



**ANNUAL
REPORT OF THE
DEPARTMENT
OF LABOUR**

1 April 2010 - 31 March 2011

“ Working towards a labour market
which is conducive to Investment,
Economic Growth, Employment
Creation and Decent Work. ”



labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT OF THE DEPARTMENT OF LABOUR

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Minister Mildred Oliphant
Minister of Labour



“ IT IS MY PRIVILEGE AND HONOUR TO SUBMIT TO YOU THE ANNUAL REPORT OF THE DEPARTMENT OF LABOUR FOR THE PERIOD 1 APRIL 2010 TO 31 MARCH 2011, IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT, 1999. ”



Mr. Nkosinathi Nhleko
Director-General of Labour



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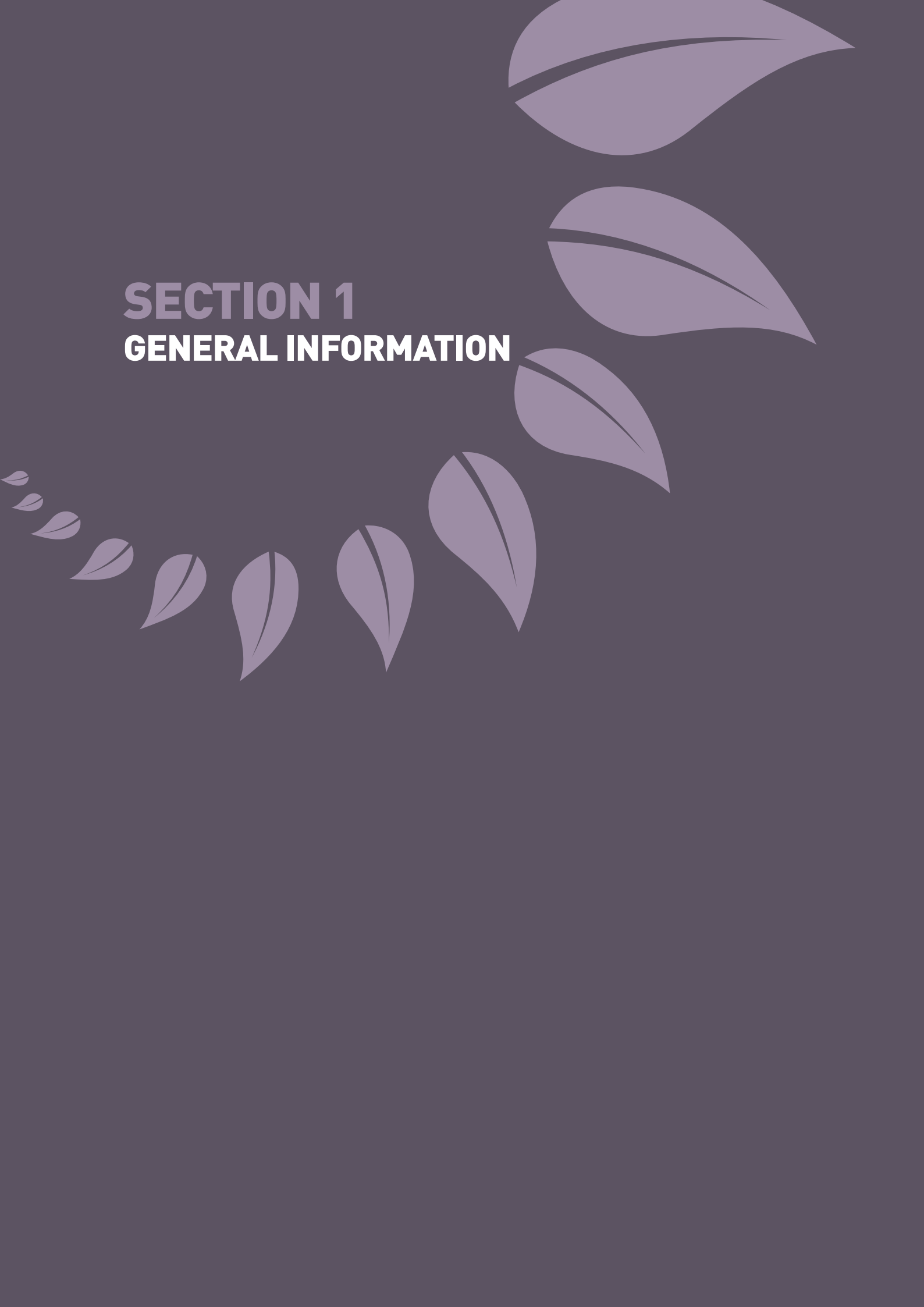
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SECTION 1

GENERAL INFORMATION



GENERAL INFORMATION

OUR VISION

The Department of Labour will strive for a labour market which is conducive to Investment, Economic Growth, Employment Creation and Decent Work.

OUR MISSION

Regulate the South African 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.

OUR VALUES

We treat employees with care, dignity and respect

- We respect and promote:
 - Client centred services
 - Accountability
 - Integrity and ethics
 - Learning and development
- We live Batho Pele Principles
- We live the principles of the Department's Service Charter

We inculcate these values through our performance management system.





ORGANISATIONAL STRUCTURE

TOP LEADERSHIP

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



Minister of Labour
Minister Mildred Oliphant



Director-General of Labour
Mr. Nkosinathi Nhleko



Labour Policy and Labour Market Programmes
Deputy Director-General
L Kettleidas



Public Employment Services
Deputy Director-General
S Morotoba



Unemployment Insurance Fund (Commissioner)
Deputy Director-General
TB Seruwe



Chief Operations Officer
C Mutloane



Inspection and Enforcement Services
Deputy Director-General
PS Zondeki



Compensation Fund (Commissioner)
Deputy Director-General
SS Mkhonto



Corporate Services
Acting Deputy Director-General
N Pasha



Chief Financial Officer
BE Maduna



LEGISLATIVE AND OTHER POLICY MANDATE

A. LEGISLATIVE MANDATES

Based on the South African Constitution and related policies and prescripts, and learning from the various ILO Conventions and International Labour Standards, the Department of Labour administers the following labour legislation:

- (i) Labour Relations Act 66 of 1995 (LRA);
- (ii) The Basic Conditions of Employment Act 75 of 1997 (BCEA);
- (iii) The Employment Equity Act 55 of 1998 (EEA);
- (iv) The Unemployment Insurance Act 30 of 1996 (UIA);
- (v) The Occupational Health and Safety Act 85 of 1993 (OHSA);
- (vi) The Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA); and
- (vii) National Economic Development and Labour Council (NEDLAC) Act, 35 of 1994.

B. POLICY MANDATES

Since the advent of democracy in 1994, a culture of rights and democratic practice has been nurtured and strengthened to facilitate the creation of decent work and protection of human and civil rights, including those of workers.

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; 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; as well as nurturing the culture of acceptance that worker rights are human rights.

ENTITIES REPORTING TO THE MINISTER

The Department is also responsible for the administration and effective functioning of the following labour market institutions:

- 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
- Compensation Fund: The Compensation Fund's (CF) main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases
- Productivity SA: Productivity SA (PSA) 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
- Commission for Conciliation, Mediation and Arbitration: The Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of the Labour Relations Act, 1995 as amended. It is mandated to promote social justice and fairness in the workplace by delivering ethical, qualitative, innovative and cost effective dispute management and resolution services, institution building services, education, training and development, and efficient administration



- National Economic Development and Labour Council: The National Economic Development and Labour Council was established in terms of the National Economic Development and Labour Council Act, 1994. The Act requires organised labour, organised business, community based organisations and government, as a collective, to promote the goals of economic growth; participate 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 and all significant changes to social and economic policy before these are introduced in Parliament; and encourage and promote the formulation of coordinated policy on social and economic matters.



The Department of Labour relates to the following Statutory Bodies:

1 ADVISORY COUNCIL FOR OCCUPATIONAL HEALTH AND SAFETY

The Council was established in terms of section 2 of the Occupational Health and Safety Act, 1993 (OHSA).

The functions of the Council include the following:

- Advising the Minister on policy matters arising out of or in connection with the application of the provisions of the Act
- Advising the Minister on any matter relating to occupational health and safety
- Performing the functions assigned to it by the Act or referred to it by the Minister
- Conducting investigations and doing research with a view to the performance of its functions
- Making rules relating to the calling of Council meetings, the determination of a quorum for the procedures at such meetings and generally relating to all matters which may be necessary for the effective performance of its functions
- Advising the Department on the formulation and publication of standards, specifications or other forms of guidance for the purpose of assisting employers, workers and users to maintain appropriate standards of occupational health and safety
- Advising the Department on the promotion of education and training in occupational health and safety
- Advising the Department on the collection and dissemination of information on occupational health and safety
- Concluding agreements for the performance of a particular act or particular work or for the rendering of a particular service.

2 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION

This Commission was established in terms of section 112 of the Labour Relations Act, 1995 (LRA).

The Commission's functions are 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 to a dispute about the procedure to follow in terms of this Act
- Assist a party to a dispute to obtain legal advice, assistance or representation
- 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 asked 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, workers, employers, registered trade unions, registered employers' organisations or councils with advice or training relating to the primary objectives of the LRA
- Perform any other duties imposed, and exercise any other powers conferred on it in terms of the LRA and perform any other function entrusted to it by any other law.

3 COMMISSION FOR EMPLOYMENT EQUITY

This Commission was established in terms of section 28 of the Employment Equity Act, 1998 (EEA).

The Commission's functions are to advise the Minister on:

- Codes of good practice issued by the Minister in terms of section 54 of the Act
- Regulations made by the Minister in terms of section 55
- Policy and any other matter regarding this Act
- Issuing awards of achievement by employers in furthering the purposes of the Act
- Any matter relating to the application of this Act, including appropriate and well-researched norms and benchmarks for the setting of numerical goals in various sectors and the performance of any other prescribed function.



4 COMPENSATION BOARD

This Board was established in terms of section 10 of the Compensation for Occupational Injuries and Diseases Act, 1993 (COIDA).

Its functions include advising the Minister on:

- Matters of policy arising out of or in connection with the application of the COIDA
- The nature and extent of the benefits payable to workers or dependents of workers, including the adjustment of existing pensions
- The appointment of assessors
- The amendment of the COIDA.

The Board also advises the Director-General regarding the performance of particular aspects of its functions.

5 EMPLOYMENT CONDITIONS COMMISSION

This Commission was established in terms of section 59 (1) of the Basic Conditions of Employment Act, 1997 (BCEA).

The functions of the Commission are to advise the Minister on:

- Sectoral determinations in terms of Chapter 8
- Any matter regarding basic conditions of employment
- Any matter arising out of the application of the Act
- The effect of the policies of Government on employment
- Trends in collective bargaining and whether any of those trends undermines the purposes of the Act
- Any matter concerning the employment of children, including the review of section 43 (in consultation with the Minister of Welfare and Population Development, now called the Minister for Social Development)
- Any matter concerning basic conditions of employment in the public service (in consultation with the Minister of Public Service and Administration).

6 National Economic Development and Labour Council

This Council 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.

7 Productivity South Africa

This is a section 21 Company (Incorporated Association without Gain), established under the Companies Act, 1973.

The functions of the PSA are to:

- Promote, develop capacity and facilitate partnerships in national productivity drives
- Disseminate information on the nation's productivity performance and productivity improvement experiences
- Initiate relevant productivity improvement approaches and techniques
- Influence the creation of a conducive socio-economic, legislative and policy environment for ongoing productivity improvement and for South Africans to adopt a culture of sustainable productive practices, in order to enjoy a high quality of life.



8 Unemployment Insurance Board

The Unemployment Insurance Board was established in terms of section 47 of the Unemployment Insurance Act, 2001. Its functions include the following:

- To advise the Minister on:
 - unemployment insurance policy
 - policies arising out of the application of this Act
 - policies for minimising unemployment
 - the creation of schemes to alleviate the effects of unemployment insurance
- To make recommendations to the Minister on changes to legislation in so far as it impacts on policy on unemployment or policy on unemployment insurance
- To perform any other function which may be requested by the Minister for purposes of giving effect to this Act.



MINISTER'S STATEMENT

The Department of Labour herewith presents its Annual Report in terms of the Public Finance Management Act for the 2010/11 financial year.

The Department in this report, reflects on its contribution to year two of the Medium Term Strategic Framework (MTSF) 2009-2014 with a focus on Government service delivery outcomes, focusing mainly on 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.

Great strides have been made to create a labour market that is conducive to economic growth, investment and the creation of decent work as demonstrated among others by the following:

- Facilitate the entry and re-entry of jobseekers into the labour market through proactive measures to address unemployment and poverty by finalising and publishing the public employment services policy and the Employment Services Bill
- Address developments in the labour market, including labour broking and legislative compliance and enforcement, by publishing amendment bills to the Labour Relations Act (1995), the BCEA (1997) and the EEA (1998) by March 2011.
- Manage the implementation of the Labour Relations Act (1995) by extending collective agreements and registering or de-registering labour organisations.
- Strengthen employment equity implementation and enforcement mechanisms by conducting director-general reviews at JSE Securities Exchange listed companies.
- Several sectoral determinations including Civil Engineering, Hospitality, Learnerships, Taxi, Contract cleaning, and Domestic were reviewed and implemented to improve the position of vulnerable workers.

I would like to take this opportunity to extend my sincere thanks and appreciation of the support by members of Parliament (MPs) and social partners, all institutions and Public Entities reporting to the Executive Authority, and staff in the Department for their contribution towards the realization of our objectives to transform the South African labour market.

MN Oliphant, MP | Minister of Labour



Minister Mildred Oliphant
Minister of Labour

ACCOUNTING OFFICER'S OVERVIEW

In this 2nd report within the Medium Term Strategic Framework 2009 – 2014, the Department reflects on the extent to which it is continuously carrying its mandate to transform and regulate the labour market to ensure our contribution to the creation of decent work and sustainable livelihoods. The Department has, in this financial year realigned our objectives and resources to contribute effectively to Government strategic priorities and service delivery outcomes that are set for the Department of Labour (DoL) during the 2009 to 2014 period.

The Department has made strides over the past year and the clearing of the qualified audit opinion which has haunted the Department for the past years, puts the Department in a favourable position in that it can now concentrate on improving all aspects of internal controls at its provincial and head office operations. Aspects such as the measurable objectives and the reporting of achievements against these objectives will now receive the necessary attention. It further improved the confidence of staff within the Department that no task is insurmountable given good leadership and direction.

To contribute further to the strategic priorities of government, over the next three years, the Department will focus on the following service delivery outcomes and strategic objectives:



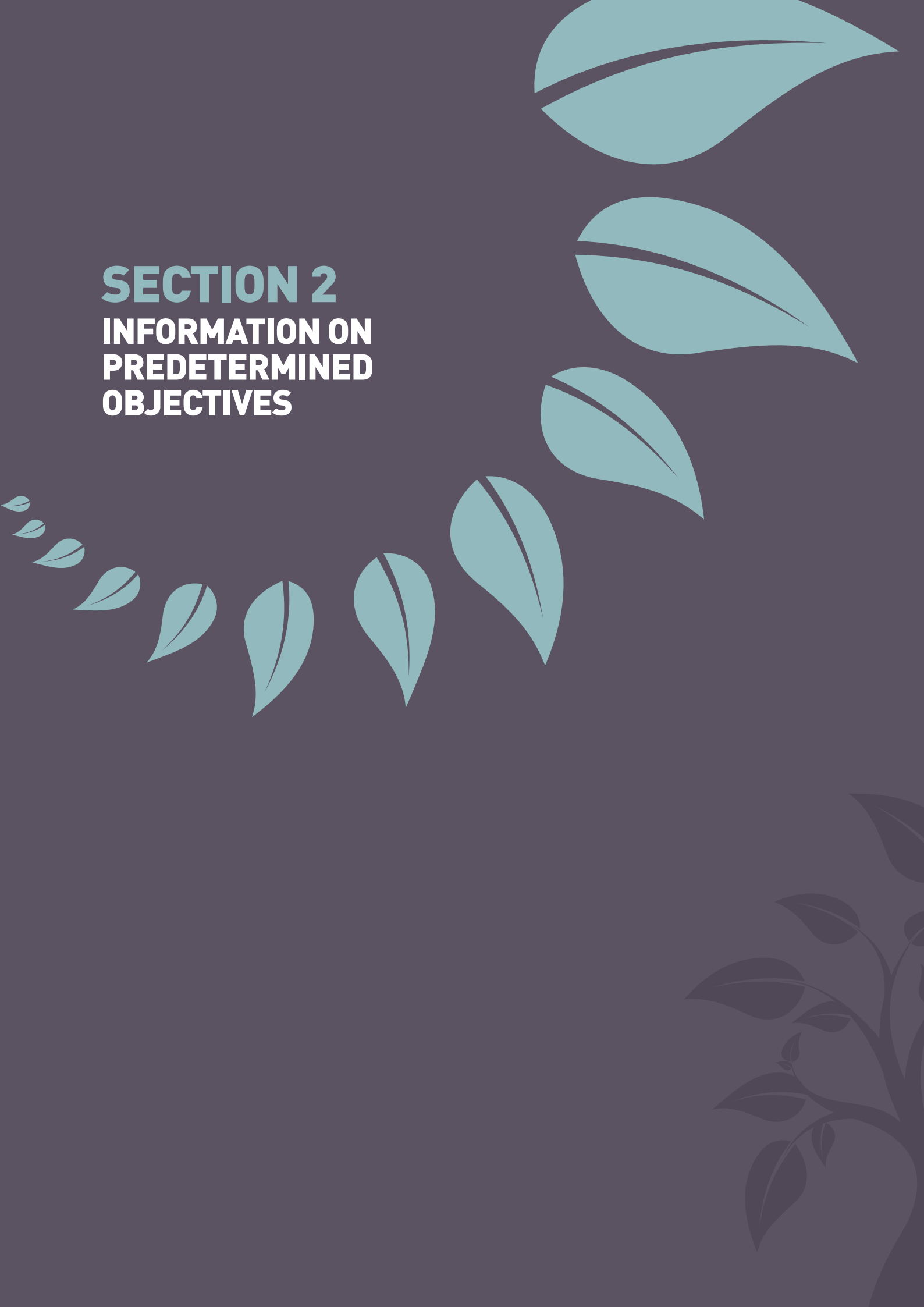
Mr. Nkosinathi Nhleko
Director-General of Labour

Service delivery outcome	The Department's Strategic Objectives
Service delivery outcome 4: Decent employment through inclusive economic growth	1: Contribute to <i>decent</i> 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

I am confident that in the coming years we will do more under these trying economic times to deliver efficient and effective services to the best of their abilities to create a policy environment for the creation of decent employment through inclusive economic growth

Mr. Nkosinathi Nhleko | Director-General of Labour

SECTION 2
INFORMATION ON
PREDETERMINED
OBJECTIVES



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OVERALL PERFORMANCE

1. VOTED FUNDS

Appropriation	Main appropriation	Adjusted appropriation	Shifting of funds	Final appropriation	Actual amount spend	Under/Over-expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1	649 997	656 320	-	685 122	682 480	2 642
Programme 2	356 603	366 642	(21 364)	329 373	329 373	-
Programme 3	280 420	277 902	20 114	293 008	289 258	3 750
Programme 4	496 869	534 959	1 250	528 320	525 199	3 121
Total	1 783 889	1 835 823	-	1 835 823	1 826 310	9 513
Responsible Minister	Minister of Labour: MN Oliphant, MP					
Administering Department	Department of Labour					
Accounting Officer	Director-General of Labour: Mr. NPT Nhleko					

2. AIM OF THE VOTE

The aim of the Department of Labour is to play a significant role in reducing unemployment, poverty and inequality, through policies and programmes developed in consultation with role players and aimed at: improved economic efficiency and productivity; skills development and employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; and alleviating poverty in the workplace; as well as to play a significant role in improving employment and protecting and improving workers' rights and benefits.

3. SUMMARY OF PROGRAMMES

Programme 1: Administration (ADMIN)

Purpose: Provide overall management, strategic support and advisory services to the Department and Ministry.

Programme 2: Inspections and Enforcement Services (IES)

Purpose: Ensure the implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections

Programme 3: Public Employment Services (PES)

Purpose: Assist companies and workers to adjust to changing labour market conditions and regulate private employment agencies

Programme 4: Labour Policy and Labour Market Programmes (LP & LMP)

Purpose: Ensure 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.

4. KEY STRATEGIC OBJECTIVES ACHIEVEMENTS

Strategic Objective 1: Contribution to Employment Creation

- 4.1** To create an enabling policy environment for the creation of decent employment and sustainable livelihoods, the LRA, BCEA, EE Act were amended and new ES Bill were approved by Cabinet and are under consideration in NEDLAC. The proposed changes will have a positive impact on employment and sustainable livelihoods whilst others are geared at the protection of vulnerable workers.
- 4.2** Support to companies facing possible closures: The UIF allocated an amount of R48.5 million to Productivity South Africa, to intervene in supporting companies facing possible closure through the establishment of turn around strategies and social plan



measures when everything else has failed. As of end of March 2011, R34 m was spent in 130 companies and 15 000 jobs were saved through turn around strategies in Agriculture, Steel and Manufacturing sectors, Construction, Printing. During 2011/12, Productivity SA intends saving 20 000 jobs.

- 4.3** Employment services support to employers and work-seekers: DOL provides free employment services support to employers re vacancy or opportunity registration, job-seeker registration, matching services, career counselling and information, referrals for placements, immigrant work permits. As of end of March 2011, 652 611 job seekers were registered, of the 15 009 assessed on the SpEEx system 2 412 were successfully placed in scarce skills employment and 12 708 were placed in other jobs; 25 814 were referred to placement opportunities, 65 347 were provided with career counselling, 451 950 were referred to UIF for benefits payment, 8 732 to Compensation Fund benefits and 7 217 to DHET for further training. 193 corporate applications were received and 65 were not supported due to available local skills, 675 Private Employment Agencies were registered.
- 4.4** The DOL does contribute indirectly to employment through the Unemployment Insurance Fund (UIF) and Compensation Fund (CF) reserves investment in commercial social responsible investment portfolio with the Public Investment Corporation (PIC).
- The UIF invested R35 billion out of its R52 billion and the CF R27 billion and THR in commercial social responsible investment portfolio that includes Central Government, Municipals and Parastatal bonds and money market instruments that support infrastructure projects that create and sustain jobs.
 - The Compensation Fund invested in excess of R27 billion as at the end of March 2011 in compensation fund contribution reserves with the PIC. These funds are in turn invested by the PIC through an investment agreement in commercial and social responsible projects carried out by Standard Bank, Eskom, Transnet, other parastatals involved in infrastructure projects that contribute to employment creation.
- 4.5** The UIF also supported job creation activities through joint collaboration with SETAs for UIF beneficiaries willing to avail themselves for further training in identified scarce trades to improve their chances of re-employment.
- 4.6** Provision of employment security: Through the CCMA LRA Section 189 (A) intervention, a total of 9 207 jobs were saved from possible large scale retrenchments. During Quarter 4, the CCMA managed to through mediation, to settle disputes and ensure that 710 workers were re-employed and offered jobs elsewhere within the same companies and 1 073 workers were re-instated in their original employment positions. As of the end of March 2011 the CCMA through its Mediation interventions, assisted 46 workers to be re-employed and placed elsewhere in the same companies and 1 826 workers to be re-instated in their original positions.
- 4.7** To stimulate job creation: the Unemployment Insurance Fund as part of its investment strategy, invested a R2 billion private placement bond with the Industrial Development Corporation of South Africa Limited (IDC). Initial reports indicate that the placement of the bond has had the desired effect and has been very successful. The IDC has reported on the positive impact of the private placement on job creation and retention. As at 31 March 2011 R1 billion had been successfully drawn down by IDC to support employment activities. Details of transactions are as follows:
- A total of 76 transactions (net of cancellations) with a value of R1 546 145 935 have been approved;
 - The approved transactions are expected to create, based on business plans, 10 047 new permanent UIF paying jobs and saved 7 186 existing permanent UIF paying jobs;
 - The approved transactions will therefore result in a combined jobs of 17 233 with an average cost per job of R222 696 and the approved transactions were fairly spread geographically in South Africa.

Strategic Objective 2: Promote Equity in the Labour Market

- The Employment Equity Act Amendment Bill was approved by cabinet and currently discussed at NEDLAC.
- To monitor and enforce compliance with the EEA, employment equity implementation and enforcement mechanisms were strengthened by conducting inspections and Director-General reviews at JSE Securities Exchange listed companies. Follow-up was conducted on 60 JSE listed companies which were subjected to DG Review in the 2009/10 financial year and 61 copies of final approval letters written to address income differentials. During the reporting period, a total of 266 companies were subjected to DG review. Of the 96 JSE listed companies reviewed, 87 recommendations were made and of the 170 designated



companies reviewed, 156 recommendations were made. A total of 9 468 EEA procedural inspections were conducted and 7 449 (79%) compliance rate was achieved.

Strategic Objective 3: Protecting Vulnerable Workers

- To enhance the capacity to monitor and enforce employment standards, the Basic Conditions of Employment Act Amendment Bill was approved by Cabinet and currently discussed at NEDLAC; several sectoral determinations including Civil Engineering, Hospitality, Learnerships, Taxi, Contract cleaning, and Domestic were reviewed and implemented to improve the position of vulnerable workers; and the concept of Roving Safety Representative was launched in Limpopo and Mpumalanga and is now ready to be rolled out to other Provinces.
- To monitor and enforce compliance with legislation, 192 129 workplaces were inspected and audited resulting in 147 626 (77%) compliance rate achieved. 378 of these inspections and audits were conducted in high risk sectors to enforce compliance with the OHSA.
- To reduce exposure to silica, a Baseline study on silicosis was conducted and report is available; and 49 companies were assisted in developing a program for the control of exposure to silica dust. In addition to these, 208 companies were inspected with regard to silica exposure and 54 compliance rate was achieved.

Strategic Objective 9: Strengthening the institutional capacity of the Department

The Department has, in this financial year realigned its objectives and resources to contribute effectively to Government strategic priorities and service delivery outcomes that are set for the Department of Labour (DoL) during the 2009 to 2014 period.

The CFO in collaboration with Internal Audit and Risk Management enhanced capability for good governance with strides made over the past year with the clearing of the qualified opinion which has haunted the Department for the past years.

Two branches, Public Employment Services and Inspection and Enforcement Services were established and are showing an impact in providing strategic leadership and support to Provincial Operations for effective implementation of the core business of the Department.

The Department is rated among the best Departments in resolving calls logged through the Presidential Hotline. As at March 2011 over 4 742 calls were received through the Presidential Hotline and 4 677 (98%) resolved compared to 4 320 received in December 2010 and 4 245 resolved. There has been an improvement of 7% on resolution with only 65 open calls as at end of March 2011 Compared to 119 as at end December 2010

5. OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2010/11

The Department operates in the context of a labour market that has seen the loss of approximately one million jobs following the economic recession of 2009. The unemployment rate has increased 3.4 percentage points to 25.3 percent and labour force participation has fallen as many people have stopped looking for work.

These job losses have resulted in a significant increase in unemployment insurance claims. The adverse economic climate also resulted in increased non-compliance and a rise in the number of labour disputes which led to more employees seeking services from the Department and its public entities.

The increase in atypical forms of employment since the mid 1990s has contributed to instability in the labour market and a potential increase in violation of labour standards and fair labour practices. It has been estimated that 28 percent 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. While there is variation in the conditions of employment for those in atypical work, there can be no doubt that many experience insecurity of employment and abusive practices associated with labour law avoidance. During 2010, there was also a dramatic increase in the number of workdays lost due to strike action. A number of these strikes occurred in parastatal organisations and in the public sector indicating new challenges for labour relations.

In the context of labour market challenges and legitimate expectations by employees for decent conditions of work and fair treatment, the Department of Labour, like many other government departments, is experiencing increasing pressures to transform and enhance its



capacity for effective and efficient service delivery.

Some of the more pertinent challenges facing the delivery environment of the Department, despite our achievements in the third term of our Ministerial Programme of Action, include the following:

The first challenge relates to an economy still revealing distinct characteristics. On the one hand it is characterised by an advanced, industrialised sector which is well developed, employs people who are skilled, is information and technologically driven, upholds most of the labour standards, and is, to a large extent, globally competitive. Whilst in many cases it is structurally disconnected from the formal economy, the informal or second economy is characterised by high levels of poverty, limited access to information and knowledge, information and communication technology. It is also characterised by poor labour standards and informal work relations;

The second challenge facing us is unemployment, which has already been noted above as possibly the starkest indicator of the welfare challenge facing this society. There are two notable features of the country's unemployment crisis: Firstly the unskilled 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 third challenge still facing us relates to inequalities and unfair discrimination in the workplace. White people continue to dominate in terms of income, ownership, shareholding and management. Black people, Africans in particular, women and people with disabilities remain marginalised in relation to meaningful and influential participation in the economy, despite the introduction of progressive labour market policies since the advent of democracy in 1994;

The fourth challenge relates to the changing nature of work. This is evident in the increased propensity amongst employers to switch 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 in part of greater international competitiveness are felt by domestic firms;

The fifth challenge relates to domestic as well as cross-border migration. The former describes a phenomenon whereby people from rural areas, most (though not all) of who are unskilled, migrate to urban areas in search of employment. The latter refers to economic refugees who have left their country 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 seventh challenge is that of strengthening labour market institutions and agencies; i.e. compliance monitoring and enforcement structures (Labour Inspectorate Services, CCMA and Bargaining Councils) and increasing their capacity to carry out their mandates. The need to further strengthen labour market institutions and collective bargaining, is particularly important in the context of heightened industrial action and labour disputes during 2010. Ensuring that the labour market has an efficient and effective system of occupational health and safety fully integrated with a system of compensation for occupational injuries and diseases is increasingly a priority. Non-compliance with labour market policies and programmes breeds unfair competition between enterprises and encourages those who comply to break the law in order to compete. There still remains key vulnerable sectors for which interventions are needed and new forms of vulnerability, mainly through atypical forms of work, are emerging. It is therefore imperative that the Department develop sufficient capacity and resources to supervise compliance with the legislative requirements on occupational health and safety and employment relations, to enforce relevant legislation, and to resolve labour disputes. The growth of the informal economy introduces a particular challenge in this regard; and

The eighth challenge relates to ensuring the development and implementation of effective instruments for constant performance monitoring and review of the impact of labour market policies in the economy. Our use and appreciation of information and communication technology systems has simply been inadequate, with manual forms of work reminiscent of the early seventies continuing to feature in our workflows decades later.

These challenges are complex and expansive in nature and require integrated and multi-faceted interventions. The Department will during the 2011/12 financial year, embark on a project to respond to service delivery outcome 12, output aimed at improved service quality and access, thereby repositioning our service delivery points closer to where our clients are, reviewing our business processes and enabling them through ICT infrastructure. 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.



6. OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2010/11

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 5767.

A SWOT analysis was conducted to determine the current situation in which the Department finds itself, and the following observations were made:

STRENGTHS	WEAKNESSES
<p>Good initiatives by the Department (e.g., the inclusion of farm workers and domestic workers to qualify for cover under UIF)</p> <p>Our Country is the envy of the world with regards to social dialogue and consultation (NEDLAC).</p> <p>Improved dispute resolution system through the CCMA and Bargaining Councils</p> <p>Network of social partners and partner alliances for collaboration and strategic partnerships.</p> <p>A network of service delivery points and infrastructure widely spread across the country in the nine Provinces.</p> <p>A Well managed UIF, which is a model for effective service delivery.</p> <p>An increasing demand for more sophisticated and reliable customer services and for citizens to be better consulted and involved.</p> <p>Accumulated funds both at UIF and CF, which can form a resource base for both infrastructure outlay and introduction of best practice business transformation models and frameworks.</p> <p>Knowledge and experience gained from past attempts in the reform process of the Department.</p>	<p>Lack of performance management systems and framework- Integrated planning, monitoring and evaluation and organisation-wide culture to account for performance.</p> <p>The ineffective and not flexible enough organisation structure to respond to our service delivery needs.</p> <p>Lack of client oriented culture (Batho Pele culture) in daily interaction with internal and external clients.</p> <p>ICT systems are not integrated and in most cases don't support our service delivery needs.</p> <p>Business Processes are not rationalised, streamlined and technology enabled resulting in duplication and wastage of resources. Most of the IT systems are out of date and do not meet our requirements.</p> <p>NEDLAC, the institution established to promote social dialogue is not used by all stakeholders including Government Departments.</p> <p>Weak institutions and inadequate capability to monitor and enforce compliance with legislation.</p> <p>Lack of timely research and analysis of labour market and on the compliance of legislation to effect policy changes.</p> <p>Weak capacity of the Labour Centres to provide fully-fledged and individualised services to workers, job seekers and employers.</p>
OPPORTUNITIES	THREATS
<p>Expanding Government infrastructure and increasing network of service points across the country, i.e. Thusong Service Centres.</p> <p>Expanding Government ICT infrastructure enabling more access and usage by our clients, i.e. e-Service points in Thusong Service Centres and post offices.</p>	<p>The envisaged Restructuring of higher courts.</p> <p>Poor integration across Government of various pieces of legislation dealing with socio-economic transformation.</p> <p>The possible reduction in the mandate of the Department, if further portfolios are lost to other Departments. This is evidenced by the growing interest among other state agencies to manage labour market institutions held by The Department like UIF and CF.</p> <p>Possible Citizens backlash- consequences of non-delivery of the ambitious objectives of the Millennium Development Goals and Medium Term Strategic Framework (e.g. halving unemployment, poverty, and inequality by 2014).</p> <p>Marked regional differences e.g. economic upturn concentrated in big cities.</p> <p>The shortages and surpluses of labour paradox (marked shortage in some sectors while there is an over supply in others).</p>

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. We will endeavour to enhance the quality and accessibility of services by improving efficiency and accountability to the citizenry and service beneficiaries. 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.

