



ANNUAL REPORT

OF THE DEPARTMENT OF LABOUR

2013/14





labour

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REPUBLIC OF SOUTH AFRICA

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“It is my privilege and honour to submit to you the Annual Report of the Department of Labour for the period 1 April 2013 to 31 March 2014, in terms of the the Public Finance Management Act, 1999.”

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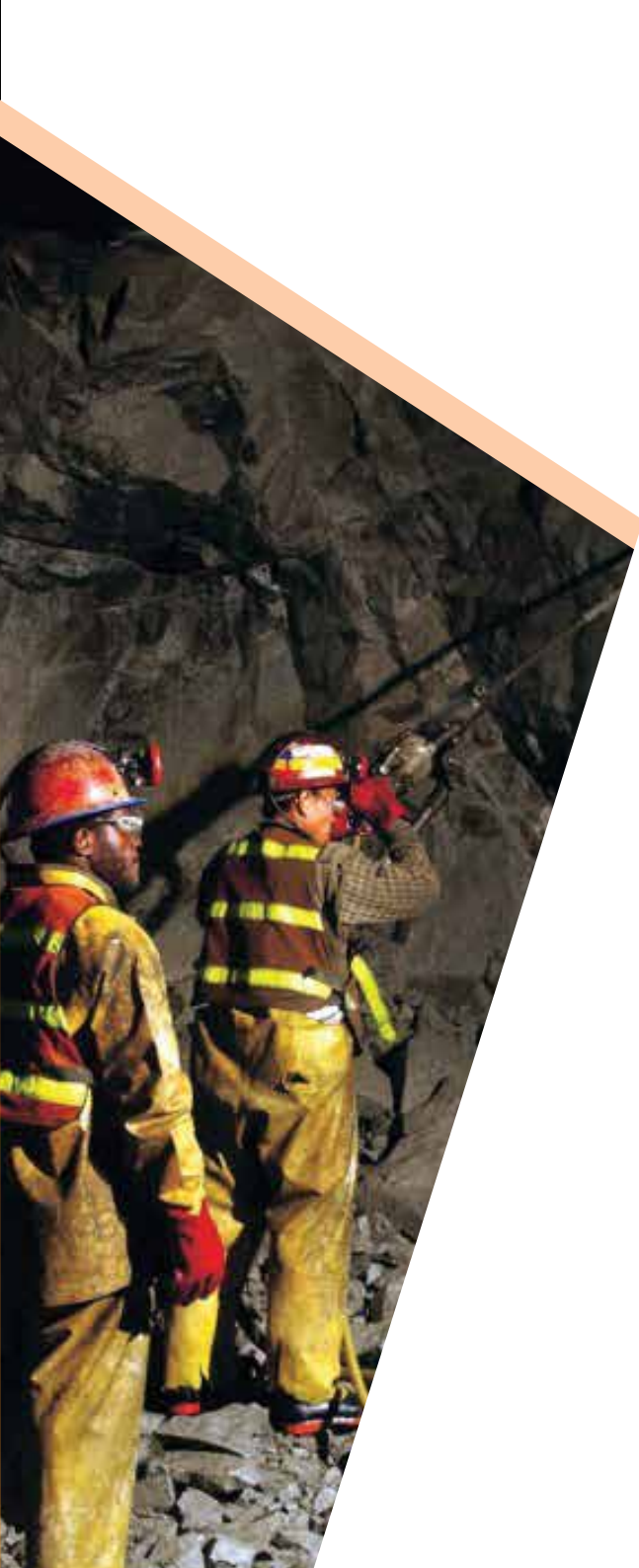
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PART A

The background of the page features a collage of images related to mining. On the left, there is a close-up of a rocky, uneven surface. In the center and right, there are images of miners wearing high-visibility yellow and red safety gear, including helmets and jackets, working in a dark, underground environment. The overall design is composed of various shades of orange and brown, with diagonal lines separating the different image sections.



1.1 DEPARTMENTAL GENERAL INFORMATION

1.1.1 OUR VISION

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

1.1.2 OUR MISSION

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

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

1.1 .3 OUR VALUES

- We shall at all times be exemplary in all respects
- We treat employees with care, dignity and respect
- We respect and promote:
 - Client centred services
 - Accountability
 - Integrity and ethical behaviour
 - Learning and development
- We live the Batho Pele Principles
- We live the principles of the Department's Service Charter
- We inculcate these values through our performance management system.

1.2 LIST OF ABBREVIATIONS/ACRONYMS

AG	Auditor-General		
BCEA	Basic Conditions of Employment Act		
DDS	Deputy Directors		
CCMA	Commission for Conciliation, Mediation and Arbitration		
CF	Compensation Fund		
CS	Corporate Services		
CFO	Chief Financial Officer		
COO	Chief Operations Officer		
CIO	Chief Information Officer		
COIDA	Compensation for Occupational Injuries and Diseases Act		
Act DG	Acting Director-General		
DG	Director-General		
DPSA	Department of Public Services and Administration		
EEA	Employment Equity Act		
EPWP	Extended Public Works Programme		
HO	Head Office		
HRM	Human Resource Management		
ICD	Integrated Client Database		
		IES	Inspection and Enforcement Services
		ILO	International Labour Organisation
		LMIS	Labour Market Information and Statistics
		LP and IR	Labour Policy and Industrial Relations
		LRA	Labour Relations Act
		MTSF	Medium Term Strategic Framework
		MTEF	Medium Term Expenditure Framework
		OHS	Occupational Health and Safety
		PDP	Personal Development Plan
		PES	Public Employment Services
		PFMA	Public Finance Management Act
		PPP	Public Private Partnership
		RME	Research Monitoring and Evaluation
		SEF	Sheltered Employment Factories
		UIF	Unemployment Insurance Fund

1.3 FOREWORD BY THE MINISTER

This report concludes our commitment in terms of the Government's five year implementation cycle of the Medium-Term Strategic Framework 2009 to 2014. Coinciding with the celebration of our successful 20 years since the dawn of democracy, we are recommitting ourselves to the 2014 to 2019 Medium-Term Strategic Framework. The report seeks to provide a detailed assessment of the Department's performance in terms of service delivery outcomes and outputs as well as Departmental objectives as set out in the Government's Medium-Term Strategic Plan 2009 to 2014.

Following our renewed commitment in the previous financial year, we have had some successes and some challenges in 2013/14. Some of the successes include the tabling and finalisation of various labour law Amendments such as the Basic Conditions of Employment Act, Employment Equity Act, Labour Relations Act and the promulgation of the Employment Services Bill. We are pleased to report that these amendments have since been signed into Law by the President of the Republic.

The Unemployment Insurance Amendment Bill was also tabled for consideration by the fourth Parliament, but could not be finalised due to parliamentary tight schedule. Steps to re-table the Bill are well underway. We are also intending to ring-in some enabling Amendments to the Compensation of Occupational Injuries and Diseases Act and the Occupational Health and Safety Act during this term.

Our legislative interventions have had mixed levels of success notwithstanding the numerous challenges we faced. The South African labour market's institutional framework remains sound and our labour laws are heralded as amongst the best in the world. This is against a backdrop of a vibrant and a highly quizzed policy terrain the world over.

The continued inequalities in the work place, poverty in general, poverty among the employed and the ever increasing wage-gap if not tackled decisively, remain a threat to our young democracy and our labour market institutional framework and this is a matter that require a collective effort from all and to remedy.

The Department has sharpened its instruments to monitor the dynamics in the labour market: our monitoring approaches are now on par with the best in the world. The Department's analysis of the labour market has given credence to the amendments in the current labour regime. As promised in this implementation cycle, we remained committed to the Government's resolve to fast-track transformation in the workplace and to address the new challenges in the labour market.

The Department continues to transform the labour market and change the way we do business. We commit to continue to interact with the citizenry by enhancing access to information and quality services aimed at improving the lives of all our citizens. At the centre of our transformation agenda is ensuring that real customer insight is the driver of service design and delivery; reducing duplication and non-value adding customer contact; also optimising contact and channel management to make use of technology enabling channels and utilising the government-wide infrastructure where appropriate.

