42	304
Total	8 448	99.8	362	100	23	5 624

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 9.3 – Annual Leave, 1 January 2012 to 31 December 2012

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	19	19
Skilled Levels (3-5)	67 985.45	22
Highly skilled production (Levels 6-8)	82 452.78	24
Highly skilled supervision (Levels 9-12)	19 426	23
Senior management (Levels 13-16)	1 853	23
Total	171 736.23	23

Table 9.4 – Capped leave, 1 January 2012 to 31 December 2012

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2012
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	71	4	24
Highly skilled production (Levels 6-8)	341	4	35
Highly skilled supervision (Levels 9-12)	81	5	41
Senior management (Levels 13-16)	0	0	0
Total	493	4	34

Table 9.5 – Leave pay-outs for the period 1 April 2012 to 31 March 2013

The following table summarises payments made to employees as a result of leave that was not taken

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave pay-out for 2011/12 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2011/12	2 082	224	9 295
Current leave pay-out on termination of service for 2011/12	91	243	374
Total	2 173	467	4 653



HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Yes	<ul style="list-style-type: none"> • By implementing the HIV and AIDS Technical Guidelines and the Code of Good Practice on Managing HIV and AIDS in the World of Work which is meant for external clients as well • The Departmental HIV and AIDS, STIs and TB Management policy is being reviewed to effectively respond to the needs of all employees in the Department • An annual operational plan which includes regular roll-out of HIV Counselling and Testing; and TB screening is developed to be implemented annually • Implementation of OHS Policy in managing occupational exposure to TB and HIV • Conducting regular HIV and TB awareness.

Table 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr Risimati F Chauke, Chief Director: Human Resources Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>The Department has an EHWP sub-directorate which has a structure that makes provision for the following 4 staff members who coordinates the programme Nationally:</p> <ul style="list-style-type: none"> • 1 Deputy Director • 2 Assistant Directors • 1 Senior Practitioner. <p>The EHWP budget is ± R1m.</p>



		<p>Chairperson/Delegate of each LEECF:</p> <table border="0"> <tr><td>Head Office</td><td>Ms LMC Kekana</td></tr> <tr><td>Eastern Cape</td><td>Mr LM Matiwane</td></tr> <tr><td>Free State</td><td>Mr N Nomlala</td></tr> <tr><td>Gauteng</td><td>Ms MM Moropa</td></tr> <tr><td>Kwazulu-Natal</td><td>Mr SSB Ndebele</td></tr> <tr><td>Limpopo</td><td>Mr GM Mabunda</td></tr> <tr><td>Mpumalanga</td><td>Ms NP Dyalvani</td></tr> <tr><td>Northern Cape</td><td>Ms E L Sekgweleo</td></tr> <tr><td>North West</td><td>Mr MD Mosia</td></tr> <tr><td>Western Cape</td><td>Ms AB Mdladlana</td></tr> <tr><td>CF</td><td>Ms TA Molloy</td></tr> <tr><td>UIF</td><td>Mr PTI Gaza</td></tr> </table> <p>Representatives of Unions:</p> <table border="0"> <tr><td>NEHAWU/PAWUSA</td><td>Mr TJ Mokhethi</td></tr> <tr><td>PSA</td><td>Mr Y Phalaso</td></tr> <tr><td>POPCRU/SASAWU</td><td>Mr S Pinana</td></tr> </table> <p>Secretariat:</p> <p>Ms L Rudah Ms BB Motlhaoleng Ms IS Groenewald Ms G Maritz Ms VY Mokoena</p>	Head Office	Ms LMC Kekana	Eastern Cape	Mr LM Matiwane	Free State	Mr N Nomlala	Gauteng	Ms MM Moropa	Kwazulu-Natal	Mr SSB Ndebele	Limpopo	Mr GM Mabunda	Mpumalanga	Ms NP Dyalvani	Northern Cape	Ms E L Sekgweleo	North West	Mr MD Mosia	Western Cape	Ms AB Mdladlana	CF	Ms TA Molloy	UIF	Mr PTI Gaza	NEHAWU/PAWUSA	Mr TJ Mokhethi	PSA	Mr Y Phalaso	POPCRU/SASAWU	Mr S Pinana
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<p>5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.</p>	<p>X</p>	<p>Under review are the following policies:</p> <ul style="list-style-type: none"> • HIV and AIDS, STI's and TB Management policy; • Health and Productivity Management policy (newly developed policy) • Wellness Management Policy • The draft the Employee Health and Wellness Strategic Plan is currently under consultation with relevant stakeholders. The strategy will provide direction for the Implementation of the programme nationally in DoL in line with the Public Service Employee Health and Wellness Strategic Framework, 2009. 																														

<p>6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.</p>	<p>X</p>		<ul style="list-style-type: none"> • Through the review of HIV, STIs and TB Management policy to be in line with the revised Code of Good Practice on Managing HIV and AIDS in the World of Work; and the NSP 2012-2016 • Conducting advocacy sessions to ensure reasonable accommodation, and support for people infected and affected by HIV • Conducting regular HCT programme to de-stigmatise HIV testing.
<p>7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you Achieved.</p>	<p>X</p>		<ul style="list-style-type: none"> • The Employee Health and Wellness Annual Performance Plan had an indicator of ensuring that 10% of DoL Staff complement participates in HIV Counselling and Testing by end of March 2013. The programme is implemented through raising awareness on HCT and also conducting on-site HCT onsite through the use of GEMS and other service providers • A total of 922 employees which amount to 12.29% were tested at the end of March 2013.
<p>8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.</p>	<p>X</p>		<ul style="list-style-type: none"> • Monitoring and Evaluation is done through the Local Employment Equity Consultative Forum which feeds to the National Employment Equity Consultative Forum, and the HR Programme Management Committee where quarterly reports are submitted to evaluate performance against set targets • The Department also utilises the System Monitoring Tool which was developed by the DPSA to enable Departments to check their readiness to implement EHWP.