Develop and create 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. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The following Bills were submitted to Cabinet during the financial year 2010/11 and are under discussion at Nedlac;

- BCEA
- Employment Services
- EEA
- LRA

8. DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

Collection of departmental revenue

Appropriation	2007/08	2008/09	2009/10	2010/11	2010/11	% deviation from target
	Actual	Actual	Actual	Target	Actual	
	R'000	R'000	R'000	R'000	R'000	%
Tax revenue	-	-	-	-	-	-
(Specify)	-	-	-	-	-	-
Non tax revenue	5 733	8 995	6 648	12 509	3 701	70.41
Sales of capital assets (Capital revenue)	-	-	331	-	-	-
(Specify)	-	-	Auction of 2 ministerial vehicles	-	-	-
Financial transactions (Recovery of loans and advances)	2 715	19 868	5 937	5 604	5 335	4.80
Total	8 448	28 863	12 916	18 113	9 036	43.92



9. TRANSFER PAYMENTS

Name of institution	Amount transferred	Estimate expenditure
	R'000	R'000
Transfers To Municipalities		
Mun B/Acc:Vehicle Licences Mun	54	53
Departmental Agencies and Accounts		
Compensation Fund	8 908	8 949
Unemployment Insurance Fund	-	1
Commission for Conciliation, Mediation and Arbitration	402 017	402 017
National Productivity Institute	31 155	31 155
National Economic Development and Labour Council (NEDLAC)	15 868	15 868
Foreign Government/International Organisation		
International Labour Organisation (ILO)	10 246	10 285
ARLAC	457	598
Non-Profit Institutions		
SA National Council for the Blind	189	275
Deaf Federation of South Africa (DEAFSA)	86	183
National Council for the Physically Disabled	207	223
Work Centres for the Disabled	66 139	66 139
Work Centres for the Blind	8 196	8 196
Strengthening Civil Society	14 379	14 379
Households		
Leave Gratuity	1 656	1 656
Retirement Benefit	904	904
Severance Package	566	566
Exgratia payments	11	12
Total	561 038	561 459



PROGRAMME 1

ADMINISTRATION

PURPOSE

Provide overall management, strategic support and advisory services to the Department and Ministry

PROGRAMME OVERVIEW

1. Office of the **Director-General** will provide administrative oversight for effective implementation of the Department's mandate and overall accounting oversight.
2. Office of the **Chief Operations Officer** will ensure effectiveness in all operations.
3. **Internal Audit** provides management and the Audit Committee with independent objective assurance that improves effectiveness of governance, risk management and control processes.
4. **Risk Management** pro-actively manages / addresses risks that have a negative impact on the Department's performance.
5. **Security Services** renders security support aimed at protecting the Department's information, staff and assets.
6. **Communication** creates awareness about available services in the Department and builds mutually beneficial relationships with its stakeholders.
7. **Human Resource Management** ensures effective and efficient utilisation of human capital and renders legal services to the Department.
8. **Information Technology** through the PPP with Siemens caters for the full spectrum of IT needs and requirements of the Department.
9. **Legal Services** ensure well drafted and binding contracts, policies and legislation, legal opinions and litigation.
10. Office of the **Chief Financial Officer** (CFO)
 - 10.1 Financial Management.
 - 10.2 Financial Liaison: Public Entities
 - 10.3 Office Administration and Supply Chain Management



SERVICE DELIVERY OBJECTIVES AND INDICATORS

PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Strategic Priority 10: Building a Developmental State including improvement of public services and strengthening democratic institutions				
Strategic Objective 9: Strengthening the institutional capacity of the Department.				
Improved access to departmental services and improved efficiencies.	Department's service delivery model and structures reviewed for effective service delivery.	Phase 1 of the structure implemented.	Partially Achieved Phase 1 of the structure implemented. OCOO has been established and must still be fully staffed. OD in process.	The lower structures as per the functional shift project not implemented awaiting copy of the approved As-Is structure. Lack of resources.
	Department's labour centre model developed and core business areas strengthened.	Develop the service delivery model and source funding.	Partially Achieved <ul style="list-style-type: none"> The Draft labour centre model was developed and consultations took place with the core business areas: IES, PES including UIF and CF, and Provinces. Funding could not be sourced. The spatial mapping of labour centres to ensure that labour centres are appropriately placed and are accessible to clients in line with outcome 12 (Service quality and access) is in progress. The Ministerial submission to source support and funding from the ILO was developed and is awaiting approval. <i>It is planned that the labour centre model will be implemented in phases aligned to the expiry of leases starting in 2011.</i>	None None
	Frontline staff trained in customer care to comply with Batho Pele Principles.	Phase 1 of the training focusing on the DG Service Line.	Partially Achieved <ul style="list-style-type: none"> 344 officials in Provinces were trained on courses covering Batho Pele Principles and on the resolution of complaints lodged through the Presidential Hotline and the DG Service Line As at March 2011 4 742 calls were received through the Presidential Hotline and 4 677 (98%) resolved. 	None



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Service Delivery Improvement Programme (SDIP) developed and implemented.	Launch of the DG Service Line and service delivery standards rolled out to all labour centres.	<p>Achieved</p> <ul style="list-style-type: none"> The SDIP developed and submitted to DPSA on time and implementation is an ongoing process. <p>Partially Achieved</p> <p>Service line operating although it has not been officially launched.</p>	None
Enhance capacity to manage information as a resource.	Department- Wide Monitoring and Evaluation Framework and system developed.	Explore strategy monitoring system and implement the Executive Dashboard.	<p>Achieved</p> <p>Draft Performance Management Policy and guidelines developed and staff consulted. DEXCOM consulted and consultations took place at the DBC. Policy is in its first year of implementation and will be tested for review and refinement.</p>	Lack of an automated system for M&E. There is a need to improve capacity and processes for Monitoring and Evaluation.
			<p>Not Achieved</p> <p>No progress made on utilization of the Executive Dashboard System (ED).</p>	Incomplete data from transaction systems and delays in development of other systems (ICM-CF, SAP Financial Systems and IES).
Implement plan to address audit queries.	100% compliance with the Auditor-General.	90% compliance with the AG recommendations.	<p>Achieved</p> <p>Action plan developed to deal with AG recommendations with the following outcomes:</p> <ul style="list-style-type: none"> Alignment of the planning process with MTEF processes Alignment of workplans with strategic plan, with all the DDGs signing off their workplans Processes put in place ensuring that the Executive Authority sign-off on performance reports (QMR) Plan developed to conduct performance information audits 	Lack of capacity for ensuring compliance with AG recommendations in the Provinces.
Strategic three-year rolling audit plans updated.	Approved strategic three-year rolling audit plans by 30 June of the financial year.	Approved strategic three-year rolling audit plans for 2010/11 to 2012/13 by 30 June 2010.	<p>Achieved</p> <p>Strategic three year rolling plan approved. (The draft Strategic Plan approved by the Audit Committee on 27/05/2010 and the final approval was given on 01/10/2010 by the Audit Committee).</p>	None
Annual audit plans compiled.	Approved annual audit plans by 30 June of the financial year.	Approved annual audit plans for 2010/11 by 30 June 2010.	<p>Achieved</p> <p>Annual Internal Audit Plan approved. (The draft Annual Plan approved by the Audit Committee on 27/05/2010 and the final approval was given on 01/10/2010 by the Audit Committee).</p>	None



PROGRAMME: (ADMINISTRATION)																																																																								
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Execute annual audit plans, including ad hoc investigations.	Final reports issued as per timeframes indicated in the approved annual audit plans.	Final reports issued as per timeframes indicated in the approved annual audit plans.	<p>Partially achieved</p> <p>Finalised/issued 50 internal audits reports instead of 52 with agreed timeframes. Only two reports were not issued by end of March 2011 within agreed time frames as reflected below.</p> <p>✓ = Internal Audit Reports issued by end of Mar 2011 ✗ = Internal Audit Reports not issued by end of Mar 2011</p> <table border="1"> <thead> <tr> <th>AUDIT AREA</th> <th>LOCATION</th> <th>FINAL REPORTS</th> </tr> </thead> <tbody> <tr> <td rowspan="6">SCM</td> <td>Head Office</td> <td>✓</td> </tr> <tr> <td>Western Cape</td> <td>✓</td> </tr> <tr> <td>Eastern Cape</td> <td>✓</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>✓</td> </tr> <tr> <td>Gauteng</td> <td>✓</td> </tr> <tr> <td>SEF</td> <td>✓</td> </tr> <tr> <td rowspan="6">Assets</td> <td>Head Office</td> <td>✓</td> </tr> <tr> <td>Northern Cape</td> <td>✓</td> </tr> <tr> <td>Western Cape</td> <td>✓</td> </tr> <tr> <td>Eastern Cape</td> <td>✓</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>✓</td> </tr> <tr> <td>Gauteng</td> <td>✓</td> </tr> <tr> <td rowspan="6">HR</td> <td>Head Office</td> <td>✓</td> </tr> <tr> <td>Northern Cape</td> <td>✓</td> </tr> <tr> <td>Western Cape</td> <td>✓</td> </tr> <tr> <td>Eastern Cape</td> <td>✓</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>✓</td> </tr> <tr> <td>Gauteng</td> <td>✓</td> </tr> <tr> <td rowspan="6">Finance</td> <td>Head Office</td> <td>✓</td> </tr> <tr> <td>Northern Cape</td> <td>✓</td> </tr> <tr> <td>Western Cape</td> <td>✓</td> </tr> <tr> <td>Eastern Cape</td> <td>✓</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>✓</td> </tr> <tr> <td>Gauteng</td> <td>✓</td> </tr> <tr> <td rowspan="4">Performance Management</td> <td>Head Office</td> <td>✓✓</td> </tr> <tr> <td>Gauteng</td> <td>✓</td> </tr> <tr> <td>Western Cape</td> <td>✓</td> </tr> <tr> <td>Eastern Cape</td> <td>✓</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td rowspan="25">Audit approach used</td> </tr> </tbody> </table>	AUDIT AREA	LOCATION	FINAL REPORTS	SCM	Head Office	✓	Western Cape	✓	Eastern Cape	✓	KwaZulu-Natal	✓	Gauteng	✓	SEF	✓	Assets	Head Office	✓	Northern Cape	✓	Western Cape	✓	Eastern Cape	✓	KwaZulu-Natal	✓	Gauteng	✓	HR	Head Office	✓	Northern Cape	✓	Western Cape	✓	Eastern Cape	✓	KwaZulu-Natal	✓	Gauteng	✓	Finance	Head Office	✓	Northern Cape	✓	Western Cape	✓	Eastern Cape	✓	KwaZulu-Natal	✓	Gauteng	✓	Performance Management	Head Office	✓✓	Gauteng	✓	Western Cape	✓	Eastern Cape	✓					Audit approach used
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Secretarial services provided to the Audit Committee of the Department.	Agendas, and supporting documentation distributed within 5 work days before the date of meeting.	Agendas, and supporting documentation distributed within 5 work days before the date of meeting.	<p>Achieved</p> <p>Performance information as follows:</p> <table border="1"> <thead> <tr> <th>No</th> <th>Date of meeting</th> <th>Audit pack distribution dates</th> <th>Comment</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>24 May</td> <td>27 May</td> <td>complied</td> </tr> <tr> <td>2</td> <td>28 July</td> <td>27 July</td> <td>complied</td> </tr> <tr> <td>3</td> <td>1 October</td> <td>16 September</td> <td>complied</td> </tr> <tr> <td>4</td> <td>1 December</td> <td>27,28 November</td> <td>complied</td> </tr> <tr> <td>5</td> <td>7 March</td> <td>3,4 March</td> <td>complied</td> </tr> </tbody> </table>	No	Date of meeting	Audit pack distribution dates	Comment	1	24 May	27 May	complied	2	28 July	27 July	complied	3	1 October	16 September	complied	4	1 December	27,28 November	complied	5	7 March	3,4 March	complied	None																	
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Internal Audit Charter reviewed	Approved Internal Audit Charter, by 31 March of the financial year	Approved Internal Audit Charter by 31 March 2011	<p>Partially Achieved</p> <p>The Internal Audit charter was reviewed and will be presented to the Audit Committee in the next sitting.</p>	None																																									
Quality Assurance Review (QAR) performed.	Internal QAR performed and report provided to the Audit Committee (AC) by 31 March of the financial year.	Internal QAR performed and report provided to the AC by 31 March 2011.	<p>Achieved</p> <p>The Internal QAR was performed and report provided to the Audit Committee.</p>	None																																									
Review of risk exposures of the entire Department both national and provincial. Risk assessment: (both operational and strategic risks).	Risk assessment conducted/ reviewed and reports updated.	Review of risks conducted and response plan implemented.	<p>Achieved</p> <p>Strategic risk assessment conducted and report available.</p> <p>Operational risk reviews/assessments done and reports available for Head Office and all provinces.</p>	None																																									
Effective monitoring of implementation of management actions to address the risks.	By-monthly updates on the risk control matrix (operational).	By-monthly updates on the risk control matrix (operational)	<p>Achieved</p> <p>Bi-monthly updates of operational risk control matrix done for Head Office and Provinces.</p>	None																																									



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	Quarterly updates on the risk control matrix (Strategic).	Quarterly updates on the risk control matrix (Strategic).	Achieved Quarterly updates on strategic risk control matrix done.	None																														
Established a fully functional national risk management committee and effective functioning of the provincial committees.	Implement approved terms and reference/ committee charter for the national risk management committee. Provide technical assistance for the national and provincial committees to function effectively.	National Risk Committee sitting on a quarterly basis.	Achieved National Risk Management Committee is established. Terms of references/committee charter approved and implemented. The National Risk Management Committee met 5 times during the year.	None																														
		Re-establish all provincial risk management committees and ensure quarterly sitting of the.	Achieved Provincial Risk Management Committees established/in existence. All Provincial Risk Management Committees 3 times during the financial year. Head office provided training on the Provincial Risk Management Charter for the PRMC members to understand their roles and responsibilities to enable effective functioning of the committees.	None																														
Improve the detection of fraud and investigations.	Monthly data analysis (declaration, assessments, contributions and payments) 80% of cases received/ detected finalised.	Provide monthly analysis reports.	Partially achieved Data was collected and being analysed <table border="1"> <thead> <tr> <th>Cases received</th> <th>Cases finalised</th> <th>Cases outstanding</th> </tr> </thead> <tbody> <tr> <td>13 (100%)</td> <td>12 (92%)</td> <td>0 (8%)</td> </tr> </tbody> </table> Details <table border="1"> <thead> <tr> <th>Name</th> <th>Received</th> <th>Finalised</th> <th>Outstanding</th> </tr> </thead> <tbody> <tr> <td>Head office</td> <td>3</td> <td>3</td> <td>0</td> </tr> <tr> <td>Gauteng</td> <td>4</td> <td>3</td> <td>1</td> </tr> <tr> <td>Mpumalanga</td> <td>3</td> <td>3</td> <td>0</td> </tr> <tr> <td>Free State</td> <td>2</td> <td>2</td> <td>0</td> </tr> <tr> <td>Northern Cape</td> <td>1</td> <td>1</td> <td>0</td> </tr> </tbody> </table>	Cases received	Cases finalised	Cases outstanding	13 (100%)	12 (92%)	0 (8%)	Name	Received	Finalised	Outstanding	Head office	3	3	0	Gauteng	4	3	1	Mpumalanga	3	3	0	Free State	2	2	0	Northern Cape	1	1	0	None
Cases received	Cases finalised	Cases outstanding																																
13 (100%)	12 (92%)	0 (8%)																																
Name	Received	Finalised	Outstanding																															
Head office	3	3	0																															
Gauteng	4	3	1																															
Mpumalanga	3	3	0																															
Free State	2	2	0																															
Northern Cape	1	1	0																															
		80% of cases received/ detected finalised.	Achieved A total of 100% of cases received were finalised.	None																														
		25% of the labour centres 60% conducted in provincial offices/ Head Office.	Achieved All the provinces have done risk awareness campaigns which were also represented by Labour Centres.	None																														



PROGRAMME: (ADMINISTRATION)																																					
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET			REASON FOR VARIANCE																																
		TARGET	ACTUAL																																		
Develop security strategy.	Approved security strategy implemented in 5 provinces by 31 March of the financial year.	Approved security strategy implemented in 5 provinces by 31 March 2011.	The following serves as an example:		Lack of funds in Limpopo province.																																
			<table border="1"> <thead> <tr> <th>Province</th> <th>Provincial office</th> <th>Labour centre</th> </tr> </thead> <tbody> <tr> <td>Northern Cape</td> <td>1</td> <td>7</td> </tr> <tr> <td>Limpopo</td> <td>1</td> <td>1</td> </tr> <tr> <td>Free state</td> <td>1</td> <td>6</td> </tr> <tr> <td>Western cape</td> <td>1</td> <td>5</td> </tr> <tr> <td>Eastern cape</td> <td>1</td> <td>16</td> </tr> <tr> <td>Mpumalanga</td> <td>1</td> <td>15</td> </tr> <tr> <td>Gauteng</td> <td>1</td> <td>3</td> </tr> <tr> <td>North west</td> <td>1</td> <td>10</td> </tr> <tr> <td>KwaZulu-Natal</td> <td>1</td> <td>16</td> </tr> <tr> <td>Total</td> <td>9</td> <td>77</td> </tr> <tr> <td></td> <td>100%</td> <td>62%</td> </tr> </tbody> </table>	Province		Provincial office	Labour centre	Northern Cape	1	7	Limpopo	1	1	Free state	1	6	Western cape	1	5	Eastern cape	1	16	Mpumalanga	1	15	Gauteng	1	3	North west	1	10	KwaZulu-Natal	1	16	Total	9	77
Province	Provincial office	Labour centre																																			
Northern Cape	1	7																																			
Limpopo	1	1																																			
Free state	1	6																																			
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Total	9	77																																			
	100%	62%																																			
Vetting strategy adopted by March 2011.	Vetting strategy approved by 31 March of the financial year.	Implementation of Vetting strategy by 31 March 2011.	<p>Not achieved</p> <p>The vetting strategy was approved but could not be implemented due to unavailability of funds, and the vetting unit could not be established. However, the following measures within the strategy were implemented.</p> <p>Personnel suitability checks (PSCs) or pre-employment screening were implemented in the department as reflected by the information below.</p> <ul style="list-style-type: none"> • 415 requests were received • 409 requests were finalised • 6 requests outstanding. <p>Approval was granted by SAPS to obtain criminal records and a request has been forwarded to Home Affairs for citizenship records. This will be a milestone for implementing and suppliers internally.</p>		Lack of funds.																																



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Security Risk assessment, Information Security Audits and Physical Security appraisals, documented and implemented to five provinces in terms of MPSS and MISS mandates.	Approved security Risk assessment; Information security Audits and physical security appraisals by 31 March of the financial year.	Implementation of Security Risk assessments; Information Security Audits and Physical Security appraisals at 5 provinces.	<p>Achieved</p> <p>Security risk assessments, information security audits and physical appraisals were implemented in 7 Provincial offices (Limpopo, Gauteng, Northwest, KwaZulu-Natal, Mpumalanga, Eastern Cape).</p> <p>Private security companies were appointed to guard the buildings in six provinces and these are (KwaZulu-Natal, Northern Cape, Eastern Cape, Gauteng, Mpumalanga and North West).</p> <p>Contingency plan developed for seven provincial offices. They are (Mpumalanga, Gauteng, Northern Cape, Western Cape, Limpopo, Free State and Eastern Cape)</p>	None
Promote services Intranet.	Improve usage of Intranet.	Improve access to the Intranet and other tools.	<p>Achieved</p> <p>New Intranet was finalised and operational in April 2011.</p>	None
Promote the services and programmes of the Department. <ul style="list-style-type: none"> • Training of layoffs • Labour brokers • EE • IES • ESSA 	Improved awareness about the programmes and services of the Department.	70 % positive coverage of the departmental programmes and services.	<p>Achieved</p> <p>The following activities were profiled in print and electronic media.</p> <ol style="list-style-type: none"> 1. Blitz inspections 2. Child Labour 3. Employment Equity 4. Launch of the 10th EE Annual Report 5. Legislative Amendment 6. Launch of Roving Safety Reps, and the Green cars. 7. Profiled the Minister's Imbizo in Western Cape 8. Five End of Year Features on Department were developed 9. Payment of Aurora Mineworkers by Department feature developed 10. Minister's Festive Season message to staff and Nedlac 11. Decent Work feature developed 12. HIV and AIDS, Disability and 13. Domestic Workers 14. OHS Campaigns 15. Farm Worker's campaign 16. Launch of Child Labour campaign 17. Profiling of the Minister in Leadership Magazine 18. Profiling of the Minister in Ubuntu Magazine 19. Awareness Campaign Public Consultations on Labour Legislations 20. EE Amendment Bill-radio interview on Western Cape Community Stations 	None



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Facilitate engagement by programmes with departmental stakeholders on a monthly basis.	Improved and better informed public and stakeholders.	Increased briefing sessions with stakeholders, increased showcasing of departmental services through exhibitions.	<p>Campaigns were implemented using the following media: TV, Print, Radio, Outdoor Billboards, New Media (Web, sms and social network-based) & Bus advertising.</p> <p>Feature on Decent Work was placed in the Sunday Times and features on Domestic & Farm worker's wage increase were placed in different newspapers.</p> <p>As at the end of 31st March 2011, 11 exhibitions were held in comparison to 8 exhibitions that were held in the previous financial year.</p> <ul style="list-style-type: none"> • Rand-Show • Tshwane Show (formerly known as the Pretoria Show) • Exhibited at the HRDE event on the 5, 6, 7 October 2010. • Career Expo promoting PES • EE Road Shows in Cape Town • Noschon Conference • Minister's Budget Vote • Small Business Expo (16, 17, 18 October 2010) • Grahamstown Festival • Gauteng World Day against Child Labour • Citrusdal Farmworkers' Imbizo • Health and Safety Construction Seminar 	None
IES Marketing and information sessions to domestic and farm workers, and wide consultation with unions to encourage the creation of structures for the unionisation of these workers.	Develop and procure marketing and information tools for these sessions Identify relevant communities for the marketing and information sessions (minimum 3 per province).	Develop and procure marketing and information tools for these sessions 3 info session per province.	<p>Achieved</p> <p>Publications/adverts produced:</p> <ul style="list-style-type: none"> • Domestic and Farm Workers publications have been produced • Publications were translated to 7 languages, namely, Afrikaans, English, Setswana, Tshivenda, Xitsonga, IsiXhosa and Sepedi • Wall Banner and Roll Up Banner for Eastern Cape • Backdrop Banner, Tear drop Banner and 2 Roll up Banners (Northern Cape) • Designed various adverts • 11 newspaper and magazine adverts – Domestic Workers' Campaign • Article published in the Staff Communiqué Vol. 3 Dec 2010. 	None



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Facilitate public hearings within communities on labour brokers and atypical forms of employment, complimented by a formal research programme. This will serve as a contribution towards The Decent Work agenda.	Develop and procure marketing and information tools for these sessions.	Produce posters and pamphlets.	Achieved <ul style="list-style-type: none"> Feature on Decent Work was published in the Sunday Times Ministerial media briefing announcing the publishing of the Bills was held The Bills were forwarded to media representatives Radio interviews by the programme manager on the proposed amendments were facilitated. 	None
Funded posts filled.	Percentage of all funded posts filled within a specified period of time.	90% of all funded posts filled within 6 months.	Achieved 91.40% of posts are filled and therefore the vacancy rate is 8.59% as at 31 March 2011.	None
Departmental EE Plan implemented and monitored.	Percentage of women, youth and People With Disability (PwD) employed in line with Employment Equity Plan.	<ul style="list-style-type: none"> 40% of women and 50% of youth employed at most levels 5% of PwD employed 	Partially Achieved Appointment of women at Senior Management level is gradually improving and currently 34.6% women.	Deviation by the delegated authority when it comes to appointments to vacant posts at SMS level.
			Partially Achieved The overall employment of youth in the Department stands at 42.84% as at 31 March 2011.	Target set of 50% was unrealistic. There is no structure to implement youth programmes
			Partially Achieved The national target for People with Disabilities (PwD) in the public service is 2%. Currently 2.7% PwD are employed as at 31 March 2011 against a Departmental goal of 5%.	Target internal Departmental target set of 5% was unrealistic.
Departmental staff trained.	Percentage of staff trained in line with Work Place Skills Plan.	80% of the Department's staff trained in accordance with approved WSP by 31 March 2010.	Achieved A total of 5 984 (91.3%) against annual target of 6 551 employees were trained in accordance with approved WSP.	Manual administration of training records.
Individual employee performance monitored.	Percentage number of employees who submitted Performance Agreements and assessed.	A total of 95% employees submitted Performance Agreement and assessed.	Partially achieved: <ul style="list-style-type: none"> 91% of Performance Agreements for staff on SR1-12 and SMS level submitted 83% of Performance Assessments submitted. 	Non-compliance by Branches/ Programmes
Jobs evaluated.	Percentage of mandatory posts that are job evaluated.	95% of all mandatory posts evaluated and approved.	Achieved Evaluated 223 out of 233 mandatory jobs. (96%), the rest of the mandatory posts are scheduled to be ratified by the Job Evaluation Panel before the end of May 2011.	Non-availability of Job evaluation Panel members due to other professional commitments.



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Develop information technology (IT) systems in support of key business processes. Head Office IT Systems.	Develop a labour market management information system to serve as an executive dashboard and the Integrated Client Database.	Finalised.	<p>Partially Achieved</p> <p>Project signed off but operational challenges still exist.</p> <p>Users not attending scheduled training.</p>	<p>Human intervention still required, not totally automated.</p> <p>System needs to be updated manually – manual capturing. System is not being updated even if the data is captured.</p> <p>Resource working on this system does not understand business requirements.</p> <p>Link implemented but is not working.</p>
	Finalisation of the development of the IES case management system.	Finalised.	<p>Partially Achieved</p> <p>Configuration and development completed.</p> <p>Integrated testing in progress.</p> <p>Demo to be done in February to take business through the whole system.</p>	<p>Project dates not met by Siemens.</p> <p>Blueprint does not represent the requirements of the business.</p>
	Develop and implement a SAP Financial System for NSF.	Finalised.	System completed, but on hold.	Whether this project is in or out of scope of PPP
	Enhance the PES system.	Finalised.	<p>Project signed off by business.</p> <p>List of requirements provided to Siemens that were not delivered.</p>	<ul style="list-style-type: none"> • No reporting capacity available in ESSA • Integration into SIYAYA not available. Users registered on two systems • No on-line capability, employers cannot register • No offline registration capability • SMS facility required • Self-help required for users to register
	Enhance the EE system.		MIS component not functioning.	Change from crystal to SAP report.



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
UIF IT Systems.	Develop and implement a SAP Financial System for UIF.	Finalised.	Project on hold	The deliverables do not meet the requirements of the business.
CF IT Systems.	Develop an integrated claims and revenue management system for CF.	Finalised.	User Acceptance Testing (UAT) and training to be done. Core claims done and demos shown	<ul style="list-style-type: none"> • Suspension of the project • Workshops cancelled by Execs – workflow workshop • Data migration • Outstanding CR's.
	Develop and implement a SAP Financial System for CF	Finalised	Project is behind schedule because UAT business is not available.	<ul style="list-style-type: none"> • Suspension of the project • UAT not started, users not attending. • Trainers on board but users not identified • No clean data and no auditors involved • No clean data and no auditors involved • CRs not signed.
Implement a transitional plan to review remaining PPP period and post PPP IT enabling strategy.	Identify and document all outstanding items as agreed in the PPP and agree on an implementation plan to finalise these within the contract period.	Review the PPP, resolve all outstanding contractual and administrative matters, identify future options, and determine the best one for the Department.	<ul style="list-style-type: none"> • The new IT Solution Roadmap developed and implementation is monitored through the Service Management Committee (SMC) and IT PPP Steerco • KPMG report presented to the department with outstanding deliverables identified and recommendations on PPP contract. 	None
Integrated Client Databases and interfacing transaction systems (Service delivery system developed).	ICT infrastructure to integrate client database and enable process interfacing within transaction systems within the Department (ESSA, UI, COID and IES) and with other strategic government departments.	ICD finalised	Partially Achieved <ul style="list-style-type: none"> • Blueprint phase that must be signed off • Majority of system developed • PDR not signed. 	No data custodian or business project manager.
Contracts, policies and legislation drafted, edited and amended.	Well drafted and binding contracts submitted to clients within 5 work days.	Well drafted and binding contracts submitted to clients within 5 work days.	Partially Achieved <p>Performance information regarding contracts</p> <ul style="list-style-type: none"> • 57 Contracts received • 52 Contracts finalised • 42 Contracts finalised within 5 days • 10 Contracts finalised after 5 days • 5 Contracts pending. 	None



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Well drafted and binding policies submitted to clients within 5 work days.	Well drafted and binding policies submitted to clients within 5 work days.	Partially Achieved <ul style="list-style-type: none"> • 2 Policies received • 2 Policies finalised • 1 Policies finalised within 5 days • 1 Policies finalised after 5 days 	None
	Well drafted and binding legislation drafted and submitted to clients within 10 work days.	Well drafted and binding legislation drafted and submitted to clients within 10 work days.	Not achieved <p>6 amendments to legislations done and 1 new legislation drafted, but not within 10 working days.</p>	None
Litigation controlled/ minimised (including debt collection managed).	Receive, evaluate merits of cases and give feedback to clients within 5 work days.	Receive, evaluate merits of cases and give feedback to clients within 5 work days.	Partially Achieved <p>Performance info regarding debt collection Received, evaluated and gave feedback to clients as follows:</p> <ul style="list-style-type: none"> • 137 Debtors files received (R2 445 096.53) • 128 Debtors files finalised (R407 893.80) • 119 Recommended write-offs (R995 546.45) • 9 Recoveries (R407 893.80) • 9 Debtors files pending (R1 101 656.28). <p>Performance info regarding Notice of motions/ summons.</p> <ul style="list-style-type: none"> • 64 Notice of motions received • 30 Notice of motions finalised • 34 Notice of motions pending <p>Performance regarding Enforcement cases</p> <ul style="list-style-type: none"> • 144 Enforcement cases received • 79 Enforcement cases finalised • 65 Enforcement cases pending 	Lengthy process. Lengthy court processes.
Legal opinions drafted.	Quality assured legal opinions based on Case Law, legislation, relevant literature submitted to clients within 5 work days.	Quality assured legal opinions based on Case Law, legislation, relevant literature submitted to clients within 5 work days.	Partially Achieved <p>Quality assurance team in Legal Services dealt with the following:</p> <ul style="list-style-type: none"> • 42 Legal opinions received • 42 Legal opinions finalised • 37 Legal opinions finalised within 5 days • 5 Legal opinions finalised after 5 days. 	None
Section 91 and section 56 claims managed.	Receive, evaluate merits of cases and give feedback to clients (in 5 work days cost effective/ minimised litigation (settled on time, when necessary).	Receive, evaluate merits of cases and give feedback to clients (in 5 work days cost effective/ minimised litigation (settled on time, when necessary).	No cases were handled during the period under review. These are reported by Compensation Fund.	None
Legal Services library managed.	All library resources recorded as per set standards within the Chief Directorate, regular updating of statues, to avoid stocking the library with outdated documents.	All library resources recorded as per set standards within the Chief Directorate Regular updating of statues, to avoid stocking the library with outdated documents.	Achieved <p>Statutes received were updated and all loaned materials were recorded.</p>	None
Accurate, timely and effective financial system.	Ensure financial system functionality.	Financial Systems functional at all identified sites.	Achieved	None



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Accurate and timely management information.	Percentage of compliance with Early Warning System reporting requirements.	100% compliance.	Estimates of National Expenditure (ENE) submission aligned to the strategic plan of the Department and submitted to the National Treasury.	None
Effective financial oversight: Public Entities.	Annual Financial Statements submitted to Auditor-General and Treasury in correct format.	90% compliance.	All inputs received [preliminary and audited] submitted to Auditor-General and Treasury in correct format, 83% compliance within due date compared to the norm of 80%.	None
Effective office administration and supply chain management.	Efficient and effective procurement of goods and services.	100% compliance with SCM policies.	All procurement executed in line with SCM policies and procedures. 100% Compliance with procurement prescripts in terms of agreed time-frames.	None
Capital, maintenance and lease projects and accommodation managed efficiently.	Accommodation fit for purpose.	100% compliance with SCM policies.	Requests for leases submitted for approval as and when received. Lease contracts are in operation.	None
	RAMP contracts implemented and monitored.	100% compliance with SCM policies.	Laboria House RAMP contractor has been appointed and has been on site for 19 months. Contractor exceeded the repair phase by 7 months. The building will be maintained until 22 September 2012.	None



PROGRAMME: (ADMINISTRATION)				
KEY OUTPUTS	MEASURE /INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Effective transport and records management.	Compliance with prescripts relating to transport and records management.	100% compliance with SCM policies.	<p>Travel contract finalised.</p> <p>Monthly Client Liaison Forums held between the Department and service provider.</p> <p>Flight, hotel, venue accommodation bookings done according to prescripts.</p> <p>Departmental Transport Advisory Committee constituted.</p> <p>Subsidised transport contract awarded to new service provider.</p> <p>Approved RT 57 contract for provision of subsidised vehicles and benchmarks received.</p> <p>Revised Petrol Rates tariffs circulated on exchange postmaster on fluctuation.</p> <p>Monthly Steering Committee meetings on the PPP Fleet contract held.</p> <p>Client Liaison Forums PPP Fleet Contract are held with service provider, User departments and Provincial Offices.</p> <p>Submission drafted for the appointment of a Transaction Advisor to advise on mode of transport beyond November 2011.</p> <p>Monitoring of Mobile LCs.</p> <p>Management of green cars.</p> <p>Assisting Project Leader to equip green vehicles with:</p> <ul style="list-style-type: none"> • Registration and Licensing • Branding • Canopies • Fitment of Tracking system • Monitoring and responding to call centre enquiries <p>Registry Procedure Manual finalised</p> <p>Submission for the appointment of service provider (compilation of the Department's file plan) submitted.</p> <p>Submission for the designation of DDG: CS as Records Manager approved.</p>	None
Effective asset management	Effective and efficient asset management	100% compliance with SCM policies	<p>Adhere to reporting requirements.</p> <p>Officials at Provincial Offices trained on AM processes and systems.</p> <p>Perform BAS/Logis reconciliation for assets on monthly basis.</p>	None

Reasons for major variances:

- The lower structures as per the functional shift project not implemented awaiting copy of the approved As-Is structure.
- Lack of an automated system for M&E
- Lack of funds
- Lack of human and ICT capacity



PROGRAMME 2

INSPECTIONS AND ENFORCEMENT SERVICES

PURPOSE

Ensure implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections. .

PROGRAMME OVERVIEW

- 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. Funding is mainly used for salaries and other personnel related costs
- 2. Occupational Health and Safety** promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery. Funding is mainly used for salaries and other personnel related costs
- 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 subprogramme for investigation. Funding is used for salaries and other personnel related costs
- 4. Compliance Monitoring and Enforcement** ensures that employers and employees comply with labour legislation through regular inspections and following up on reported incidents. Funding is used for compensation of labour inspectors and other personnel related costs
- 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.



SERVICE DELIVERY OBJECTIVES AND INDICATORS

KEY OUTPUTS	PERFORMANCE MEASURES		PROGRESS	CONSTRAINTS	
	TIME Q	INDICATORS			ACTIVITIES
Strategic Priority 1: Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods					
Strategic Objective 1: Contribute to employment creation					
Implement and enforce EEA and SD Acts and related AA Measures.	Q1-4	Ensure transformation of the labour market by achieving 80% compliance with the Employment Equity Act through awareness raising, regular inspections and audits.	Subject 200 companies to DG review by March 2011. <ul style="list-style-type: none"> 60 JSE listed companies 140 designated employers. Conduct 2 Employment Equity Road shows per province. Conduct regular inspections. Conduct 200 inspection in companies who have applied for foreign labour and ensure 80% compliance with EEA and SD.	Target Exceeded - Total Reviewed 266 Partially Achieved 96 Reviewed 87 Recommendations served. Partially Achieved 170 Reviewed 156 Recommendations served. Achieved 26 Road shows conducted. Achieved Inspected - 9 468 Compliance - 7 449 Compliance level 79%. Achieved Inspected 236 and 194 complied with 82% compliance level.	

KEY OUTPUTS	PERFORMANCE MEASURES		PROGRESS	CONSTRAINTS	
	TIME Q	INDICATORS			ACTIVITIES
Strategic Priority 3: Improve the health profile of the nation					
Strategic Objective 3: Protecting vulnerable workers					
Ensure decent work by inspecting 200 000 work places and ensure 80% compliance with all Labour legislation.	Q1-4	200 000 workplaces inspected for compliance to ensure 80 % compliance to labour legislation. (annually). (Annual target of 200 000)	Conduct 200 000 inspections as per the breakdown. <ul style="list-style-type: none"> Blitz inspections. Routine inspections. Compliance Audit. DG Review. Companies applying for Foreign Labour. EE procedural inspections. 	Partially Achieved Total number of inspections: 192 129 and total number complying is 147 626 with a compliance level of 77% . <ul style="list-style-type: none"> Blitz: 24 013 Routine: 157 132 Compliance audits (Roving Team: 129) (32 per quarter average) 249 incident investigated in Gauteng. DG Review: 266 Companies applying for Foreign labour: 236 Procedural EE Inspection: 10 104. 	Could not meet the target as our work was affected by the public service strike.



KEY OUTPUTS	PERFORMANCE MEASURES		PROGRESS	CONSTRAINTS	
	TIME Q	INDICATORS			ACTIVITIES
			<p>Conduct 10 000 blitz inspections in the following sectors:</p> <ul style="list-style-type: none"> • wholesale & retail, • hospitality, agriculture & forestry • Iron and Steel • Food & Bev • Chemicals • Construction. • Hazardous Biological Agents. • Malls • Domestic sector • Silica • Contract cleaning. 	<p>Achieved</p> <ul style="list-style-type: none"> • The blitz inspections were conducted in all the identified sectors. Total number of inspections conducted is 24 013. 	
			<p>Conduct 189 160 routine inspections.</p>	<p>Partially achieved</p> <p>A total of 157 312 routine inspections were conducted and 124 980 complied, which resulted in 80% level compliance in the last twelve months period.</p>	<p>The public service strike had a negative impact</p> <p>The introduction of the team approach and Monthly blitzes reduced the number of resources available for daily inspections and slow filling of vacancies impacted on the achievement of targets as the targets were based on the full staff compliment.</p>
			<p>Conduct 20 full compliance audit per sector in a high risk & problematic sectors (240 per annum).</p>	<p>Achieved</p> <p>378 inspections + 249 investigations (incidents)</p> <ul style="list-style-type: none"> • A total number of 378 inspections were conducted in the high risk sectors in the period under review. 	<p>Due to financial constraints, the activities of the roving team had to be trimmed down.</p>



PROGRAMME: (IES)				
KEY OUTPUTS	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Reduction of the level of exposure to silica.	Reduce the prevalence of silicosis in the non-mining industry.	<ul style="list-style-type: none"> Conduct the baseline to determine the prevalence of silicosis and silica exposure in non-mining industry 	Achieved Source document – research report.	None
		<ul style="list-style-type: none"> Establishing provincial Silicosis working group to conduct awareness raising road shows on the dangers of silica dust 	Partially achieved Provincial Silicosis working group were established in Mpumalanga and Limpopo only.	
		<ul style="list-style-type: none"> Assist companies to develop programs for the control of exposure to silica dust 	Achieved 49 companies were assisted in developing program for the control of exposure to Silica dust during inspections.	
		<ul style="list-style-type: none"> Conduct 200 inspections in companies exposing workers to silica. 	Achieved <ul style="list-style-type: none"> 208 Inspections conducted on companies exposing workers to silica and 26% compliance achieved. 	
Review of the legislation.	Amended legislation developed.	Regulation developed and promulgated as per the list. Construction Explosives Hazardous chemical substances Asbestos	Partially Achieved <ul style="list-style-type: none"> The Technical Committee is currently incorporating comments received from the public Not achieved Not achieved Ultra vires Not achieved 	<ul style="list-style-type: none"> More than anticipated comments were received and the Regulations were delayed at the State Law Advisors. There were delays in the nominations of Technical Committee. They were declared ultra vires by the State Law Advisors.
Roving safety representative.	Promote the level of knowledge of occupational health and safety to employers and workers in the agricultural sector.	Implement the pilot project in Limpopo and Mpumalanga.	Achieved The concept was launched and is now ready to be launched to other provinces.	None
Compliance with labour legislation ensured	Implementation of the IES strategy with its pillars.	Corporate image in place and implemented.	Achieved <ul style="list-style-type: none"> Uniform delivered to Provinces Green cars delivered. 	None
	1. Professionalisation of the inspectorate	Creation and appointment of generalist, principal and specialist inspector.	Partially achieved	Department has not fully implemented professionalisation model.
	2. Customer centric services (a) IES Case Management System developed.	System developed.	Partially Achieved The system has been developed but has not gone live yet.	Siemens could not develop system due to resource constraints.
	3. Improved compliance 3.1.1 Promote self-regulation	Develop self-regulation tool kit for Construction Sector.	Partially Achieved Draft developed.	None
	3.1.2 Establishment of specialist inspection task teams	Establish a specialist roving team.	Achieved Roving team was established.	None



KEY OUTPUTS	PERFORMANCE MEASURES			PROGRESS
	TIME Q	INDICATORS	ACTIVITIES	
STRATEGIC OBJECTIVES:				
Ensure decent work by inspecting 200 000 workplaces and ensure 80% compliance levels with all legislations.		80% of investigated complaints are settled within 90 days.	Investigate complaints and settle within 90 days of receipt.	Not Achieved A total number of 154 441 of complaints were received, 120 566 were investigated and 116 131 settled within 90 days which resulted to 75 % settlement.
		Target SMMEs enterprises to ensure 80% compliance through advocacy campaigns.	Hold seminars in the following sectors: • Iron and steel (EC) • Hospitality (WC) • Forestry (KZN) • Construction (G)	Partially achieved • Iron and Steel Seminar was held in fourth quarter in Port Elizabeth • To be held in the 2011/12 financial year • Forestry Sector Seminar was held in the second quarter in Pietermaritzburg • Construction Seminar was held in the fourth quarter in Gauteng.
			Train shop stewards in the target sector.	Achieved 1 021 shop -stewards trained on EEA, OHS and BCEA.
		Reduce noise induced hearing loss by 5%.	Conduct a baseline study to determine the extent of the problem in the Iron and Steel Industry.	Not achieved Research not conducted due to delays in the procurement process. Research will be conducted in the 2011/12 financial year.
			Conduct Awareness raising campaigns in the Secondary Iron and Steel Industry.	Not Achieved Baseline study not yet conducted. Awareness campaigns to be conducted on completion of the study in the 2011/12 financial year.