On the international arena, we have strengthened our multilateral and bilateral relation with Africa and the rest of the world through diplomatic interactions. We have hosted an ARLAC conference and attended a number of ILO conferences as part of our contribution to a safer Africa in a better world. It is worth celebrating that to date South Africa has ratified 23 critical ILO conventions of which 20 are active. These conventions, among other things, improve the functioning of the Inspectorate and enhance the monitoring of compliance with our labour legislation.

It is with pride that the Department reports significant improvements in the financial management ability of the Department. Our performance displays a continuous improvement year-on-year with the Department having received four favourable unqualified audit reports in a row since 2011/12.

The Department of Labour proudly presents the 2013/2014 Annual Report.



Minister MN Oliphant

ACCOUNTING OFFICER'S OVERVIEW

1.4 LEGISLATIVE AND OTHER MANDATES

1.4.1 CONSTITUTIONAL AND LEGISLATIVE MANDATES

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

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



Acting Director-General
Sam Morotoba

The Department administers the following legislation:

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

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

1.4.2 POLICY MANDATES

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

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

LEADERSHIP

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



1.5 ORGANISATIONAL STRUCTURE

(From left to right)

Inspection and Enforcement Services
Deputy Director-General
T Lamati

Labour Policy and Industrial Relations
Acting Deputy Director-General
T Mkalipi

Public Employment Services
Acting Deputy Director-General
E Tloane

Commissioner
Unemployment Insurance Fund
TB Seruwe

Deputy Minister
SP Holomisa

Minister of Labour
MN Oliphant

Acting Director-General
S Morotoba

Chief Operations Officer
A Moiloa

Commissioner
Compensation Fund
SS Mkhonto

Corporate Services
Deputy Director-General
PN Tengi

Chief Financial Officer
BE Maduna



1.6 ENTITIES REPORTING TO THE MINISTER

The following entities report to the Minister of Labour:

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 South Africa, Unemployment Insurance Board.

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

Productivity SA (PSA)	Productivity SA is mandated by Government, Organised Labour and Organised Business, to improve the productive capacity of the economy, and thus contribute to South Africa's socio-economic development and competitiveness	<ul style="list-style-type: none"> • Assist companies to generate world class and competitive products and services • Productivity and competitive awareness heightened and embraced, in South Africa • Capacitate SMMEs to contribute to sustainable employment creation • Save jobs in distressed companies • Produce productivity researched reports for selected sectors.
Unemployment Insurance Fund (UIF)	The Unemployment Insurance Fund (UIF) contributes to the alleviation of poverty in South Africa by providing short-term unemployment insurance to all workers who qualify for unemployment related benefits. The Fund is financed by a dedicated tax on the wage bill	Collection of unemployment insurance contributions and payment of benefits to qualifying contributors.

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

1.7.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

Overview of the results and challenges of the Department

The Department of Labour derives its mandate from the Constitution which is given effect through a number of Acts which regulate labour matters in South Africa. These legislation include the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Employment Equity Act (1998), and the Occupational Health and Safety Act (1993).

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:

- Improving economic efficiency and productivity
- Facilitating employment creation
- Promoting and enforcing 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
- Adding value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises which is balanced with the promotion of decent employment.

1.7.1.1 CHALLENGES FACING THE DEPARTMENT

Overall, the following challenges can be highlighted:

- The Department of Labour release strike statistics annually that affect the South African labour market. These strikes include labour strikes in the platinum mining sector, road freight transportation and agricultural sectors in the Western Cape. Out of 99 strikes recorded in 2012, about 45% of strikes were “unprotected or un-procedural” with more than 17 million working days lost
- There is persistence of prolonged labour market under-performance which will affect the long-term unemployment trends in future. Consequently, a large number of economically active people could be excluded from the labour force, in particular young people
- In line with the international trends, it is noted that the deepening crises in the Eurozone, slow growth in other advanced economies such as the United States and Japan could increase the risk of slow economic growth in the South African economy in future.

1.7.1.2 FURTHER CHALLENGES ARE AS FOLLOWS

- Unemployment and under-employment
 - The long-term unemployed (those who have been out of work for more than a year) now account for more than half (65%) of the unemployed. A worry is that this cohort may become unemployable because of skills atrophy and becoming increasingly detached from the informal networks that would lead them to new jobs
- Changing nature of work
 - There has been a tendency amongst employers to switch away from permanent and full-time employment towards atypical form of employment such as casual labour, part-time employment, temporary and seasonal work
- Inequalities and unfair discrimination in the workplace
- Domestic as well as cross-border labour migration
 - The former describes a phenomenon whereby people from rural areas, some (though not all) of whom are unskilled, migrate to urban areas in search of employment
- Inadequate instruments for constant performance monitoring and evaluation of labour market policies and programmes to determine the impact on the economy.

1.7.1.3 RESULTS: AMENDMENTS TO THE ACTS OF THE DEPARTMENT

- Amendment of the Basic Conditions of Employment Act – The Basic Conditions of Employment Act 2013, as amended, (Act No.20 of 2013) was assented by the President on 4 December 2013 and subsequently published in the Government Gazette on 9 December 2013
- Amendment of the Employment Equity Act, 1998 – The Employment Equity Act 2013, as amended, (Act No.47 of 2013) was assented by the President on 14 January 2014 and subsequently published in the Government Gazette on 16 January 2014
- Employment Services Bill – The Employment Services Act (Act No.4 of 2014) was assented by the President in 2014 and subsequently published in the Government Gazette on 7 April 2014
- Labour Relations Amendment Bill – The amendments have been approved by the National Assembly and the National Council of Provinces.

1.7.1.4 PLANNED POLICY INITIATIVES

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

1.7.1.5 SPENDING FOCUS FOR THE 2014/2015 FINANCIAL YEAR WILL BE AS FOLLOWS:

- The spending focus over the medium-term will be in the Inspection and Enforcement Services, Public Employment Services and Labour Policy and Industrial Relations programmes. This is intended to professionalise the Inspectorate to ensure that Decent Work Principles are adhered to and vulnerable workers are protected; promulgation of the Employment Services bill which aims to provide free public employment services, regulate private employment agencies; and expand access to services provided by the Commission for Conciliation, Mediation and Arbitration to meet the increasing demand for dispute resolution services around the country
- Spending over the medium-term by the Labour Policy and Industrial Relations Programme is mainly driven by the transfer payment to the Commission for Conciliation Mediation and Arbitration which constitutes approximately 80 % of the total Programme's budget
- Cabinet-approved reductions of R106.3 million in 2014/15 and R107.2 million in 2015/16 are to be implemented over the medium-term due to continued under spending on compensation of employees. The Department will reduce spending on compensation of employees within the Administration and Inspection and Enforcement Services programmes
- The 2014 Budget provides an additional allocation of R100 million in 2016/17 of which R35.5 million is for IT posts in the Administration programme and R64.5 million is for specialist labour inspector posts in the Inspection and Enforcement Services programme
- The Department reprioritised R537.8 million within the Administration, Inspection and Enforcement Services and Labour Policy and Industrial Relations programmes, with 83% of the reprioritisation in compensation of employees to firstly capacitate and finance the maintenance of the new departmental fleet and secondly to make available funds for the capacitation of the Labour Inspectorate.

1.7.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

1.7.2.1 DEPARTMENTAL RECEIPTS

DEPARTMENTAL RECEIPTS	2013/2014			2012/2013		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER)/UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	2 280	4 209	(1 929)	2 496	3 179	(683)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	600	44	556	600	107	493
Interest, dividends and rent on land	480	6 317	(5 837)	480	1 780	(1 300)
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	8 896	12 031	(3 135)	4 560	10 604	(6 044)
TOTAL	12 256	22 601	(10 345)	8 136	15 670	(7 534)

1.7.2.1.1 DETERMINATION OF TARIFFS

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

1.7.2.1.2 FREE SERVICES

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

1.7.2.1.3 REASONS FOR OVER/UNDER COLLECTION OF REVENUE

- The main reasons for the over collection of revenue are as follows:
 - Bad debts amounting to R18, 137 million was written off during the reporting period which resulted in the increase of the revenue category "Interest, dividends and rent on land" (interest portion of debts) and the revenue category "Financial transactions in assets and liabilities (capital portion of debts)
 - The increase to the revenue category "Sales of goods and services other than capital assets" was due to the more than anticipated increase in applications / renewal of OHS licenses.