LABOUR RELATIONS

(To be completed by DDG: Corporate Services)

The following collective agreements were entered into with trade unions within the Department.

Table 11.1 – Collective agreements, 1 April 2012 to 31 March 2013

Subject Matter	Date
Nil Report	

If there were no agreements, then use the following table

Total collective agreements	None

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2012 to 31 March 2013

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	0.0
Verbal warning	3	2.2
Written warning	39	33.9
Final written warning	42	35.2
Suspended without pay	8	7.1
Fine	0	0.4
Demotion	0	0
Dismissal	17	9.3
Not guilty	12	2.2
Case withdrawn	19	5.3
Other (i.e. referring back, progressive discipline)	0	0.0
Total	142	100

If there were no disciplinary hearings, then use the following table

Disciplinary hearings – 2012/13	-
--	---

Table 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Absenteeism	11	21.4
Abuse of power	0	3.2
Alcohol abuse	3	1.6
Assault	2	0.4
Bribery	4	3.6
Dereliction of duty	23	3.2
E-mail abuse	3	11.5
Failure to declare IES monies	0	1.6
Fraud	11	16.7
Fruitless expenditure	5	2.0
Insubordination	8	5.5
Misrepresentation	7	9.1
Negligence	10	13.9
Sexual harassment	0	0.8
State vehicle misuse	16	5.5
Total	103	100

Table 11.4 – Grievances lodged for the period 1 April 2012 to 31 March 2013

	Number	% of Total
Number of grievances resolved	155	33.3
Number of grievances not resolved	64	66.7
Total	219	100

**Table 11.5 – Disputes lodged with councils for the period 1 April 2012 to 31 March 2013**

	Number	% of Total
Number of disputes upheld	4	6.2
Number of disputes dismissed	24	37.5
Total number of disputes lodged	36	56.3
Total	64	100

Table 11.6 – Strike actions for the period 1 April 2012 to 31 March 2013

Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 11.7 – Precautionary suspensions for the period 1 April 2012 to 31 March 2013

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	60
Cost (R'000) of suspensions	R 124 994.00

SKILLS DEVELOPMENT

This section highlights the efforts of the Department with regard to skills development.

12.1 – Training needs identified 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	31	0	25	0	25
	Male	51	0	36	0	36
Professionals	Female	389	0	360	0	360
	Male	369	0	337	0	337
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	3 408	0	3 116	0	3 116
	Male	2 582	0	2 468	0	2 468
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	126	0	114	0	114
	Male	101	0	94	0	94
Sub Total	Female	3 954	0	3 615	0	3 615
	Male	3 103	0	2 935	0	2 935
Total		7 057	0	6 550	0	6 550



12.2 – Training provided 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2011	Training provided within the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	31	0	16	0	16
	Male	51	0	20	0	20
Professionals	Female	389	0	344	0	344
	Male	369	0	308	0	308
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	3 408	0	2 646	0	2 646
	Male	2 582	0	1 888	0	1 888
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	126	0	93	0	93
	Male	101	0	87	0	87
Sub Total	Female	3 954	0	3 099	0	3 099
	Male	3 103	0	2 303	0	2 303
Total		7 057	0	5 402	0	5 402

INJURY ON DUTY

The following table provide basic information on injury on duty.

Table 13.1 – Injury on duty, 1 April 2012 to 31 March 2013

Nature of injury on duty	Number	% of total
Required basic medical attention only	36	94.7
Temporary Total Disablement	2	5.3
Permanent Disablement	0	0
Fatal	0	0
Total	38	100



UTILISATION OF CONSULTANTS

Table 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Study on minimum wages and conditions of employment in taxi sector	4	160	R 598 457.40
Study on noise induced hearing loss in the iron and steel industries	8	280	R 384 408.00
SAB and T Business Innovations (Lab02/2011)	11	143	R 2 028 897.36
Deloitte and Touché (Shanduka)	6	148	R 25 573 000.00
KPMG (04/12-13)	4	13	R 495 273.00
Accenture SA (Pty) Ltd	10	120	R 8 870 084.64
Accenture SA (Pty) Ltd	10	90	R 2 736 000.00
Accenture SA (Pty) Ltd	26	270	R 25 121 440.14
Price Waterhouse Coopers	4	Still in progress	R 4 600 000.00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
9	83	1 224	R 70 407 569.54

* Information submitted not complete, subject to change

Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	N/A	N/A	N/A

Table 14.3 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
None	N/A	N/A	N/A
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	N/A	N/A	N/A



OTHER INFORMATION

Acronyms

(An alphabetic list of acronyms/abbreviations stating what each acronym/abbreviation stands for.)

List of contact details

(The Department to provide a list of names and contact details of individuals within the Department that can be contacted by users of the Department's annual report)

Additional information

(Any information that the Department deems relevant to users may be included in this section provided it was not already included in the rest of the annual report. For example a Department may deem it necessary to include a list of all key documents published on their website.)







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