Reasons for major variances:

- Delay in the amendment of Regulations due to the receipt of more than anticipated comments.
- Siemens incapacity to develop IES Case Management System



Addendum 1

Wholesale and Retail Blitz

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance Order	Contra	Impr	Proh
GP	453	243	54	247	136	0	59	46	6
KZN	755	347	46	405	278	22	103	1	1
EC	145	107	74	38	38	0	0	0	0
WC	359	286	80	278	205	73	0	0	0
FS	450	401	89	141	97	2	25	16	1
LP	371	228	61	227	156	1	68	1	1
NW	455	318	70	127	102	6	18	1	0
NC	332	204	61	151	59	1	84	4	3
MP	167	79	47	101	59	0	37	2	3
Total	3 487	2 213	63	1 715	1 130	105	394	71	15

Hospitality Blitz

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	461	205	45	540	186	0	327	26	1
KZN	1 279	650	51	819	478	22	287	11	2
EC	127	103	81	24	24	0	1	0	0
WC	255	179	70	150	150	0	0	0	0
FS	310	231	75	84	67	0	16	1	0
LP	521	231	44	291	180	4	103	0	0
NW	616	441	72	244	186	1	43	0	14
NC	324	258	80	75	37	0	38	0	0
MP	384	190	49	227	148	0	78	0	1
Total	4 277	2 488	58	2 454	1 456	27	893	38	18

Agriculture/Forestry

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	68	22	32	61	23	0	31	7	0
KZN	232	137	59	95	51	5	36	0	3
EC	180	116	64	64	58	0	6	0	0
WC	226	222	98	164	123	0	36	4	1
FS	279	275	98	54	37	0	16	1	0
LP	140	78	56	66	45	0	20	0	1
NW	317	251	79	65	39	0	25	0	1
NC	199	163	82	32	7	1	23	1	0
MP	98	43	43	67	36	0	31	0	0
Total	1 739	1 307	75	668	419	6	224	13	6



Food and Beverage

PROV	# insp	# Complying	% Compliance	# Notices issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	39	11	28	100	0	0	96	4	0
KZN	543	339	62	249	78	0	160	10	1
EC	86	56	65	28	18	0	6	1	3
WC	86	24	28	239	0	0	206	31	2
FS	239	188	79	56	27	0	25	4	0
LP	114	55	48	63	32	0	31	0	0
NW	325	217	67	68	26	2	64	3	1
NC	40	5	13	54	18	0	31	4	1
MP	195	92	47	103	0	0	0	0	0
Total	1 667	987	59	960	199	2	619	57	8

Iron and Steel

PROV	# insp	# Complying	% Compliance	# Notices issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	144	23	16	61	7	0	333	4	0
KZN	482	218	45	323	65	0	243	10	5
EC	115	16	13	113	58	0	99	4	10
WC	47	37	79	44	0	0	44	0	0
FS	226	164	73	62	8	0	36	14	4
LP	85	33	39	63	15	0	43	4	1
NW	252	153	61	97	0	0	92	4	1
NC	42	3	7	58	24	0	33	0	1
MP	149	70	79	41	37	0	61	4	0
Total	1 542	717	46	862	214	0	984	44	22

Chemical

PROV	# insp	# Complying	% Compliance	# Notices issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	98	17	17	295	0	0	290	5	0
KZN	131	41	31	108	38	0	67	0	3
EC	33	6	18	48	12	0	26	7	3
WC	29	7	24	25	0	0	22	0	3
FS	117	90	77	28	6	0	19	2	1
LP	60	31	52	35	10	0	22	3	0
NW	92	37	40	68	3	0	53	0	12
NC	63	21	33	57	30	0	26	1	0
MP	24	15	63	9	9	0	3	0	0
Total	647	265	41	673	108	0	528	18	22



Construction Blitz

PROV	# insp	# Complying	% Compliance	# Notices issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	55	25	45	71	4	0	60	3	4
KZN	188	82	34	125	22	0	92	0	11
EC	125	48	38	111	6	2	71	1	31
WC	78	26	33	169	0	0	154	0	0
FS	180	165	92	60	16	0	6	2	1
LP	110	38	35	87	36	0	45	0	6
NW	82	38	46	61	4	0	34	2	21
NC	55	36	65	28	15	0	3	7	3
MP	135	53	39	99	65	0	17	2	15
Total	1 008	511	51	811	168	2	482	17	92

Private Security

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	111	48	42	79	49	0	21	5	0
KZN	264	102	39	165	117	2	46	0	0
EC	215	124	58	96	93	0	2	1	0
WC	139	84	60	163	108	55	0	0	0
FS	170	147	86	33	27	0	6	0	0
LP	112	65	58	48	36	4	10	0	0
NW	94	71	75	21	17	0	4	0	0
NC	32	8	25	34	21	0	11	0	2
MP	109	37	34	77	45	0	32	0	0
Total	1 246	686	55	716	513	61	132	6	2

Malls

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	265	108	41	172	97	0	30	44	1
KZN	53	10	19	41	22	0	21	0	0
EC	326	265	81	0	70	0	10	2	0
WC	470	317	67	195	195	0	0	0	0
FS	137	95	69	52	25	0	18	8	1
LP	168	97	58	65	38	0	27	0	0
NW	258	147	57	123	83	1	37	2	2
NC	9	3	33	7	2	0	5	0	0
MP	195	95	49	148	80	0	66	0	2
Total	1 881	1 137	60	803	612	1	214	56	6



Hazardous Biological Agents

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	23	6	26	25	0	0	20	3	2
KZN	58	19	33	48	7	0	39	0	2
EC	73	8	11	102	49	2	38	8	5
WC	30	7	23	66	0	0	55	6	5
FS	0	0	0	0	0	0	0	0	0
LP	34	2	6	40	4	0	30	0	6
NW	110	51	46	64	0	0	56	2	8
NC	2	1	50	1	0	0	1	1	0
MP	111	44	0	0	0	0	62	0	7
Total	441	138	31	346	60	2	301	20	35

Domestic Sector

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	534	239	45	107	107	0	0	0	0
KZN	1 560	1 255	80	419	419	0	0	0	0
EC	619	392	63	227	227	0	0	0	0
WC	196	187	95	112	112	0	0	0	0
FS	370	364	98	28	28	0	0	0	0
LP	589	227	39	108	108	0	0	0	0
NW	585	327	56	258	258	0	0	0	0
NC	90	76	84	13	13	0	0	0	0
MP	388	296	76	103	103	0	0	0	0
Total	4 931	3 363	68	1 375	1 375	0	0	0	0

Contract Cleaning

PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	90	32	36	30	17	0	8	5	0
KZN	0	0	0	0	0	0	0	0	0
EC	196	124	72	72	72	0	0	0	0
WC	51	23	45	23	23	0	0	0	0
FS	154	123	80	33	29	0	4	0	0
LP	183	86	47	67	63	0	4	0	0
NW	141	91	65	78	52	0	24	6	0
NC	34	15	44	25	18	0	7	0	0
MP	54	27	50	32	23	0	9	0	0
Total	903	521	58	360	297	0	56	11	0

Note: KwaZulu Natal did not do inspection in Contract Cleaning due to the fact the Sector Falls under the jurisdiction of a Bargain Council.

SILICA



PROV	# Insp	# Complying	% Compliance	# Notices Issued	Type of notices issued				
					Undertaking	Compliance	Contra	Impr	Proh
GP	50	11	22	39	0	0	34	5	0
KZN	11	1	9	10	0	0	10	0	0
EC	28	5	18	26	0	0	23	0	3
WC	20	15	75	0	0	0	5	0	0
FS	8	2	25	0	0	0	6	0	0
LP	13	2	15	0	0	0	9	0	2
NW	29	2	7	27	0	0	20	3	4
NC	2	2	100	0	0	0	0	0	0
MP	16	5	31	11	0	0	5	1	6
Roving Team (RT)	31	9	29	214	0	0	180	15	19
Total	208	54	26	327	0	0	292	24	34



Addendum 1

See item 3.1.3 - Conduct 189160 routine Inspections (both reactive and proactive) in high risk and problematic sectors

PROV	# insp	# Complying	% Compliance	# Notices issued	Type of notices issued					Prosecutions (cases to Court)		Awards by court - successful	
					Undertaking	Compliance Order	Contra	Impr	Proh	Labour Court	Magistrates Court	Yes	No
GP	53 388	45 306	85	4 998	2 207	280	1 723	182	136	65	280	-	-
KZN	20 878	13 688	66	7 056	3 807	148	2 624	69	138	92	113	49	-
EC	14 947	11 628	69	3 006	1 699	257	936	31	188	85	16	-	-
WC	12 797	8 191	64	3 446	1 896	247	943	182	178	32	1	-	-
FS	16 864	15 725	93	2 566	1 606	76	671	140	73	8	1	-	-
LP	11 344	8 014	71	4 270	2 840	159	858	37	71	11	1	5	-
NW	11 509	9 963	87	3 683	2 333	153	702	402	93	1	1	-	-
NC	6 465	5 130	79	1 790	649	35	1 023	45	37	1	2	2	-
MP	8 940	7 335	82	2 314	1 514	25	631	58	86	-	-	-	-
Total	157 132	124 980	80	33 129	18 551	1 380	10 111	1 146	1 000	295	415	56	-

Addendum 2

Blitz Inspections

SECTOR	INSPECTIONS CONDUCTED	COMPLYING	% COMPLYING
W&Retail	3 487	2 213	65
Hospitality	2 933	1 819	64
Hospitality March 2011	1 380	669	48
Agriculture	1 739	1 307	68
Iron & Steel	1 542	779	49
Chemicals	523	228	42
Chemicals march 2011	124	37	30
Food & Beverages	1 667	987	49
Construction	1 008	511	47
Private Security	1 246	686	53
HBA	441	138	22
Malls	1 881	1 137	53
Contract cleaning	903	521	58
Silica	208	54	26
Domestic sector	4 931	3 363	68
Totals	24 013	14 449	60



Addendum 3

Roving Team Achievement

SECTOR	INSPECTIONS CONDUCTED	COMPLYING	% COMPLYING
Follow up inspections (Full compliance audit inspection was done in the previous Q)			
Forestry(Sawmill)	13	8	62
Automotive	15	13	87
Iron & Steel (foundries)	6	3	50
Full compliance audit inspection			
Hospitality	5	0	0
General inspections	90	19	21
Totals	129	43	33.33

Addendum 4

DG Review

PROV	TARGET		# COMP REVIEWED		# RECOMM MADE	
	JSE	DES	JSE	DES	JSE	DES
GP	0	44	0	41	0	41
KZN	6	36	4	39	0	33
EC	13	16	13	16	0	16
WC	12	8	6	8	6	8
FS	2	20	54	21	54	21
LP	6	7	12	10	12	10
NW	0	9	0	9	0	8
NC	6	16	4	7	0	0
MP	15	22	3	19	15	19
Total	60	178	96	170	87	156



Addendum 5

Complaints/Investigations

Provinces	Total # Complaints received by CSOs and Inspectors	Total # of Complaints investigated	Total # of Complaints settled within 90 days	% settlement	Money recovered (R)
GP	75 701	56 204	50 735	67	3 214 656.11
KZN	23 366	15 562	19 603	84	3 515 747.00
EC	6 924	7 036	5 462	69	412 385.80
WC	5 763	5 763	4 364	76	291 931.00
FS	9 823	6 556	8 202	83	855 304.41
LP	11 156	9 847	9 072	81	6 683 045.82
NW	4 039	3 793	3 301	82	590 259.61
NC	3 828	3 828	3 415	89	400 600.00
MP	13 841	11 977	11 977	86	508 448.29
Total	154 441	120 566	116 131	75	16 472 378.04

Addendum 6

Companies applied for foreign labour

PROV	TARGET	# COMPANIES INSPECTED	# OF COMP. COMPL.		% COMPL	
			SDA	EEA	SDA	EEA
GP	59	45	34	41	76	91
KZN	50	58	48	47	83	81
EC	7	5	5	5	100	100
WC	33	37	17	20	17	.
FS	.	17	4	13	24	76
LP	.	61	57	57	100	100
NW	3	1	1	1	100	100
NC	.	6	4	4	100	100
MP	6	6	5	5	83	83
Total	158	236	175	193	76	81



Addendum 7

Shop-steward training

PROV	AREA (GEOGRAPHICAL)	# OF ATTENDEES	WHO ATTENDED		COST (RX000)
				WRKRS	
WC		0	0	0	0
NW	Rustenburg	5	0	5	0
LP	Tzaneen and Lephalale	81	0	81	R14 364
EC		0	0	0	0
MP		17	0	17	0
FS	Ficksburg x 2	29	0	29	0
GP	East Rand, Vaal & JHB Randfontein Pretoria Garankuwa Kempton Park	813	0	813	0
NC		0	0	0	0
KZN		0	0	0	0
HQ	PTA	23 (construction) 40 (chemical) 13 (explosives + Chemical)		23 40 13	R167 000
Total		1 021	0	1 021	R181 364

Addendum 8

Conduct regular inspections: procedural

PROV	# COMPANIES INSPECTED	COMPL. LEVEL	% COMPL
GP	2 736	2 196	80
KZN	2 354	1 793	76
EC	462	212	46
WC	616	405	53
FS	1 324	1 242	94
LP	832	755	91
NW	636	511	80
NC	723	597	83
MP	421	249	60
Total	10 104	7 960	79



Addendum 9

Employment Equity Road shows

PROV	NUMBER OF ROAD SHOWS
Gauteng	4
KZN	5
EC	2
WC	2
FS	2
LP	2
NW	4
NC	2
MP	3
Total	26



PROGRAMME 3

PUBLIC EMPLOYMENT SERVICES (PES)

PURPOSE

To provide Public Employment Services to assist companies and worker to adjust to changing labour market conditions and to regulate private employment agencies.

PROGRAMME OVERVIEW

- 1. Management and Support Services: Public Employment Services** manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. Funding is mainly used for salaries and other personnel related costs
- 2. Employer Services** facilitates registering vacancies, generates and disseminates scarce skills information, issues immigrant corporate and work permits, records migrating skilled South Africans, oversees placements, responds to companies in distress, provides a social plan and regulates private employment agencies. Funding is mainly used for salaries and other personnel related costs
- 3. Registration and Placement Services: Public Employment Services** registers work-seekers, retrenched workers, work vacancies, training and income generating opportunities on the employment services system, and facilitates access to employment and income generating opportunities for the unemployed and under-employed. Funding is mainly used for salaries, personnel related costs and delivering frontline client services
- 4. Designated Groups Special Services** facilitates the transfer of subsidies to national councils to promote the employment of people with various disabilities and facilitates collaboration with sheltered employment factories and other relevant bodies to promote employing people with disabilities
- 5. Sheltered Employment Factories and Subsidies to Designated Workshops** facilitates transfers to subsidised workshops for the blind and subsidised work centres for people with disabilities, and aims to improve the administration, production and financial control of sheltered employment factories and workshops
- 6. Productivity South Africa** transfers funds to Productivity South Africa to promote improvements in workplace productivity and for social plan interventions where necessary
- 7. Unemployment Insurance Fund** provides for the possible future funding of the Unemployment Insurance Fund
- 8. Compensation Fund** provides for costs incurred through claims from civil servants for injuries sustained on duty or occupational related illnesses and provides for the funding of possible requests from the Compensation Fund • Training of Staff: Public Employment Services defrays expenditure relating to the training of staff within this programme, to comply with the 1 % payroll Skills Development Levies Act (1999) obligation.



SERVICE DELIVERY OBJECTIVES AND INDICATORS

The 19 workstation ESSA roving bus piloted the use of self registration by computer literate jobseekers at places where there are no Department of Labour offices throughout all the 9 provinces. At all the bus stops the services were successfully piloted. 5 075 work-seekers registered.

PROGRAMME: (PES)				
KEY OUTPUTS	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Strategic Priority 1: Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods				
Strategic Objective 1: Contribution to employment creation				
Public Employment Services policy, legislation and guidelines developed.	Approved Public Employment Services (PES) Policy, PES Act and related regulations and guidelines.	Draft Public Employment Services Policy and Bill finalised for submission to Cabinet by September 2010.	<p>Achieved</p> <p>ES Bill approved by Cabinet. Public hearings conducted and consolidation of public comments. The Bill is presently at NEDLAC for discussion by social partners.</p> <p>The following Departments were consulted:</p> <ul style="list-style-type: none"> • Rural development and Land Reform • Public Works • Public Enterprises • National treasury • Higher Education and Training • Home Affairs <p>Verification Source (VS): Submission and copy of the Bill in the DDG: PES Office, RIA report, responses to inputs from Government departments and consolidated public comments.</p>	None
Branch PES efficiently and effectively manage.	Quarterly Reports indicating PES sub-programmes compliance to: HR policies; PSCBC resolutions and DPSA Regulations and guidelines; PFMA and related regulations and notes.	Monitoring evaluation and reporting implemented. Levels of non-compliance and audit queries addressed, capacity and resources secured and allocated.	<p>Partially achieved</p> <p>Monitoring and evaluation: verification conducted on PES Programme in Provincial offices and selected Labour Centres.</p> <p>Achieved – Reporting : Annual Report 2009 – 10 compiled and submitted to the DG’s Office.</p> <p>Q1 to Q4, 2010 -11 Reports compiled, consolidated and submitted to the DDG: PES and the COO’s Office.</p> <p>Audit Queries followed up, addressed and levels of compliance improved.</p> <p>Achieved</p> <p>Capacity and Resources secured and allocated.</p> <p>VS: DoL Annual Report at Communications and Q1 to Q4 Reports at the COO’s Office.</p>	None



PROGRAMME: (PES)																																					
KEY OUTPUTS	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE																																	
		TARGET	ACTUAL																																		
Public Employment Services interventions successfully integrated in government programme of action.	Number of departmental, internal and Management: Boards of SEF, Productivity SA, Interim PES Council, NSA; NEDLAC; Parliament and Intergovernmental meetings attended and reports presented.	Scheduled meetings attended, constructive inputs made, key messages to be communicated identified, reports with recommendations compiled within 2 days of event	<p>Achieved</p> <p>The following meetings were attended and feedback presented at relevant meetings or where relevant, incorporated into PES work-plan activities up to Dec 2010. The 2 days deadline could not be strictly monitored as some of the meetings were postponed to later dates.</p> <ul style="list-style-type: none"> • 7 PES Management • 11 Weekly Management Meetings • 5 Management Committee Meetings • 2 Human Development Cluster • 4 Economic Cluster • 1 NEDLAC Social Plan Task Team • 7 Productivity SA meetings • 4 Parliament Briefings <p>VS: Minutes of the above mentioned meetings.</p>	None																																	
PES initiatives and interventions communicated through various mediums (in collaboration with Communications).	Number of campaigns, publications, national and local events, articles, and website information readily available to the public.	At least 3 PES national and 3 local events, advocacy campaigns held annually	<p>Partially Achieved</p> <p>2 318 advocacy campaigns held (including National & Local events).</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Campaigns</th> <th>Attendees</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>811</td> <td>13 651</td> </tr> <tr> <td>FS</td> <td>494</td> <td>21 519</td> </tr> <tr> <td>GP</td> <td>99</td> <td>12 015</td> </tr> <tr> <td>KZN</td> <td>245</td> <td>12 623</td> </tr> <tr> <td>LIMP</td> <td>47</td> <td>1 588</td> </tr> <tr> <td>MPUM</td> <td>347</td> <td>5 860</td> </tr> <tr> <td>NC</td> <td>91</td> <td>2 932</td> </tr> <tr> <td>NW</td> <td>34</td> <td>620</td> </tr> <tr> <td>WC</td> <td>150</td> <td>8 678</td> </tr> <tr> <td>Total</td> <td>2 318</td> <td>79 486</td> </tr> </tbody> </table> <p>The 19 workstation ESSA roving Bus piloted the use of self registration by computer literate jobseekers at places where there are no DoL throughout all the 9 provinces. At all the bus stops the services were successfully piloted. 5 075 work-seekers registered.</p> <p>Verification Source</p>	Province	Campaigns	Attendees	EC	811	13 651	FS	494	21 519	GP	99	12 015	KZN	245	12 623	LIMP	47	1 588	MPUM	347	5 860	NC	91	2 932	NW	34	620	WC	150	8 678	Total	2 318	79 486	Insufficient financial resources
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		10 Electronic and print newsletter produced monthly (1 per province + 1 for HQ)	<p>Partially Achieved - Verification Source</p> <p>3 Electronic newsletters circulated 9 different pamphlets were developed and printed (600 000 copies) 2 different posters were developed and printed (2 000 copies).</p> <p>Website Information Achieved –</p> <p>Compiled PES information that's meant for publication is on the Website, eg ESSA, and all the pamphlets that were developed for national circulation & publication.</p> <p>VS: Marketing campaigns - Attendance registers of different marketing events located in various provinces.</p> <p>VS: Publications - Copies of orders; delivery notes and invoices.</p>	Insufficient financial resources																																	



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Job-seekers registered and placed in opportunities.	Numbers of job-seekers registered in different categories.	100% of reporting job-seekers registered on the system.	Partially achieved			Inadequate human and IT resources																																																																	
			74% (483 038/652 611) jobseekers registered.																																																																				
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VS: ESSA system at HQ and manual forms at PO.																																																																							
	Percentages of registered job-seekers referred to career counselling/ guidance, skills development, registered vacancies', work placement opportunities, UIF and CF benefits.	70% referred within 30 days	Achieved			None																																																																	
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* CF intervention – refers to compensation claims and not work seekers who registered as work seekers.																																																																							
VS: Manual forms at POs and LCs.																																																																							
15 009 candidates were assessed in SpEEx countrywide and 2 412 were placed.																																																																							
	IT Infrastructure rolled-out to enhance capacity for efficient and effective provision of job-seekers services.	60% by end of March 2011.	Partially achieved			Service provider must still develop on-line service.																																																																	
			ESSA is operational in all 127 LCs and most of the CSOs are equipped with operative PCs.																																																																				
VS: PCs at Labour Centres for CSOs.																																																																							
60% has been delivered 50% counts for hardware (computers available in all 125 labour centres) and an additional 10% towards software enhancement has been delivered. The balance of software enhancement is still being worked on by Siemens.																																																																							



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Employer Services Provided.	Number of employers registering vacancies on ESSA.	60% of companies on the department's database and government departments register vacancies by end of March 2011.	<p>Achieved</p> <p>1 907 - companies registered opportunities</p> <p>Opportunities filled 12 708</p> <table border="1"> <thead> <tr> <th>Province</th> <th>No of companies registering Opportunities</th> </tr> </thead> <tbody> <tr><td>EC</td><td>106</td></tr> <tr><td>FS</td><td>163</td></tr> <tr><td>GP</td><td>534</td></tr> <tr><td>KZN</td><td>207</td></tr> <tr><td>LIMP</td><td>154</td></tr> <tr><td>MP</td><td>131</td></tr> <tr><td>NC</td><td>266</td></tr> <tr><td>NW</td><td>89</td></tr> <tr><td>WC</td><td>257</td></tr> <tr><td>Total</td><td>1 907</td></tr> </tbody> </table> <p>The number of employers registering vacancies on the system set at 60% did not have a baseline as it was realised during the financial year that the UIF database had a large number of single worker employers such as those in the domestic and taxi industries. Also, the UIF database currently does not have Government Departments as employers.</p> <p>VS: ESSA system at HQ and manual forms at POs</p>		Province	No of companies registering Opportunities	EC	106	FS	163	GP	534	KZN	207	LIMP	154	MP	131	NC	266	NW	89	WC	257	Total	1 907	<p>Inadequate human and IT resources.</p> <p>No baseline for relevant companies database.</p>
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	Number of Private Placement Agencies (PEA) registered and licensed.	40% of existing Private Placement Agencies registered and licensed.	<p>Achieved</p> <p>65% (675 PEA's registered / 1 031 Number of PEA's on APSO database. (455 PEA's deregistered)</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Province No PEA registered</th> </tr> </thead> <tbody> <tr><td>EC</td><td>48</td></tr> <tr><td>FS</td><td>18</td></tr> <tr><td>GP</td><td>346</td></tr> <tr><td>KZN</td><td>93</td></tr> <tr><td>LIMP</td><td>14</td></tr> <tr><td>MP</td><td>54</td></tr> <tr><td>NC</td><td>4</td></tr> <tr><td>NW</td><td>3</td></tr> <tr><td>WC</td><td>95</td></tr> <tr><td>Total</td><td>675</td></tr> </tbody> </table> <p>VS: Applications for registration at PO VS: Number of PEA's operating to be sourced from APSO.</p>		Province	Province No PEA registered	EC	48	FS	18	GP	346	KZN	93	LIMP	14	MP	54	NC	4	NW	3	WC	95	Total	675	<p>Licensing not yet legislated. Some PEAs have cancelled registration.</p> <ul style="list-style-type: none"> Some companies licences expired during this period and were not renewed.
Province	Province No PEA registered																										
EC	48																										
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	Number of recommendations for migrant corporate and work-permits provided.	Within 15 working days.	<p>Achieved</p> <p>178 Applications were received (corporate and general); 115 approved and 63 disapproved.</p> <p>59 Corporate permits received and 52 approved and 7 disapproved.</p> <p>Corporate Permits</p> <table border="1"> <thead> <tr> <th>Prov</th> <th>Applications Received</th> <th>Positive recommendation</th> <th>Negative recommendation</th> </tr> </thead> <tbody> <tr><td>EC</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>FS</td><td>1</td><td>1</td><td>0</td></tr> <tr><td>GP</td><td>27</td><td>25</td><td>2</td></tr> <tr><td>KZN</td><td>9</td><td>8</td><td>1</td></tr> <tr><td>LIMP</td><td>12</td><td>9</td><td>3</td></tr> <tr><td>MP</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>NC</td><td>4</td><td>3</td><td>1</td></tr> <tr><td>NW</td><td>2</td><td>2</td><td>0</td></tr> <tr><td>WC</td><td>4</td><td>4</td><td>0</td></tr> <tr><td>Total</td><td>59</td><td>52</td><td>7</td></tr> </tbody> </table> <p>119 General work permits received: 63 approved and 56 disapproved</p> <p>General work permits</p> <table border="1"> <thead> <tr> <th>Prov</th> <th>Applications Received</th> <th>Positive recommendation</th> <th>Negative recommendation</th> </tr> </thead> <tbody> <tr><td>EC</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>FS</td><td>6</td><td>3</td><td>3</td></tr> <tr><td>GP</td><td>34</td><td>22</td><td>12</td></tr> <tr><td>KZN</td><td>6</td><td>4</td><td>2</td></tr> <tr><td>LIMP</td><td>71</td><td>33</td><td>38</td></tr> <tr><td>MP</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>NC</td><td>1</td><td>0</td><td>1</td></tr> <tr><td>NW</td><td>1</td><td>1</td><td>0</td></tr> <tr><td>WC</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Total</td><td>119</td><td>63</td><td>56</td></tr> </tbody> </table> <p>VS: Copies of applications in provinces. Register at both Provincial and Head Office.</p>		Prov	Applications Received	Positive recommendation	Negative recommendation	EC	0	0	0	FS	1	1	0	GP	27	25	2	KZN	9	8	1	LIMP	12	9	3	MP	0	0	0	NC	4	3	1	NW	2	2	0	WC	4	4	0	Total	59	52	7	Prov	Applications Received	Positive recommendation	Negative recommendation	EC	0	0	0	FS	6	3	3	GP	34	22	12	KZN	6	4	2	LIMP	71	33	38	MP	0	0	0	NC	1	0	1	NW	1	1	0	WC	0	0	0	Total	119	63	56	None
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	Number of companies and workers in distress sectors provided with assistance.	Application processed within 5 working days from application.	<p>Achieved</p> <p>Notifications for retrenchments were forwarded to the CCMA. 19 companies were assisted through the Department/DHET training lay-off scheme.</p> <p>Training Lay off scheme</p> <table border="1"> <thead> <tr> <th>Prov</th> <th>Applicant companies</th> <th>Workers</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>6</td> <td>459</td> <td>3 001 041.78</td> </tr> <tr> <td>FS</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>GP</td> <td>5</td> <td>2 661</td> <td>22 202 784.69</td> </tr> <tr> <td>KZN</td> <td>2</td> <td>1 133</td> <td>2 989 392.21</td> </tr> <tr> <td>LIMP</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>MP</td> <td>1</td> <td>65</td> <td>104 010.05</td> </tr> <tr> <td>NC</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>NW</td> <td>2</td> <td>767</td> <td>6 066 068.81</td> </tr> <tr> <td>WC</td> <td>3</td> <td>1 098</td> <td>5 858 850.82</td> </tr> <tr> <td>Total</td> <td>19</td> <td>6 183</td> <td>40 222 148.36</td> </tr> </tbody> </table> <p>VS : Minutes of Training Layoff Schemes meetings (HO) VS: Monitoring reports at provinces</p>	Prov	Applicant companies	Workers	Amount	EC	6	459	3 001 041.78	FS	0	0	0	GP	5	2 661	22 202 784.69	KZN	2	1 133	2 989 392.21	LIMP	0	0	0	MP	1	65	104 010.05	NC	0	0	0	NW	2	767	6 066 068.81	WC	3	1 098	5 858 850.82	Total	19	6 183	40 222 148.36	<p>New governing rules for TLS not yet approved by the Minister of DHET.</p> <p>Companies withdrawing from the Training Lay-offs Schemes .</p>
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	Infrastructure rolled-out to enhance capacity for efficient and effective provision of employer services.	60% by end of March 2011.	<p>Not achieved</p> <p>60% has been delivered, an additional 10% towards software enhancement has been delivered.</p>	Service providers still develop on-line services.																																												
Number of people with disabilities placed in employment by national councils of people with disabilities.		70%(amended to 30%) of all subsidised people with disabilities placed in employment.	<p>Achieved</p> <p>Total subsidy for the 2010/11 financial year: R681 000. Total transferred during Q4: (Q1-Q4) 481 870 Total number of people registered: 1 746 Total number of people placed: 961 Percentage of people placed: 55%</p> <p>VS: Reports and claims from National councils.</p>	None																																												
Special employment opportunities provided to eligible people with disabilities from all racial groups.	Approved policy and legal framework for Service Products factories.	SEF Legal status and business case finalised.	<p>Partially Achieved</p> <p>Proposed legal framework is included in Employment Services Bill approved by Cabinet.</p>	Bill must still go through NEDLAC and Parliament.																																												
	Increased Government procurement and other markets for goods from Service Products leading to intake of people with disabilities into SEF.	30% increase in sales leading to 500 more people with disabilities employed in SEF subject to government departments placing 30% of their orders from SEF.	<p>Partially Achieved</p> <p>15% increase in sales from government and other markets. No additional people with disabilities employed.</p>	Economic recession and insufficient funding to employ additional people.																																												



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KEY OUTPUTS	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Number of youth/ people with disabilities/ ex-combatants and Compensation Fund beneficiaries assisted with skills for employment in the SEF and integrated into the economy.	50 learners recruited to participate in SEF Centre of Excellence and a pilot project. On completion some learners will be trained further as mentors; placed in SEF or mainstream economy.	Not Achieved. A proposal has been forwarded to W&R SETA for consideration.	Insufficient funding.
	All SEF factories successfully managed to be viable and sustainable enterprises.	70% of all products and services accounted for.	<ul style="list-style-type: none"> All 12 factories have newly appointed Managers An Acting CFO has been appointed and a process of appointing a CFO has been initiated Improvement in inventory sales has been recorded in all factories. 	Inadequate management structure and work flow process.
	Number of people in Sheltered Employment Factories trained and placed in mainstream economy.	At least 50 former employees with disabilities trained and placed.	Not yet achieved	Economic recession and insufficient funding to employ additional people.
Products and services of assisted companies world class and competitive.	Number of companies assisted through workplace challenge programme to become world class competitive.	120 companies.	<p>Achieved</p> <p>230 companies involved in Workplace Challenge.</p> <p>On-going facilitation and nurturing to develop the change management skills.</p> <p>VS: Productivity SA Q1Report .</p> <p>Partially Achieved</p> <p>105 future forums established</p> <p>VS: Productivity SA Report .</p>	Funds were received during the 2 nd quarter and this delayed Implementation process.
Productivity and competitiveness awareness is high and embraced in South Africa (SA).	Number of comments recorded acknowledging Productivity SA as a leader in productivity and competitiveness in the country.	1 Print and electronic campaign and 80 media articles published.	<p>Achieved</p> <p>170 media articles published</p> <p>VS: Productivity SA publications.</p> <p>Partially Achieved</p> <p>9 Newsletters produced</p> <p>Productivity month launch conducted, national productivity awards conducted.</p>	Distribution of newsletters was dependent on the finalization of the revamped website which was launched early in the 4 th quarter.
Capacitated SMMEs contribute to sustainable employment creation.	Number of SMME managers assisted to manage matters related to intellectual property.	3 000	<p>Not Achieved</p> <p>2 707 SMME managers trained</p>	SMME confirm attendance but drop out from programmes and this affected the attendance rate



PROGRAMME: (PES)				
KEY OUTPUTS	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Jobs saved in distress companies.	Number of jobs saved through social plan interventions.	20 000	Not Achieved 13 533 jobs saved	Funds were received during the 2 nd quarter and this delayed the Implementation process.
Productivity research reports for selected sectors produced.	Conduct study on the contribution of municipal land on the economy.	Year 1 – 5	Not Achieved Research in progress VS: Productivity SA Q1 Report.	Delay in completing the research report was due to the unavailability of service providers to assist in the survey.
	Report of a national audit of municipal land (3 provinces per financial year), productivity, as well as job creation potential produced.	Year 1 - 5	Not Achieved Research in progress	Delay in completing the research report was due to the unavailability of service providers to assist in the survey.
	Updated report on the impact of municipal programmes on SMMEs in relation to productivity and jobs produced.	Year 2 -5	Not Achieved Research in progress VS: Productivity SA Q1 Report.	Delay in completing the research report was due to the unavailability of service providers to assist in the survey.
	Number of provincial seminars conducted on research reports. Compile and annual Productivity Statistics Report.	9 seminars conducted annually.	Achieved 4 seminars conducted VS: Productivity SA Q1 Report. Achieved Report published VS: Productivity SA Q2 Report.	Reliant on the approval of the government departments who committed to the seminars.
	A study on competitiveness indicators for South Africa completed.	1 report published annually.	Achieved Final report published	None
	A study on public sector productivity and performance and service delivery conducted.	1 report published annually.	Achieved Report submitted to the Minister of DPSA The task team has been established to oversee the development of a revised proposal will deal with the design of productivity framework to be extended to other government departments. VS: Productivity SA Q3 Report.	None



PROGRAMME: (PES)																																																												
KEY OUTPUTS	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET			REASON FOR VARIANCE																																																							
		TARGET	ACTUAL																																																									
Provision for UIF National Treasury Allocation.	Transfers to UIF should the Fund require a bailout.	Nil	No transfer request received during Q3.		None																																																							
As a result of improved awareness, payments affected for public servants who contracted injuries on duty or occupational diseases, will increase.	Number of public servants or their medical expenses approved by Compensation Fund to be paid from the Fund.	80% of all claims approved by the Compensation Commissioner paid within 5 working days.	Achieved An amount of R8 915m was transferred to fund the compensation fund claims. (Budget allocation was R8 949m). 99% spent .		None																																																							
PES staff capacitated to perform their functions effectively	External ratings of staff by members of the public	70% of staff attended training that is in line with their Personal Development Plan and their work performance improves annually	Achieved <table border="1"> <thead> <tr> <th>Prov</th> <th>No. trained</th> <th>Training intervention</th> <th>Designated group</th> <th>Amount Spent</th> </tr> </thead> <tbody> <tr> <td>FS</td> <td>214</td> <td>ESSA, Career guidance processes, Presentation skills, Change management</td> <td>ESP CC CSOs PES Staff</td> <td>R73 060</td> </tr> <tr> <td>MP</td> <td>6</td> <td>SA Psychology, Speex Training</td> <td></td> <td>R47 900</td> </tr> <tr> <td>EC</td> <td>4</td> <td>Psychology Congress South Africa workshop</td> <td>Career counsellors</td> <td>R57 800</td> </tr> <tr> <td></td> <td>33</td> <td>PES Marketing skill</td> <td>ESP</td> <td></td> </tr> <tr> <td>WC</td> <td>117</td> <td>ETOP/ESSA version 2.0 Refresher training, Speex and orientation</td> <td>PES: Admin PO & ASMs, CC & ESPs</td> <td>R226 621</td> </tr> <tr> <td>KZN</td> <td>118</td> <td>ESSA, SpeeX, Bus Training, M&E, SCM& Report writing</td> <td></td> <td>R81 884</td> </tr> <tr> <td>LIMP</td> <td>36</td> <td>ESSA registration, CPD, Executive Management Programme, HRM & M&E</td> <td>PES Admin, CC, ESP, SD,</td> <td>R76 464</td> </tr> <tr> <td>GP</td> <td>288</td> <td>ETOP Training & APSO related recruitment & selection, Job Shadowing, Career construction, PFMA, Stress Man, Comm, Report writing, MDP</td> <td>ESPs, CCs, ASMs, CSOs, Supervisors</td> <td>R198 020</td> </tr> <tr> <td>HQ</td> <td>5</td> <td>Asset management Budgeting</td> <td>Admin officers</td> <td>R11 086</td> </tr> <tr> <td>Total</td> <td>821</td> <td></td> <td></td> <td>R772 835</td> </tr> </tbody> </table>		Prov	No. trained	Training intervention	Designated group	Amount Spent	FS	214	ESSA, Career guidance processes, Presentation skills, Change management	ESP CC CSOs PES Staff	R73 060	MP	6	SA Psychology, Speex Training		R47 900	EC	4	Psychology Congress South Africa workshop	Career counsellors	R57 800		33	PES Marketing skill	ESP		WC	117	ETOP/ESSA version 2.0 Refresher training, Speex and orientation	PES: Admin PO & ASMs, CC & ESPs	R226 621	KZN	118	ESSA, SpeeX, Bus Training, M&E, SCM& Report writing		R81 884	LIMP	36	ESSA registration, CPD, Executive Management Programme, HRM & M&E	PES Admin, CC, ESP, SD,	R76 464	GP	288	ETOP Training & APSO related recruitment & selection, Job Shadowing, Career construction, PFMA, Stress Man, Comm, Report writing, MDP	ESPs, CCs, ASMs, CSOs, Supervisors	R198 020	HQ	5	Asset management Budgeting	Admin officers	R11 086	Total	821			R772 835	Training started late due to other programme priorities
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Reasons for major variances:

- Due to lack of requisite resources verification plans were hindered
- Some crucial posts in the PES structure/establishment could not be filled due to financial constraints
- Inadequate Human and IT resources
- Licensing of Private Employment Agencies not yet legislated
- Some companies' licences expired and not renewed
- SEF still competes for Government purchases / contracts, like all other suppliers. ES Bill still in process
- Insufficient funding of skills development initiatives
- Mainstreaming of people with disabilities require collaboration with open labour and placement agencies
- Due to transfer of Skills Development Funding to DHET Social Plan funding was affected, as another source of funding had to be found. This caused delays in implementation of the programme
- Some SMMEs confirmed that they would attend training programmes but later dropped out from the programmes affecting attendance rate
- Conducting seminars depended on the approval of government departments who committed to the plans

KEY CHALLENGES	RECOMMENDATIONS
Inadequate human and IT resources	Appointment of contract workers initiated Provincial strategy developed to deal with the backlog
Licensing of Private Employment Agencies not yet legislated	Legislation to be promulgated, the NEDLAC process on ES Bill should fast tracked
Some companies' licences expired and not renewed	
SEF still competes for Government purchases / contracts, like all other suppliers. ES Bill still in process	
Funding of skills development initiatives insufficient	
Mainstreaming of people with disabilities require collaboration with open labour and placement agencies	Review and improvement of the current SEF marketing strategy
Due to transfer of Skills Development Funding to DHET Social Plan funding was affected, as another source of funding had to be found. This caused delays in implementation of the programme	Follow up to be made on the new governing measures for training lay-off scheme
Some SMMEs confirmed that they would attend training programmes but later dropped out from the programmes affecting attendance rate	Collaboration between SEF and W&R SETA on skills development, to programmes of people with disabilities
Conducting seminars by Productivity SA depended on the approval of government departments who committed to the plans	



PROGRAMME 4

LABOUR POLICY AND LABOUR MARKET PROGRAMMES

PURPOSE

Provide for 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 OVERVIEW

1. **Management and Support Services: Labour Policy and Labour Market Programmes** manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. Funding is mainly used for salaries and other personnel related costs
2. **Strengthen Civil Society** aims to strengthen the capacity of workers and employers to contribute to a stable and smoothly functioning labour market by providing resources, support and expertise to improve the independence and self-reliance of workers and employers through transfers to the Development Institute for Training, Support and Education for Labour, the Workers' College KwaZulu-Natal, the South African Labour Bulletin, the Southern Cape Land Committee Trust, selected rural advice offices, the Congress of South African Trade Unions and the South African Confederation of Trade Unions
3. **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 activities
4. **Employment Equity and Standards** promotes equity in the labour market through improving enforcement of the Employment Equity Act (1998), and protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). Funds are mainly used for reviewing JSE Securities Exchange listed companies for employment equity substantive compliance, publishing employment equity compliance information, and marketing the employment equity online reporting facility. Funds are also used to extend sectoral determinations to increase the protection of vulnerable workers and promote the protection of children
5. **Commission for Conciliation, Mediation and Arbitration** transfers funds to the Commission for Conciliation, Mediation and Arbitration, which promotes social justice and fairness in the workplace through dispute management and dispute resolution services
6. **Research, Policy and Planning** researches and monitors working conditions and policies affecting the labour market in South Africa. Funds are mainly used for research, monitoring and evaluation activities, and publishing research findings
7. **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 legislation. Funding is mainly used for salaries, and other personnel related costs
8. **International Labour Matters** facilitates compliance with international obligations, multi- and bilateral relations and makes transfers to these bodies for membership fees
9. **National Economic Development** and Labour Council transfers funds to the National Economic Development and Labour Council, which promotes economic growth, participation in economic decision making and social equity.