1.7.2.3 PROGRAMME EXPENDITURE

Voted Funds Programme Expenditure

PROGRAMME NAMES	2013/2014			2012/2013		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	840 449	795 870	44 579	764 585	687 695	76 890
Inspection and Enforcement Services	426 811	412 213	14 598	400 376	395 574	4 802
Public Employment Services	413 496	413 495	1	334 331	331 651	2 680
Labour Policy and Industrial Relations	764 491	749 866	14 625	640 274	619 652	20 622
TOTAL	2 445 247	2 371 444	73 803	2 139 566	2 034 572	104 994

1.7.2.3.1 THE ORIGINAL ALLOCATION FOR VOTE 18

Labour, as included in the Estimates of National Expenditure for 2013/14, was reflected as R2 415 247 000. This included a provision in respect of Transfer Payments to the value of R818 733 000.

During the 2012/13 Adjustment Budget process, the allocation for Vote 18: Labour increased by R30 000 000 or 1.24% due to funds approved to be rolled-over from the previous financial year.

The final allocation for Vote 18: Labour therefore reflected in the Adjusted Estimates of National Expenditure as R2 445 247 000 which included R824 154 000 in respect of Transfer Payments.

As per the Appropriation Statement for the Department, in respect of the 2013/14 financial year, the total expenditure defrayed against the Vote is recorded as R2 371 444 056 53. This represents an expenditure level of 96.98%. An underutilisation of R73 802 943.47 or 3.02% is reflected.

1.7.2.3.2 REASONS FOR UNDER-SPENDING

Programme 1: Administration

The under spending on current payments is mainly attributable to vacancies and less than anticipated payments to the Department of Public Works (DPW) processed for the payments of leases for office buildings. Incorrect invoices received from DPW were returned to be corrected and not received in time for payment – this amount will be rolled over to the next financial year.

Programme 2: Inspection and Enforcement Services

The under spending is mainly attributable to vacancies and to less than anticipated orders being processed for the procurement of IT and office equipment.

Programme 4: Labour Policy and Industrial Relations

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

1.7.2.3.3 IMPACT ON PROGRAMMES AND SERVICE DELIVERY

No negative impact on programmes or service delivery.

1.7.2.3.4 ACTIONS TAKEN OR PLANNED, TO AVOID RECURRENCE

- Expenditure relating to the procurement of office furniture and equipment will be closely monitored during the 2013/14 financial year
- Vacancies in process to be filled
- Payments to DPW regarding leases for office buildings will be closely monitored during the 2014/15 financial year
- Invoices for advance payments for communication campaigns to GCIS not received for payment will be followed up (campaigns not finalised by GCIS during the financial year).

1.7.2.3.5 VIREMENT APPLIED

Virement was applied as follows:

PROGRAMME		
SHIFTED FROM	SHIFTED TO	R'000
Programme 4: Labour Policy and Industrial Relations (Goods and Services)	Programme 4: Labour Policy and Industrial Relations (Transfer Payments)	321
Programme 2: Inspection and Enforcement Services	Programme 3: Public Employment Services	13 379

Programme1

Treasury approval was granted to apply virement of R 320 527.00 within Programme 4: Labour Policy and Industrial Relations from Goods and Services to Transfer Payments for the International Labour Organisation (ILO) and the African Regional Labour Administration Centre (subprogramme International Labour Matters).

Approved by National Treasury on 27 March 2014.

Reason for Virement

It was projected that there will be an over-expenditure of R320 527.00 regarding goods and services. Due to an increase in the exchange rate, R219 813, 00 was moved to the International Labour Organisation's (ILO) Affiliation Fee deficit and R100 714,00 toward the African Regional Labour Administration (ARLAC) deficit.

Programmes 2 and 3

An amount of R13 379 million was shifted from Programme 2: Inspection and Enforcement Services to Programme 3: Public Employment Services (approved by the Accounting Officer).

Reason for Virement

Due to the implementation of new percentage splits for agency services rendered to UIF and CF, it was found that Programme 2: Inspection and Enforcement Services was over budgeted for, and Programme 3: Public Employment Services was under budgeted for (the Department render agency services to UIF and CF which is calculated on a percentage basis and recovered at the end of each month).

- Funds were shifted within a main division of the vote to adjust the economic classification of expenditure. Refer to Appropriation Statement for detail in this regard.

1.7.3 UNAUTHORISED, FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

No Unauthorised Expenditure was reported during the 2012/13 financial year. The Department incurred Fruitless and Wasteful Expenditure to the amount of R 414 112.74 during the Financial Year. This matter is being investigated. (Refer to Note 25 in the Annual Financial Statements). Irregular expenditure incurred by the Department is disclosed in Note 24 of the Annual Financial Statements.

1.7.4 FUTURE PLANS OF THE DEPARTMENT

1.7.4.1 OVER THE MEDIUM TERM, THE DEPARTMENT OF LABOUR WILL FOCUS MAINLY ON PROMOTING DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH. TO ADDRESS THESE STRATEGIC PRIORITIES, THE DEPARTMENT WILL:

- Implement the decent work country programme
- Rebuild the public employment services programme for the effective facilitation of employment
- Contribute to decent employment creation by helping to improve working conditions, health and safety, employment conditions and productivity in the workplace
- Strengthen the labour inspectorate
- Restructure sheltered employment factories
- Implement the revised labour legislation that aims for labour market flexibility which balances enterprise competitiveness with decent employment
- Strengthen the institutional capacity of the Department to improve the quality of its service delivery and increase access to its services.

1.7.4.2 THE NATIONAL DEVELOPMENT PLAN (NDP) PRESENTS A NEW TRAJECTORY TO MOVE BEYOND THE CONSTRAINTS OF THE PRESENT TO THE TRANSFORMATION IMPERATIVES OF THE NEXT TWENTY AND THIRTY YEARS. THUS, THE SOUTH AFRICAN GOVERNMENT REGARDS THE NDP AS THE POINT OF DEPARTURE WHERE IT:

- Recognises that our medium-term plans are framed in the context of a long-term vision and strategy
- Focuses on strengthening growth and employment creation
- Prioritises improvements in education and expansion of training opportunities
- Promotes progress towards a more equal society and an inclusive growth path.

1.7.5 PUBLIC PRIVATE PARTNERSHIPS (PPP)

1.7.5.1 THE DEPARTMENT OF LABOUR CONCLUDED A PUBLIC PRIVATE PARTNER (PPP AGREEMENT) WITH SIEMENS BUSINESS SERVICES (PTY) LTD ON 27 NOVEMBER, 2002, PROVIDING FOR THE TOTAL OUTSOURCING OF THE IT OPERATIONS OF THE DEPARTMENT. THE IT PUBLIC-PRIVATE PARTNERSHIP EXPIRED ON 30 NOVEMBER 2012. STEPS TO ADDRESS THE TRANSITION FROM THE IT PUBLIC-PRIVATE PARTNERSHIP TO A DEPARTMENTAL MANAGED INFORMATION TECHNOLOGY ENVIRONMENT ARE AS FOLLOWS:

- Annexure 12 of the PPP Agreement provides for the Department to, among others, request certain Services to be rendered by the Contractor during the contract termination support period, i.e. 1 December 2012 to 30 November 2013. The Department has requested the Contractor by way of its contract termination support service request, dated 8 August 2012, to render certain services and the contractor has subsequently provided the Department with a proposal setting out the services to be rendered
- During November 2012, the Department and the Contractor agreed to activate the termination support period, stipulated in the contract (extended to 31 May 2014). During this period the Contractor will provide specific services to the Department with a focus of transferring skills, knowledge and staff to the Department. The Department will pay a negotiated termination support fee to the amount of R 4.8 million-excluding vat-per month to the Contractor for this support period
- The Department is managing the transition from an IT Public-Private Partnership to a departmental managed information technology environment – in the process to develop and implement a new ICT Strategy and roadmap.

1.7.6 DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The Department has not identified any activities to be discontinued.

1.7.7 NEW OR PROPOSED ACTIVITIES

No new activities have been proposed.

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

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

1.7.8 SUPPLY CHAIN MANAGEMENT

1.7.8.1 UNSOLICITED BID PROPOSALS CONCLUDED FOR THE YEAR UNDER REVIEW

None

1.7.8.2 THE FOLLOWING SCM PROCESSES AND SYSTEMS ARE IN PLACE TO PREVENT IRREGULAR EXPENDITURE

- Checklists were developed to ensure accountability of all officials involved. This enables officials to be more vigilant when processing procurement transactions
- An irregular expenditure register is in place and all Irregular Expenditure is investigated to condone or determine responsibility in order to recover the amount involved
- Disciplinary steps taken against officials who transgress in this regard
- Procedure manuals updated and communicated to all officials in this regard
- Training was provided to officials to inform them of the correct procedures to be followed during the procurement process
- Financial inspections conducted at the provincial offices to detect and assist officials to avoid the recurrence of Irregular Expenditure.

1.7.8.3 CHALLENGES EXPERIENCED IN SCM AND HOW THEY WERE RESOLVED

- The main challenge remains understaffing at a provincial level. A new structure is being developed to address this problem.

1.7.9 GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

None.

1.7.10 EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

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

1.7.11 EVENTS AFTER THE REPORTING DATE

- In the announcement of Cabinet on 25 May 2014, the President appointed a Deputy Minister for the Department of Labour for the first time
- With effect from 1 April 2014 salaries for migrated Sheltered Employment Factory staff will be paid by the Department. The expenditure for Compensation of Employees will there for increase by an estimated amount of R27, 098 million.

1.7.12 OTHER

1.7.12.1 INTERIM FINANCIAL STATEMENTS

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

1.7.12.2 INVENTORIES

1.7.12.2.1 Inventories on hand

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

1.7.13 ACKNOWLEDGEMENT

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

1.7.14 CONCLUSION

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

1.7.15 APPROVAL

The Annual Financial Statements for the 2013/14 financial year have been approved by the Accounting Officer.



ACTING DIRECTOR-GENERAL: LABOUR
MR S MOROTوبا
Date: 31 MAY 2014

1.8 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

- All information and amounts disclosed throughout the Annual Report are consistent
- The Annual Report is complete, accurate and is free from any omissions
- The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information
- The Accounting Officer is responsible for establishing, and implementing of a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

1.8.2 The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

1.8.3 In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2014.

Yours faithfully



S MOROTOBA
ACTING DIRECTOR-GENERAL: LABOUR
Date: 31 MAY 2014

PART B: PERFORMANCE INFORMATION

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PART B

2.1 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1.1 SERVICE DELIVERY ENVIRONMENT

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

By September 2013, the total labour force was 18 638 000 with 14 029 000 employed and 4 609 000 (24.7%) unemployed. More than 2.2 million people were recorded as discouraged work seekers. Using the Unemployment Insurance Fund database, the number of people claiming for unemployment benefits increased to 168 662 in September 2013 from 159 655 in June 2013. This increase in UIF claims was mainly associated with an end of a large number of employment contracts in a number of industries.

- The long-term unemployed (those who have been out of work for more than a year) now account for more than half (65%) of the unemployed. A worry is that this group may become unemployable as their skills stagnate and they become increasingly detached from the informal networks that would lead them to new jobs
- A total of 69.3% persons amongst the total unemployed persons (4.6 million) were in the age group 15-34 years in September 2013. In the same line, the Department of Labour recorded a total of 600 259 work seekers in the Employment Services database in the financial year 2013/14. Only 16 171 registered work seekers on Employment Services System for South Africa (ESSA) system were placed over the same period. In other words, the South African Government needs to give special attention to the young unemployed people as they form a large number in the South African labour force
- Despite a decline in unemployment rates between September 2013 and September 2014, the changes, on year to year, in the labour absorption rates were minimal at 0.6. This does not create a strong basis to halve unemployment by 2020 as projected in the National Growth Path (NGP).

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

- Firstly the number of uneducated amongst the unemployed (52% of the unemployed did not complete secondary education) is a critical composition of the labour force to be considered. It (uneducated) is the most likely group to lose their jobs in periods of employment contraction
- Secondly, the youth (15-34 years), who currently constitute more that 69% of the unemployed are the dominant and identifiable group amongst long- term unemployed individuals in the country.

The second challenge relates to the changing nature of work:

- There has been a tendency amongst employers to switch away from permanent and full-time employment towards other forms of employment such as casual labour, part-time employment, temporary and seasonal work
- Externalisation in the form of outsourcing and subcontracting is also on the rise, as the pressures of greater international competitiveness are felt by domestic firms
- The increase in atypical forms of employment is contributing to instability in the labour market and a potential increase in the violation of labour standards and fair labour practices
- It is estimated that approximately 6% of total employment is made up of atypical work, that is, employees contracted directly to companies on fixed-term contracts, sub-contractors and employees employed through employment agencies.

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

- Black people, women and people with disabilities remain marginalised in relation to meaningful and influential participation in the economy
- The Commission for Employment Equity reported in 2013 that:
 - The representation of Blacks in top management and senior management levels is 27.4% and 37.6 % respectively whereas they constitute over 88.7% of the Economically Active Population (EAP)
 - White people in general, still dominate with 72.6% at the top management level, which are nearly six times their representation within the EAP and approximately three times the representation of the cumulative sum of Blacks combined at this level
 - The representation of people with disabilities across all occupational levels was recorded at 1.4% an increase from 0.8% in 2010. Over the years from 2002 to 2012 this is the increase for all employees (i.e. Public and Private Sectors combined).

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

- The former describes a phenomenon whereby people from rural areas, some (though not all) of who are unskilled, migrate to urban areas in search of employment
- The latter refers to economic refugees who have left their countries and settled in the urban areas of South Africa, hoping to find employment
- Both phenomena bear the risk of increasing the numbers of unemployed people in large urban centres, with the concomitant greater pressure on public services and utilities.

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

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

(The necessity to base policy and programme interventions on facts and evidence and to measure their impact is critical for any labour market system)

2.1.2 SERVICE DELIVERY IMPROVEMENT PLAN

KEY SERVICES	SERVICE BENEFICIARY	CURRENT STANDARD		DESIRED STANDARD	ACTUAL ACHIEVEMENT
			FY 2013/14	FY 2014/15	FY 2013/14
UI Benefits	Unemployed contributors	Quantity	85% of claims received finalised within 5 weeks	90% of claims received finalised within 5 weeks	86% of claims received were finalised within 5 weeks
CF Benefits	Injured on duty, medical practitioners, service providers and pensioners		80% of new claims adjudicated within 2 months of registration	90% of new claims adjudicated within 2 months of registration	98% of new claims adjudicated within 2 months of registration
Registration of work seekers	Work-seekers/ unemployed		500 000 work-seekers registered	600 000 work-seekers registered	618 092
Work-seekers provided with employment counseling			50%	55%	41%
Work-seekers placed in opportunities			19 000 work-seekers placed	20 000 work-seekers placed	15 570
Work-seekers referred to other services			76 000	80 000	98 829
Inspection of workplaces		Workers/labour representatives/ employers/employer representatives/ and Government		130 000** Workplaces inspected <i>** Target different from that in the APP (90 000)</i>	150 000 workplaces inspected

2.1.3 ORGANISATIONAL ENVIRONMENT

To deliver on its core business of public employment services and inspection and enforcement services, the Department has a staff complement of 8 611. The Department will continue to transform the labour market and change the way we do business and transact with citizens by enhancing access to quality services and information aimed at improving the quality of life of all South African citizens. At the centre of our transformation agenda is ensuring that customer insight is driving our service design; optimising contact and making use of cheaper technology enabled channels and utilisation of Government-wide infrastructure where appropriate.

Furthermore, we will reconfigure and reposition the Department for an efficient and effective service by developing ground breaking service delivery models aimed at improving the quality of service. Establishing key strategic partnerships for collaboration will be one of our ideals.

We will continue to put in place measures to encourage continuous learning, development and service delivery innovation.