SERVICE DELIVERY INDICATORS AND OBJECTIVES

In 2010/2011 financial year, the Department continued to strengthen the implementation; monitoring and enforcement mechanisms by conducting **follow-ups through analysis of Income Differentials of 61 Johannesburg Securities Exchange (JSE) listed Companies**. As a result of this process, income disparities based on race and gender in the remuneration packages of workers were identified. In cases where there were no reasonable justification for salary differences, companies were compelled to include in their Employment Equity Plans (EE Plans), affirmative action measures with clear time-frames on how to address these disparities.

It is critical to also highlight that through this exercise, employers managed for the first time to conduct in-depth analysis of their remuneration packages, which enabled them to identify race and gender discrimination elements in salaries and at the same time, identify strategies (i.e. AA measures) to be implemented to start addressing these imbalances in employment practices.

In order to continue promoting equity in the labour market, **17 EE awareness campaigns were successfully conducted in all provinces throughout the country**. The objective of these campaigns was to ensure that stakeholders are kept abreast on the latest developments in the Employment Equity (EE) environment, i.e. how to conduct proper workplace audits and analysis, develop EE Plans with clear numerical goals and targets and how to report accurately, including promoting Online reporting. In support of these campaigns, user-friendly implementation guidelines were developed and distributed to stakeholders, for example, guidelines on EE Online reporting; Framework for development of EE Plans; etc. In addition, EE workshops were specifically conducted for Organized Labour in all provinces to educate them on their roles and responsibilities in EE Consultative forums, including in monitoring EE compliance in the workplaces.

To further strengthen the EE monitoring mechanisms, the **Employment Equity IT System was enhanced** to improve the quality of the data submitted by employers through their EE reports, to provide for generation of management information reports and to make it more user friendly for clients completing the EE reporting forms online. As a result, the EE System was successfully put into production on the 1st September 2010 to enable employers to start reporting on the Department's EE Online Reporting Service and also to allow internal capturing of EE reports that were posted or submitted manually by employers.

In order to improve efficiencies in the EE reporting process, both **Head Office and provincial offices staff were identified and trained through the in-house 'Train the trainers' module of the EE System**. This new approach proved successful, as it enabled the provincial trainers to conduct training on the EE system and capacitate more officials in their own provinces. In addition to capturing of EE reports, the training provided also enabled provincial staff to assist employers who required technical assistance to complete and submit their EE reports online for the October 2010 reporting period.

The EE Online reporting facility was a great success with over 90% of all EE reports having been completed and submitted through the Department's EE Online Reporting service when compared to 80% in the previous reporting. It is important to highlight that the successful publicity campaigns conducted through radio and television prior to the reporting deadline, resulted in the Department receiving the highest number (i.e. 16 698) of accurately completed submissions from employers since the inception of the legislation in 1998.

As part of the EE monitoring legislative requirement, the **2010 EE Public Register** listing for the first time, 16 698 employers who submitted accurately, completed reports were developed and submitted to the Minister for approval and publication. It is planned that this Register will be released for public consumption during the first quarter of the 2011/2012 financial year.

Furthermore, during this period, the 5-year term of office of the 2nd Commission for Employment Equity (CEE) came to an end in June 2010 and the 3rd CEE took office in August 2010. This Commission focused its efforts in developing a strategic plan for the next 5-years and immediately commenced work on the Review of the Code of Good Practice on HIV & AIDS in the Workplace and its Technical Assistance Guidelines with the view of aligning them with the ILO Recommendation on HIV & AIDS in the Workplace adopted in June 2010. In addition,



Focus was placed on the development and finalisation of the **11th CEE Annual Report**, which is due to be published in the next financial year.

PROGRAMME: (LP & LMP)				
STRATEGIC OBJECTIVE	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Strategic Priority 1: Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods				
Strategic Objective 1: Contribute to employment creation				
Worker cooperatives strategy developed.	The implementation of worker cooperatives support strategy monitored and progress reported on.	Develop legislative framework and implement the strategy.	Partially Achieved A draft report was submitted to the unit for quality assurance. Comments and other relevant input were made into the Report for refinement. The final report is expected end of April 2011.	
	Worker cooperative legislative framework developed and implemented.			None
Strategic Priority 1: Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods				
Strategic Objective 2: Promote equity in the labour market				
Employment equity implementation and enforcement mechanisms strengthened.	Employment Equity Act and its Regulations amended.	EEA Amendment Bill published for public comment.	Achieved <ul style="list-style-type: none"> • Bill approved by Cabinet for Public comment in December 2010 • Amendment Bill has been tabled at Nedlac for discussion and negotiations underway • Public consultations were conducted nationally on the Amendment Bill during January and February 2011 • Due date for Public comments was 17 February 2011 and comments received have been collated into a report. VS: Copy of the Published Bill.	None
Code of Good Practice and Technical Assistance guidelines on HIV and AIDS reviewed and amended.		Review and amend the Code of Good Practice on Key Aspects of HIV and AIDS and Employment (HIV and AIDS Code).	Partially Achieved <ul style="list-style-type: none"> • A gap analysis document has been developed to identify gaps between SA HIV and AIDS Code and ILO Recommendation • Terms of reference have been developed for the review and amended process • ILO technical assistance in the review and amendment process has been sourced and a task team between ILO and DoL has been established • A project plan has been developed by the joint ILO/DoL task team. The final amended HIV Aids Code and TAGs will be published in the next financial year. VS: copies of the gap analysis document, letter of request for technical assistance to ILO, which outlines Terms and Reference and the project plan.	None



PROGRAMME: (LP & LMP)				
STRATEGIC OBJECTIVE	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Employment equity implementation and enforcement mechanisms strengthened.	Companies listed at the Johannesburg Securities Exchange (JSE) DG Reviewed for substantive compliance with the EEA.	Follow-ups conducted on 60 JSE listed companies reviewed.	Achieved VS: 61 copies of DG's final approval letters of AA measures to address income differentials.	None
Strategic Priority 1: Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods				
Protecting vulnerable workers				
	BCEA amended.	BCEA Amendment Bill published for public comment	Achieved <ul style="list-style-type: none"> The Bill submitted at Nedlac. The first task team meeting scheduled for the 20th of January 2011 Comments received captured in discussion document. VS: Copy of the discussion document.	None
	Wage differentials investigated.	Amend norms and benchmarks for proportionate income differentials.	Achieved Report interrogated and signed off by the Employment Conditions Commission VS: ECC signed off Report.	None
Sectoral determinations published for residual and emerging vulnerable workers.	Review existing sectoral determinations.	Farm Workers, Domestic Workers, Wholesale & Retail, Hospitality, Civil Eng, Learnerships, Private Security & Forestry.	Achieved The following sectoral determinations were reviewed: <ul style="list-style-type: none"> Civil Engineering Hospitality Learnerships Taxi Contract cleaning Domestic VS: Public hearing schedule, Government Gazette no. 33884 dated 20 December 2010 travel schedule, Domestic Worker notice published in Government Gazette no. 33479 dated 20 August 2010 Domestic worker Travel Schedule.	None
	Publish sectoral determinations	Unskilled worker	Investigation completed and report approved by the Minister.	None
	Amend the ministerial determination	Small Business Determination	In Progress Notice to commence the investigation to amend the Ministerial Determination for Small Business published. VS: R549 GG 34061 – 1 March 2011	None
		Expanded Public Works Programme	Achieved Ministerial Determination and code of good practice amended. VS: Government Gazette	
	Amend and publish occupational health and safety regulations.	Regulations on hazardous work for children published.	Achieved VS: Government Gazette	None



PROGRAMME: (LP & LMP)				
STRATEGIC OBJECTIVE	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Funding of civil society organisations that protect vulnerable workers.	Civil society strengthened.	8 Civil society organisations involved in the world of work funded.	Not Achieved Final tranches for the following organisations were transferred: DITSELA, COSATU, SACOTU, SA Labour Bulletin. Cradock Advice Office Qholaqhwe Advice Centre Workers College Natal	
Strategic Priority 9: Pursuing African advancement and enhanced international co-operation				
Strategic Objective 4: Strengthening multilateral and bilateral relations				
Participation in the ILO Governing Body and the ILC ensured.	Development and submission of briefing documents in time. Ensure compliance with the ILO's constitutional requirements in terms of Article 19 and 22 of the Constitution of the ILO.	Participation in the ILO Governing Body and the ILC ensured. International Labour Conference (ILC). development and submission of briefing documents in time. Ensure compliance with the ILO's constitutional requirements in terms of Article 19 and 22 of the Constitution of the ILO.	310 th Session of the ILO Governing Body Meeting. VS: Report of the ILO Governing Body Process commenced regarding the finalisation of Reports under Article 22 of the ILO Constitution. VS: Reminder letters regarding Article 22 Reports Payment of ILO subscription: Achieved VS: Letter to DIRCO regarding the processing of Payment.	None
Implementation of bilateral and multilateral relations.	Review the implementation of the MoUs with Zimbabwe, Namibia, Lesotho and Mozambique.	Implement, in consultation with our Zimbabwean counterparts the renewed MoU that was signed on 27 August 2009.	Not Achieved	Consultations with Home Affairs and DIRCO as MoU's need to be aligned with new immigration legislation.
		Mozambique starts a process to re-establish relations.	Not Achieved Since the notification to terminate agreement nothing further has been heard. VS: Letters to Respective Governments	Since the notification to terminate the agreement, nothing further has been heard from Mozambique.
		Lesotho – initiate discussions regarding the renewal of the MoU signed during 2006.	Partially Achieved Lesotho has undertaken to resend the letter addressed to the Acting Director-General to start re-negotiating the MoU on Labour and employment.	None
	Implementation of signed MoU with China, Cuba, Namibia.			None



PROGRAMME: (LP & LMP)				
STRATEGIC OBJECTIVE	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
	Participate and contribute in the programmes and activities of the African Union Labour and Social Affairs Commission and ARLAC.	AU LSAC, participate effectively on all labour matters.	<p>Achieved</p> <ul style="list-style-type: none"> Ministerial submission with briefing notes and positions prepared for participation in Yaoundé and Cameroon <p>VS: copies of the submissions</p> <ul style="list-style-type: none"> Attended and participated at the February 2011 ARLAC Governing Council meeting in Zambia <p>VS: report of the ARLAC Government Council meeting in Zambia.</p> <ul style="list-style-type: none"> Attended and participated at SADC ELS meeting in Namibia - March 2011 <p>VS: record of the SADC ELS</p>	None
	Finalise all arrangements pertaining to the hosting of the SADC Employment and Labour Sector (ELS): 30 March to 3 April 2009, Cape Town.	SADC – as Chairperson of the Employment and Labour Sector, hold the Secretariat accountable in terms of resolutions opted at the meeting held in Cape Town 2009. Ensure a smooth handover of the Chair to Mozambique.	<p>Achieved</p> <p>After successfully chairing the SADC ELS – the Department handed over chairmanship to Mozambique during the April 2010 SADC Labour Ministers meeting.</p>	None
Strategic Priority 1: Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods				
Strategic Objective : 6: Promoting sound labour relations				
Manage the implementation of the Labour Relations Act, 1995 through policies and practices that promote sound labour relations and tripartism.	Extend collective agreements and register new labour organisations within 90 days.	At least 20 collective agreements published within 60 days of receipt.	<p>Partially Achieved</p> <p>11 collective agreements were dealt with. 4 are in progress</p> <p>VS: Agreements register and Government Gazette Notice.</p>	<ul style="list-style-type: none"> 6 were renewal and extension of period of operation 15 were for extension of collective agreements to non-parties.
		Decision to register new labour organisations taken within 90 days of receipt of competent applications.	<p>Achieved</p> <p>38 new applications processed Total number of registered labour organisations:</p> <ul style="list-style-type: none"> 201 Trade Unions 164 Employer's Organisations 47 Bargaining Councils. <p>VS: Magic System and submissions.</p>	None



PROGRAMME: (LP & LMP)				
STRATEGIC OBJECTIVE	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
Strategic Priority 1: Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods				
Strategic Objective 8: Monitoring the impact of legislation				
Overall growth and development objectives complemented by labour market policies.	Quarterly Ministerial briefing reports produced on key labour market issues.	Four quarterly labour market trends reports based on UIF/ LFS/ ESSA submitted to Minister/DG.	Achieved Four Labour Market Briefing Reports developed, submitted to the Minister for approval and disseminated to the Department's management. The briefing reports show recent developments in the labour market based on data generated from the 4 labour force surveys and DoL's administrative data like job vacancies and work-seekers.	None
		Executive Dashboard Project completed and installed.	Achieved <ul style="list-style-type: none"> The Executive Dashboard was completed in April 2010 Uploading of data into the Executive Dashboard system done up to the 3rd quarter. 	The Dashboard continued to show old reports and Siemens investigated and found that some data sits in what they called "hard core" hence the Dashboard does not reflect recent information. Siemens has since resolved to re-develop the system for the 21 indicators that are problematic.
	Statistical information developed to monitor progress against Department's key strategic objectives.			The LMI system was maintained and updated quarterly and information accessed by officials.



PROGRAMME: (LP & LMP)				
STRATEGIC OBJECTIVE	MEASURE/ INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET		REASON FOR VARIANCE
		TARGET	ACTUAL	
The Department policies and programmes on stated goals and objectives will be researched and reported	The impact of The Department's Strategic Plan on stated goals and objectives researched and reported on	<p>Implementation of RME agenda 2 continues with the following projects</p> <ol style="list-style-type: none"> 1. Evaluation of the NSDS II. 2. UIF Client satisfaction survey. 3. UIF non-compliance in the taxi, domestic and catering sectors. 4. Assessment of the registration, recruitment and selection services in ESSA. 	<p>OHS Study: Partially Achieved</p> <ul style="list-style-type: none"> • A pilot study report was submitted. Comments were made on the report and forwarded back to the researchers. <p>ESSA Study: Achieved</p> <p>VS: 2nd draft report was submitted and upon circulation, comments would be made for consideration by the service provider. UIF Client Satisfaction Survey:</p> <p>Achieved</p> <p>VS: final report submitted and presentation made at the UIF.</p> <p>UIF Compliance study: Achieved</p> <p>Report submitted and presentation made to LMP and UIF.</p> <p>NSDS Study: Partially Achieved</p> <ul style="list-style-type: none"> • A draft learnership report was submitted. In contrast the apprenticeship part of the study is in data collection phase. • For NSS data was concluded for NSF sub-project in 5 provinces and analysis for NSF system data in progress. • For NSS data was secured from the DTI and DHET for the National Skills Survey 2011. The service provider cleaned the data and concurrently engaged in refinement of the data collection tool. <p>Government budget training project: the service provider is currently securing the required data, both secondary and primary.</p>	

REASONS FOR MAJOR VARIANCES:

4.1 Evaluation of the NSDS II

The initial stages of the study were disrupted by the move of skills development functions to Department of Higher Education and Training. Consequently, DHET staff could not collaborate with the DoL on this project. A number of requests were logged with the DHET to release data and allow staff to attend Technical and Steering Committee meetings. After months of requesting data and cooperation, DHET gave a go ahead to release data in January 2011. This decision had a serious impact on NSDS project timeframe. Most of the data needed to be augmented with additional data, which was mined manually. This applies also to SETAs databases.

4.2 Occupational Health and Safety study

This study experienced a major challenge regarding its scope that was not supported by the client, OHS. This is further exacerbated by difficulties accessing complete databases for sampling purposes. Consequently, the project timeframe was severely affected.

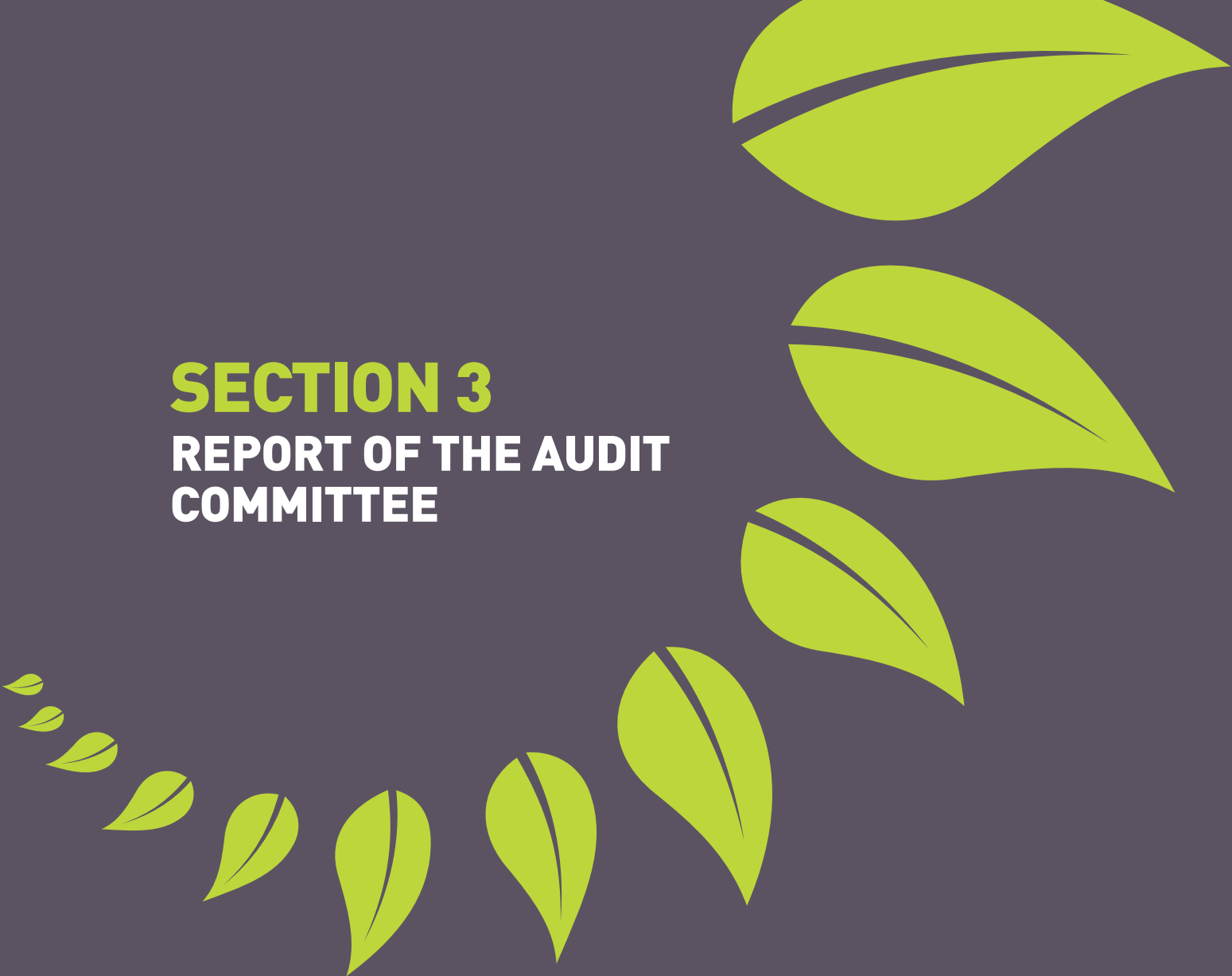
4.3 The Annual Labour Market Review titled

'**Employment relationship in the South African creative industry**' was developed and submitted for publication, however, due to the need to review the recommendations of the study, as requested by the Labour Relations Programme, publication of the labour market review was put on hold to clarify and effect the changes needed on the research report recommendations and ensure that those changes are aligned to the review.

4.4 Data

With respect to data, LMIS note that even where data are reliable, they are not always available in a timely fashion. With internal administrative data, LMIS is challenged by the non integration of the client data base.

SECTION 3
REPORT OF THE AUDIT
COMMITTEE



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71	Evaluation of Statements
71	Combined Assurance





REPORT OF THE AUDIT COMMITTEE

INTRODUCTION

The Department of Labour has a constituted Audit committee, comprising the following four independent non-executive directors:

Name	Rank	Number of Meetings Attended
Mrs M Mahlabe/Chokoe	Chairperson	4/5
Mr K Buthelezi	Member	5/5
Mr T Mageza	Member	1/5
Mr N Mlamla	Member	3/3
Ms G Spelman	Co-opted Member	1/1
During the year, Mr Mlamla passed away and this report is dedicated to him		

The Committee is pleased to present its report for the financial year ended 31 March 2011. 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).

Amongst others, the Committee's operations are guided by a formal detailed Terms of Reference (ToR) that is in line with the PFMA and the recommendations of King III. During the review period, the ToR has been updated and approved by the Audit Committee and the Accounting Officer. The Audit Committee has operated in terms of the ToR, and has dealt adequately with its membership, authority and responsibilities. In complying with the ToR, the committee was evaluated during the year and the results revealed that it was effective in its oversight responsibilities.

AUDIT COMMITTEE RESPONSIBILITY

EFFECTIVENESS OF INTERNAL CONTROL

Department of Labour

The system of internal control has improved for the period under review. There were several deficiencies that were identified in the previous years and the Audit Committee was appraised with reports by both the Internal Audit and Auditor General, including the risk committee. To note, areas identified for improvements have been acknowledged by management and the focus for the Audit Committee in the next financial year is to monitor these implementation plans. The Audit Committee further encourages the DoL to put much more efforts in the management of organisational performance information.

The Audit Committee further note that the Information Technology control environment risks with regard to the end of the Public Private Partnership contract has to be mitigated and a transfer plan including the contingency arrangement of the next information technology model should be developed.

Sheltered Employment Factories

The system of internal control was not entirely efficient and effective for the period under review. There are substantial challenges noted by both the Internal Audit and Auditor General during the year ranging from the following:

- Governance
- Financial management;
- Safety and security for factory workers;
- Human resources and capacity;
- Compliance to legislations;
- Funding and income generation capability;
- Management of organisational performance information and,
- Information technology



Management has acknowledged these challenges and it is hoped that these will be corrected in the 2011/12 financial year. The Audit Committee has tasked management to compile an "Action Plan" to ensure that these issues are not reported in forthcoming financial years, of which the Audit Committee will actively monitor the progress being made in this regard.

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

The Audit Committee was appraised with 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 Annual Financial Statements to be presented for auditing purposes
- Reviewed changes in accounting policy and practices
- Recommended that the Accounting Officer approve the Annual Financial Statements
- Reviewed the Audit Report and Management Report from Auditor General
- Reviewed the Department's compliance to legal and regulatory provisions

COMBINED ASSURANCE

Internal Audit

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. The lack of capacity on information technology audits is being addressed by the Department. There is a need to strengthen the operations of Internal Audit to assist in addressing the challenges faced by SEF as stated above.

Auditor General

The Audit Committee is satisfied with the relationship of Auditor General and the Department. The Audit Committee and Department appreciated the advice/s provided by the Auditor General during the meetings of the Audit Committee.

Risk Committee

During the period, the Risk Committee also played an important role to assist the Audit Committee in fulfilling its responsibilities. This relationship will continue to ensure that there is improved combined assurance level.

Appreciation

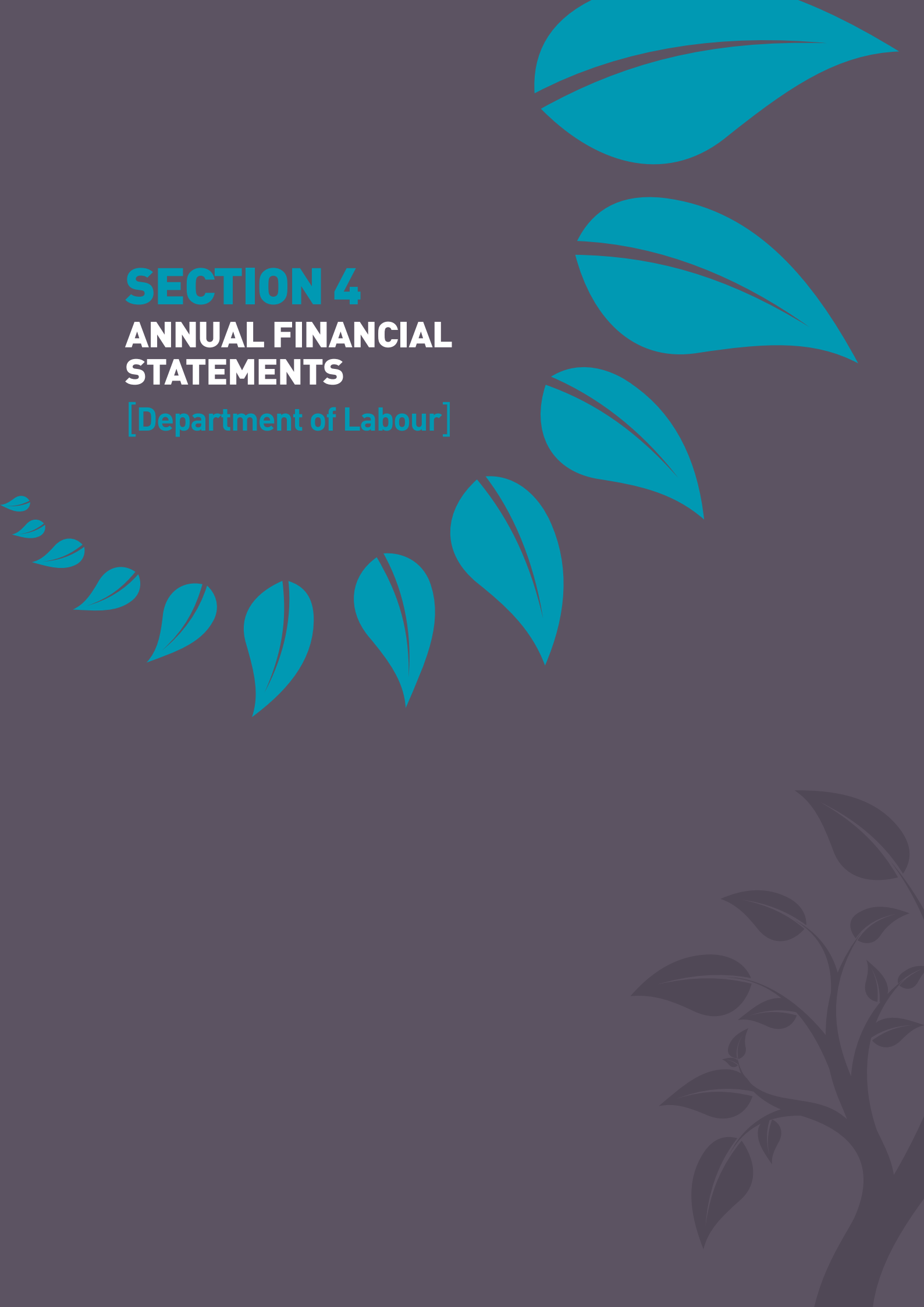
During the reporting year, commitment was evident in addressing issues and the Audit Committee would like to acknowledge these improvements. We are very confident that similar good work will continue in future and the Department's role in labour market will increasingly be of value to South Africa.

Sincere appreciation is accorded to the Executive Authority, Accounting Officer, Management and staff, all stakeholders and proud to be associated with the unqualified opinion to the Department in 2010/11 financial year.

Chairperson: Audit Committee

26 July 2011

SECTION 4
ANNUAL FINANCIAL
STATEMENTS
[Department of Labour]



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Department of Labour

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE NO. 17: DEPARTMENT OF LABOUR

REPORT ON FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the accompanying financial statements of the Department of Labour, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 78 to 140.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation of these financial statements in accordance with Departmental Financial Reporting Framework prescribed by the National Treasury, the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa and section 4 of the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) and section 40(2) of the PFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. 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.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of Department of Labour at 31 March 2011 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 PFMA.

ADDITIONAL MATTER

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



FINANCIAL REPORTING FRAMEWORK

8. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements have been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 78 to 89 and material non-compliance with laws and regulations applicable to the Department of Labour.

Predetermined objectives

USEFULNESS OF INFORMATION

10. The reported predetermined objectives were deficient in respect of the following criteria:
- Consistency: Objectives, indicators and targets are consistent between planning and reporting documents
 - Measurability: Indicators are well-defined and verifiable, and targets are specific, measurable and time-bound
11. The following audit findings relate to the above criteria:

Reported indicators and targets are not consistent when compared with the planned indicators and targets (Consistency)

- The reported indicators and targets for the selected programmes are not consistent with the approved strategic plan.

Planned and reported targets are not measurable/time-bound/well defined (Measurability)

For the selected programmes, 50% of the planned and reported targets and indicators were not:

- Measurable in identifying the required performance;
- Time-bound in specifying the time period or deadline for delivery;
- Well defined in that the indicators were not clear and easy to understand and use.

COMPLIANCE WITH LAWS AND REGULATIONS

12. Annual financial statements, performance and annual reports

- The financial statements submitted for audit did not comply with section 40(1)(a) and (b) of the PFMA. Material misstatements were identified during the audit, and were corrected by management.

13. Procurement and contract management

- The department did not comply in certain instances 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.
- 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 16A8.3 and Practice Note 7 of 2009/10.
- 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.

14. Human resource management and compensation

- 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.
- 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.

**15. Expenditure management**

- 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 PFMA and Treasury Regulation 9.1.1. The department incurred irregular expenditure due to procurement procedures that were not always adhered to.
- 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 requirements of section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.
- 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.

16. Asset management

- 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 Regulations 10.1. A significant number of minor assets were recorded in the asset register without locations and barcodes.

INTERNAL CONTROL

17. In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

18. The accounting officer did not effectively exercise oversight responsibility regarding compliance with laws and regulations and related internal controls relating to asset management, procurement processes, reporting on PPP agreements, reporting on predetermined objectives.
19. Management did not establish an IT governance framework that supports and enables the department to report efficiently on its activities, including reporting on predetermined objectives.

FINANCIAL AND PERFORMANCE MANAGEMENT

20. Management did not prepare adequate regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.

GOVERNANCE

21. Management did not implement adequate risk management activities to ensure that a business continuity plan for the IT environment is in place and monitored.

OTHER REPORTS**Investigations completed during the financial year**

22. An investigation was conducted by an independent consulting firm on request of the Department of Higher Education and Training (DHET). The investigation resulted in criminal proceedings being instituted against the respective employees by the DHET.

23. Subsequent to year end the Department received a forensic report resulting from a forensic investigation which was commissioned by the Department of Higher Education and Training. The investigation was initiated based on the allegation of irregularities by employees at Indlela a programme that was transferred to the Department of Higher Education and Training. The outcome of the forensic investigation concluded that irregular and fruitless and wasteful expenditure was incurred by the department in the previous years. At the date of this report, the amount of the irregular expenditure was not quantifiable as management was still in the process of assessing and evaluating the findings on the forensic report.

Auditor - General

Pretoria

31 July 2011



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2011

Report of 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 Key policy developments and legislative changes, significant events that have taken place during the year and major projects undertaken or completed during the year.

1.1.1 During the year under review, the Department continued to focus on its strategic programme to address the challenge of creating employment and fighting against poverty, inequality and discrimination in the workplace. In this respect, the Department aligned its priorities to effectively address these challenges.

1.1.2 In relation to the government's 12 outcomes, the Department of Labour focuses on Outcome 4: Decent employment through inclusive economic growth. In this respect, the Department contributes to the following outputs:

- Making growth more labour absorbing
- Reducing youth unemployment
- Raising the country's international competitiveness
- Reviewing support for small business
- Supporting the expanded public works programme.

1.1.3 In giving effect to the Presidential Proclamation on the National Macro Organisation of the State (NMOS), the Department of Labour, in conjunction with the Department of Higher Education and Training, finalized the administrative matters relating to the function shift instructed in the Proclamation. As from 1 April 2010, financial resources in respect of the Skills Development Functions were allocated to Vote of Higher Education and Training and the transfer of assets, both human and physical was completed during the year under review.

1.2 Spending trends

1.2.1 The original allocation for Vote 17: Labour, as included in the Estimates of National Expenditure – 2010, was reflected as R1.8 billion. This included a provision in respect of transfer payments to the value of R515.2 million.

During the 2010 Adjustment Budget process, the allocation for Vote 17: Labour increased by R51.9 million or 2.9%. This included an increase to transfer payments of R22.1 million.

The final allocation for Vote 17: Labour therefore reflected in the Adjusted Estimates of National Expenditure 2010 as R1.83 billion.

The adjustment was made up as follows

	R'000
Roll-over	R 4 434
Unforeseen and unavoidable:	
CCMA	R 28 200
Other:	
Compensation of Employees	R 19 300
Total	R 51 934



- 1.2.2** As per the Appropriation Statement for the Department of Labour, in respect of the 2010/11 financial year, the total expenditure defrayed against the Vote is recorded as R1.8 billion. This represents an expenditure level of 99.5%. An underutilisation of R9.5 million or 0.5% is reflected.

The underutilization is reflected under the following economic classifications:		R'000
Current Payments:		
Goods and Services		R 2 942
Transfers and Subsidies		R 421
Payments for Capital Assets		R 6 150
Total		R 9 513

- 1.2.3** Reasons for under spending:
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.