2.1.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

2.1.4.1 POLICY INITIATIVES

- a) Amendment of the Unemployment Insurance Act No. 63 of 2001. These changes relate to improvements of benefits and administrative changes regarding submission of information by employers to the Fund
- b) Promulgate the Employment Services Act. The new Employment Services Act aims to strengthen the provision of employment services within the Department and to repeal employment services provisions in the Skills Development Act
- c) Amendment of the Compensation for Occupational Injuries and Diseases Act. Develop a rehabilitation, re-integration and return-to-work policy for injured and diseased workers to ensure integration with other South African Policies and Programmes, which provide a framework for rehabilitation of people with disabilities which stresses the importance of vocational integration
- d) Amendment of the OHS Act, 85 of 1993. Although the OHS Act has placed responsibility of creating a health and safe working environment on the employers, the provisions compelling employers to do this are very vague. In order to address these shortcomings, it is necessary that the OHS Act in its current form be amended in order to ensure that:
 - Employers develop and implement a health and safety management system
 - Penalties issued to non-complaint employers are increased
 - Inspectors are enabled to issues prescribed fines on the spot
- e) Amendment of the Basic Conditions of Employment Act - The amendments have been approved by the National Assembly and the National Council of Provinces
- f) Amendment of the Employment Equity Act - The Employment Equity Amendment Act, 2013 (Act No.47 of 2013) was assented into law on 14 January 2014 and subsequently published in the Government Gazette on 16 January 2014. The amendments have been approved by the National Assembly and the National Council of Provinces
- g) Amendment of the Labour Relations Act - The amendments has been approved by the National Assembly and the National Council of Provinces.

2.2 STRATEGIC OUTCOME ORIENTED GOALS

Service delivery outcomes and outputs and Departmental strategic objectives

The Department of Labour contributed mainly on the following outcomes:

- Outcome 4: Decent employment through inclusive economic growth
- Outcome 11: Create a better South Africa and contribute to a better and safer Africa
- Outcome 12: An efficient, effective and development orientated public service and an empowered and inclusive citizenship.

To address these outcomes, the Department has identified the following strategic goals:

STRATEGIC OUTCOME ORIENTED GOALS 1: (OUTCOME 4)	IMPROVE THE QUALITY OF LABOUR MARKET SERVICES TO CONTRIBUTE TO DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH
Goal statement	<ol style="list-style-type: none"> 1. Contribute to decent employment creation 2. Promote equity in the labour market 3. Protect vulnerable workers 5. Strengthen social protection 6. Promote sound labour relations 7. Monitor the impact of legislation
STRATEGIC OUTCOME ORIENTED GOALS 2: (OUTCOME 11)	CREATING A BETTER SOUTH AFRICA AND CONTRIBUTING TO A BETTER AND SAFER AFRICA
Goal statement	4. Strengthen multilateral and bilateral relations
STRATEGIC OUTCOME ORIENTED GOALS 3: (OUTCOME 12)	AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTATED PUBLIC SERVICE AND AN EMPOWERED AND INCLUSIVE CITIZENSHIP
Goal statement	Strengthen the institutional capacity of the Department

2.3 PERFORMANCE INFORMATION BY PROGRAMME

2.3.1 DESCRIPTION OF PROGRAMME

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

2.3.2 STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS

The following table indicates how the Department performed on the selected ENE performance indicators:

KEY PERFORMANCE INDICATORS	OVERALL ACHIEVEMENTS
STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS	
Number of workplaces inspected to determine their compliance levels in terms of the relevant labour legislation	129 259 against a target of 90 000 workplaces were inspected and 97 526 (75%) complied; and 31 733 (25%) did not comply
Percentage of labour complaints resolved within a specified number of days of receipt at Registration Services	66% (65 943 of 100 016) against a target of 75% complaints were resolved within 14 days
Number of existing sectoral determinations reviewed	Two (2) sectoral determinations reviewed Hospitality Sector: Amendments published in Government Gazette Verification Source: Government Gazette No. 36624 dated 01 July 2013 Taxi Sector: Amendments published in Government Gazette Verification Source: Government Gazette No. 36619 dated 1 July 2013
STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION	
Number of work-seekers registered on ESSA system per year	A total of 618 092 work-seekers were registered on ESSA. 607 229 (98%) of the total work-seekers registered were registered provincially while 10 863 (2%) were registered Online
Number of work-seekers placed in registered employment opportunities	A total of 15 570 work-seekers were placed in registered employment opportunities
Number of work-seekers referred to registered opportunities	A total of 98 829 work-seekers were referred to registered opportunities
Number of employers registering vacancies on ESSA	2 427 employers registered vacancies on ESSA

The following table indicates how the Department performed on strategic objectives:

STRATEGIC OBJECTIVES	ACTUAL OUTPUT - VALIDATED				OVERALL ACHIEVEMENT
	PLANNED INDICATORS	ACHIEVED	PARTIALLY ACHIEVED	NOT ACHIEVED	
Contribute to employment creation	14	13	1	0	93%
Promote equity in the labour market	5	4	1	0	80%
Protecting vulnerable workers	13	10	3	0	77%
Strengthening multilateral and bilateral relations	7	7	0	0	100%
Strengthening social protection	7	3	3	1	43%
Promoting sound labour relations	5	2	3	0	40%
Monitoring the impact of legislation	4	3	1	0	75%
Strengthening the institutional capacity of the Department	25	18	5	2	72%
TOTAL	80	60	17	3	75%
OVERALL PERFORMANCE		75%	21%	4%	

The following table indicates how the Department's programmes performed:

PROGRAMME	PLANNED INDICATORS	ACHIEVED	PARTIALLY ACHIEVED	NOT ACHIEVED	OVERALL ACHIEVEMENT
Administration	25	18	5	2	72%
Inspections and Enforcement Services	17	12	4	1	71%
Public Employment Services	14	13	1	0	93%
Labour Policy and Industrial Relations	24	16	7	0	71%
OVERALL PERFORMANCE	80	59	17	3	75%
PERFORMANCE %		74%	21%	4%	

2.3.3 STRATEGIC OBJECTIVES

The following Section present actual performance per Programme.

2.3.3.1 ADMINISTRATION

The programme includes the following sub-programmes:

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

Strategic Outcome Oriented Goals 3: (Outcome 12)	An efficient, effective and development orientated public service and an empowered and inclusive citizenship
Goal Statement	8. Strengthen the institutional capacity of the Department

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
1. Organisational Strategic Plan and Annual Performance Plan approved	1.1 Strategic Plan and Annual Performance Plan approved by prescribed timeframes	Achieved - Strategic Plan for the period 2013 – 2018 and Annual Performance Plan for the financial year 2013-14 were developed and tabled on 26 February 2013	Strategic Plan and Annual Performance Plan approved by end of January for tabling in Parliament by 31 March	Achieved Both the Strategic Plan 2014/15 – 2018/19 and Annual Performance 2014/15 were finalised by 24 January 2014, approved and tabled before Parliament on 12 March 2014	None	
2. Organisational performance monitored, evaluated and reported against the approved Strategic Plan and Annual Performance Plans	2.1 Number of performance information reports by prescribed timeframes	Partially achieved - The four quarterly performance reports were produced; however, the approval (specifically for Q1-3) was not done within 60 days after quarter ending	4 QPRs and 1 Annual Performance Information Report	Achieved QPR4 for 2012/13 and 2013/14 QPRs 1, 2 and 3 were submitted to the National Treasury, and inputs received from the National Treasury on the reports were considered and further assisted in the crafting of indicators for the 2014/15 financial year The 2012/13 Annual Performance Information Report was developed and published The Preliminary 2013/14 Performance Information Annual Report (01 April 2013 to 31 December 2013) was developed and forwarded to the National Treasury by end of February 2014. This report is followed by the Annual Report (1 April 2013 – 31 March 2014)	None	
3. Service Delivery Improvement Plan approved as per prescribed timeframes	3.1 Submit reviewed and approved Service Delivery Improvement Plan to Department of Public Service and Administration (DPSA) as per prescribed timeframes	Achieved - The plan was compiled and forwarded to the DPSA	30 November	Achieved The Department opted to continue with the already approved three-year plan. The Plan was forwarded to the Department of Public Service and Administration by the end of November 2013	None	

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
4. Annual audit plan, including ad hoc investigations executed	4.1 Percentage of final reports issued as per timeframes indicated in the approved annual audit plan	Achieved - A total of 89.6% (29 planned and 26 finalised/issued) was achieved of final reports issued as per the timeframes indicated in the approved annual audit plan	90% final reports issued as per timeframes indicated in the approved annual audit plan	Partially Achieved 87% (27 of 31 finalised) of final reports were issued as per timeframes indicated in the approved annual audit plan	-13% (-4 of 31) final reports were issued as per timeframes	High staff turnover in the Internal Audit Directorate resulted in 2 reports not being finalised on time

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
5. Risk Management Strategy implemented	5.1 Number of strategic risks monitoring reports compiled and submitted to the Accounting Officer within 30 days after the end of each quarter	<p>Achieved - The Department reviewed the strategic risk profile and the Risk Appetite Framework</p> <p>The quarterly strategic risk monitoring reports were compiled, discussed at the National Risk Management Committee</p> <p>All quarterly strategic risk monitoring reports were submitted to the Accounting Officer</p>	4	<p>Achieved The following Strategic Risk Monitoring reports were discussed and tabled during the National Risk management Committee</p> <p>The Department of Labour's Quarter 4 Strategic Risk Monitoring Reports for 2012/13 financial year were presented and discussed at the National Risk Management Committee (NRMC) on the 11 June 2013 and has been recommended for approval</p> <p>The The Department's Strategic Risk Monitoring Report for Q2 was presented and discussed in the NRMC of the 9th October 2013.</p> <p>The SEF's Strategic Risk Monitoring Report for Q2 of 2013/14 was compiled and discussed in the NRMC on the 9 October 2013</p> <p>The Department of Labour's Strategic Risk Monitoring Report for Q3 for 2013/14 financial year was presented and discussed in the NRMC on the 22 January 2014</p> <p>The Department of Labour and Sheltered Employment Factories Strategic Risk Monitoring Report for Q4 was discussed in the NRMC meeting held on the 28th March 2014, and the report was recommended for approval by the NRMC to the Accounting Officer</p> <p>Subsequently the report was forwarded to the Accounting Officer on the 8 March 2014</p>	None	None
6. Fraud prevention strategy implemented	6.1 Percentage of fraud cases received and detected and finalised per year	<p>Not achieved - A total of 57% (47 cases received, and 27 finalised) finalised by end of the year</p>	90%	<p>Partially Achieved A total of 40 cases were received, 75% (30) were finalised</p>	-25% (-10) are still under investigation	The 10 cases that remained outstanding were due to lack of capacity and skills

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
7. Security plan implemented	7.1 Number of security awareness conducted within a specified time	New	Security awareness conducted in five provinces	Achieved Security awareness was conducted at Western Cape, Free State, Limpopo, North West and Mpumalanga	None	None
8. Improve access to information	8.1 Number of exhibitions for profiling services of the Department per annum	Achieved - A total of two exhibitions were attended as per the plan which are: Randshow and Pretoria show	8	Achieved Randshow 1 April Budget vote 22 May Career expo 23 – 24 May Youth day expo 20 – 21 June Youth day 16 June EE Indaba 18-19 April APSD 20 June 3 events between Oct and Dec (Small business expo, Agric Seminar, Domestic Imbizo) six Izimbizo attended in Q4, as well as one annual event	None	None

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
	8.2 Number of opinion pieces issued by end of the performance year	New	12 (1 per month)	Achieved Employment Services Bill: "Tackling our employment challenges" Domestic Workers Feature: "Battle for domestics' rights" Funeral Undertaking Investigation: "Funeral industry cleanup" Sheltered Employment Factories: "Disabled people have a key role to play" (5 features were developed) A Ministerial opinion piece on Employment Equity was published on 21 March 2014, titled "Deep Hole Syndrome survives"	None	None
	8.3 Number of newsletters published by end of the performance year	New	12 (1 per month)	Not Achieved Only one newsletter was published	-11	Non-performance of the unit. Appropriate action is being taken
	8.4 Number of hours within which media queries are responded to	New	24 hours	Achieved 66 media queries received were responded to within 24 hours	None	None
	8.5 Number of provinces to which approved branding strategy and implementation plan is rolled out	New	Branding strategy and implementation plan approved 3 (LP, NW and NC)	Not Achieved Though the branding strategy was developed and approved by DG, it was not implemented	Branding strategy was not implemented	Poor planning on available resources Appropriate action is being taken

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
9. Human Resource Plan implemented	9.1 Percentage of (a) women in SMS, (b) youth and (c) people with disabilities (PwD) employed in line with the EE Plan by 31 March each year	Partially achieved - As at the 31 March 2013, Women are 39% , Youth are 35.3% and PwDs are 2.5%	(a) 45%	Partially Achieved As on 31 March 2014 : 38.5% Women	-6.5%	a) Most SMS level positions are currently filled with male officials who are not at retirement age. This compels the Department to wait for the natural attrition before employing women in this category. However the number of women at SMS level increased from 33 to 40 during the reporting period b) The target was not achieved due to changes in the organizational structure and the high attrition rate in this category c) The percentage of people with disabilities remained at 2.5% due to the additional posts that were created during this performance cycle. However, the 2.5% is above the national target of 2% for the public service for the employment of people with disabilities by March 2014
		a) Total number of women at SMS level (33) / by total number of filled at SMS (85) x 100 = 38.8 % (39 %)		a) 38.5% of women employed at SMS level at the end of March 2014. This was calculated based on a total count of 40 women against 104 SMS members on the Departments establishment		
		b) Total number of youth (2648) / by total number of filled posts (7 495) x 100 = 35.3 %	(b) 43%	b) 32.9% of youth employed in the Department at the time of reporting. This was calculated based on a total count of 2508 youth against 7 621 employees on the establishment)	-10.1%	
		c) Total number of PwDs (189) / by total number of filled posts (7 495) x 100 = 2.5 %	(c) 3%	c) 2.5% of PWD employed on The Department establishment at the time of reporting. (This was calculated based on a total count of 191 PWD against a total of 7 621 employees on the establishment)	-0.5%	

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
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	9.2 Reduction in percentage vacancy rates by 31 March	<p>Partially achieved - the 31 March 2013, the vacancy rate was 7%.</p> <p>Total number of vacancies in the Department (567) / by total number of The Department establishment (8062) x 100 = 7.03 % (7 %)</p>	Vacancy rate reduced to 6%	<p>Partially Achieved</p> <p>The vacancy rate at the end of March 2014 was 12.9%. It is calculated from a total of 7 621 posts that were filled against a total of 8 755 posts in the establishment</p>	+6.9%	The target of 6% vacancy rate could not be achieved due to additional posts that the Department created during the financial year. The establishment grew from 8 062 posts to 8 755 posts during the financial year
	9.3 Percentage of staff trained in line with Workplace Skills Plan (WSP) by 31 March	Achieved - 82.47% (5 402 of the 6 550) staff was trained	85%	Achieved 88% of targeted staff trained in line with the WSP as of 31 March 2014. This is calculated from 4 542 employees that were trained against the planned target of 5 152 employees	None	None
	9.4 Percentage of misconduct cases finalised in line with applicable prescripts by 31 March	Achieved - 78% (234 of 300) cases were finalised in line with applicable prescripts	77%	Achieved 67% of misconduct cases finalised in line with applicable prescripts as of 31 March 2014. This is calculated from a total of 233 cases that were received and 157 processed throughout this financial period	10% (-76) cases were not finalised	<p>Performance was at 67% instead of 77% because there were numerous fraud cases that took longer than anticipated to finalise due to factors such as the availability of presiding officers and witnesses from outside the Department and the presiding officers submitting reports late (outside the prescribed timeframes)</p> <p>The Department has trained 30 more presiding officers this financial year</p>