1.3 Virement applied

- 1.3.1** Virement was applied as follows:

Shifted From:	Shifted To:	R'000
2. Inspection and Enforcement Services	1. Administration	R15 906
3. Public Employment Services	1. Administration	R 5 010
4. Labour Policy and Labour Market Programmes	1. Administration	R 7 886
Total		R28 802
2. Inspection and Enforcement Services	3. Public Employment Services	R20 114
2. Inspection and Enforcement Services	4. Labour Policy and Labour Market Programmes	R 1 250
Total		R21 364

- 1.3.2** Reasons for applying Virement:

- 1.3.2.1** An amount of R1.25 million was shifted from Programme 2: Inspection and Enforcement Services (Compensation of Employees) to Programme 4: Labour Policy and Labour Market Programmes (Transfers and Subsidies) in order to increase the provision made for the payment of affiliation fees to the International Labour Organisation (ILO). This Virement was approved by the National Treasury on 30 November 2010, in line with Treasury Regulation 6.3.1.
- 1.3.2.2** An amount of R20.1 million was shifted from Programme 2: Inspection and Enforcement Services (Compensation of Employees) to Programme 3: Public Employment Services (Transfers and Subsidies) in order to increase the provision made in respect of the Sheltered Employment Factories (SEF), aimed at funding operational losses of the SEF. This Virement was approved by the National Treasury on 21 February 2011, in line with Treasury Regulation 6.3.1.
- 1.3.2.3** An amount of R15.9 million from Programme 2: Inspection and Enforcement Services, R5 010 million from Programme 3: Public Employment Services and R7.9 million from Programme 4: Labour Policy and Labour Market Programmes, was shifted to Programme 1: Administration during the final virement process to offset over expenditure under the Main Division of the Vote. This Virement was approved by the Accounting Officer in line with Section 43 of the Public Finance Management Act (PFMA – Act 1 of 1999).

1.4 Impact on programmes and service delivery.

No negative impact was reported.



1.5 Actions taken or planned, to avoid recurrence.

Expenditure relating to the procurement of office furniture and equipment will be closely monitored during the 2011/12 financial year.

1.6 Unauthorised, Fruitless and Wasteful / Irregular Expenditure.

1.6.1 In accordance with National Treasury Practice Note no. 4 of 2008, an amount of R2.7 million, relating to irregular expenditure for R12.9 million, has been condoned by the Accounting Officer during the year under review.

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 and
- 2.1.1.2** Public employment services

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

2.1.2.2 Programme 2: Inspection and Enforcement Services

Ensure implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections.

2.1.2.3 Programme 3: Public Employment Services

To provide Public Employment Services to assist 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 Labour Market Programmes

Provide for the establishment of an equitable and sound labour relations environment and 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 Stamp Duty Act (Act no. 77 of 1968) was abolished and therefore procedures for the payment of 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) were implemented.

2.3 Free Services

2.3.1 None.

2.4 Inventories

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



3 CAPACITY CONSTRAINTS

- 3.1 Filled posts decreased from 3 459 in 2007/08 to 3 092 in 2010/11, and are expected to grow to 3 655 in 2013/14. The decrease between 2007/08 and 2010/11 is attributed to the transfer of 372 posts from the Department of Labour to the Department of Higher Education and Training in 2010/11. The increase over the MTEF period is part of the departmental strategy to professionalise the labour inspectorate in order to improve the quality of service delivery and effectively meet client requirements.

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 the Published Annual Report. Comparative information for the 2009/10 and 2010/11 Financial years are as follows:

DISPUTE RESOLUTIONS	2009/10 Audited	2010/11 Audited
Number of jurisdiction referrals	118 842	119 942
Percentage of pre-conciliations heard	14% (16 283)	14% (16 983)
Percentage of pre-conciliations settled (of jurisdiction cases)	6% (7 256)	7% (7 922)
Percentage of con-arbs heard (of jurisdiction referrals)	40% (47 375)	42% (50 168)
Percentage of con-arbs finalised of jurisdiction referrals	32% (47 375)	35% (42 240)
Number of cases Settled (based on finalised cases).	65 004	70 596

- **New Developments**

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:

- Intensify the implementation of the Rehabilitation and Reintegration Policy Framework
- Enlist the help of tracing agents to contact injured employees and dependants and obtain outstanding information to finalise claims. This will reduce the number of outstanding claims in our operations
- Decentralised the medical claims functions to four provinces (Eastern Cape, Free State, KwaZulu-Natal and Limpopo)
- Conduct a study on all employees on pension and those who require prosthetic devices, in order to compile a database for the Fund
- Detailed information for the Compensation Fund's performance and financial status is available in the Published Annual Report. Comparative information for the 2009/10 and 2010/11 financial years are as follows:

Indicator	2009/10 Audited	2010/11 Audited
Entity Revenue	R2 625 956 000	R2 671 361 000
Social Contribution Received	R4 491 623 000	R4 865 989 000
Number Registered Compensation Claims	200 559	215 493
Percentage of registered Compensation claims finalised	60% 143 066	67% 144 081
Percentage of medical claims finalised within a three-month period.	70% (195 312)	64% 226 387
Percentage increase in the number of registered employers	5 %	5%

- **New Developments**

Conducted COIDA Educational Campaigns in the different provinces

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 the Published Annual Report. Comparative performance examples for the 2009/10 and 2010/11 financial years are as follows:

PERFORMANCE	2009/10	2010/11
Section 77*	01	03
Research reports*	10	08
Acts under review*	02	03



***Section 77** – Section 77 of the Labour Relations Act, gives workers the right to take part in protest action to promote or defend their socio-economic interests. Nedlac has the task of bringing the parties to a Section 77 notice together to attempt to resolve the reasons for the contemplated protest action.

2009/10: South African Commercial Caterers and Allied Workers Union (SACCAWU) on the acquisition of organisational rights. **2010/11:** COSATU, NACTU and FEDUSA on the new electricity tariff increases and the extensive deterioration of the quality of water. The Solidarity Union regarding the inability by SAPS to combat crime effectively and efficiently.

***Research Reports – 2009/10:** Research documents produced on the following; amongst others: Import Parity Pricing for the Chemical Sector, The Retail Sector Development Strategy, Regional Investment and Development, Labour Intensive Sectors, Water Infrastructure and the Essential Oils Study. **2010/2011:** Research documents produced on the following subjects; The Water Accord Business Plan, Regional Investment and the Appliance Energy Efficiency amongst others.

***Acts under review** – 2009/10: The Customs and Excise Act of 1964 came under review. 2010/2011 – The Labour Relations Act of 1995, The Basic Conditions of Employment Act of 1997 and the Employment Equity Act of 1998 are an example of the act that came under review during the year.

- **New Developments**

- Labour Market Policy Review on existing labour laws in process

5.5 Productivity South Africa (PSA)

Productivity South Africa is listed as a Public Entity in Schedule 3A of the Public Finance Management Act (Act No. 1 of 1999 as amended). It is established as a Section 21 Company (Incorporated association without gain), under the Companies Act, 1973, with 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 2009/10 and 2010/11 Financial years are as follows:

Indicators	2009/10 Audited	2010/11 Audited
Number of education, training and development service providers trained as productivity trainers per year	500	406
Number of ETD service providers and productivity trainers accredited / Licensing of external service providers	n/a	-
Number of emerging entrepreneurs trained in productivity improvement and competencies per year	2 500	2 707
Number of skills development facilitators trained in productivity per year	200	10
Number of managers and workers trained per year to enhance productivity competencies and mindsets in private and public enterprises	600	109
Number of future forums established per year at companies with turnaround solutions	120	108

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 the Published Annual Report. Comparative information for the 2009/10 and 2010/11 Financial years are as follows:



Indicators	2009/10 R'000 - Audited	2010/11 R'000 - Audited
Total contribution revenue collected	R 10 759 020	R 11 336 500
Benefits paid	R 5 709 988	R 5 382 397
Total number of beneficiaries	779 604	732 158
Total number of employers registered	1 287 119	1 350 651
Total number of employees registered	7 757 241	7 919 290
Investment revenue	R 3 454 857	R 3 555 312

• New Developments

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

5.7 Other Entities.

5.7.1 Sheltered Employment Factories (SEFs)

The Sheltered Employment Factories were 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 971 factory workers currently employed, 80% 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 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 physical 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.

Indicators	2009/10 R'000 - Audited	2010/11 R'000 - Audited
Total sales revenue	R 43 620 885	R 49 910 548
Cost of sales	R 27 761 702	R 35 645 461
Investment revenue	R 26 331	R 13 516
Number of schools supplied with equipment	87	78
Number of Hospitals supplied with linen.	71	68

6 ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

6.1 Organisations to whom transfer payments have been made for the year under review, are reflected 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. (Disclosed in note 28 of the AFS).

8 CORPORATE GOVERNANCE ARRANGEMENTS

8.1 Governance Structures and Responsibilities.

In an ongoing 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 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 these requirements.

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 risks 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 a comprehensive risk register and risk control matrixes that are used as monitoring tools.

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. The Fraud awareness campaigns were conducted with various sections and labour centres within the Department. In furtherance to the implementation of the fraud strategy, the Department has entrenched its reporting leg with the development of the whistle blowing policy.

8.5 Oversight Structures

8.5.1 Risk Committees

In the 2010/11 financial year, the Department established the National Risk Committee to strengthen its risk management processes. The committee convened four times during the year and has been fundamental in directing the Department to the right direction in its work.

The Departmental Provincial Risk Management Committees were established in the 2008/09 financial year and has been operating since. In future, the Department is looking at cohesion and synergy of all these committees, including the Head Office Operational Risk Committee.

8.5.2 Audit Committee

The Audit Committee of the Department is constituted of independent members and remained instrumental in providing independent advise to the entire department. The Internal Audit Unit has played a crucial role as an input advisor to the committee.



8.5.3 Directorate: Internal Audit

The Internal Audit planning processes are based on the risk profile of the Department, also considering audit committee and management requests.

The Internal Audit Activity presented its annual internal audit plan to the Audit Committee for approval and executed such. There were substantial improvement and progress made and in the 2011/12 financial year Internal Audit will pay attention to Information Technology related audits as this area need attention.

9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The Department has not identified any activities to be discontinued. However, in line with the recommendations of the ILO task team evaluating the structure of the Department, a name change was proposed and effected to Programme 4, as follows:

2010/11 - Programme 4: Labour Policy and Labour Market Programmes.

2011/12 – Programme 4: Labour Policy and Industrial Relations.

10. NEW/PROPOSED ACTIVITIES

No new activities have been proposed.

The Department's budget structure for the 2011/2012 financial year is reflected as follows:

Programme 1:	Administration (unchanged)
Programme 2:	Inspection and Enforcement Services (IES) (Unchanged)
Programme 3:	Public Employment Services (PES) (Unchanged)
Programme 4:	Labour Policy and Industrial Relations (Revised)

11. ASSET MANAGEMENT

11.1 Progress with regard to capturing assets in an asset register:

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

11.2 The IAMS system, from which the Department's asset register is drawn, complies with the minimum requirements, as indicated by National Treasury.

11.3 All assets are recorded in the asset register and a reconciliation of assets between the asset register 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. In addition, capacity constraints within the Department have hampered the full implementation of the Asset Management Reforms (AMR).

12. EVENTS AFTER THE REPORTING DATE

As reported in the Department of Labour's annual report for the 2009/10 financial year, the Department of Higher Education and Training (DHET) instituted an investigation into alleged internal control deficiencies and possible override of controls at Indlela, a sub-programme transferred to DHET after the Presidential Proclamation. The investigation has subsequently been concluded and the DHET has instituted disciplinary actions in this regard.

A copy of the report has been provided to the Department of Labour and is in the process of being reviewed.

13. PERFORMANCE INFORMATION

The Department's Chief Operations Officer (COO), was tasked with evaluating the performance management processes within the Department. In this respect, policies relating to the quarterly monitoring and evaluation processes were reemphasised and the need to ensure that source documentation/information substantiating such reported performance was inculcated into the Department. Quarterly Performance Reports were compiled and submitted in line with the applicable prescripts.



14. SCOPA resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
4 th SCOPA report	Capital assets The Committee recommends that the Accounting Officer ensures that:	a) The following has been implemented regarding appointment of Asset Management Unit Staff. The Asset Management Unit (AMU) was fully capacitated in September 2009. A dedicated AMU official was appointed at each Provincial Office. b) A process of reprioritisation of the establishment was conducted. c) Vacant positions filled to strengthen capacity. d) Management will implement SCOPA's recommendations. e) The Department has an appraisal system in place to evaluate staff performance against predetermined objectives.
	a) The Department employs professionally skilled personnel and that ongoing monitoring and supervision are undertaken to enable management to determine whether controls are present and functioning	
	b) Personnel with adequate skills are employed;	
	c) The head of human resources and senior management fills vacant posts urgently	
	d) Disciplinary action is taken against management and staff who fail to perform their duties as required	
e) Management implements a performance management system where staff performance is evaluated against specific key performance areas to enable management to take appropriate steps based on agreed deliverables.		
4 th SCOPA report	Governance Issues The Committee recommends that the Accounting Officer ensures that:	a) A schedule is maintained regarding the commencement and completion of internal audits and the issuing of the final internal audit report. Information is provided annually to the Audit Committee during the meetings held to enable the Audit Committee to assess the effectiveness of the Internal Audit (IA) function Follow up audits regarding issues previously raised by IA were included in the annual audit plan for the 2010/2011 financial year and reports thereof were subsequently provided to management. b) A process of reprioritisation of the establishment was conducted. c) 5 vacant positions filled during May and June 2010 to strengthen capacity in IA. d) Management will implement SCOPA's recommendations. e) The Department has an appraisal system in place to evaluate staff performance against predetermined objectives.
	a) The Department's Audit Committee takes corrective action with regard to internal control deficiencies;	
	b) Personnel with adequate skills are employed	
	c) The head of human resources and senior management fills vacant posts urgently	
	d) Disciplinary action is taken against management and staff who fail to perform their duties as required	
e) Management implements a performance management system where staff performance is evaluated against specific key performance areas to enable management to take appropriate steps based on agreed deliverables.		



Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
4 th SCOPA report	Non-compliance with Laws and Regulations	
	The Committee recommends that the Accounting Officer ensures that:	
	a) Control activities are identified and developed with consideration of their cost and their potential effectiveness in mitigating risks	a) The following actions have been undertaken by the Risk Management Unit. Strategic and operational risk assessments are conducted and reports are available. National Risk Management Committee established.
	b) Management establishes documents and implements a fraud prevention plan	b) Fraud Prevention Plan has been developed and approved.
	c) Management maintains an effective risk management policy which continuously evaluates and updates the financial management and internal control risks	c) Risk monitoring is conducted on a continuous basis.
	d) Reasonable steps are taken to recover debts before they are written off and further steps are taken to recover debts from the individuals responsible	d) The following steps have been implemented regarding debt: On identification of debt, letters are dispatched to the last known address of the debtor. If no response is received within 30 days debts are referred to Legal Services. Letters have been written to beneficiaries/ex-employees.
	e) Criminal charges are laid against individuals who have committed financial misconduct	e) The Department has opened four criminal cases with the SAPS against officials during the 2008/09 financial year. Two (2) of the cases are sub judice.
	f) Internal control deficiencies are identified and communicated in a timely manner to those responsible for taking corrective action	f) Action plan implemented to address audit findings.
	g) An effective and well capacitated internal audit division is established	g) Five (5) vacant positions filled during May and June 2010 to strengthen capacity in IA.
	h) Management implements regular assessments of supply chain performance to ensure that deficiencies are corrected	h) Management implemented regular assessments of supply chain performance to ensure that deficiencies are corrected.
	i) The entity addresses areas of responsibility and establishes lines of reporting in order to support effective internal control over financial reporting	i) The Department addressed areas of responsibility and established lines of reporting in order to support effective internal control over financial reporting.
	j) Effective policies and procedures in relation to financial reporting are established and communicated	j) Effective procedures relating to financial reporting are in place and were communicated to all users of financial systems.

15. Prior modifications to audit reports

Audit report and important matters in the management report for the 2008/09 financial year:

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Action Plan	Progress Status
ASSETS – Qualification		
IT Assets (Siemens PPP)		
PPP Intangible assets additions overstated	<ul style="list-style-type: none"> Verify additional work on existing systems for enhancements done. Capitalisation of time spent as per the correct rate card. Monthly reconciliations. 	Task completed
Inadequate PPP assets register	<ul style="list-style-type: none"> Investigate the possibility of including PPP IT assets on the integrated assets management system (IAMS) 	Task completed
	<ul style="list-style-type: none"> Compare DoL IT assets records with the Siemens database as at 1st April 2010. 	Task completed
	<ul style="list-style-type: none"> Clear exceptions between the DoL IT records and Siemens 	Task completed
	<ul style="list-style-type: none"> Physical count of all assets in each category of IT assets: fat clients thin clients, laptops, and printers. 	Task completed
	<ul style="list-style-type: none"> Identify all assets without values 	Task completed
	<ul style="list-style-type: none"> Revalue all assets without values that were acquired prior to the PPP contract 	Task completed
	<ul style="list-style-type: none"> Migrate IT assets that exist and are being used by the Department to IAMS 	Task completed
	<ul style="list-style-type: none"> Request monthly movement and the supporting documentation of the IT assets from the PPP partner to update IAMS 	Task completed

16. Exemptions and deviations received from the National Treasury

None

17. Other

None

18. Approval

The Annual Financial Statements for the 2010/11 financial year have been approved by the Accounting Officer



Mr. Nkosinathi Nhleko | Director-General: Labour

30 May 2011



APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

Appropriation per programme									
APPROPRIATION STATEMENT	2010/11							2009/10	
	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	647 086	-	(46 940)	600 146	600 142	4	100.0%	623 904	653 147
Transfers and subsidies	202	-	2 482	2 684	2 684	-	100.0%	2 472	2 472
Payment for capital assets	9 032	-	73 241	82 273	79 635	2 638	96.8%	47 876	16 613
Payment for financial assets	-	-	19	19	19	-	100.0%	517	517
2. INSPECTION AND ENFORCEMENT SERVICES									
Current payments	366 472	(21 364)	(16 520)	328 588	328 588	-	100.0%	289 598	289 598
Transfers and subsidies	163	-	266	429	429	-	100.0%	435	435
Payment for capital assets	7	-	349	356	356	-	100.0%	62	17
3. PUBLIC EMPLOYMENT SERVICES									
Current payments	178 820	-	(4 682)	174 138	174 138	-	100.0%	242 118	226 871
Transfers and subsidies	95 037	20 114	49	115 200	114 958	242	99.8%	393 504	390 385
Payment for capital assets	4 045	-	(375)	3 670	162	3 508	4.4%	9 802	8 743
4. LABOUR POLICY AND LABOUR MARKET PROGRAMMES									
Current payments	93 024	-	(7 915)	85 109	82 169	2 940	96.5%	79 805	75 208
Transfers and subsidies	441 897	1 250	-	443 147	442 967	180	100.0%	399 957	399 280
Payment for capital assets	38	-	26	64	63	1	98.4%	234	172
Subtotal	1 835 823	-	-	1 835 823	1 826 310	9 513	99.5%	2 090 284	2 063 458
Statutory Appropriation									
Transfers and subsidies	-	-	-	-	-	-	-	7 815 556	7 815 556
TOTAL	1 835 823	-	-	1 835 823	1 826 310	9 513	99.5%	9 905 840	9 879 014
Reconciliation with statement of financial performance									
ADD Departmental receipts				9 036				12 916	
Actual amounts per statement of financial performance (total revenue)				1 844 859				9 918 756	
Actual amounts per statement of financial performance (total expenditure)					1 826 310				9 879 014

Appropriation per economic classification									
2010/11								2009/10	
	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	744 808	(24 381)	(38 897)	681 530	681 530	-	100.0%	640 464	633 941
Goods and services	540 594	3 017	(37 230)	506 381	503 439	2 942	99.4%	594 961	610 883
Interest and rent on land	-	-	71	71	71	-	100.0%	517	517
Transfers and subsidies									
Provinces and municipalities	39	-	15	54	54	-	100.0%	1	1
Departmental agencies and accounts	457 990	-	-	457 990	457 948	42	100.0%	477 195	474 231
Foreign governments and international organisations	9 633	1 250	-	10 883	10 703	180	98.3%	9 295	8 618
Public corporations and private enterprises	-	-	-	-	-	-	-	227 825	227 825
Non-profit institutions	69 280	20 114	-	89 394	89 196	198	99.8%	78 472	78 317
Households	357	-	2 781	3 138	3 137	1	100.0%	3 580	3 580
Payments for capital assets									
Buildings and other fixed structures	3 771	-	-	3 771	3 117	654	82.7%	31 225	2 087
Machinery and equipment	9 351	-	73 231	82 582	77 086	5 496	93.3%	26 744	23 453
Software and other intangible assets	-	-	10	10	10	-	100.0%	5	5
Payment for financial assets									
	-	-	19	19	19	-	100.0%	-	-
Total	1 835 823	-	-	1 835 823	1 826 310	9 513	99.5%	2 090 284	2 063 458

Statutory Appropriation									
2010/11								2009/10	
Direct changes against the National Revenue Fund	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
Sector education and training authorities (SETA's)	-	-	-	-	-	-	-	6 252 445	6 252 445
National Skills Fund	-	-	-	-	-	-	-	1 563 111	1 563 111
Total	-	-	-	-	-	-	-	7 815 556	7 815 556



Detail per sub-programme	2010/11							2009/10	
	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	1 816	-	9	1 825	1 824	1	99.9%	1 753	1 753
Transfers and subsidies	-	-	904	904	904	-	100.0%	-	-
1.2 MANAGEMENT									
Current payments	397 742	(1 506)	(78 922)	317 314	317 311	3	100.0%	273 126	273 126
Transfers and subsidies	173	-	1 310	1 483	1 483	-	100.0%	645	645
Payment for capital assets	4 029	-	73 255	77 284	76 162	1 122	98.5	8 503	6 483
1.3 CORPORATE SERVICES									
Current payments	43 981	2 458	(6 795)	39 644	39 644	-	100.0%	170 017	170 017
Transfers and subsidies	-	-	274	274	274	-	100.0%	1 773	1 773
Payment for capital assets	525	-	-	525	191	334	36.4%	321	321
1.4 OFFICE OF THE CHIEF FINANCIAL OFFICER									
Current payments	69 512	(952)	(5 583)	62 977	62 977	-	100.0%	69 203	69 203
Transfers and subsidies	29	-	(6)	23	23	-	100.0%	54	54
Payment for capital assets	722	-	-	722	194	528	26.9%	39 052	9 809
Payment of financial assets	-	-	19	19	19	-	100.0%	517	517
1.5 OFFICE ACCOMMODATION									
Current payments	134 035	-	44 351	178 386	178 386	-	100.0%	109 805	139 048
Payment for capital assets	3 756	-	(14)	3 742	3 088	654	82.5%	-	-
Total	656 320	-	28 802	685 122	682 480	2 642	99.6%	674 769	672 749



PROGRAMME 1 Programme 1 per Economic classification	2010/11							2009/10	
	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	260 942	-	(21 477)	239 465	239 465	-	100.0%	211 311	211 311
Goods and services	386 144	-	(25 534)	360 610	360 610	-	100.0%	412 593	441 836
Interest and rent on land	-	-	71	71	71	-	100.0%	517	517
Transfers and subsidies									
Provinces and municipalities	39	-	15	54	54	-	100.0%	1	1
Public corporations and private enterprises	-	-	-	-	-	-	-	555	555
Households	163	-	2 467	2 630	2 630	-	100.0%	1 916	1 916
Payment for capital assets									
Buildings and other fixed structures	3 771	-	-	3 771	3 117	654	82.7%	29 363	225
Machinery and equipment	5 261	-	73 231	78 492	76 504	1 988	97.5%	18 508	16 383
Software & other intangible assets	-	-	10	10	10	-	100.0%	5	5
Payment for financial assets	-	-	19	19	19	-	100.0%	-	-
Total	656 320	-	28 802	685 122	682 480	2 642	99.6%	674 769	672 749



Detail per sub-programme	2010/11							2009/10	
	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	16 275	(38)	(7 866)	8 371	8 371	-	100.0%	10 617	10 617
Transfers and subsidies	-	-	2	2	2	-	100.0%	16	16
Payment for capital assets	-	-	82	82	82	-	100.0%	-	-
2.2 OCCUPATIONAL HEALTH AND SAFETY									
Current payments	14 278	(183)	1 575	15 670	15 670	-	100.0%	12 427	12 427
Transfers and subsidies	-	-	9	9	9	-	100.0%	-	-
Payment for capital assets	-	-	172	172	172	-	100.0%	40	-
2.3 REGISTRATION: INSPECTION AND ENFORCEMENT SERVICES									
Current payments	70 398	(63)	(9 094)	61 241	61 241	-	100.0%	66 240	66 240
Transfers and subsidies	-	-	87	87	87	-	100.0%	105	105
Payment for capital assets	-	-	-	-	-	-	-	4	4
2.4 COMPLIANCE, MONITORING AND ENFORCEMENT									
Current payments	261 699	(21 080)	(110)	240 509	240 509	-	100.0%	198 867	198 867
Transfers and subsidies	163	-	168	331	331	-	100.0%	314	314
Payment for capital assets	7	-	95	102	102	-	100.0%	18	13
2.5 TRAINING OF STAFF: INSPECTION AND ENFORCEMENT SERVICES									
Current payments	3 822	-	(1 025)	2 797	2 797	-	100.0%	1 447	1 447
Total	366 642	(21 364)	(15 905)	329 373	329 373	-	100.0%	290 095	290 050

PROGRAMME 2								2010/11		2009/10	
Programme 2 per Economic classification	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	285 040	(21 364)	(14 891)	248 785	248 785	-	100.0%	210 657	210 657		
Goods and services	81 432	-	(1 629)	79 803	79 803	-	100.0%	78 941	78 941		
Transfers and subsidies											
Public corporations and private enterprises	-	-	-	-	-	-	-	16	16		
Households	163	-	266	429	429	-	100.0%	419	419		
Payment for capital assets											
Machinery and equipment	7	-	349	356	356	-	100.0%	62	17		
Total	366 642	(21 364)	(15 905)	329 373	329 373	-	100.0%	290 095	290 050		

2010/11								2009/10	
Detail per sub-programme	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	15 789	-	3 305	19 094	19 094	-	100.0%	16 074	16 074
Transfers and subsidies	-	-	12	12	12	-	100.0%	-	-
Payment for capital assets	153	-	-	153	114	39	74.5%	-	-
3.2 EMPLOYER SERVICES									
Current payment	122 690	-	5 919	128 609	128 609	-	100.0%	202 488	187 241
Transfers and subsidies	26	-	6	32	31	1	96.9%	276 559	276 559
Payment for capital assets	1 485	-	(26)	1 459	48	1 411	3.3%	9 680	8 621
3.3 REGISTRATION AND PLACEMENT SERVICES: PUBLIC EMPLOYMENT									
Current payments	36 817	-	(13 925)	22 892	22 892	-	100.0%	18 011	18 011
Transfers and subsidies	5	-	30	35	35	-	100.0%	-	-
Payment for capital assets	2 407	-	(349)	2 058	-	2 058	-	122	122
3.4 DESIGNATED GROUPS SPECIAL SERVICES									
Transfers and subsidies	681	-	-	681	482	199	70.8%	643	488



Detail per sub-programme	2010/11							2009/10	
	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	2 162	-	446	2 608	2 608	-	100.0%	2 481	2 481
Transfers and subsidies	54 220	20 114	1	74 335	74 335	-	100.0%	77 849	77 849
3.6 PRODUCTIVITY SOUTH AFRICA									
Transfers and subsidies	31 155	-	-	31 155	31 155	-	100.0%	29 476	29 476
3.7 UNEMPLOYMENT INSURANCE FUND									
Transfers and subsidies	1	-	-	1	-	1	-	1	-
3.8 COMPENSATION FUND									
Transfers and subsidies	8 949	-	-	8 949	8 908	41	99.5%	8 976	6 013
3.9 TRAINING OF STAFF: PUBLIC EMPLOYMENT SERVICES									
Current payments	1 362	-	(427)	935	935	-	100.0%	3 064	3 064
Total	277 902	20 114	(5 008)	293 008	289 258	3 750	98.7%	645 424	625 999

Programme 3 per Economic classification	2010/11							2009/10	
	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	140 863	-	(2 160)	138 703	138 703	-	100.0%	170 521	163 998
Goods and services	37 957	-	(2 521)	35 436	35 435	1	100.0%	71 597	62 873
Transfers and subsidies									
Departmental agencies and accounts	40 105	-	-	40 105	40 063	42	99.9%	87 404	84 440
Public corporations & private enterprises	-	-	-	-	-	-	-	227 254	227 254
Non profit institution	54 901	20 114	-	75 015	74 817	198	99.7%	78 472	78 317
Households	31	-	48	79	78	1	98.7%	374	374
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	-	1 862	1 862
Machinery and equipment	4 045	-	(375)	3 670	162	3 508	4.4%	7 940	6 881
Total	277 902	20 114	(5 008)	293 008	289 258	3 750	98.7%	645 424	625 999

Detail per sub-programme	2010/11							2009/10	
	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 LMP									
Current payments	9 168	(566)	(172)	8 430	8 430	-	100.0%	8 429	8 429
Transfers and subsidies	-	-	-	-	-	-	-	60	60
Payment for capital assets	32	-	5	37	37	-	100.0%	30	14
4.2 STRENGTHEN CIVIL SOCIETY									
Transfers and subsidies	14 379	-	-	14 379	14 379	-	100.0%	13 795	13 795
4.3 COLLECTIVE BARGAINING									
Current payments	10 660	(568)	(346)	9 746	9 746	-	100.0%	9 525	9 525
4.4 EMPLOYMENT EQUITY AND STANDARDS									
Current payments	18 838	1 350	(4 040)	16 148	16 148	-	100.0%	17 788	17 788
Payment for capital assets	-	-	14	14	14	-	100.0%	89	89
4.5 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION									
Transfers and subsidies	402 017	-	-	402 017	402 017	-	100.0%	356 442	356 442
4.6 RESEARCH, POLICY AND PLANNING									
Current payments	18 060	-	(2 775)	15 285	12 345	2 940	80.8%	13 094	8 497
4.7 LABOUR MARKET INFORMATION AND STATISTICS									
Current payments	28 378	(1 162)	(825)	26 391	26 391	-	100.0%	22 240	22 240
Transfers and subsidies	-	-	-	-	-	-	-	64	64
Payment for capital assets	6	-	7	13	12	1	92.3%	69	69
4.8 INTERNATIONAL LABOUR MATTERS									
Current payments	7 420	946	269	8 635	8 635	-	100.0%	8 290	8 290
Transfers and subsidies	9 633	1 250	-	10 883	10 703	180	98.3%	10 042	9 365
Payment for capital assets	-	-	-	-	-	-	-	46	-
4.9 NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL									
Current payments	500	-	(26)	474	474	-	100.0%	439	439
Transfers and subsidies	15 868	-	-	15 868	15 868	-	100.0%	19 554	19 554
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	534 959	1 250	(7 889)	528 320	525 199	3 121	99.4%	479 996	474 660



PROGRAMME 4								2010/11		2009/10	
Programme 4 per Economic classification	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	57 963	(3 017)	(369)	54 577	54 577	-	100.0%	47 975	47 975		
Goods and services	35 061	3 017	(7 546)	30 532	27 591	2 941	90.4%	31 830	27 233		
Transfers and subsidies											
Departmental agencies and accounts	417 885	-	-	417 885	417 885	-	100.0%	389 791	389 791		
Foreign governments and international organisations	9 633	1 250	-	10 883	10 703	180	98.3%	9 295	8 618		
Non-profit institutions	14 379	-	-	14 379	14 379	-	100.0%	-	-		
Households	-	-	-	-	-	-	-	871	871		
Payment for capital assets											
Machinery and equipment	38	-	26	64	64	-	100.0%	234	172		
Total	534 959	1 250	(7 889)	528 320	525 199	3 121	99.4%	479 996	474 660		



NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

- 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-F) to the Annual Financial Statements.
- 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.
- 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.
- Explanations of material variances from Amounts Voted (after Virement):**

Programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Administration				
Current Payments	600 146	600 142	4	0.00%
Transfers & Subsidies	2 684	2 684	-	0.00%
Payment for Capital Assets	82 273	79 635	2 638	3.21%
Payment for Financial Assets	19	19	-	0.00%
Inspection and Enforcement Services				
Current Payments	328 588	328 588	-	0.00%
Transfers & Subsidies	429	429	-	0.00%
Payment for Capital Assets	356	356	-	0.00%
Public Employment Services				
Current Payments	174 138	174 138	-	0.00%
Transfers & Subsidies	115 200	114 958	242	0.21%
Payment for Capital Assets	3 670	162	3 508	95.59%
Labour Policy and Labour Market Programmes				
Current Payments	85 109	82 169	2 940	3.45%
Transfers & Subsidies	443 147	442 967	180	0.04%
Payment for Capital Assets	64	63	1	1.56%

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

4.2 Variances per Economic Classification

Economic Classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments:				
Compensation of employees	681 530	681 530	-	0.00%
Goods and services	506 381	503 439	2 942	0.58%
Interest and rent on land	71	71	-	0.00%
Transfers and subsidies:				
Provinces and municipalities	54	54	-	0.00%
Departmental agencies and accounts	457 990	457 948	42	0.01%
Foreign governments and international organisations	10 883	10 703	180	1.65%
Non-profit institutions	89 394	89 196	198	0.22%
Households	3 138	3 137	1	0.03%
Payments for capital assets:				
Buildings and other fixed structures	3 771	3 117	654	17.34%
Machinery and equipment	82 582	77 086	5 496	6.66%
Software and other intangible assets	10	10	-	0.00%
Payments for financial assets	19	19	-	0.00%



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2011

PERFORMANCE	Note	2010/11 R'000	2009/10 R'000
REVENUE			
Annual appropriation	1	1 835 823	2 090 284
Statutory appropriation	2	-	7 815 556
Departmental revenue	3	9 036	12 916
TOTAL REVENUE		1 844 859	9 918 756
EXPENDITURE			
Current expenditure			
Compensation of employees	4	681 530	633 941
Goods and services	5	503 439	610 883
Interest and rent on land	6	71	-
Total current expenditure		1 185 040	1 244 824
Transfers and subsidies			
Transfers and subsidies	8	561 038	8 608 128
Total transfers and subsidies		561 038	8 608 128
Expenditure for capital assets			
Tangible capital assets	9	80 203	25 540
Software and other intangible assets	9	10	5
Total expenditure for capital assets		80 213	25 545
Payments for financial assets	7	19	517
TOTAL EXPENDITURE		1 826 310	9 879 014
SURPLUS/(DEFICIT) FOR THE YEAR		18 549	39 742
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		9 513	26 826
Annual appropriation		9 513	26 826
Departmental revenue and NRF Receipts	14	9 036	12 916
SURPLUS/(DEFICIT) FOR THE YEAR		18 549	39 742



STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2011

POSITION	Note	2010/11 R'000	2009/10 R'000
ASSETS			
Current assets		71 169	43 530
Cash and cash equivalents	10	496	512
Prepayments and advances	11	11 518	5 458
Receivables	12	59 155	37 560
TOTAL ASSETS		71 169	43 530
LIABILITIES			
Current liabilities		53 590	30 704
Voted funds to be surrendered to the Revenue Fund	13	9 513	26 826
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	355	1 007
Bank overdraft	15	40 505	1 976
Payables	16	3 217	895
TOTAL LIABILITIES		53 590	30 704
NET ASSETS		17 579	12 826
Represented by:			
Recoverable revenue		17 579	12 826
TOTAL		17 579	12 826



STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2011

NET ASSETS	Note	2010/11 R'000	2009/10 R'000
Recoverable revenue			
Opening balance		12 826	10 987
Transfers:		4 753	1 839
Irrecoverable amounts written off	7.3	-	(10)
Debts revised		-	(35)
Debts recovered (included in departmental receipts)		(2 016)	(2 018)
Debts raised		6 769	3 902
TOTAL		17 579	12 826

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

CASH FLOW	Note	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 844 859	9 918 425
Annual appropriated funds received	1.1	1 835 823	2 090 284
Statutory appropriated funds received	2	-	7 815 556
Departmental revenue received	3	9 036	12 585
Net (increase)/decrease in working capital		(25 333)	12 527
Surrendered to Revenue Fund		(36 514)	(116 845)
Current payments		(1 185 040)	(1 244 824)
Payments for financial assets		(19)	(517)
Transfers and subsidies paid		(561 038)	(8 608 128)
Net cash flow available from operating activities	17	36 915	(39 362)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(80 213)	(25 545)
Proceeds from sale of capital assets	3.4	-	331
Net cash flows from investing activities		(80 213)	(25 214)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		4 753	1 839
Net cash flows from financing activities		4 753	1 839
Net increase/(decrease) in cash and cash equivalents		(38 545)	(62 737)
Cash and cash equivalents at beginning of period		(1 464)	61 273
Cash and cash equivalents at end of period	18	(40 009)	(1 464)



ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2011

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, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

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 the 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 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 Note 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 Fund 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

Aids 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 Conservation of Agricultural Resources Act (CARA) funds received must be 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 underspending 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 amounts.

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 of approval.

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 potentials 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 at 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.

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 an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability 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 Statements.

5.8 Impairment and other provisions

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.

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.

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 underlining 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 FOR THE YEAR ENDED 31 MARCH 2011

1. ANNUAL APPROPRIATION

1.1 Annual Appropriation

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

	Final Appropriation	Actual Funds Received	2010/11 Funds not requested/ not received	2009/10 Appropriation received
	R'000	R'000	R'000	R'000
Administration	685 122	656 320	28 802	384 009
Inspection & Enforcement Services	329 373	366 642	(37 269)	741 108
Public Employment Services	293 008	277 902	15 106	406 950
Labour Policy & Labour Market Programmes	528 320	534 959	(6 639)	549 240
Social Insurance	-	-	-	8 977
Total	1 835 823	1 835 823	-	2 090 284

2. STATUTORY APPROPRIATION

	2010/11 R'000	2009/10 R'000
Sector Education and Training Authorities (SETA)*	-	6 252 445
National Skills Fund*	-	1 563 111
Total	-	7 815 556
Actual Statutory Appropriation received	-	7 815 556

*Function transferred to DHET.