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
10. Effective legal support services	10.1 Percentage of Court Papers to resolve litigation filed with the Court within 10 days of receipt	Partially achieved - 77% (51 of 66) court papers to resolve Litigation were filed within 10 days of receipt.	80%	Achieved Of the 67 cases received, 48 (72%) were resolved within 10 days	28% (19 of 67) cases were resolved outside 10 working days.	IES Cases were mostly handled outside the 10 working days period. The reason being that documents were outstanding from the Provinces and the cases could not proceed without the file being complete. IES specific cases are now handled by the IES Branch, which makes it easier to resolve most cases within the 10 working days period
11. Effective and efficient information communication technology support services	11.1 Percentage of elements of the ICT strategy implemented in a financial year	Achieved - 50% of ICT strategic elements completed	75%	Achieved 80% The exit and transfer of the IT PPP was successfully terminated Six months extension for EOH to conclude outstanding deliverables 80% Staff transfer was finalised in terms of Section 197 of the LRA HR to finalise outstanding issues 80% An ICT operating model was defined and is being implemented Governance: key governance structures are in the process of being implementing with dependencies on HR	+5%	As much as the target was achieved, there is, however, general lack of internal resources and the focus on finalising the ICT transition

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
12. Sound financial management policies and practices	12.1 Number of financial statements compiled per year that comply with guidelines issued by the National Treasury	Achieved - The IFS were submitted to the National Treasury as prescribed	One Annual report by 31 May, and four Interim reports 30 days after each quarter	Achieved One (1) 2012/13 Annual Report was compiled and submitted 4 interim Reports for the Financial Year 2013/14	None	None
	12.2 Departmental MTEF budget and Estimates of National Expenditure compiled and submitted according to National Treasury Guidelines	Achieved - The 2013 Estimates of National Expenditure was submitted to the National Treasury on 8 January 2013, prior to the prescribed date of 11 January 2013	MTEF submitted and ENE published	Achieved The MTEF submitted on 6 December 2013 as per Treasury guidelines. The ENE document was submitted on 11 January 2014 as per Treasury guidelines	None	None
	12.3 Number of Public Entity PFMA Quarterly reports on Actual and Projected Revenue and Expenditure obtained, evaluated and submitted to National Treasury within 30 days after each quarter	Achieved - Reports produced and the 3rd quarter report was signed off on 7 March 2013	One per quarter	Achieved All public entities submitted their four quarterly reports within the 30 day period	None	None

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
13. Effective efficient and Sound Supply chain management	13.1 Percentage of compliant invoices paid within 30 days of receipt	Not achieved – 3 266 invoices were Received of which 3 051 (93%) were paid within 30 days of receipt by the Department	100% compliance with SCM prescripts	Achieved 98.26% of payments made within 30 days	-2% (101 invoices out of 5816) were not paid within 30 days	<ul style="list-style-type: none"> Suppliers delivered incorrect goods and therefore the delay in processing the payment. Suppliers registered on the Department's database amended their banking details and did not update the banking details at the Department. Suppliers quoted VAT on the invoices whereas they are not registered VAT vendors and subsequently delayed issuing the revised invoice. Disciplinary steps taken against officials who delay processing of payments. The supplier provides invoices which include old invoices claiming they were not paid and an investigation has to be conducted to verify if the old invoices were indeed not paid (to prevent duplication of payments).

PROGRAMME 1: ADMINISTRATION						
STRATEGIC OBJECTIVE 8: STRENGTHENING THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (%)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
14. Effective and efficient management of facilities and transportation	14.1 Percentage of Accommodation requests to DPW processed six months in advance	Achieved - Request for renewal, extension and alternative accommodation were sent to DPW six months in advance	100%	Achieved (63 requests sent to DPW 6 months in advance)	None	None
	14.2 Number of monitoring reports on vehicle fleet management	Achieved - Monitoring report for 3rd report was issued and discussed at the CFO forum on 4 February 2013	Four Quarterly and one Annual	Achieved Four monitoring reports were issued: <ul style="list-style-type: none"> • Movement report on vehicles • Exception report on none reporting vehicles • Exception report on traffic violation • Exception report on panic reporting 	None	None

2.3.3.2 INSPECTIONS AND ENFORCEMENT SERVICES

The programme consists of the following sub-programmes:

- 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
- Occupational Health and Safety promotes health and safety: in the workplace by regulating dangerous activities and the use of plant and machinery
- Registration: Inspection and Enforcement Services registers incidents relating to labour relations and occupational health and safety matters, as reported by members of the public, and communicates these to the relevant structures within the Compliance, Monitoring and Enforcement sub-programme for investigation
- Compliance, Monitoring and Enforcement: ensures that employers and employees comply with labour legislation through regular inspections and following-up on reported incidents
- 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
- Statutory and Advocacy: gives effect to the legislative enforcement requirement and educate stakeholders on labour legislation.

Strategic Outcome Oriented Goals 1: (Outcome 4)	Improve the quality of labour market services to contribute to decent employment through inclusive economic growth
Goal statement	2. Promote equity in the labour market 3. Protect vulnerable workers 5. Strengthen social protection

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES												
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014			DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS				
STRATEGIC OBJECTIVE 2: PROMOTE EQUITY IN THE LABOUR MARKET (%)												
1 Ensure promotion of Employment Equity in the labour market	1.1 Number of (a) Public Companies and (b) Private Companies reviewed for compliance with employment equity legislation per annum	Partially achieved - 269 (182 Private and 87 Public) employers were reviewed	(a) 120 Public (b) 220 Private	Achieved 435 (158 public and 277 private) employers were reviewed against the expected 340			+58%	Additional Companies were added to the original target necessitated by higher request for DG Review.				
				Prov.	Target (Public)	Actual (Public)			Var.	Target (Private)	Actual (Private)	Var.
				EC	9	15			6	26	40	14
				FS	7	16			9	17	35	18
				GP	30	41			11	48	53	5
				KZN	30	27			-3	44	45	8
				LP	10	18			8	21	23	2
				MP	7	14			7	17	21	4
				NC	5	10			5	9	12	3
				NW	13	9			4	10	14	4
WC	9	8	-1	28	34	6						
TOTAL	120	158	38	220	277	57						

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES																																																																	
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STRATEGIC OBJECTIVE 2: PROMOTE EQUITY IN THE LABOUR MARKET [%]4																																																																	
	1.2 Percentage of non-compliant workplaces of those reviewed dealt with in terms of the enforcement regime link to the EEA	New	100%	<p>Achieved A total number of 176 (78 Public and 98 Private) recommendations served and 13 (8 Public and 5 Private) referred to court. These were companies supposed to be dealt with; implying that 100% was dealt with (using necessary steps as in Table below).</p> <table border="1"> <thead> <tr> <th rowspan="2">Prov.</th> <th colspan="2">Public Companies</th> <th colspan="2">Private Companies</th> </tr> <tr> <th>No of recom. served</th> <th>No of cases referred to court</th> <th>No of recom. served</th> <th>No of cases referred to court</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>6</td> <td>0</td> <td>14</td> <td>0</td> </tr> <tr> <td>FS</td> <td>7</td> <td>0</td> <td>17</td> <td>0</td> </tr> <tr> <td>GP</td> <td>22</td> <td>0</td> <td>24</td> <td>0</td> </tr> <tr> <td>KZN</td> <td>15</td> <td>0</td> <td>8</td> <td>0</td> </tr> <tr> <td>LP</td> <td>11</td> <td>0</td> <td>7</td> <td>0</td> </tr> <tr> <td>MP</td> <td>6</td> <td>6</td> <td>10</td> <td>5</td> </tr> <tr> <td>NC</td> <td>3</td> <td>0</td> <td>3</td> <td>0</td> </tr> <tr> <td>NW</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>WC</td> <td>8</td> <td>2</td> <td>14</td> <td>0</td> </tr> <tr> <td>TOTAL</td> <td>78</td> <td>8</td> <td>98</td> <td>5</td> </tr> </tbody> </table>	Prov.	Public Companies		Private Companies		No of recom. served	No of cases referred to court	No of recom. served	No of cases referred to court	EC	6	0	14	0	FS	7	0	17	0	GP	22	0	24	0	KZN	15	0	8	0	LP	11	0	7	0	MP	6	6	10	5	NC	3	0	3	0	NW	0	0	1	0	WC	8	2	14	0	TOTAL	78	8	98	5	None	None
Prov.	Public Companies		Private Companies																																																														
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PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES											
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STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS [%]											
2. Reduction in worker vulnerability through improved compliance and enforcement	2.1 Number of workplaces inspected per year to determine compliance levels	Achieved – 101 792 against a target of 87 795 workplaces were inspected and 55 438 complied, and 46 354 did not comply	90 000	Achieved 129 259 against a target of 90 000 workplaces were inspected, and 97 526 (75%) complied; and 31 733 (25%) did not comply		+144%	High demand and request for inspections resulted in the Branch conducting more inspections against the set target				
				Prov.	Target			Actual inspected	Actual complied	% complied	No. not complying
				EC	1 1433			14 832	10 208	69%	4 624
				FS	8 460			10 010	9 203	92%	807
				GP	17 370			3 2823	28 489	87%	4 334
				KZN	16 470			23 060	16 198	70%	6 862
				LP	10 890			10 842	6 404	59%	4 438
				MP	7 741			10 155	8 314	82%	1 841
				NC	3 961			5 480	4 833	88%	647
				NW	5 400			9 371	6 910	74%	2 461
WC	8 275	12 686	6 967	55%	5 719						
TOTAL	90 000	129 259	97 526	75%	31 733						