3. DEPARTMENTAL REVENUE

	Note	2010/11 R'000	2009/10 R'000
Tax revenue			
Sales of goods and services other than capital assets	3.1	*2 551	5 290
Fines, penalties and forfeits	3.2	601	537
Interest, dividends and rent on land	3.3	549	821
Sales of capital assets	3.4	-	331
Transactions in financial assets and liabilities	3.5	5 335	5 937
Departmental revenue collected		9 036	12 916

*As agreed with the Department of Higher Education and Training (DHET) the Department of Labour (DoL) will, for the foreseeable future, continue to assist clients with the processes relating to the booking of and payments for Trade Tests at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (Indlela). An amount of R832 000 in respect of Trade Tests Fees was collected and paid over to the Revenue Fund under the Item: Sales of goods and services other than capital assets.

3.1 Sales of goods and services other than capital assets

	Note	2010/11	2009/10
	3	R'000	R'000
Sales of goods and services produced by the Department		2 539	5 247
Sales by market establishment		215	577
Administrative fees		1 046	2 701
Other sales		1 278	1 969
Sales of scrap, waste and other used current goods		12	43
Total		2 551	5 290

3.2 Fines, penalties and forfeits

	Note	2010/11	2009/10
	3	R'000	R'000
Fines		601	537
Total		601	537

3.3 Interest, dividends and rent on land

	Note	2010/11	2009/10
	3	R'000	R'000
Interest		549	821
Total		549	821

3.4 Sale of capital assets

	Note	2010/11	2009/10
	3	R'000	R'000
Tangible assets			
Machinery and equipment	30	-	331
Total		-	331

3.5 Transactions in financial assets and liabilities

	Note	2010/11	2009/10
	3	R'000	R'000
Receivables		1 625	1 489
Stale cheques written back		6	27
Other Receipts including Recoverable Revenue		3 704	4 421
Total		5 335	5 937

4. COMPENSATION OF EMPLOYEES**4.1 Salaries and Wages**

	Note	2010/11	2009/10
		R'000	R'000
Basic salary		482 822	446 138
Performance awards		9 013	8 461
Service Based		1 118	579
Compensative/circumstantial		6 653	10 722
Other non-pensionable allowances		78 622	69 683
Total		578 228	535 583



4.2 Social contributions

	Note	2010/11 R'000	2009/10 R'000
Employer contributions			
Pension		62 665	62 216
Medical		40 471	36 048
Bargaining council		166	94
Total		103 302	98 358
Total compensation of employees		681 530	633 941
Average number of employees		3 130	3 834

5 GOODS AND SERVICES

	Note	2010/11 R'000	2009/10 R'000
Administrative fees		2 197	417
Advertising		10 901	25 233
Assets less than R5 000	5.1	4 482	6 669
Bursaries (employees)		3 193	2 638
Catering		3 089	5 156
Communication		47 127	46 950
Computer services	5.2	34 975	29 733
Consultants, contractors and agency/outsourced services	5.3	20 519	24 638
Entertainment		270	345
Audit cost – external	5.4	19 048	20 765
Fleet Services		87	-
Inventory	5.5	25 131	44 700
Operating leases		143 530	198 665
Owned and leasehold property expenditure	5.6	65 251	65 079
Transport provided as part of the departmental activities		-	38
Travel and subsistence	5.7	106 164	105 267
Venues and facilities		5 613	14 963
Training and staff development		6 507	10 974
Other operating expenditure	5.8	5 355	8 653
Total		503 439	610 883

5.1 Assets less than R5 000

	Note	2010/11 R'000	2009/10 R'000
	5		
Tangible assets			
Machinery and equipment		4 482	6 669
Total		4 482	6 669

5.2 Computer services

	Note	2010/11 R'000	2009/10 R'000
	5		
SITA computer services		28 972	17 691
External computer service providers		6 003	12 042
Total		34 975	29 733

5.3 Consultants, contractors and agency/outsourced services

	Note	2010/11 R'000	2009/10 R'000
	5		
Business and advisory services		11 534	5 932
Infrastructure and planning		-	1 554
Legal costs		3 488	4 271
Contractors		1 960	4 278
Agency and support/outsourced services		3 537	8 603
Total		20 519	24 638

5.4 Audit cost – External

	Note	2010/11 R'000	2009/10 R'000
	5		
Regularity audits		19 048	20 765
Total		19 048	20 765

5.5 Inventory

	Note	2010/11 R'000	2009/10 R'000
	5		
Learning and teaching support material		66	101
Food and food supplies		-	3 509
Fuel, oil and gas		517	641
Other consumable materials		3 523	3 617
Maintenance material		516	5 261
Stationery and printing		20 499	31 526
Medical supplies		10	45
Total		25 131	44 700

5.6 Property payments

	Note	2010/11 R'000	2009/10 R'000
	5		
Municipal services		28 892	20 156
Property management fees		1 443	1 007
Property maintenance and repairs		12 582	19 345
Other		22 334	24 571
Total		65 251	65 079

5.7 Travel and subsistence

	Note	2010/11 R'000	2009/10 R'000
	5		
Local		99 679	97 218
Foreign		6 485	8 049
Total		106 164	105 267

5.8 Other operating expenditure

	Note	2010/11 R'000	2009/10 R'000
	5		
Professional bodies, membership and subscription fees		21	339
Resettlement costs		2 474	4 909
Other		2 860	3 405
Total		5 355	8 653



6 INTEREST AND RENT ON LAND

	Note	2010/11 R'000	2009/10 R'000
Interest paid		71	-
Total		71	-

7 PAYMENTS FOR FINANCIAL ASSETS

	Note	2010/11 R'000	2009/10 R'000
Other material losses written off	7.1	19	178
Debts written off	7.2	-	339
Total		19	517

7.1 Other material losses written off

	Note	2010/11 R'000	2009/10 R'000
Nature of losses	7		
Irrecoverable expenditure		2	-
Salary overpayment		17	178
Total		19	178

7.2 Debts written off

	Note	2010/11 R'000	2009/10 R'000
Nature of debts written off	7		
Staff Debts		-	278
Other		-	61
Total		-	339

7.3 Receivables for departmental revenue written off

	Note	2010/11 R'000	2009/10 R'000
Nature of losses	24.1		
Breach of contract		-	10
Total		-	10

8 TRANSFERS AND SUBSIDIES

	Note	2010/11 R'000	2009/10 R'000
Provinces and municipalities	Annex 1A	54	1
Departmental agencies and accounts	Annex 1B	457 948	8 289 787
Foreign governments and international organisations	Annex 1D	10 703	8 618
Public corporations and private enterprises	Annex 1C	-	227 825
Non-profit institutions	Annex 1E	89 196	78 317
Households	Annex 1F	3 137	3 580
Total		561 038	8 608 128

9 EXPENDITURE FOR CAPITAL ASSETS

	Note	2010/11 R'000	2009/10 R'000
Tangible assets		80 203	25 540
Buildings and other fixed structures	32	3 117	2 087
Machinery and equipment	30	77 086	23 453
Software and other intangible assets		10	5
Computer software	31	10	5
Total		80 213	25 545

9.1 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	80 203	-	80 203
Buildings and other fixed structures	3 117	-	3 117
Machinery and equipment	77 086	-	77 086
Software and other intangible assets	10	-	10
Computer software	10	-	10
Total	80 213	-	80 213

9.2 Analysis of funds utilised to acquire capital assets – 2009/10

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	25 540	-	25 540
Buildings and other fixed structures	2 087	-	2 087
Machinery and equipment	23 453	-	23 453
Software and other intangible assets	5	-	5
Computer software	5	-	5
Total	25 545	-	25 545

10 CASH AND CASH EQUIVALENTS

	Note	2010/11 R'000	2009/10 R'000
Cash on hand		496	512
Total		496	512

11 PREPAYMENTS AND ADVANCES

	Note	2010/11 R'000	2009/10 R'000
Travel and subsistence		68	69
Prepayments		10 895	4 155
Advances paid to other entities		555	1 234
Total		11 518	5 458

**12 RECEIVABLES**

	Note	2010/11				2009/10
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	12.1 & Annex 3	19 042	3 405	64	22 511	16 389
Recoverable expenditure	12.2	10 173	965	14	11 152	1 079
Staff debt	12.3	3 170	5 145	17 177	25 492	20 052
Other debtors	12.4	-	-	-	-	40
Total		32 385	9 515	17 255	59 155	37 560

12.1 Claims recoverable

	Note	2010/11	2009/10
		R'000	R'000
National departments	12	1 287	1 545
Provincial departments		244	61
Public entities		20 980	14 783
Total		22 511	16 389

12.2 Recoverable expenditure (disallowance accounts)

	Note	2010/11	2009/10
		R'000	R'000
Disallowance miscellaneous	12	840	839
Deduction disallowance Account		8	5
Disallowance account		2	14
Clearing accounts		137	195
Dishonoured cheques		-	26
Transport payment suspense		10 165	-
Total		11 152	1 079

12.3 Staff debt

	Note	2010/11	2009/10
		R'000	R'000
Staff debtors	12	25 492	20 052
Total		25 492	20 052

12.4 Other debtors

	Note	2010/11	2009/10
		R'000	R'000
Arrear wages	12	-	40
Total		-	40

13 VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2010/11	2009/10
		R'000	R'000
Opening balance		26 826	104 765
Transfer from Statement of Financial Performance		9 513	26 826
Paid during the year		(26 826)	(104 765)
Closing balance		9 513	26 826

14 DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2010/11	2009/10
		R'000	R'000
Opening balance		1 007	171
Transfer from Statement of Financial Performance		9 036	12 916
Paid during the year		(9 688)	(12 080)
Closing balance		355	1 007

15 BANK OVERDRAFT

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General Account		40 505	1 976
Total		40 505	1 976

16 PAYABLES – CURRENT

	Note	2010/11 Total R'000	2009/10 Total R'000
Clearing accounts	16.1	628	852
Other payables	16.2	2 589	43
Total		3 217	895

16.1 Clearing accounts

	Note	2010/11 R'000	2009/10 R'000
Salary Control Accounts	16	628	852
Total		628	852

16.2 Other payables

	Note	2010/11 R'000	2009/10 R'000
Recoverable expenditure	16	3	-
Arrear Wages		57	42
Housing Key Deposits		-	1
Other (Claims related)		2 529	-
Total		2 589	43

17 NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2010/11 R'000	2009/10 R'000
Net surplus/(deficit) as per Statement of Financial Performance		18 549	39 742
Add back non cash/cash movements not deemed operating activities		18 366	(79 104)
(Increase)/decrease in receivables – current		(21 595)	19 934
(Increase)/decrease in prepayments and advances		(6 060)	(4 181)
Increase/(decrease) in payables – current		2 322	(3 226)
Proceeds from sale of capital assets		-	(331)
Expenditure on capital assets		80 213	25 545
Surrenders to Revenue Fund		(36 514)	(116 845)
Net cash flow generated by operating activities		36 915	(39 362)

18 RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2010/11 R'000	2009/10 R'000
Consolidated Paymaster General account		(40 505)	(1 976)
Cash on hand		496	512
Total		(40 009)	(1 464)



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

19 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

19.1 Contingent liabilities

		Note	2010/11 R'000	2009/10 R'000
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 2A	-	117
Housing loan guarantees	Employees	Annex 2A	11 341	12 349
Claims against the Department		Annex 2B	4 374	434
Other departments (interdepartmental unconfirmed balances)		Annex 4	*46 571	2 485
Total			62 286	15 385

*Other departments (unconfirmed balances) – Claims for injuries on duty from Compensation Fund:

The Department of Labour makes provision on its Vote for claims receivable from the Compensation Fund in respect of injuries sustained on duty by Civil Servants as a Transfer Payment. An amount of R8 949 million was allocated to the Department to defray expenditure in this regard, however; the claims received from the Compensation Fund exceeded this allocation by R20 068 million.

19.2 Contingent assets

	Note	2010/11 R'000	2009/10 R'000
Nature of contingent asset			
Siemens unitary fee claim		-	5 020
Total		-	5 020

During March 2010, the Department noted that the unitary fee is based on a larger number of users than actually employed by DoL. It was agreed in principal with Siemens that a revised unitary fee will be calculated for the 2009/2010 and 2010/2011 financial years. A similar calculation is being performed for prior financial years; however the amount could not be quantified yet.

The Department cannot disclose the amount in this regard due to the following reasons:

- Siemens is disputing this claim.
- The Department is in the process to substantiate the amount in order to accurately determine the amount to be claimed from Siemens. Two thirds of this amount will be on behalf of the UIF and Compensation Fund respectively.

When the Department is able to have this claim settled, the funds will be allocated to the Revenue Fund .

20 COMMITMENTS

	Note	2010/11 R'000	2009/10 R'000
Current expenditure			
Approved and contracted		45 320	21 688
Approved but not yet contracted		-	-
Total Commitments		45 320	21 688

21 ACCRUALS

			2010/11 R'000	2009/10 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	20 155	6 091	26 246	18 701
Capital assets	33	60	93	165
Total	20 188	6 151	26 339	18 866
		Note	2010/11 R'000	2009/10 R'000
Listed by programme level				
Programme 1 – Administration			16 547	4 718
Programme 2 – Inspection & Enforcement Services			4 493	10 758
Programme 3 – Public Employment Services			4 389	113
Programme 4 – Labour Policy & Labour Market Programmes			910	3 277
Total			26 339	18 866

22 EMPLOYEE BENEFITS

	Note	2010/11 R'000	2009/10 R'000
Leave entitlement		21 854	24 784
Service bonus (Thirteenth cheque)		21 523	20 661
Performance awards		50	-
Capped leave commitments		34 579	39 050
Total		78 006	84 495

23 LEASE COMMITMENTS**23.1 Operating leases expenditure**

	2010/11	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year		-	5 253	5 253
Later than 1 year and not later than 5 years		-	4 178	4 178
Total lease commitments		-	9 431	9 431

	2009/10	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Later than 1 year and not later than 5 years		-	11 104	11 104
Total lease commitments		-	11 104	11 104

23.2 Finance leases expenditure**

	2010/11	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year		-	187	187
Later than 1 year and not later than 5 years		-	625	625
Total lease commitments		-	812	812
LESS: Finance costs		-	(71)	(71)
Total present value of lease liabilities		-	741	741

**A drastic decrease in finance lease expenditure from R4 957 000 in 2009/10 to R741 000 in 2010/11 is due to the re-classification of finance leases to operating leases.



2009/10	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	3 684	3 684
Later than 1 year and not later than 5 years	-	1 647	1 647
Total lease commitments	-	5 331	5 331
LESS: Finance costs	-	(374)	(374)
Total present value of lease liabilities	-	4 957	4 957

** This note excludes leases relating to public private partnerships as they are separately disclosed in Note no. 28.

24 RECEIVABLES FOR DEPARTMENTAL REVENUE

	Note	2010/11 R'000	2009/10 R'000
Interest, dividends and rent on land		11	21
Total		11	21

24.1 Analysis of receivables for departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Less: amounts written-off/reversed as irrecoverable	7.3	-	(10)
Closing balance		-	(10)

25 IRREGULAR EXPENDITURE

25.1 Reconciliation of irregular expenditure

	Note	2010/11 R'000	2009/10 R'000
Opening balance		3 392	716
Add: Irregular expenditure – relating to prior year		-	-
Add: Irregular expenditure – relating to current year		9 523	3 392
Less: Amounts condoned		(2 684)	(716)
Irregular expenditure awaiting condonation		10 231	3 392

Analysis of awaiting condonation per age classification

Current year	7 753	3 392
Prior years	2 478	-
Total	10 231	3 392

Please take note that Irregular Expenditure for the 2010/2011 financial year amounting to R456 369.25 has been condoned by the Accounting Officer during the 2011/12 financial year.

25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
Wrongful remuneration to Inspectors	In process to be condoned	1 510
Expenditure for Casual Labourers not approved in accordance with Delegations	In process to be condoned	1 997
Correct procurement procedures not followed	In process to be condoned	6 016
Total		9 523



25.3 Details of irregular expenditure condoned

Incident	Condoned by (condoning authority)	2010/11 R'000
Expenditure for Casual Labourers not approved in accordance with Delegations (2010/2011)	Condoned by the Accounting Officer	1 727
Correct procurement procedures not followed (2009/2010)	Condoned by the Accounting Officer	914
Correct procurement procedures not followed (2010/2011)	Condoned by the Accounting Officer	43
Total		2 684

26 RELATED PARTY TRANSACTIONS

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

Related Parties	Nature of relationship	Transaction type	2010/11 R'000	2009/10 R'000
Compensation Fund	Remuneration of staff and payment for goods and services on behalf of the entity	Compensation of Employees	271 016	223 951
		Goods & Services	107 909	107 843
		Transfers	866	2 637
Unemployment Insurance Fund	Remuneration of staff and payment for goods and services on behalf of the entity	Compensation of Employees	502 467	407 901
		Goods & Services	160 164	152 460
		Transfers	929	2 075
National Skills Fund	Remuneration of staff and payment for goods and services on behalf of the entity	Compensation of Employees	-	13 547
		Goods & Services	-	2 182
		Transfers	-	428

	Note	2010/11 R'000	2009/10 R'000
Year end balances arising from revenue/payments			
Receivables from related parties		17 849	-
Payables to related parties		-	-
Total		17 849	-

27 KEY MANAGEMENT PERSONNEL

	No. of Individuals	2010/11 R'000	2009/10 R'000
Political office bearers (provide detail below)	1	2 759	1 725
Officials:			
Level 15 to 16	7	7 137	5 679
Level 14	20	16 542	15 404
Family members of key management personnel	1	249	-
Total		26 687	22 808



28 PUBLIC PRIVATE PARTNERSHIP

A description of the arrangement

Subsequent to obtaining Treasury Approval III from National Treasury in terms of Treasury Regulation 16, the Department of Labour entered into a Public Private Partnership Agreement (“PPP Agreement”) with Siemens Business Services (Proprietary) Limited (“private partner”), effective from 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.

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.
- **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 the 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, departmental 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 (10 years after 01 December 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
- 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 2011, the balance of the reinvestment fund was:



	2010/11	2009/2010
Department of Labour	13 300 007	11 447 419
Compensation Fund	13 421 256	11 562 933
Unemployment Insurance Fund	13 332 618	11 478 240
Total	40 053 881	34 488 592

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:

	Unitary fee	Additional services	Total
31 March 2003	R40 833 333	Rnil	R40 833 333
31 March 2004	R125 463 046	R36 806 561	R162 269 607
31 March 2005	R136 962 744	R22 646 145	R159 608 889
31 March 2006	R160 210 820	R14 130 604	R174 341 424
31 March 2007	R158 421 099	R21 988 865	R180 409 964
31 March 2008	R194 901 365	R11 386 879	R206 288 244
31 March 2009	R202 499 896	R11 967 310	R214 467 206
31 March 2010	R219 218 864	R12 248 944	R231 467 808
31 March 2011 (Note 1)	R230 418 314	R 7 593 339	R 238 011 653

Note 1 – As per the PPP agreement the unitary fee for the current year has been increased with an annual CPI adjustment to R 230 418 314. This unitary fee is reflected in the Operating Financial Model (“OFM”) (version 21) which is yet to be approved by the Department. As a result the unitary fee payments in the current financial year were made based on the last approved OFM which had a unitary fee of R219 218 864 (per table below). When the later OFM is approved the Department would be liable for the difference in unitary fee between the two OFM’s.

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 2011:

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 (note 1)	219 219	73 073	73 073	73 073
Additional services	7 594	2 983	3 377	1 234
Total	226 813	76 056	76 450	74 307

The table below provides a summary of payments made for the year ended 31 March 2010:

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	219 219	73 073	73 073	73 073
Additional services	12 249	3 056	3 040	6 153
Total	231 468	76 129	76 113	79 226

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

	2010/11 R'000	2009/10 R'000
Contract fee received	(146 146)	(146 146)
Unitary fee portion paid to the Department by the:		
Unemployment Insurance Fund	(73 073)	(73 073)
Compensation Fund	(73 073)	(73 073)
Contract fee paid	231 548	220 718
Fixed component (Note 1)	230 418	219 219
Increase in reinvestment fund	(1 853)	(1 557)
Additional services (Note 2)	2 983	3 056
Total	85 402	74 572

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

Note 2: In the prior year, the additional services for all entities were erroneously disclosed to calculate the Departments net payment to Siemens. The prior year amount has thus been revised to only include the Departments portion of additional services.

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

Notes 30 and 31 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 2011

	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
PPP IT environment					
Tangible assets					
- IT hardware (Note 2)	144 629	(6 305)	10 097	(1 601)	146 820
Intangible assets (Note 3)	116 361	20 250	168 518	-	305 129
Total assets in PPP IT environment	260 990	13 945	178 615	(1 601)	452 949



PPP IT environment asset movement schedule as at 31 March 2010

	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
PPP IT environment					
Tangible assets					
- IT hardware (Note 1, 2)	134 918	(1 470)	11 658	(477)	144 629
Intangible assets (Note 3)	68 012	-	48 349	-	116 361
Total assets in PPP IT environment	202 930	(1 470)	60 007	(477)	260 990

Note 1: The Department of Labour performed a physical verification exercise in 2010. As a result, the prior year closing balance was restated. The effect of this restatement on the finance and operating lease has been made in the prior year figures.

Note 2: 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 amounting to R476 604 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 included, although the assets have an estimated useful life of three years. If the annual financial statements are 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 3: 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 are 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 2010/2011 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	12 240	(903)	1 432	(322)	12 447
Thin clients (terminals)	8 037	(600)	2 108	(105)	9 440
Fat clients (PC's)	23 756	1 272	2 987	(467)	27 548
Monitors	8 025	(958)	1 535	(131)	8 471
Printers	9 474	(650)	538	(525)	8 837
Servers	69 798	(6 907)	1 497	(13)	64 375
Network equipment	13 299	2 439	-	(36)	15 702
Pending	-	2	-	(2)	-
Total	144 629	(6 305)	10 097	(1 601)	146 820

Note 23 of the Annual Financial Statements – Lease Commitments

Restatement of asset opening balances

During the financial year, the Department undertook a physical verification exercise which resulted in adjustments to the opening balances of assets. The impact of these adjustments has been taken into account when calculating the finance lease and comparative information has been adjusted accordingly.

23.1 Finance leases:

Public Private Partnership Agreement in respect of information technology:

For the year ended 31 March 2011

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	131 878	(11 311)	120 567
Between one and five years	82 252	(2 547)	79 705
More than five years	-	-	-

For the year ended 31 March 2010

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	109 362	(16 442)	92 920
Between one and five years	214 130	(13 858)	200 272
More than five years	-	-	-

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	230 418	-	230 418	45 805	131 878	11 311	98 540
1 April 2012 to 31 March 2013	8	153 612	-	153 612	12 562	82 252	2 547	71 360
Total	120	1 852 959	138 769	1 991 728	443 773	506 648	53 903	1 486 358

The unitary fee for years subsequent to 31 March 2011 has not been adjusted for inflation after 31 March 2011 and has been assumed to be the planned expenditure as reflected in the current financial model. However, the PPP Agreement makes provision for an annual increase in the unitary fee by inflation. The additional service fee for subsequent years has been stated as Rnil, as the value of future commitments regarding additional services will only be known in those future periods.

Capital expenditure includes tangible assets and is based on the actual cost, including VAT, incurred by the private partner up to 31 March 2011 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 2011. In prior years the cost of intangible assets was not considered in the lease calculation as the actual costs was not previously available. All subsequent years are based on the planned expenditure by the private partner in respect of tangible and intangible assets.



“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 a reconciliation between the Department of Labour’s portion in respect of the PPP Agreement and the total payments made to the private partner:

	Total 2010/11 R'000	Total 2009/10 R'000
Total payments to private partner	238 011	231 468
Allocated to the Department of Labour	79 789	76 129
Allocated to Unemployment Insurance Fund	80 182	76 113
Allocated to Compensation Fund	78 040	79 226
“Deemed” finance lease payments (additional disclosure in respect of note 23.2)	(109 362)	(41 500)
Total computer services in respect of the PPP (additional disclosure in respect of note 6)	128 649	189 968
Payments allocated to the Department of Labour as per the Statement of Financial Performance		
“Deemed” finance lease payments	36 454	13 833
Computer services	43 335	62 296
Total payments by the Department of Labour (included in note 6)	79 789	76 129

29 IMPAIRMENT AND OTHER PROVISIONS

	Note	2010/11 R'000	2009/10 R'000
Impairment			
Debtors		1 022	-
Total		1 022	-
Other provisions			
Private enterprises		41	50
Staff debtors		13 233	9 236
Other debtors		3 903	2 325
Total		17 177	11 611

30 MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Machinery and equipment	124 896	506	3 935	(21 521)	107 816
Transport assets	19 322	(14)	-	(1 180)	18 128
Computer equipment	8 834	237	50	(711)	8 410
Furniture and office equipment	47 926	(271)	3 152	(2 226)	48 581
Other machinery and equipment	48 814	554	733	(17 404)	32 697
Total movable tangible capital assets	124 896	506	3 935	(21 521)	107 816

30.1 Additions

Additions to Movable Tangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	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	77 086		(73 244)	93	3 935
Transport assets	171	-	(171)	-	-
Computer equipment	73 123	-	(73 073)	-	50
Furniture and office equipment	3 059	-	-	93	3 152
Other machinery and equipment	733	-	-	-	733
Total additions to Movable Tangible Capital Assets	77 086	-	(73 244)	93	3 935

30.2 Disposals

Disposals of Movable Tangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Machinery and equipment	-	(21 521)	(21 521)	-
Transport assets	-	(1 180)	(1 180)	-
Computer equipment	-	(711)	(711)	-
Furniture and office equipment	-	(2 226)	(2 226)	-
Other machinery and equipment	-	(17 404)	(17 404)	-
Total disposal of Movable Tangible Capital Assets	-	(21 521)	(21 521)	-

30.3 Movement for 2009/10

Movement in Movable Tangible Capital Assets Per Asset Register for the Year Ended 31 March 2010

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Machinery and equipment	108 155	36 212	(19 471)	124 896
Transport assets	12 893	8 574	(2 145)	19 322
Computer equipment	14 099	1 972	(7 237)	8 834
Furniture and office equipment	37 102	14 352	(3 528)	47 926
Other machinery and equipment	44 061	11 314	(6 561)	48 814
Total Movable Tangible Assets	108 155	36 212	(19 471)	124 896



30.4 Minor assets

Minor Assets of the Department as at 31 March 2011

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	-	84 602	84 602
Current year adjustments to prior year balances	-	(171)	(171)
Additions	-	4 561	4 561
Disposals	-	(9 176)	(9 176)
Total	-	79 816	79 816
Number of minor assets at cost	-	87 883	87 883
Total Number of Minor Assets	-	87 883	87 883

Minor Assets of the Department as at 31 March 2010

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Minor assets	-	84 602	84 602
Total	-	84 602	84 602
Number of minor assets at cost	-	18 387	18 387
Total Number of Minor Assets	-	18 387	18 387

31 INTANGIBLE CAPITAL ASSETS

Movement in Intangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Computer Software	30	-	10	-	40
Services and Operating Rights	23	-	-	-	23
Other Intangibles	-	-	-	-	-
Total Intangible Capital Assets	53	-	10	-	63

31.1 Additions

Additions to Intangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	Cash R'000	Non-Cash R'000	(Development work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
Computer Software	10	-	-	-	10
Services and Operating Rights	-	-	-	-	-
Other Intangibles	-	-	-	-	-
Total Additions to Intangible Capital Assets	10	-	-	-	10

31.2 Disposals

Disposals of Intangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	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	-	-	-	-
Other intangibles	-	-	-	-
Total disposals of Intangible Capital Assets	-	-	-	-

31.3 Movement for 2009/10

Movement in Intangible Capital Assets Per Asset Register for the Year Ended 31 March 2010

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer Software	53	5	(28)	30
Services and Operating Rights	23	-	-	23
Other Intangibles	-	-	-	-
Total Intangible Capital Assets	76	5	(28)	53

32 IMMOVABLE TANGIBLE CAPITAL ASSETS

Movement in Immovable Tangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	Opening balance	Current 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	327	608	3 646	(4 498)	83
Non-residential buildings	327	608	3 646	(4 498)	83
Total Immovable Tangible Capital Assets	327	608	3 646	(4 498)	83

32.1 Additions

Additions to Immovable Tangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	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	3 117	-	-	529	3 646
Non-residential buildings	3 117	-	-	529	3 646
Total additions to Immovable Tangible Capital Assets	3 117	-	-	529	3 646



32.2 Disposals

Disposals of Immovable Tangible Capital Assets Per Asset Register for the Year Ended 31 March 2011

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	-	(4 498)	(4 498)	-
Non-residential buildings	-	(4 498)	(4 498)	-
Total disposals of Immovable Tangible Capital Assets	-	(4 498)	(4 498)	-

32.3 Movement for 2009/10

Movement in Immovable Tangible Capital Assets Per Asset Register for the Year Ended 31 March 2010

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Buildings and other fixed structures	-	2 379	(2 052)	327
Non-residential buildings	-	2 379	(2 052)	327
Total Immovable Tangible Assets	-	2 379	(2 052)	327

32.4 Immovable assets valued at R1

Immovable Assets Valued at R1 in the Asset Register as at 31 March 2011

	Buildings and other fixed structures	Heritage assets	Land and subsoil assets	Investment property	Total
	R'000	R'000	R'000	R'000	R'000
Immovable assets	11	-	-	-	11
Total	11	-	-	-	11

33. TRANSFER OF FUNCTIONS

The macro re-organisation of the State and the subsequent Presidential Proclamation to transfer Skills Development from the Department of Labour to the Department of Higher Education and Training with effect from 1 November 2009, had financial implications and given effect to the reduction of the Vote's Budget and assets for the Medium Term Expenditure Framework by R166 million in 2010/11 R189.9 million in 2011/12 and R190.8 million in the 2012/13 financial years.

With the same proclamation, the Direct Charges (Levies for SETAs and the NSF) amounting to R8.4 billion in 2010/11, R9.1 billion in 2011/12 and R9.6 billion in 2012/13 were also transferred to the Department of Higher Education and Training.

33.1 Disclosure Notes

	Balance 2009/10 AFS before transfer R'000	Functions transferred to DHET 2009/10 R'000	2009/10 Balance after transfer of functions 2009/10 R'000
Contingent liabilities	15 385	(167)	15 218
Contingent assets	5 020	.	5 020
Commitments	21 688	.	21 688
Accruals	18 866	(113)	18 753
Employee benefits	84 495	(6 553)	77 942
Lease commitments – Operating leases	11 104	.	11 104
Lease commitments – Finance leases	4 957	(61)	4 896
Receivables for departmental revenue	21	.	21
Irregular expenditure	3 392	.	3 392
Impairment and other provisions	11 611	.	11 611
Movable tangible capital assets	124 896	(20 755)	104 141
Movable tangible minor assets	84 602	(4 559)	80 043
Immovable tangible capital assets	327	.	327
Intangible capital assets	53	.	53

34 WORLD CUP EXPENDITURE

	Quantity	2010/11 R'000	2009/10 R'000
Purchase of world cup apparel			
Noise Blasters	.	.	46
Window Signage	.	.	17
Total world cup expenditure		-	63



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2009/10
	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
Municipal Vehicle Licences	39	-	14	53	54	102%	-	-	-	1
	39	-	14	53	54		-	-		1

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10
	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
Compensation Fund	8 949	-	-	8 949	8 908	100%	6 013
Unemployment Insurance Fund	1	-	-	1	-	-	-
Commission for Conciliation, Mediation and Arbitration	402 017	-	-	402 017	402 017	100%	356 442
National Productivity Institute	31 155	-	-	31 155	31 155	100%	29 476
National Skills Fund	-	-	-	-	-	-	48 951
Strengthen Civil Society	-	-	-	-	-	-	13 795
National Economic Development & Labour Council (NEDLAC)	15 868	-	-	15 868	15 868	100%	19 554
Statutory:							
Sector Education & Training Authorities	-	-	-	-	-	-	6 252 445
National Skills Fund (20%)	-	-	-	-	-	-	1 563 111
	457 990	-	-	457 990	457 948		8 289 787

ANNEXURE 1C

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2009/10
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Transfers									
Umsobomvu Youth Fund	-	-	-	-	-	-	-	-	227 250
Non Life Insurance	-	-	-	-	-	-	-	-	45
Exgratia payments	-	-	-	-	-	-	-	-	530
Total	-	-	-	-	-	-	-	-	227 825

ANNEXURE 1D**STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS**

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	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	10 285	-	-	10 285	10 246	100%	8 152
African Regional Labour Administration Centre	598	-	-	598	457	76%	466
Total	10 883	-	-	10 883	10 703		8 618

ANNEXURE 1E**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	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	275	-	-	275	189	69%	178
Deaf Federation of South Africa	183	-	-	183	86	47%	110
National Council for the Physical Disabled	223	-	-	223	207	93%	200
Workcentres for the disabled	66 139	-	-	66 139	66 139	100%	70 096
Workcentres for the blind	8 196	-	-	8 196	8 196	100%	7 733
Strengthen Civil Society	14 379	-	-	14 379	14 379	100%	-
Total	89 395	-	-	89 395	89 196		78 317

ANNEXURE 1F**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	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							
Leave Gratuity	357	-	1 299	1 656	1 656	100%	1 434
Retirement Benefits	-	-	904	904	904	100%	67
Severance Packages	-	-	566	566	566	100%	1 968
Exgratia payments	-	-	12	12	11	92%	111
Total	357	-	2 781	3 138	3 137		3 580



ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Adjustment to opening balance	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'0 00	R'000
Motor vehicles										
Stannic	Motor vehicles	117	117	(40)	-	(77)	-	-	-	-
Housing										
Standard Bank of SA Limited	Housing Loan Guarantee	1 637	1 637	(28)	-	(35)	-	1 574	-	-
Nedbank Limited (former Cape of Good Hope)	Housing Loan Guarantee	31	31	-	-	-	-	31	-	-
Nedbank Limited	Housing Loan Guarantee	1 447	1 447	(81)	-	(11)	-	1 355	-	-
Firstrand Bank Limited: FNB	Housing Loan Guarantee	1 892	1 892	(102)	38	(124)	-	1 704	-	-
Nedbank LTD Incorporating BOE	Housing Loan Guarantee	9	9	-	-	-	-	9	-	-
MEEG Bank	Housing Loan Guarantee	25	25	-	-	-	-	25	-	-
ABSA	Housing Loan Guarantee	3 421	3 421	(172)	-	(205)	-	3 044	-	-
Company Unique Finance (PTY)	Housing Loan Guarantee	77	77	-	-	(17)	-	60	-	-
Old Mutual Finance Limited	Housing Loan Guarantee	80	80	-	-	-	-	80	-	-
Peoples Bank (former FBC Fidelity Bank)	Housing Loan Guarantee	377	377	(22)	-	(16)	-	339	-	-
Nedbank LTD Incorp. NBS (former Peoples Bank NBS)	Housing Loan Guarantee	748	748	(16)	-	(13)	-	719	-	-
Firstrand Bank Limited: FNB (former Saambou)	Housing Loan Guarantee	786	786	(40)	-	(61)	-	685	-	-
Old Mutual Bank Division of Nedbank (former PERM)	Housing Loan Guarantee	1 491	1 491	(80)	-	(21)	-	1 390	-	-
Future Bank Corporation Limited	Housing Loan Guarantee	14	14	-	-	-	-	14	-	-
GBS Mutual Bank	Housing Loan Guarantee	13	13	(13)	-	-	-	-	-	-

ANNEXURE 2A (continued)**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – FOREIGN**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2010	Adjustment to opening balance	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2011	Guaranteed interest for year ended 31 March 2011	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
Ithala Limited	Housing Loan Guarantee	15	15	-	-	-	-	15	-	-
Free State Development Corporation	Housing Loan Guarantee	113	113	-	-	-	-	113	-	-
VBS Mutual Bank	Housing Loan Guarantee	66	66	-	-	-	-	66	-	-
Mpumalanga Housing Finance Unibank	Housing Loan Guarantee	43	43	-	-	-	-	43	-	-
Albaraka Bank	Housing Loan Guarantee	11	11	-	-	-	-	11	-	-
BOE Bank Limited	Housing Loan Guarantee	19	19	-	-	-	-	19	-	-
SA Home loans (PTY) LTD	Housing Loan Guarantee	34	34	(22)	-	-	-	12	-	-
Green Start H/L	Housing Loan Guarantee	-	-	-	33	-	-	33	-	-
Total		12 466	12 466	(616)	71	(580)	-	11 341	-	-



ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 1 April 2010	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2011
	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
Claims: Supplier-related	409	187	(187)	-	409
Claims: Employee-related	25	3 940	-	-	3 965
Other					
Resulting from a contractual dispute with the landlord of the building occupied by the Department, this matter is under legal advice with possible material breach of contract.	-	-	-	-	-
Total	434	4 127	(187)	-	4 374

ANNEXURE 3**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Correctional Service	26	27	-	-	26	27
Agriculture	11	18	-	-	11	18
Education	-	109	-	-	-	109
Foreign Affairs	102	489	-	-	102	489
Health	303	229	-	-	303	229
Public Works	52	70	-	-	52	70
Gauteng Shared Services	27	27	-	-	27	27
Social Development	87	102	-	-	87	102
Justice and Constitutional Development	27	46	-	-	27	46
The Presidency	-	41	-	-	-	41
Home Affairs	21	10	-	-	21	10
Transport	8	8	-	-	8	8
Water Affairs and Forestry	37	43	-	-	37	43
National Treasury	13	13	-	-	13	13
Mineral and Energy	21	54	-	-	21	54
Safety and Security	49	49	-	-	49	49
Economical Development	8	8	-	-	8	8
Statistics	-	12	-	-	-	12
Housing	12	12	-	-	12	12
Public Service Commission	-	26	-	-	-	26
KZN Office of the Premier	9	9	-	-	9	9
Trade & Industry	-	130	-	-	-	130
DPSA	39	39	-	-	39	39
Defence	54	25	-	-	54	25
Art & Culture	-	10	-	-	-	10
Higher Education and Training	520	-	-	-	520	-
Local Gov and Trade Affairs	25	-	-	-	25	-
Limpopo Prov Government	10	-	-	-	10	-
Other Government Entities						
Compensation Fund	3 546	6 117	-	-	3 546	6 117
National Skills Fund (NSF)	651	2 775	-	-	651	2 775
Unemployment Insurance Fund	16 762	5 759	-	-	16 762	5 759
Government Employees Pension Fund (GEPF)	27	47	-	-	27	47
South African Social Security Agency	64	64	-	-	64	64
Private Enterprises						
Companies & Intellectual Properties Registration	-	21	-	-	-	21
Total	22 511	16 389	-	-	22 511	16 389



ANNEXURE 4

INTER-GOVERNMENT PAYABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Justice	-	-	420	1 548	420	1 548
International Relations & Co-operation	-	-	-	463	-	463
Palama	-	-	439	474	439	474
Public Works	-	-	25 644	-	25 644	-
OTHER GOVERNMENT ENTITY						
Current						
Compensation Fund	-	-	20 068	-	20 068	-
Total	-	-	46 571	2 485	46 571	2 485

ANNEXURE 5

INVENTORY

Inventory	Note	Quantity	2010/11	Quantity	2009/10
			R'000		R'000
Opening balance		402 967	6 931	402 967	6 931
Add/(Less): Adjustments to prior year balance		(74)	(17)	-	-
Add: Additions/Purchases - Cash		954 279	33 548	1 414 228	51 182
Add: Additions - Non-cash		9 407	415	-	-
(Less): Disposals		(23 331)	(2 282)	(12 610)	(46)
(Less): Issues		(404 794)	(15 738)	(1 328 999)	(42 274)
Add/(Less): Adjustments		-	-	17 141	4 795
Closing balance		938 454	22 857	492 727	20 588

SECTION 4

ANNUAL FINANCIAL STATEMENTS

[Sheltered Employment Factories]



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

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the accompanying Annual Financial Statements of the Sheltered Employment Factories (SEF), which comprise the Statement of Financial Position as at 31 March 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 148 to 179.

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 South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa (Act No. 1 of 1999) (PFMA), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.
5. 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 and fair presentation 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.
6. 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

OPERATING LEASES

7. According to IAS 17 on Leases, lessees shall disclose the total of future minimum lease payments for operating leases. The entity did not disclose the minimum future lease payment for the operating lease commitment for the current period under review as well as for the prior period (2010). I 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.

INVENTORIES

8. According to IAS 2, an entity shall disclose the total carrying amount of inventory. 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 I did not obtain all the information and explanations I considered necessary to satisfy myself regarding the existence and completeness of inventories amounting to R0.993 million.

COMPARATIVE FIGURES

COST OF SALES

9. According to IAS 2 the costs of conversion of inventories must include costs directly related to the units of production, such as direct labour. These costs must also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Included in the prior period (2010) figure for cost of sales is a movement of R1.500 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. I was unable to obtain the assumptions made to determine the reasonableness of the rate used. The entity's records did not permit the application of alternative audit procedures regarding cost of sales. Consequently, I could not satisfy myself as to the valuation of inventory sold during the prior year.
10. According to IAS 2 the allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities. In addition to this IAS 2 states that when inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. 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.

PROPERTY PLANT AND EQUIPMENT

11. According to IAS 16, assets should be recognised if future economic benefit associated with the asset will flow to the entity and the cost can be measured reliably. In the previous financial years SEF has not recognised assets with a cost below R3 000 (minor assets), with a gross carrying amount of R3.553 million but expensed these assets in the year of acquisition. In addition, assets with an estimated value of R0.180 million which are still in use are still not recorded in the prior year's accounting records. Consequently, prior year property plant and equipment as disclosed in note 6 to the financial statements is understated by R3.732 million.
12. According to IAS 16, the carrying amount of the assets should be derecognised when the asset is disposed or when no future economic benefits are expected from its use or disposal. SEF disclosed assets that were disposed of in prior financial years (2009) with a carrying amount of R0.954 million as disposals for the prior year (2010). This resulted in the understatement of the comparative (2010) carrying value of property, plant and equipment as disclosed in note 6 of the financial statements for the current year amounting to R0.954 million.

QUALIFIED OPINION

13. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the Financial Position of the Sheltered Employment Factories as at 31 March 2011, and its Financial Performance and Cash Flows for the year then ended in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

15. As disclosed in note 19 to the Annual Financial Statements, the corresponding figures for 31 March 2010 have been restated as a result of an error discovered during 31 March 2011 in the Financial Statements of the SEF at, and for the year ended, 31 March 2010.



IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

16. As disclosed in note 17 of the Annual Financial Statements, SEF has incurred irregular expenditure amounting to R29.713 million (R23.040 million: 2010) as a result of procuring goods from suppliers without following the supply chain management requirements set out in the Treasury Regulations.

MATERIAL LOSSES AND IMPAIRMENTS

17. As disclosed in note 21 of the AFS, SEF has incurred a loss to the value of R134 564 due to inventory theft at one of the factories which took place in October 2010. The investigation is still pending and no criminal or disciplinary steps have been taken as yet.
18. As disclosed in note 7 to the Annual Financial Statements, material losses amounting to R1.307 million (R2.331 million: 2010) was incurred as a result of a write-off of inventory to net realisable value.
19. Attention is drawn to note 8 to the annual Annual Financial Statements, relating to a significant provision for doubtful debt amounting to R10.599 million.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

20. In accordance with the Public Audit Act (PAA) and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 148 to 151 and material non-compliance with laws and regulations applicable to the trading entity.

PREDETERMINED OBJECTIVES

USEFULNESS OF INFORMATION

21. The reported performance information was deficient in respect of the following criteria:
- Measurability: Indicators are well-defined and verifiable, and targets are specific, measurable and time-bound
22. The following relates to the above criteria:

PLANNED AND REPORTED TARGETS ARE NOT SPECIFIC AND MEASURABLE (MEASURABILITY)

23. For the selected objective (Transfers Sheltered Employment Factories (SEF) and Subsidies to designated groups), 80% of the planned and reported targets were not specific in clearly identifying the nature and the required level of performance and measurable in identifying the required performance.

PLANNED AND REPORTED INDICATORS ARE NOT WELL DEFINED (MEASURABILITY)

24. For the selected objective (Transfers Sheltered Employment Factories (SEF) and Subsidies to designated groups), 60% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.

COMPLIANCE WITH LAWS AND REGULATIONS

HUMAN RESOURCE MANAGEMENT AND COMPENSATION

25. The accounting officer did not maintain effective, efficient and transparent systems of financial and risk management and internal control as required by section 38 (1) (a) of the PFMA. This was due to a lack of approved and implemented policies and procedures to govern the processes of the entity as well as not appointing officials for key financial vacancies at the entity.



26. The SEF management did not ensure that there were signed contracts between SEF and its employees as required by section 4 of the Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997).

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

27. The Annual Financial Statements submitted for audit did not comply with section 40 (1) (c) (i) of the PFMA. Material misstatements were identified during the audit, certain of these were corrected by management and those that were not are included in the basis for qualified opinion paragraphs.

EXPENDITURE MANAGEMENT

28. The SEF fraud prevention plan has not been approved as required by Treasury Regulation (TR) 3.2.1
29. The accounting officer did not exercise all reasonable care to prevent and detect irregular, fruitless and wasteful expenditure as set out in TR 9.1.1
30. The accounting officer did not ensure that there is an adequate delegation of authority in place as required by TR 8.2.1

REVENUE MANAGEMENT

31. The accounting officer did not take appropriate steps to collect outstanding money timeously as required by TR 11.2.

PROCUREMENT AND CONTRACT MANAGEMENT

32. Sheltered Employment Factories did not comply with TR 16A6.1 as there were no competitive bids for procurement of goods above the stipulated threshold values determined by National Treasury.

INTERNAL CONTROL

33. In accordance with the Public Audit Act (PAA) and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

34. The accounting officer did not ensure that policies and procedures were developed and implemented for all critical aspects of the business.
35. The accounting officer did not implement adequate actions to address the weaknesses identified for compliance with laws and regulations in the prior year audit. Consequently this resulted in several instances of non-compliance.
36. The accounting officer did not implement effective HR management in a timely manner to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored. Critical skills vacancies existed for major part of the financial year.

FINANCIAL AND PERFORMANCE MANAGEMENT

37. The accounting officer of SEF did not prepare regular, accurate and complete financial and performance reports which resulted in material adjustments and qualifications on the Annual Financial Statements and findings on the annual performance report.



GOVERNANCE

38. The internal audit function was not adequately resourced for the major part of the year under review and could not execute all the required reviews for critical components of the entity.

OTHER REPORTS

INVESTIGATIONS

39. An internal investigation into the theft of stock at one of the factories (as described in note 21 to the Annual Financial Statements) is currently underway. At the date of this report, the investigation had not been finalised.

Auditor - General

Pretoria

31 July 2011



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2011

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 Annual Financial Statements have been prepared on the going concern basis, since the Director-General has every reason to believe that the Sheltered Employment Factories (SEF) factories have adequate resources in place to continue in operation for the foreseeable future.

The Annual 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 Annual Financial Statements were approved by the Director-General on 31 May 2011.

Mr. NPT Nhleko | Director-General of Labour



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) were 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 971 factory workers currently employed, 80% 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 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. The 2nd phase of the SEF business case is currently in progress with National Treasury assistance and it is envisioned that it will be finalized before end of the next financial year. The Employment Services Bill released by Cabinet for public consultation provides for the SEF legal status. The conclusion of the business case and the passage of the bill will enable the Department to finalize the organisational structure and funding framework of the entity.

RESULTS OF OPERATIONS

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

REGISTERED OFFICER (UNDER THE AUSPICES OF THE DEPARTMENT OF LABOUR)

221 Moreleta Street, Silverton, Pretoria, 0184

ACCOUNTING OFFICER

The Director-General of Labour is the appointed Accounting Officer of SEF.

AUDITOR

The Auditor-General of South Africa will continue as auditor of the SEF.

GOING CONCERN

Sheltered Employment Factories is an entity that is a going concern and has continued to adopt the going concern basis in preparing the annual financial statements. The SEF continues to receive government grants from the Department of Labour and have prepared budgets and cash flow forecasts for the 12 months subsequent to year end.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

No matter, which is material to the financial affairs of the entity, has occurred between the balance sheet date and the date of approval of the financial statements.

**SCOPA RESOLUTIONS**

Reference to previous audit reports and SCOPA resolutions	Subject	Findings / progress
SCOPA Report	Supply Chain Management	
	No competitive bids	<p>The practice of obtaining competitive quotes from known suppliers has been in place for many years.</p> <p>It needs to be noted however that there are limited suppliers of major raw materials such as locally produced fabric that meets SABS certification for hospital linen, and saligna wood for school furniture.</p> <p>There is a supplier database in place. To ensure that the supplier database is complete a detailed set of specifications has been compiled for all major raw materials. Approval to advertise these in the Government Tender Bulletin is being sought through the Departmental Sub-tender Committee.</p> <p>Respondents to the advertisement will then be evaluated by the Departmental Bid Adjudication Committee and approved suppliers added to the existing supplier database.</p>
	No valid transport contract	<p>Transport issues have been resolved and courier services are being utilized in terms of State contract arranged by National Treasury. In cases where courier services are not utilized, transport services are procured on a 3-quote basis by making use of the database of service providers.</p>
	Availability of skilled staff	<p>The project to restructure the factories is progressing slowly with assistance from the Technical Assistance Unit (TAU) of the National Treasury.</p> <p>Population of organisation structures will be progressed when the transformation plan is approved.</p>
	Impairment of redundant assets	<p>The SEF is now compliant with SA GAAP. Redundant / obsolete fixed assets have been identified and provisions made in the Annual Financial Statements for impairment.</p> <p>A new asset management policy addressing the finding was approved by the accounting officer on 10 March 2011.</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		
Qualification – Inventory valuation	31 March 2010	Target 31 May 2011
Qualification – Cost of sales	31 March 2009	Target 31 May 2011
Qualification – Property, plant and equipment valuation, completeness and existence	31 March 2010	Target 31 May 2011
Qualification – Irregular expenditure disclosure	31 March 2009	Resolved
Qualification – Related parties disclosure	31 March 2010	Resolved
Qualification – Defined contribution plan disclosure	31 March 2010	Resolved
Qualification – Operating leases disclosure	31 March 2010	Target 31 August 2011
Qualification – Cash flow statement disclosure	31 March 2010	Resolved
Qualification – Trade and other payables disclosure	31 March 2010	Resolved
Report on pre-determined objectives		
Non-compliance TR 5.1.1 – no strategic plan in place	31 March 2010	Resolved
Compliance with laws and regulations		
Non-compliance PFMA 38(1)(a) – control environment	31 March 2010	Resolved
Non-compliance PFMA 40 (a) and (b) – proper record keeping	31 March 2010	Resolved
Non-compliance PFMA 50 – submission of annual budget	31 March 2010	Resolved
Non-compliance TR 3.2.1 – annual risk assessment	31 March 2010	Resolved
Non-compliance TR 3.2.1 – approval of fraud prevention plan	31 March 2010	Target 31 August 2011
Non-compliance TR 15.10.1 – cash management controls	31 March 2010	Resolved
Non-compliance TR 15.10.1 – prepayment of goods and services	31 March 2010	Resolved
Non-compliance TR 11.2 – collection of debtors	31 March 2010	Target 31 December 2011
Non-compliance TR 17.1.2(b) – clear suspense accounts	31 March 2010	Resolved
Non-compliance TR 17.1.1 – transaction supporting documents	31 March 2010	Resolved
Non-compliance TR 16A6.1 – procurement practices	31 March 2010	Target 31 May 2011
Non-compliance TR 9.1.1 – irregular and fruitless and wasteful expenditure	31 March 2009	Target 31 May 2011

APPROVAL

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



Mr. NPT Nhleko | Director-General of Labour

31 July 2011



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 R	2010 R
Revenue	1	49 910 548	43 620 885
Cost of sales		(35 645 461)	(27 761 702)
Gross profit		14 265 087	15 859 183
Other revenue	2	70 212 973	65 412 060
Operating expenses	3	(86 546 373)	(83 845 919)
Operating (loss) / profit		(2 068 313)	(2 574 677)
Investment income	4	13 516	26 331
Finance costs	5	(21 638)	(26 424)
Loss for the year		(2 076 435)	(2 574 770)
Other comprehensive income		-	-
Total Comprehensive Income / (Loss)		(2 076 435)	(2 574 770)



STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 R	2010 R
ASSETS			
Non-current assets		11 620 599	8 885 279
Property, plant and equipment	6	11 620 599	8 885 279
Current assets		33 134 767	35 578 612
Inventories	7	14 532 022	13 784 625
Trade and other receivables	8	10 407 353	8 732 667
Cash and cash equivalents	9	8 195 391	13 061 320
Total Assets		44 755 366	44 463 891
EQUITY AND LIABILITIES			
Equity		23 802 881	22 327 084
Retained earnings		23 802 881	22 327 084
Total Equity		23 802 881	22 327 084
Liabilities			
Non-current liabilities		90 297	85 890
Non-current finance lease liability	10	90 297	85 890
Current liabilities		20 862 188	22 050 916
Trade and other payables	11	14 015 237	13 105 306
Deferred income	12	6 763 340	8 849 384
Current portion of finance lease liability	10	83 611	96 226
Total Liabilities		20 952 485	22 136 806
Total Equity and Liabilities		44 755 366	44 463 890



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

		Retained earnings R	Total equity R
Balance at 1 April 2009		24 953 839	24 953 839
Prior period error	19	(51 984)	(51 984)
Total comprehensive loss for the year		(2 574 770)	(2 574 770)
Balance at 31 March 2010		22 327 084	22 327 084
Prior period error recognised current period	19	3 552 232	3 552 232
Restated balance at 1 April 2010		25 879 316	25 879 316
Total comprehensive loss for the year		(2 076 435)	(2 076 435)
Balance at 31 March 2011		23 802 881	23 802 881



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 R	2010 R
Cash flows from operating activities			
Cash receipts from customers		112 495 107	93 223 498
Cash paid to suppliers and employees		(116 511 408)	(102 745 379)
Cash generated from operations	13	(4 016 301)	(9 521 881)
Interest income		13 516	26 331
Finance costs		(21 638)	(26 424)
Net cash flows from operating activities		(4 024 424)	(9 521 974)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(884 451)	(124 820)
Proceeds on disposal of property, plant and equipment		51 156	1 069 203
Net cash flows from investing activities		(833 295)	944 383
Cash flows from financing activities			
Finance lease payments		(8 209)	(83 000)
Net cash flows from financing activities		(8 209)	(83 000)
Net increase / (decrease) in cash and cash equivalents		(4 865 928)	(8 660 591)
Cash and cash equivalents at beginning of the year		13 061 320	21 721 910
Cash and cash equivalents at end of the year	9	8 195 391	13 061 320



ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2011

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention. The Annual Financial Statements have been prepared in accordance with South African Standards of Generally Accepted Accounting Practice.

These accounting policies are consistent with the previous period.

1.1 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:

1.1.1 Trade receivables

The entity assesses its trade receivables for impairment at the end of each statement of financial position date. 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.

1.1.2 Financial assets and liabilities

The classification of financial assets and liabilities into categories is based on judgement by management.

1.1.3 Impairment of Financial Assets

Accounting Policy 4.4 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.

1.1.4 Useful lives of Property, Plant and Equipment ("PPE")

As described in Accounting Policies 2.3 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.

1.1.5 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.

1.2 Presentation currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the entity's functional currency.

1.3 Going concern assumption

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

1.4 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.

2. PROPERTY, PLANT AND EQUIPMENT**2.1 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.

2.2 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.

2.3 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.

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

Item	Years
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 assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

2.4 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.



2.5 Derecognition of property, plant and equipment

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. 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 Financial Performance as a gain or loss on disposal of property, plant and equipment.

2.6 Impairment of assets

2.6.1 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.

A 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.

2.6.2 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.

3. INTANGIBLE ASSETS

3.1 Initial Recognition

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

3.2 Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 2 to 3 years.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Comprehensive Income.

3.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Comprehensive Income.

4. FINANCIAL INSTRUMENTS

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

4.1 Financial Assets - Classification

A financial asset is any asset consisting of cash or a contractual right to receive cash. The entity has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:



- Trade Debtors
- Certain Other Debtors (see note 8)
- Bank Balances and Cash

In accordance with IAS 39.09, the *Financial Assets* of the entity are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Bank Balances and Cash	Available for sale investments
Trade Debtors	Loans and receivables
Other Debtors	Loans and receivables

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables
- Held-to-Maturity Investments
- Financial Assets at fair value through the Statement of Comprehensive Income.

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the entity has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The entity categorises cash and cash equivalents as financial assets: available for sale.

4.2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The entity has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors (see note 13)
- Current Portion of Long-term Liabilities

There are two main categories of Financial Liabilities, the classification determining how they are measured. Financial liabilities may be measured as:

- Other financial liabilities.

Any other financial liabilities are classified as "Other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the Financial Liabilities of the entity are all classified as "Other financial liabilities".

4.3 Initial and Subsequent Measurement

4.3.1 Financial Assets:

Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.



Financial Assets at Available-for-Sale are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial assets are recognised on the date they originated for loans and receivables and deposits and for other financial assets, initially on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

4.3.2 Financial Liabilities:

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

4.4 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Trade Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4.5 Derecognition 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.



4.6 **Derecognition of Financial Liabilities**

The entity derecognises Financial Liabilities when, and only when, the entity's obligations are discharged, cancelled or they expire.

5. **RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

Risks and exposure are disclosed as follows:

5.1 **Credit Risk**

- Each class of financial instrument is disclosed separately
- Maximum exposure to credit risk not covered by collateral is specified
- Financial instruments covered by collateral are specified.

5.2 **Liquidity Risk**

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

- Sufficient cash is maintained to manage the SEF'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 SEF.

5.3 **Interest Risk**

Interest rate risk originates from the uncertainty about the fair value or future cash flows of a financial instrument which fluctuate because of changes in market interest rates.

Management has assessed the impact of interest rate risk on the operations of the entity and considers the risk to be negligible.

5.4 **Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the entities income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

6. **INVENTORIES**

Inventories comprising consumable stores, raw materials and finishing 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.

When inventories are sold, the carrying amount of those inventories are 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 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.

7. **REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for the sale services in the ordinary course of the entity's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic



benefits will flow to the entity and when specific criteria have been met for each of the entities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest is recognised, in profit or loss, using the effective interest rate method.

8. 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.

9. 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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Comprehensive Income as a finance cost as it occurs.

10. EMPLOYEE BENEFITS

10.1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Comprehensive Income as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The entity treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

10.2 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.



11. LEASES

11.1 The Entity as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

11.2 The Entity as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the entity's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the entity's net investment outstanding in respect of the leases or installment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

12. TAX

12.1 The entity accounts for Value Added Tax on the invoice basis.

12.2 Provision has not been made for taxation as the entity is exempt from income tax.

13. CASH AND CASH EQUIVALENTS

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.



14. 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.

15. 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.

16. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

17. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that have been classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

18. COMPARATIVE INFORMATION

18.1 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 R	2010 R
1. REVENUE			
Revenue from sale of goods		49 910 548	43 620 885
2. OTHER REVENUE			
Department of Labour transfer		68 099 258	64 351 585
Deferred revenue recognised	12.	2 086 044	916 667
Commission received		27 671	31 477
Gains on disposal of assets		-	112 331
Total		70 212 973	65 412 060
3. OPERATING EXPENSES			
Advertising		93 595	54 574
Auditor's remuneration	3.1	2 415 033	2 145 815
Bad debts written off		479 371	-
Bank Charges		144 930	140 109
Professional fees		1 218 097	325 235
Depreciation on property, plant and equipment		1 231 735	1 671 478
Employee costs		65 891 675	61 409 275
Operational expenses		5 741 398	10 288 914
Write down of inventory expense		1 952 806	1 689 049
Entertainment		18 360	6 308
Impairment on trade and other receivables		(86 300)	(523 297)
Minor assets expensed		14 880	67 275
Loss on disposal of assets		426 595	-
IT expenses		836 422	523 012
Printing and stationary		463 925	566 095
Repairs and maintenance		191 342	205 198
Rentals (lease charges)		54 820	48 187
Health and safety		-	10 153
Security		719 974	752 178
Telephone and fax		1 207 969	1 303 535
Training		114 841	37 258
Transport and freight		3 234 516	2 996 962
Travel local		180 389	128 610
Total		86 546 373	83 845 919
3.1 Auditors remuneration			
Fees		2 415 033	2 145 815
4. INVESTMENT INCOME			
Bank		13 516	26 331
5. FINANCE COSTS			
Interest charge on finance leases		18 415	24 367
Other interest paid		3 224	2 057
Total		21 638	26 424

6. PROPERTY, PLANT AND EQUIPMENT**2011****2010****R****R****Carrying amounts of:**

Plant and machinery	9 362 661	7 879 147
Furniture and fixtures	1 363 944	364 843
Office equipment	204 347	215 457
Computer equipment	425 682	216 194
Appliances	87 965	35 302
Leased assets	176 001	174 335
Total	11 620 599	8 885 279

	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 1 April 2009	16 432 946	735 579	507 758	1 754 952	74 351	642 282	20 147 868
Additions	53 737	95	15 235	55 846	6	.	124 920
Prior period error	19.1	.	.	.	.	(182 340)	(182 340)
Disposals	(1 964 257)	(167)	(42 130)	(256 478)	(33)	(36 978)	(2 300 043)
Balance at 31 March 2010	14 522 427	735 507	480 863	1 554 320	74 324	422 964	17 790 405
Prior period error	19.3	2 176 563	1 029 049	83 120	211 760	51 299	3 551 790
Restated balance 1 April 2010	16 698 989	1 764 556	563 983	1 766 080	125 623	422 964	21 342 195
Additions	666 557	68 844	903	35 814	21 502	90 832	884 451
Disposals	(922 536)	(52 004)	(146 634)	(397 852)	(10 194)	.	(1 529 220)
Balance at 31 March 2011	16 443 010	1 781 396	418 251	1 404 041	136 931	513 796	20 697 426

Accumulated depreciation

Balance at 1 April 2009	6 487 589	355 270	236 322	1 266 162	45 606	377 480	8 768 430
Eliminated on disposal of assets	(1 081 108)	43 244)	(25 840)	(150 198)	(14 952)	(63 442)	(1 378 783)
Prior period error	19.1	.	.	.	.	(154 900)	(154 900)
Depreciation expense	1 237 897	58 637	54 923	222 161	8 368	89 491	1 671 478
Balance at 31 March 2010	6 644 379	370 664	265 406	1 338 126	39 022	248 629	8 906 225
Eliminated on disposal of assets	(550 971)	(24 444)	(101 521)	(381 953)	(2 243)	.	(1 061 133)
Depreciation expense	986 942	71 233	50 019	22 187	12 188	89 166	1 231 735
Balance at 31 March 2011	7 080 349	417 452	213 905	978 360	48 967	337 796	9 076 828



	Note	2011 R	2010 R
7. INVENTORIES			
Raw materials and components		12 573 696	11 113 263
Work in progress		532 840	750 722
Finished goods		2 732 982	4 252 174
		15 839 519	16 116 158
Inventory write downs to net realizable value		(1 307 497)	(2 331 533)
Total		14 532 022	13 784 625
Value of inventory carried at fair value less costs to sell		-	-
8. TRADE AND OTHER RECEIVABLES			
Trade receivables		20 580 924	19 272 470
Provision for doubtful debts	8.1	(10 599 544)	(10 685 844)
		9 981 381	8 586 626
VAT receivable		346 850	-
Sundry debtors		79 123	146 041
Total		10 407 353	8 732 667
Age of receivables that are past due but not impaired			
Current (0 – 30 days)		8 840 781	6 617 894
31 - 60 Days		1 330 772	721 982
61 - 90 Days		123 021	1 118 688
91 - 120 Days		112 779	274 104
Total		10 407 353	8 732 667
8.1 Reconciliation of the doubtful debt provision			
Balance at beginning of the year		10 685 844	11 598 172
Prior period error	19.9	-	209 488
Amounts written off during the year as uncollectible		-	(598 518)
Provision reversed		(86 300)	(523 297)
Balance at end of the year		10 599 544	10 685 844
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.			
<i>Age of impaired trade receivables</i>			
Greater than 120 days		10 599 544	10 685 844
Total		10 599 544	10 685 844
9. CASH AND CASH EQUIVALENTS			
Bank balances		8 172 291	13 038 220
Cash on hand		23 100	23 100
Total		8 195 391	13 061 320
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.		7 131 337	11 935 912



	Note	2011 R	2010 R
10. FINANCE LEASE LIABILITY			
<p>The entity leases certain of its office equipment 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 5 years and the average effective borrowing rate was 10% (2010: 11%). Interest rates are linked to prime at the contract date. Some leases have fixed repayments, others have a 15% per annum escalation clause.</p>			
Amounts payable under finance leases:			
Finance lease liability - Minimum lease payments			
No later than 1 year		98 385	112 655
Later than 1 year and no later than 5 years		108 492	93 566
Later than 5 years		-	-
Future Finance charges on finance leases		(32 968)	(24 105)
Present Value of finance lease liability		173 908	182 117
Present Value of Minimum Lease Obligations:			
No later than 1 year		83 611	96 226
Later than 1 year and no later than 5 years		90 297	85 890
Later than 5 years		-	-
Total		173 908	182 117
11. TRADE AND OTHER PAYABLES			
Trade payables		6 965 168	6 077 068
Accruals		1 299 076	977 724
Income received in advance		1 093 182	620 619
VAT payable		-	430 881
Accrued leave pay		2 162 367	1 838 614
Accrued staff and workers backpay		2 321 410	-
Stabilisation fund		129 747	3 057 183
Unreconciled receipts		28 916	85 229
Outstanding cheques		15 372	17 989
Total		14 015 237	13 105 306
12. DEFERRED INCOME			
Balance at beginning of the year		8 849 384	21 247 285
Conditions met and recognised as revenue	2.	(2 086 044)	(916 665)
RAMP project payments		-	(11 481 236)
Balance at end of the year		6 763 340	8 849 384
Balance at end of year relates to the following projects:			
Business case project		3 316 049	3 316 049
Establishment of SEF Provident Fund		-	1 283 335
Other special projects		3 447 291	4 250 000
Total		6 763 340	8 849 384



	2011 R	2010 R
13. CASH GENERATED FROM OPERATIONS		
(Loss) / profit for the year	(2 076 435)	(2 574 770)
Adjustments for:	1 658 330	595 147
Depreciation	1 231 735	1 671 478
(Profit)/loss on sale of assets	426 595	(112 331)
Depreciation reversal	-	(964 000)
Operating surplus before working capital changes:	(418 105)	(1 979 623)
(Increase)/decrease in inventories	(747 397)	2 019 129
(Increase)/decrease in trade and other receivables	(1 674 686)	(1 305 197)
(Increase)/decrease in prepayments	-	38 802
Increase/(decrease) in trade and other payables	909 931	4 102 910
Increase/(decrease) in deferred income	(2 086 044)	(12 397 901)
Total	(4 016 301)	(9 521 881)

14. DEFINED CONTRIBUTION PLAN

Included in employee costs are the following:

Pension fund: Factory Instructors	688 390	694 523
Pension fund: Administrative Staff	2 242 290	1 897 552
Provident fund: Factory Workers	1 134 179	920 942
Provident fund: Factory Administrative Workers	128 929	122 074
Total	4 193 788	3 635 091

15. RELATED PARTIES

All the transactions below were made on terms equivalent to those in arm's length transaction unless otherwise stated.

15.1 Related party relationships

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.

SEF is a related party to all national government departments as a result of the relationship with DoL.

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.

15.2 Related party transactions

Revenue received		
Sale of goods to government departments and entities.	48 638 914	42 051 515
Sale of goods to SEF CEO	350	-
Transfers - Department of Labour subsidy	68 099 258	64 351 585
SARS - VAT refund	942 644	1 707 850
Total	117 681 166	108 110 949



	2011 R	2010 R
Payments made		
SARS - VAT	821 291	422 289
SARS - PAYE	1 322 706	1 225 030
SARS - UIF	1 098 609	1 060 329
Compensation Fund	827 108	982 544
Telkom	1 001 835	1 086 271
Department of Labour	49 757	199 028
Total	5 121 306	4 975 491

15.3 Related party balances

Year end balances arising from revenue/payments

Receivables from government departments and entities	15 904 369	15 850 195
Provision for doubtful debts related to receivables amount	(5 457 123)	(4 178 016)
SARS - VAT Payable	-	430 881
SARS - VAT Receivable	346 850	-
Telkom - Accrual	6 595	4 709
Total	10 800 691	12 107 770

15.4 Compensation to key management personnel

Short term employee benefits	1 960 564	2 128 920
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15.5 Other

Rustin Music	800	-
Total	800	-

Ms P.E. Rustin is a staff member of SEF and a member of Rustin Music. The transaction was for the rental of a sound system for a DoL visit to SEF factories in Cape Town.



		2011 R	2010 R
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:			
Financial Assets	Classification		
Receivables			
Trade receivables	Loans and receivables		
VAT receivable	Loans and receivables		
Sundry debtors	Loans and receivables		
Bank, Cash and Cash Equivalents			
Bank Balances	Available for sale		
Summary of financial assets			
Receivables			
Trade receivables (incl doubtful debt provision)	Loans and receivables	9 981 381	8 586 626
VAT receivable	Loans and receivables	346 850	-
Sundry debtors	Loans and receivables	79 123	146 041
Total		10 407 353	8 732 667
Available for Sale			
Bank Balances and Cash	Bank Balances	8 195 391	13 061 320
Total		8 195 391	13 061 320
Total Financial Assets		18 602 745	21 793 987

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
Current Portion of Long-term Liabilities	
Current portion of finance lease liability	Financial liabilities at amortised cost



	Note	2011 R	2010 R
Summary of financial liabilities			
Financial Liabilities at Amortised Cost			
Long-term Liabilities	Non-current finance lease liability	90 297	85 890
Current Portion of Long-term Liabilities	Current portion of finance lease liability	83 611	96 226
Creditors	Trade payables	6 965 168	6 077 068
Creditors	Accruals	1 299 076	977 724
Creditors	Income received in advance	1 093 182	620 619
Creditors	VAT payable	-	430 881
Creditors	Accrued leave pay	2 162 367	1 838 614
Creditors	Accrued back pay	2 321 410	-
Creditors	Stabilisation fund	129 747	3 057 183
Creditors	Unreconciled receipts	28 916	85 229
Creditors	Outstanding cheques	15 372	17 989
Total Financial Liabilities		14 189 145	13 287 422

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 2011, as a result of the short-term maturity of these assets and liabilities.

31 March 2011	Carrying Amount R	Fair Value R
Financial Assets		
Loans and Receivables		
Trade receivables (incl doubtful debt provision)	10 407 353	10 407 353
Available for Sale		
Bank Balances and Cash	8 195 391	8 195 391
Total Financial Assets	18 602 745	18 602 745
Financial liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	90 297	90 297
Current Portion of Long-term Liabilities	83 611	83 611
Creditors	14 015 237	14 015 237
Total Financial Liabilities	14 189 145	14 189 145
Total Financial Instruments	4 413 600	4 413 600



31 March 2010	Carrying Amount R	Fair Value R
Financial Assets		
Loans and Receivables		
Trade receivables (incl doubtful debt provision)	8 732 667	8 732 667
Available for Sale		
Bank Balances and Cash	13 061 320	13 061 320
Total Financial Assets	21 793 987	21 793 987
Financial liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	85 890	85 890
Current Portion of Long-term Liabilities	96 226	96 226
Creditors	13 105 306	13 105 306
Total Financial Liabilities	13 287 422	13 287 422
Total Financial Instruments	8 506 565	8 506 565

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 balance sheet 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.



	2011 R	2010 R
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16.7 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 balance sheet date is not considered material.

16.8 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.

16.9 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.

	2011 R	2010 R
Maximum credit and interest risk exposure in respect of financial instruments is as follows:		
Trade and other receivables	10 407 353	8 732 667
Bank balances and cash	8 195 391	13 061 320
Maximum Credit and Interest Risk Exposure	18 602 745	21 793 987

	2011 R	2010 R
17. IRREGULAR EXPENDITURE		
Reconciliation of Irregular Expenditure:		
Opening balance	23 040 498	-
Irregular Expenditure current year	29 713 353	23 040 498
Condoned by accounting officer	-	-
Closing balance	52 753 851	23 040 498

Irregular expenditure relates to expenditure incurred through procurement from sole suppliers by means other than tender without accounting officer authorisation of this deviation. No disciplinary procedures or criminal proceedings are required and the entity did not incur any financial loss.

18. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance	318 638	278 514
Fruitless and wasteful expenditure – relating to current year 18.1	13 070	40 124
Fruitless and wasteful expenditure – relating to prior year 19.2	-	141 000
Less: Amounts condoned	-	-
Less: Amounts transferred to receivables for recovery	-	(141 000)
Fruitless and wasteful expenditure awaiting condonement	331 708	318 638

18.1 Detail of fruitless and wasteful expenditure current year

Payment of cellphone costs for DoL employees seconded to SEF	9 846
Interest incurred on late payment of accounts	3 224
	13 070



	2011 R	2010 R
19. PRIOR PERIOD ERROR		
19.1 Lease Assets		
In prior periods the entity did not account for Lease Assets correctly in terms of IAS 17 Leases. This relates to the incorrect capturing of lease assets and lease payments in the general ledger. This has resulted in the following restatements:		
Lease Assets	-	(182 340)
Accumulated depreciation: Lease assets	-	154 900
Lease Liability	-	55 694
Retained earnings	-	(28 254)
19.2 Fruitless and wasteful expenditure		
In the current period fruitless and wasteful expenditure was identified which relates to prior periods. This relates to cellphone expenditure incurred by SEF on behalf of a former employee after they left the entity. This has resulted in an increase in retained earnings, and the creation of a debtor which is being recovered over a 24 month period.		
Retained earnings - after 2009/10 repayments	-	(129 250)
Receivables - after 2009/10 repayments	-	129 250
19.3 Property, plant and equipment		
In prior periods some assets were not recorded in the accounting records in accordance with IAS 16 Property, plant and equipment, resulting in assets with a carrying value of R1 and less. In the current period a full asset review was done and the asset values corrected. Due to the extent of the error and accounting system limitations it was considered impracticable to determine the period-specific effects of the error. For this reason the entity has restated the opening balances of assets and equity for the earliest period for which retrospective restatement is practicable, which is the current period. This has been done in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors paragraph 44. The effect of this error is as follows:		
Property, plant and equipment	3 552 232	-
Retained earnings	(3 552 232)	-
19.4 Deferred revenue		
In the prior period deferred revenue was not recognised in line with the accounting policy. The result of this is an understatement of expenditure and deferred revenue, with no effect on retained earnings or the deferred revenue liability:		
Deferred revenue recognised	-	(916 667)
Provident fund expenditure account	-	916 667
19.5 Irregular expenditure		
In the prior period irregular expenditure was not calculated and recognised in line with the accounting policy. In the current period a full review of irregular expenditure was performed for 2009/10. This has resulted in an increase in irregular expenditure that should be recognised:		
Irregular expenditure	-	19 806 498
19.6 Related Parties		
In the prior period related party transactions were not recognised in accordance with IAS 24 Related Parties. In the current period a full review of related party transactions and balances was performed for 2009/10. This has resulted in the following increases and decreases in related transactions and balances disclosed:		



	2011 R	2010 R
Revenue received		
Sale of goods to government departments and entities.	-	5 156 515
Transfers - Department of Labour subsidy	-	2 128 920
SARS - VAT refund	-	1 707 850
Payments made		
SARS - VAT	-	422 289
SARS - PAYE	-	(169 970)
SARS - UIF	-	1 060 329
Compensation Fund	-	(30 456)
Year end balances arising from revenue/payments		
Receivables from government departments and entities	-	1 072 195
SARS - VAT Payable	-	(133 119)
Telkom - Accrual	-	(3 291)

19.7 Cash Flow Statement

In the prior period certain figures in the cash flow statements were not calculated correctly in line with IAS 7 Statement of Cash Flows. In the current period a full reconciliation was performed for 2009/10. This has resulted in the following increases and decreases:

Cash receipts from customers	-	(4 383 502)
Cash paid to suppliers and employees	-	(4 404 621)
Finance cost	-	24 424
Proceeds on disposal of PPE	-	3 203
Cash generated from operations	-	(21 119)

19.8 Cost of sales

In the prior period inventory was sold below cost, however no write down to net realizable value was done in line with IAS 2 Inventory. In the current period a full review of cost of sales and inventory write downs was done. The effect of this is as follows:

Cost of sales	-	(1 689 049)
Write down of inventory expense	-	1 689 049

19.9 Provision for doubtful debts

In the prior period debtors with credit balances in the provision for doubtful debts were not eliminated. In the current period a full review of credit balances was done and credit balances eliminated. The effect of this is as follows:

Provision for doubtful debts	-	(209 488)
Retained earnings	-	209 488

20. COMPARATIVE INFORMATION

Two general ledger accounts relating to movement in leave provision have been reclassified from Operational Expenditure to Employee Costs where they should be in the comparative figures. The effect of this is as follows:

Employee costs	-	65 445
Operational expenses	-	(65 445)



	2011 R	2011 R
21. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT		
Goods to the value of R134 564 were stolen from the Rand Factory in October 2010. The investigation is still in progress and no criminal or disciplinary steps have been taken yet.		
Unpaid cheques amounting to R598 518 were written off during the prior year. These cheques were not recoverable due to unknown parties fraudulently intercepting and cashing cheques from SEF debtors. No criminal or disciplinary steps have been taken as a result of the above.		
Total	134 564	598 518
22. CONTINGENT LIABILITIES		
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 FOR YEAR ENDED 31 MARCH 2011

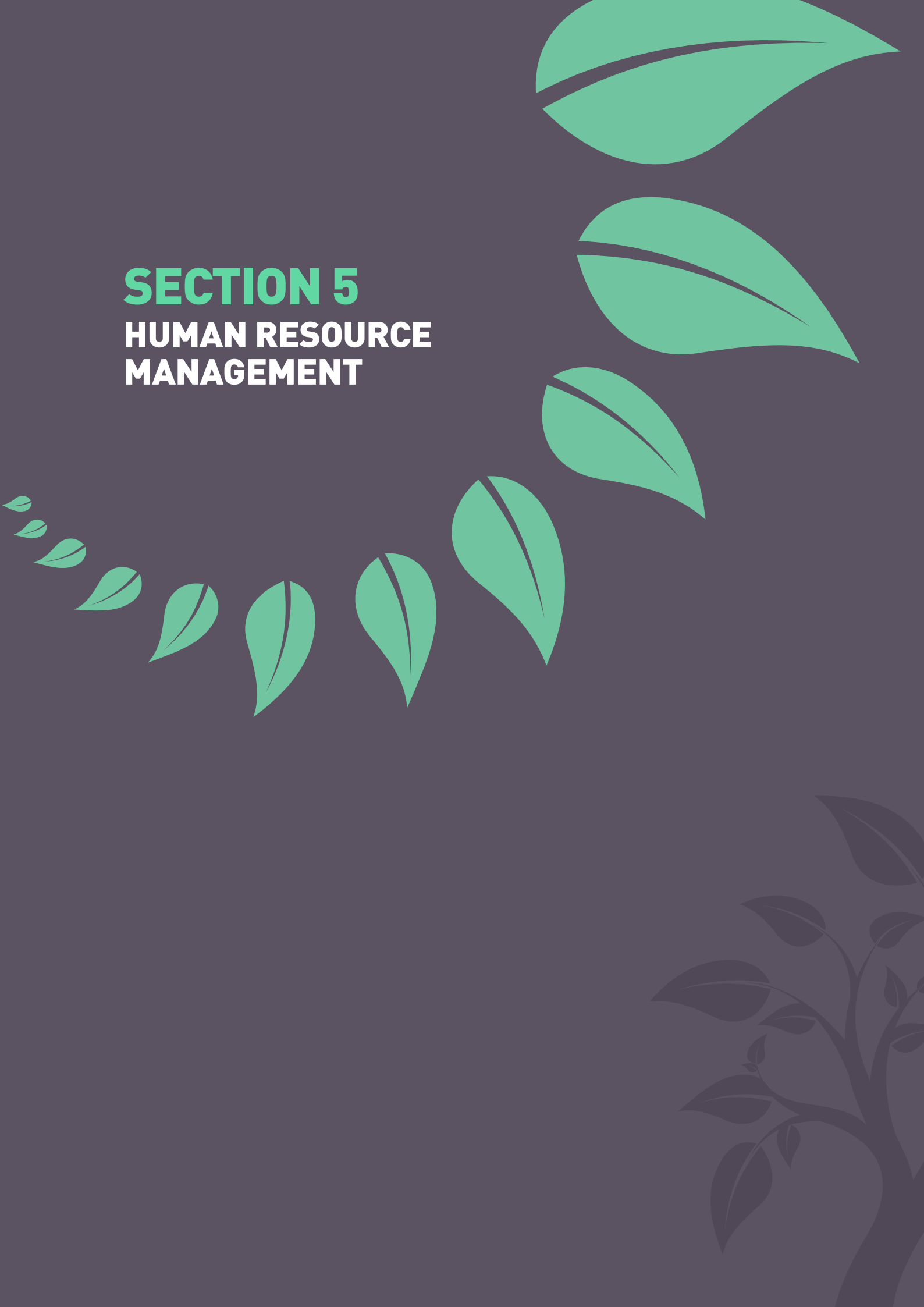
STRATEGIC PRIORITY	OBJECTIVE / GOAL	ACTIVITY	PERFORMANCE INDICATORS	TARGET 2010/11	ACHIEVED 2010/11	VARIANCE REPORT
Speeding up economic growth and transforming the economy to create decent work and sustainable livelihoods.	Transfers Sheltered Employment Factories (SEF) and Subsidies to designated groups.	Special employment opportunities provided to eligible people with disabilities from all racial groups.	Approved policy and legal framework for Service Products factories.	SEF Legal status and business case finalised.	Partially achieved. Proposed legal framework is included in Employment Services Bill approved by Cabinet.	Bill must still go through NEDLAC and Parliament.
			Increased Government procurement and other markets for goods from Service Products leading to intake of people with disabilities into SEF.	30% increase in sales leading to 500 more people with disabilities employed in SEF subject to government departments placing 30% of their orders from SEF.	Partially achieved. 15% increase in sales from government and other markets. No additional people with disabilities employed.	Economic recession and insufficient funding to employ additional people.
			Number of youth/ people with disabilities/ ex-combatants and Compensation Fund beneficiaries assisted with skills for employment in the SEF and integrated into the economy.	50 learners recruited to participate in SEF Centre of Excellence and a pilot project. On completion some learners will be trained further as mentors; placed in SEF or mainstream economy.	Not achieved	Economic recession and insufficient funding to employ additional people.
			All SEF factories successfully managed to be viable and sustainable enterprises.	70% of all products and services accounted for.	Target exceeded Finished goods - 100% Raw material -99.99719%.	Strict controls in place at all factories for daily stock control and the annual stock count.
			Number of people in Sheltered Employment Factories trained and placed in mainstream economy.	At least 50 former employees with disabilities trained and placed.	Not achieved.	Economic recession and insufficient funding to employ additional people.

The SEF Performance Information was approved by the Director-General on 31 May 2011.

Mr. NPT Nhleko | Director-General of Labour

SECTION 5

HUMAN RESOURCE MANAGEMENT



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1 EXPENDITURE

Department's budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 1.1) and by salary bands (Table 1.2). 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 1.1 – Personnel costs by programme, 2010/11

Programme	Total Voted 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	Personnel cost per employee (R'000)
Administration	682 480	239 465	3 044	6 301	35.1	77
Inspection & Enforcement Services	329 373	248 785	1 774	1 312	75.5	79
Public Employment Services	289 258	138 703	900	0	48.0	44
Labour Policy and Labour Market Programmes	525 199	54 578	789	7 407	10.4	17
Total	1 826 310	681 531	6 507	15 020	37.3	217

* 3 130 Was used as average number of the Department's employees (i.e. excludes 2 742 for UIF and 1 531 for CF) to determine the average personnel cost per employee.

Table 1.2 – Personnel costs by salary bands, 2010/11

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)	220 438	32.35	70
Highly skilled production (Levels 6 - 8)	339 072	49.75	108
Highly skilled supervision (Levels 9 - 12)	110 002	16.14	35
Senior management (Levels 13 - 16)	12 019	1.76	4
Other	0	0	0
Total	681 531	100	217

* 3 130 Was used as average number of the Department's (i.e. excludes 2 742 for UIF and 1 531 for CF) to determine the average personnel cost per employee.

The following tables provide a summary per programme (Table 1.3) and salary bands (Table 1.4), 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 1.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2010/11

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	166 913	24.49	2 317	0.34	7 082	1.04	13 659	2.00
Program 2: Inspection & Enforcement Services	176 751	25.93	450	0.07	8 796	1.29	17 321	2.54
Program 3: Public Employment Services	100 114	14.69	562	0.08	3 579	0.53	7 299	1.07
Program 4: Labour Policy and Labour Market Programmes	39 044	5.73	6	0.00	1 107	0.16	2 192	0.32
Total	482 822	70.84	3 335	0.49	20 564	3.02	40 471	5.93



Table 1.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2010/11

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)	156 166	22.91	1 079	0.16	6 651	0.98	13 090	1.92
Highly skilled production (Levels 6 - 8)	240 212	35.25	1 659	0.24	10 231	1.50	20 135	2.95
Highly skilled supervision (Levels 9 - 12)	77 930	11.43	538	0.08	3 319	0.49	6 532	0.96
Senior management (Levels 13 - 16)	8 515	1.25	59	0.01	363	0.05	714	0.10
Other	0	70.84	0	0.00	0	0.00	0	0.00
Total	482 822	70.84	3 335	0.49	20 564	3.02	40 471	5.93

* 3 130 Was used as average number of DoL employees (i.e. excludes 2 742 for UIF and 1 531 for CF) to determine the average personnel cost per employee.



2 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 2.1), salary band (Table 2.2) and critical occupations (Table 2.3). Departments have identified critical occupations that need to be monitored. Table 2.3 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 2.1 – Employment and vacancies by programme, 31 March 2011

Programme	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Administration (Corporate Services)	391	352	9.9	0
Chief Operation Officer	5 796	5 314	8.3	31
Public Employment Services	79	40	49.3	1
Labour Policy and Labour Market Programmes	124	106	14.5	6
Inspection and Enforcement Services	57	49	14.0	0
Social Insurance	UIF: 455 CC : 711	UIF: 424 CC : 674		UIF: 18 CC: 385
Total	*7 613	6 959	8.6	441

*Posts of the Unemployment Insurance Fund and the Compensation Fund are included.

Table 2.2 – Employment and vacancies by salary bands, 31 March 2011

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)	3 093	2 843	8.1	34.5
Highly skilled production (Levels 6 - 8)	3 593	3 289	8.5	76
Highly skilled supervision (Levels 9 - 12)	833	749	10.4	14
Senior management (Levels 13 - 16)	94	78	17.0	6
Total	*7 613	6 959	8.6	130.5

*Posts of the Unemployment Insurance Fund and the Compensation Fund are included.

**TABLE 2.3 – Employment and vacancies by critical occupation, 31 March 2011**

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative related	2 106	1 894	11.1	382
Artisans	0	0	0	0
Cleaners	160	142	11.2	0
Client Service Officers	1 398	1 321	5.5	1
Communication related	29	26	10.3	1
Employment Service Practitioners	296	259	12.5	0
Financial related	566	538	4.8	0
Food Services Aid	4	4	0	0
Head of Department	1	0	100	0
Housekeepers, laundry and related	0	0	0	0
Human Resources related	589	542	8	23
Information Technology	0	0	0	0
Inspectors	1 355	1 234	8.9	0
Legal related	10	10	0	0
Librarian and related	343	324	5.5	0
Drivers	30	30	0	0
Logistical Support and related	296	272	8.1	0
Medical Practitioners	11	8	27.2	4
Messengers	70	61	12.8	3
National Technical Examiners	0	0	0	0
Production Advisors	1	1	0	0
Minister				0
Security related	152	139	8.5	22
Secretarial related	98	72	26.5	0
Senior Management	94	78	17.0	5
Trade Labourers	4	4	0	0
Total	*7 613	6 959	8.6	441

*Posts of the Unemployment Insurance Fund and the Compensation Fund are included.



3 JOB EVALUATION

The following table (Table 3.1) 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 3.1 – Job Evaluation, 1 April 2010 to 31 March 2011

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts upgraded	Number	% of posts down-graded
Lower skilled (Levels 1 - 2)	0	0	0	0	0	0	0
Skilled (Levels 3 - 5)	3 093	5	0.2	7	0.2	0	0
Highly skilled production (Levels 6 - 8)	3 593	5	0.1	0	0	0	0
Highly skilled supervision (Levels 9 - 12)	833	180	21.6	0	0	0	0
Senior Management Service Band A	60	38	63.3	0	0	0	0
Senior Management Service Band B	24	15	62.5	0	0	0	0
Senior Management Service Band C	9	4	44.4	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	7 613	247	3.2	7	0.1	0	0

The following table 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 3.2 –Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2010 to 31 March 2011

Beneficiaries	African	Asian	Coloured	White	Total
Female*	15	0	5	13	33
Male	17	0	7	2	26
Total	32	0	12	15	59
Employees with a disability	0	0	0	0	0

Table 3.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Senior Management	1	13	14	Retention of staff from the old Ministry
Total number of employees whose salaries exceeded the level determined by job evaluation in 2010/11				1
Percentage of total employment				0.01%

Table 3.4 - Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2009 to 31 March 2011 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female*	1	0	0	0	1
Male	0	0	0	0	0
Total	1	0	0	0	1
Employees with a disability	0	0	0	0	0



4 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 4.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 2.3)

Table 4.1 - Annual turnover rates by salary band for the period 1 April 2010 to 31 March 2011

Salary Band	Number of employees per band as on 1 April 2010	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)	2 639	335	67	2.5
Highly skilled production (Levels 6 - 8)	3 060	135	94	3.1
Highly skilled supervision (Levels 9 - 12)	686	26	34	4.9
Senior Management Service Band A	47	3	1	2.1
Senior Management Service Band B	18	1	2	11.1
Senior Management Service Band C	7	1	0	0
Senior Management Service Band D	1	0	1	100
Total	6 458	501	199	3.1

Table 4.2 - Annual turnover rates by critical occupation for the period 1 April 2010 to 31 March 2011

Occupation:	Number of employees per occupation as on 1 April 2010	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Administrative related	1 723	168	39	2.3
Artisans	0	0	0	0
Cleaners	128	14	13	10.1
Client Service Officers	1 304	17	4	0.3
Communication related	26	1	3	11.5
Employment Service Practitioners	232	27	12	5.2
Financial related	445	93	24	5.4
Food Services Aid	5	0	1	20.0
Head of Department	1	0	1	100
Housekeepers, laundry and related	0	0	0	0
Human Resources related	492	50	26	5.3
Information Technology	0	0	0	0
Inspectors	1 185	49	48	4.0
Legal related	10	0	0	0
Librarian and related	283	41	9	3.2
Drivers	26	4	0	0
Logistical Support and related	258	14	6	2.3
Medical Practitioners	6	2	1	16.6
Messengers	61	0	2	3.3
Minister				
National Technical Examiners	0	0	0	0
Production Advisors	1	0	0	0
Security related	136	3	3	2.2
Secretarial related	59	13	3	5.1
Senior Management	73	5	4	5.4
Trade Labourers	4	0	0	0
Total	6 464	501	199	3.1

*Due to macro re-organisation of the state the Branch Employment Skills and Development Services was transferred to Department of Higher Education and Training with effect from 01 April 2010



Table 4.3 identifies the major reasons why staff left the Department.

Table 4.3 - Reasons why staff are leaving the Department

Termination Type	Number	% of total
Death	31	15.6
Resignation	60	30.1
Dismissal – operational changes	0	0
Dismissal – misconduct	29	14.6
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	32	16.1
Transfers to other Public Service Departments	47	23.6
Other	0	0
Total	199	100
Total number of employees who left as a % of the total employment	7 613	2.6

Table 4.4 - Granting of Employee-Initiated Severance Packages for the period 1 April 2010 to 31 March 2011

Category	Number of applications brought forward	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by the MPSA	Number of Packages approved by Department
Lower Skilled (Salary Level 1 – 2)	0	0	0	0	0
Skilled (Salary Level 3 – 5)	0	0	0	0	0
Highly Skilled production (Salary Level 6 – 8)	1	0	0	0	0
Highly Skilled production (Salary Level 9 – 12)	1	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0	0

**Table 4.5 Promotions by critical occupation**

Occupation:	Employees as at 1 April 2010	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
Administrative related	1 723	155	9.0	1 248	72.4
Artisans	0	0	0	0	0
Cleaners	128	24	18.7	120	93.7
Client Service Officers	1 304	0	0	1 178	90.3
Communication related	26	0	0	12	46.15
Financial related	445	58	13.1	184	41.34
Employment Service Practitioners	232	9	3.9	135	58.2
Food Services Aid	5	0	0	5	100
Head of Department	1	0	0	0	0
Housekeepers, laundry and related	0	0	0	0	0
Human Resources related	492	60	12.2	312	63.41
Information Technology	0	0	0	0	0
Inspectors	1 185	90	7.6	1 078	91
Legal related	10	0	0	0	0
Librarian and related	283	4	1.4	0	0
Drivers	26	3	11.5	13	50.0
Logistical Support and related	258	10	3.9	258	100
Medical Practitioners	6	1	16.6	0	0
Messengers	61	1	1.6	51	83.6
Minister				0	0
National Technical Examiners	0	0	0	0	0
Production Advisors	1	0	0	0	0
Security related	136	3	2.2	93	68.3
Secretarial related	59	1	1.7	45	76.2
Senior Management	73	3	4.1	28	38.3
Trade Labourers	4	0	0	1	25
Total	6 464	422	6.5	4 761	73.7

*Due to macro re-organisation of the state the Branch Employment Skills and Development Services was transferred to Department of Higher Education and Training with effect from 01 April 2010

Table 4.6 Promotions by salary band

Salary Band	Employees 1 April 2010	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)	2 643	28	1.1	2 366	89.5
Highly skilled production (Levels 6 - 8)	3 056	344	11.2	1 919	62.7
Highly skilled supervision (Levels 9 - 12)	686	47	6.9	431	62.8
Senior management (Levels 13 - 16)	73	3	4.1	45	61.6
Total	6 458	422	6.5	4 761	73.7

*Due to macro re-organisation of the state the Branch Employment Skills and Development Services was transferred to Department of Higher Education and Training with effect from 01 April 2010



5 EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2011

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	37	5	3	6	23	1	0	3	78
Professionals	74	7	6	9	61	3	3	20	183
Technicians and associate professionals	896	101	46	94	981	120	26	240	2 504
Clerks	1 351	174	40	62	1 744	261	60	264	3 956
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	93	12	1	5	109	15	0	3	238
Total	2 451	299	96	176	2 918	400	89	530	6 959
Non-permanent employees	185	2	1	1	239	9	2	2	441
Grand Total	2 636	301	97	177	3 157	409	91	532	7 400

Employees with disabilities	73	8	5	16	49	8	4	22	185
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5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	1	0	0	2	0	0	0	7
Senior Management	33	4	3	6	21	1	0	3	71
Professionally qualified and experienced specialists and mid-management	281	26	21	32	286	30	8	63	747
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	689	82	31	71	756	93	21	197	1 940
Semi-skilled and discretionary decision making	1 444	186	41	67	1 853	276	60	267	4 194
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	2 451	299	96	176	2 918	400	89	530	6 959

5.3 Recruitment for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management		0	0	0	1	0	0	0	1
Senior Management	1	0	0	0	3	0	0	0	4
Professionally qualified and experienced specialists and mid-management	6	2	0	1	14	1	0	2	26
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	48	0	0	0	28	4	0	1	81
Semi-skilled and discretionary decision making	150	18	2	6	165	22	2	2	367
Unskilled and defined decision making	4	5	0	1	12	0	0	0	22
Total	209	25	2	8	223	27	2	5	501

Employees with disabilities	10	2	0	0	2	2	0	0	16
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5.4 Promotions for the period 1 April 2010 to 31 March 2011

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	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	24	0	0	0	17	1	2	3	47
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	75	7	1	2	92	14	7	12	210
Semi-skilled and discretionary decision making	54	8	0	1	89	9	0	1	162
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	154	15	1	3	200	24	9	16	422
Employees with disabilities	2	1	0	0	0	1	0	1	5

5.5 Terminations for the period 1 April 2010 to 31 March 2011

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	15	1	0	2	14	0	2	0	34
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	32	2	0	1	19	2	0	9	65
Semi-skilled and discretionary decision making	40	2	0	1	31	0	0	7	81
Unskilled and defined decision making	3	1	0	0	10	1	0	0	15
Total	92	6	0	4	76	3	2	16	199
Employees with disabilities	5	0	1	2	1	0	0	1	10

5.6 Disciplinary action for the period 1 April 2010 to 31 March 2011

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	100	12	3	6	41	5	0	10	177

5.7 Skills development for the period 1 April 2010 to 31 March 2011

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	21	0	2	4	19	0	0	2	48
Professionals	133	13	4	9	179	13	3	38	392
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	1 874	223	31	84	2 404	232	37	238	5 123
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	58	3	0	1	50	2	0	114	228
Total	2 086	239	37	98	2 652	247	40	392	5 791
Employees with disabilities	38	0	1	2	8	8	1	2	60

For skills development purposes the Organising Framework of Occupations (OFO) is used.



6 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 6.1 - Performance Rewards by race, gender, and disability, 1 April 2010 to 31 March 2011 for the performance cycle 2009/10

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
Male	496	2 398	20.7	4 859	978 637
Female	715	2 821	25.4	7 312	1 022 657
Asian	0	0	0	0	0
Male	36	87	41.4	613	1 702 777
Female	50	87	57.5	427	854
Coloured	0	0	0	0	0
Male	84	270	31.1	729	867 857
Female	169	376	45.0	1 458	862 721
White	0	0	0	0	0
Male	61	160	38.1	909	1 490 163
Female	327	529	61.8	3 574	1 092 966
Employees with a disability	54	174	31.0	555	1 027 777
Total	1 992	6 902	28.9	20 436	9 046 409

Table 6.2 - Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2009 to 31 March 2010 for the performance cycle 2009/10

Salary Bands	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Average cost per employee	Total Cost as a % of the total personnel expenditure
Lower skilled (Levels 1 - 2)	0	0	0	0	0
Skilled (Levels 3 - 5)	738	2 640	28	4 771	646 476
Highly skilled production (Levels 6 - 8)	1 028	3 072	33.5	11 080	1 077 821
Highly skilled supervision (Levels 9 - 12)	218	686	31.8	4 394	2 015 596
Periodical Remuneration	0	60	0	0	0
Total	1 984	6 458	30.7	20 245	2 957

**Table 6.3 Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011 for the performance cycle 2009/10**

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost	Average cost per employee
Administrative related	1 002	3 512	28.5	10 339	10 318
Artisans	0	1	0	0	0
Cleaners	59	144	41.0	263	26 247
Client Service Officers	0	8	0	0	
Communication related	11	30	36.7	162	16 167
Employment Service Practitioners	28	230	12.2	336	33 532
Financial related	198	441	44.9	2 163	33 532
Food Services Aid	2	5	40.0	13	1 297
Housekeepers, laundry and related	0	0	0	0	0
Human Resources related	140	469	29.9	1 443	144 011
Information Technology	0	0	0	0	0
Inspectors	276	1 170	23.6	2 226	222 155
Legal related	3	10	30.0	67	6 686
Librarian and related	0	1	0	0	0
Drivers	7	26	26.9	45	4 491
Logistical Support and related	170	512	33.2	1 366	136 327
Medical Practitioners	2	9	22.2	33	3 293
Messengers	25	67	37.3	116	11 576
National Technical Examiners	0	0	0	0	0
Production Advisors	1	1	100	10	.99
Security related	25	137	18.3	192	19 161
Secretarial related	38	81	46.9	423	42 215
Senior Management	5	57	8.8	199	19 860
Trade Labourers	1	1	100	3	0.29
Total	1 992	6 905	28.9	23 971	9 726

Table 6.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service for the performance cycle 2009/10

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	1	55	1.8	18	33	0.3
Band B	1	19	5.3	58	5 800	0.3
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
Total	2	74	2.7	125	6 250	0.6



7 FOREIGN WORKERS

The tables 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 7.1 Foreign Workers, 1 April 2010 to 31 March 2011, by salary band

Salary Band	1 April 2010		31 March 2011		Change in Employment	
	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
Periodical Remuneration	0	0	0	0	0	0
Abnormal appointment	0	0	0	0	0	0
Total	1	100	1	100	0	0

Table 7.2 Foreign Workers, 1 April 2010 to 31 March 2011, by major occupation

Major Occupation	1 April 2010		31 March 2011		Change in employment	
	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

8 LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2010 TO 31 DECEMBER 2010

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 8.1) and disability leave (Table 8.2). In both cases, the estimated cost of the leave is also provided.

Table 8.1 Sick leave, 1 January 2010 to 31 December 2010

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)	57	89.5	7	0.1	8	14
Skilled (Levels 3 - 5)	24 617.5	81.9	2 477	39.9	10	8 245
Highly skilled production (Levels 6 - 8)	28 551.5	81.4	3 008	48.4	9	15 013
Highly skilled supervision (Levels 9 - 12)	5 088.5	81.8	657	10.6	8	5 694
Senior management (Levels 13 - 16)	327	83.8	63	1.0	5	878
Total	58 641.5	81.7	6 212	100	9	29 844

Table 8.2 Disability leave (temporary and permanent), 1 January 2010 to 31 December 2010

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)
Skilled (Levels 3 - 5)	1 521	100	27	38.0	56	519
Highly skilled production (Levels 6 - 8)	1 891	100	40	56.3	47	1 085
Highly skilled supervision (Levels 9 - 12)	182	100	3	4.2	61	171
Senior management (Levels 13 - 16)	26	100	1	1.5	26	71
Total	3 620	100	71	100	51	1 846

Table 8.3 - 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 8.3 - Annual Leave, 1 January 2010 to 31 December 2011

Salary Bands	Total days taken	Average days per employee	Number of employees who took leave
Lower skilled (Levels 1 - 2)	98	14	7
Skilled (Levels 3 - 5)	52 478.28	19	2 803
Highly skilled production (Levels 6 - 8)	73 046.68	22	3 397
Highly skilled supervision (Levels 9 - 12)	17 713.88	21	847
Senior management (Levels 13 - 16)	1 668	19	86
Total	145 004.84	20	7 140

Table 8.4 - Capped leave, 1 January 2010 to 31 December 2011

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010
Skilled (Levels 3 - 5)	113	3	25
Highly skilled production (Levels 6 - 8)	480	4	37
Highly skilled supervision (Levels 9 - 12)	131	5	43
Senior management (Levels 13 - 16)	12	4	35
Total	736	4	35

TABLE 8.5 Leave payouts for the period 1 April 2010 to 31 March 2011

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Capped leave payouts on termination of service for 2010/11	1 710	237	7 215
Current leave payout on termination of service for 2010/11	670	172	3 895
Total	2 380	409	5 819



9 HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES

Table 9.1 - Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Yes	By developing HIV & AIDS Technical Guidelines which is meant mainly for external clients as well. There is also a call by the DPSA to have the HIV/ AIDS Technical guidelines updated. Work still needs to be done though for the internal clients.

Table 9.2 - 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		2 Assistant Directors co-ordinate and manage the programme nationally, which is inclusive of all provinces and the Funds. (R 1 million)
3. Has the department introduced an Employee assistance or health promotion programme for your employees? If so, indicate the key elements/services of this programme.	X		Creating awareness by writing articles on health and wellness issues. Holding wellness days. Commemorating health and Wellness events. Managing HIV and AIDS through VCT programmes. Have a peer educators' programme, nationally.



10 LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the Department.

Table 10.1 Collective agreements, 1 April 2010 to 31 March 2011

Subject Matter	Date
Nil Report	

If there were no agreements, then use the following table

Total collective agreements	0
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The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 10.2 – Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	2	1.8
Verbal warning	0	0
Written warning	14	12.4
Final written warning	48	42.5
Suspended without pay	12	10.6
Fine	0	0
Demotion	0	0
Dismissal	31	27.4
Not guilty	3	2.7
Case withdrawn	3	2.7
Other (i.e. referring back, progressive discipline)	0	0
Total	113	100

If there were no disciplinary hearings, then use the following table

Disciplinary hearings – 2010/11	-
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Table 10.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Absenteeism	18	25.4
Abuse of power	0	0
Alcohol abuse	5	7.0
Assault	1	1.4
Bribery	3	4.2
Dereliction of duty	0	0
E-mail abuse	2	2.8
Failure to declare IES monies	2	2.8
Fraud	25	35.2
Fruitless expenditure	0	0
Insubordination	0	0
Misrepresentation	1	1.4
Negligence	1	1.4
Sexual harassment	1	1.4
State vehicle misuse	12	16.9
Total	71	100

**Table 10.4 Grievances lodged for the period 1 April 2010 to 31 March 2011**

	Number	% of Total
Number of grievances resolved	91	58.7
Number of grievances not resolved	64	41.3
Total number of grievances lodged	155	100

Table 10.5 Disputes lodged with Councils for the period 1 April 2010 to 31 March 2011

	Number	% of Total
Number of disputes upheld	25	62.5
Number of disputes dismissed	2	5.0
Pending	13	32.5
Total number of disputes lodged	40	100

Table 10.6 – Strike actions for the period 1 April 2010 to 31 March 2011

Total number of working days lost	6 499
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 10.7 – Precautionary suspensions for the period 1 April 2010 to 31 March 2011

Number of people suspended	21
Number of people whose suspension exceeded 30 days	5
Average number of days suspended	60
Cost of suspensions	R 378 834.00



11 SKILLS DEVELOPMENT

This section highlights the efforts of the Department with regard to skills development.

11.1 Training needs identified 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period				Total
			Learnerships 18.1	Learnerships 18.2	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	25	0	0	21	0	21
	Male	50	0	0	27	0	27
Professionals	Female	354	0	0	233	0	233
	Male	343	0	0	159	0	159
Technicians and associate professionals	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Clerks	Female	3 137	0	0	2 911	0	2 911
	Male	2 311	0	0	2 212	0	2 212
Service and sales workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Elementary occupations	Female	129	0	0	166	0	166
	Male	109	0	0	62	0	62
Sub Total	Female	3 645	0	0	3 331	0	3 331
	Male	2 813	0	0	2 460	0	2 460
Total		6 458	0	0	5 791	0	5 791

12.2 Training provided 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period				Total
			Learnerships	Learnerships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	25	0	0	25	0	25
	Male	50	0	0	50	0	50
Professionals	Female	354	0	0	354	0	354
	Male	343	0	0	343	0	343
Technicians and associate professionals	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Clerks	Female	3 137	0	0	3 137	0	3 137
	Male	2 311	0	0	2 311	0	2 311
Service and sales workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Elementary occupations	Female	129	0	0	129	0	129
	Male	109	0	0	109	0	109
Sub Total	Female	3 645	0	0	3 645	0	3 645
	Male	2 813	0	0	2 813	0	2 813
Total		6 458	0	0	6 458	5 860	6 458



12 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 12.1 – Injury on duty, 1 April 2010 to 31 March 2011

Nature of injury on duty	Number	% of total
Required basic medical attention only	24	88.9
Temporary Total Disablement	2	7.4
Permanent Disablement	1	3.7
Fatal	0	0
Total	27	100



13 UTILISATION OF CONSULTANTS

Table 13.1 - 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
Worker cooperatives support strategy	2	8 months	R225 720.00
Assessment of compliance with OHS in three High Risk Sectors: Construction, Agriculture and Iron and steel	5	16 months	R969 000.00
Assessment of the impact of the 2 nd NSDS	14	18 months	R6 800 000.00
ESSA	6	12 months	R1 500 000.00
UIF Client Satisfaction Survey	5	12 months	R847 562.11
Non compliance with UI Act	5	12 months	R1 105 347.00
Labour Law Review	1	120 Days	R1 500.000.00
Second Phase of the Silicosis Research Study	1	6 months 186 Days	R500 000.00
Appointment to draft the Labour Relations Act of 1995, The Basic Conditions of Employment Act of 1997, The Employment Equity Act of 1998 and possibly align other acts on the area of Labour Broking	1	120 Days	R1 158 810.00
Disclosure of the PPP contract into the Financial Statements	1	12.8125 Days (307.5 Hours)	R478 988.10
Appointment of a CFO for the Sheltered Employment Factories	1	5 months (155 Days)	R463 752.00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
15	32	2 966	R15 549 179.21

Table 13.2 - 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
Worker cooperatives support strategy	100%	100%	2
Assessment of compliance with OHS in three High Risk Sectors: Construction, Agriculture and Iron and steel	100%	80%	4
Assessment of the impact of the 2 nd NSDS	HSRC		
ESSA	HSRC		
UIF Client Satisfaction Survey	UNISA		
Non compliance with UI Act	UNISA		

Table 13.3 - 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 13.4 - 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



14 HUMAN RESOURCES MANAGEMENT

Human Resources 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.

The Department's MTEF Human Resources (HR) Plan for 2010-2015 is in place and the annual HR Plan report was submitted to the Department of Public Service and Administration as mandated by the Minister of Public Service and Administration in paragraph 4.3.2 of the amended HR Planning Directive.

Employee Health and Wellness Programme:

- At the beginning of every year, we receive a Health and Wellness calendar from the Department of Health. We use the dates in the calendar for the commemoration of health and wellness events.
- We have pro-active programmes to ensure that employees are well and healthy. These are preventative programmes, e.g. Awareness Programmes.
- When employees are already experiencing those problems, then there are reactive programmes in place, e.g. Counselling and rehabilitation programmes.
- The key priorities are the 4 Pillars of the EHWP Programme. The key challenges are lack of capacity, and budget. The budget is not sufficient to drive the programme. Because of lack of capacity and insufficient budget, the goal of improved quality of work life and improved productivity is not achieved.

The Department is promoting the Health and Wellness of employees. The 4 key Pillars that inform the Health and Wellness programme are HIV/AIDS and TB Management, Disease Management, Health and Productivity Management and Safety, Health, Environment, Risk and Quality Management (SHERQ). The Department is currently implementing the following pillars: HIV/AIDS and TB Management, Disease Management, Health and Productivity Management. There is not enough capacity to implement all 4 pillars and thus the proposal for the SHERQ pillar to be implemented in the next financial year when funds are available to expand the EHWP structure.

With regards to Gender, Disability and Youth (GDY) matters the following were achieved:

- Casual Day was commemorated in support of people with disabilities on 03 September 2010. employees were encouraged to buy stickers and 40% of all sales was donated to the National Council for the Blind.
- The 16 Days of Activism Campaign for No Violence Against Women and Children as well as Disability Day was commemorated through the use of Intranet and exchange postmaster by sensitizing staff in general.
- Participated in the National Youth Development Agency International Youth Day roundtable discussions.

Employment Equity continues to be implemented as one of the Department's key strategic areas. As a result, the Department has developed and implemented its successive plan after the plan of 2006-2009 which started from 1 June 2009 to 31 May 2012. Progress with regards to the implementation of the Employment Equity Plan for the period 1 June 2009 until 31 May 2012 is monitored on monthly basis by Local Employment Equity Consultative Forums (LEECF's) and on a quarterly basis by the National Employment Equity Consultative Forum (NEECF). Comparative Employment Equity representativity profiles are updated monthly to monitor the achievement of the numerical goals.

- With regard to Employment Equity the following tables depict the current status vis a vis the start of the new plan.

Comparative analysis covering 31 May 2009, 31 March 2011 and the goal for 31 May 2012



SMS Level (13 – 16)

Gender	31.05.2009	31.03.2011	Goal
Male	69.0%	65.4%	54.0%
Female	31.0%	34.6%	46.1%

The table above reflects that SMS levels are dominated by males. There is a decrease of 3.6% of males since the inception of the new plan and the females have increased by the same percentage.

All Levels

Gender	31.05.2009	31.03.2011	Goal
Male	43.9%	43.4%	54.0%
Female	56.1%	56.6%	46.1%

On an overall males are underrepresented whilst they are overrepresented at SMS level as compared to their female counterparts.

Females All Levels

Race & gender	31.05.2009	31.03.2011	Goal
African Females	39.4%	41.9%	34.7%
Coloured Females	5.9%	5.8%	4.9%
Indian Females	1.4%	1.3%	1.2%
White Female	9.4%	7.6%	5.3%

Males All Levels

Race & Gender	31.05.2009	31.03.2011	Goal
African Males	35.0%	35.2%	39.4%
Coloured Males	4.3%	4.3%	5.9%
Indian Males	1.3%	1.4%	1.9%
White Male	3.2%	2.5%	6.8%

Generally on all levels African females are still overrepresented whereas African males are underrepresented.

Both Coloured males and females are overrepresented whilst Indian females are slightly overrepresented and Indian males are slightly underrepresented.

White females are overrepresented and White males are underrepresented.

The Department currently stands at 2.7% representation of people with disabilities across all levels. Even though the Department has exceeded the national target of 2% it has taken a step further and set its target to 5% across all levels by 2012.



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