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES																																																															
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STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS (%)																																																															
	2.2 Percentage of non-compliance workplaces inspected dealt with in terms of the relevant labour legislation per year	Achieved - 10 880 follow-up inspections against a target of 46 354 workplaces were inspected and 10 588 complied and 3 036 did not comply	100%	<p>Achieved A total of 25 759 notices were issued and 295 cases were referred to court. Therefore; 82% (26 054 of 31 733) of non-compliant companies was dealt with</p> <table border="1"> <thead> <tr> <th rowspan="2">Prov.</th> <th rowspan="2">No. not complying</th> <th colspan="2">Notices issued</th> <th rowspan="2">No. of cases referred to court</th> </tr> <tr> <th>No. of written undertakings</th> <th>No. of Compliance orders</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>4624</td> <td>3422</td> <td>291</td> <td>30</td> </tr> <tr> <td>FS</td> <td>807</td> <td>1095</td> <td>75</td> <td>6</td> </tr> <tr> <td>GP</td> <td>4334</td> <td>929</td> <td>37</td> <td>30</td> </tr> <tr> <td>KZN</td> <td>6862</td> <td>4312</td> <td>114</td> <td>91</td> </tr> <tr> <td>LP</td> <td>4438</td> <td>5131</td> <td>30</td> <td>62</td> </tr> <tr> <td>MP</td> <td>1841</td> <td>1955</td> <td>9</td> <td>0</td> </tr> <tr> <td>NC</td> <td>647</td> <td>367</td> <td>18</td> <td>37</td> </tr> <tr> <td>NW</td> <td>2461</td> <td>1103</td> <td>70</td> <td>3</td> </tr> <tr> <td>WC</td> <td>5719</td> <td>6540</td> <td>261</td> <td>36</td> </tr> <tr> <td>TOTAL</td> <td>31733</td> <td>24854</td> <td>905</td> <td>295</td> </tr> </tbody> </table>	Prov.	No. not complying	Notices issued		No. of cases referred to court	No. of written undertakings	No. of Compliance orders	EC	4624	3422	291	30	FS	807	1095	75	6	GP	4334	929	37	30	KZN	6862	4312	114	91	LP	4438	5131	30	62	MP	1841	1955	9	0	NC	647	367	18	37	NW	2461	1103	70	3	WC	5719	6540	261	36	TOTAL	31733	24854	905	295	-18%	Delay of serving enforcement notices due to shortage of transport in a process of conducting follow-up inspections resulted in achieving 82% instead of 100% . some notices were not issued due to Jurisdictional matter.
Prov.	No. not complying	Notices issued		No. of cases referred to court																																																											
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STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS (%)						
	2.3 Number of advocacy and educational seminars conducted in identified sectors to enhance compliance with labour legislation per year	<p>Achieved -</p> <p>Forestry seminar conducted</p> <p>Hospitality seminar</p> <p>Construction</p> <p>Accord signed</p> <p>Construction breakfast conducted</p> <p>Major Hazard Installation seminar conducted</p>	4	<p>Achieved</p> <p>4 Seminars were conducted as planned:</p> <ul style="list-style-type: none"> - Construction - Chemical - Wholesale and - Retail were held <p>There was also the signing of accord</p>	None	None

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS (%)						
	2.4 Number of International Occupation Health and Safety conferences or inspector conferences held per year	Not Achieved	1 Inspector Conference	Achieved 1 Inspectors conference was held in Quarter 2	None	None
	2.5 Number of shop stewards trained to assist with labour legislation in the workplace per year	Partially achieved - 283 Shop stewards trained	100	Achieved A total of 209 shop stewards were trained <ul style="list-style-type: none"> • 141 in the wholesale and retail sector • 25 in the chemical sector trained • 43 in the construction sector 	+109	The training provided resulted in an oversubscription of shop stewards to these training events
	2.6 Number of provinces identified to roll-out the Roving Safety Representative programme	Achieved - Two meetings were held in Bloemfontein and one meeting was held in North West to roll out the programme	2 <ul style="list-style-type: none"> • WC • NC 	Achieved Roving Safety Representative Programme advocated and rolled out to the identified Provinces being WC and NC	None	None

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES																																																			
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS																																												
STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS (%)																																																			
	2.7 Percentage of inspections on request for work permits conducted within 5 days	New	90%	Achieved 93% (148 of 159) requested investigations were conducted within five days. <table border="1"> <thead> <tr> <th>Prov.</th> <th>No. of requests for work permit investigations received</th> <th>No. of inspections conducted</th> <th>% of inspections</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>4</td> <td>4</td> <td>100%</td> </tr> <tr> <td>FS</td> <td>3</td> <td>2</td> <td>67%</td> </tr> <tr> <td>GP</td> <td>56</td> <td>56</td> <td>100%</td> </tr> <tr> <td>KZN</td> <td>6</td> <td>6</td> <td>100%</td> </tr> <tr> <td>LP</td> <td>21</td> <td>17</td> <td>81%</td> </tr> <tr> <td>MP</td> <td>16</td> <td>15</td> <td>94%</td> </tr> <tr> <td>NC</td> <td>8</td> <td>8</td> <td>100%</td> </tr> <tr> <td>NW</td> <td>7</td> <td>6</td> <td>86%</td> </tr> <tr> <td>WC</td> <td>38</td> <td>34</td> <td>89%</td> </tr> <tr> <td>TOTAL</td> <td>159</td> <td>148</td> <td>93%</td> </tr> </tbody> </table>		Prov.	No. of requests for work permit investigations received	No. of inspections conducted	% of inspections	EC	4	4	100%	FS	3	2	67%	GP	56	56	100%	KZN	6	6	100%	LP	21	17	81%	MP	16	15	94%	NC	8	8	100%	NW	7	6	86%	WC	38	34	89%	TOTAL	159	148	93%	+3%	Whilst internal capacity requires the Branch to set the target at 90%, additional requests for inspections cannot be turned down and whilst some inspections may be difficult by virtue of the nature of that specific inspections, others may have not been as difficult freeing up additional resources
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STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS [%]																																																													
	2.8 Percentage of labour complaints resolved within a specified number of days of receipt at Registration Services	Partially achieved - 67% (73 786 of 110 252) against a target of 70% complaints were resolved within 14 days	75% of labour Complaints resolved within 14 days of receipt at Registration Services	<p>Achieved 66% (65 943 of 100 016) against a target of 75% complaints were resolved within 14 days.</p> <table border="1"> <thead> <tr> <th>Prov.</th> <th>Target</th> <th>No. received</th> <th>No. resolved</th> <th>% resolved</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>75%</td> <td>5 057</td> <td>2 308</td> <td>46%</td> </tr> <tr> <td>FS</td> <td>75%</td> <td>5 818</td> <td>4 854</td> <td>83%</td> </tr> <tr> <td>GP</td> <td>75%</td> <td>42 034</td> <td>26 035</td> <td>62%</td> </tr> <tr> <td>KZN</td> <td>75%</td> <td>12 878</td> <td>10 002</td> <td>78%</td> </tr> <tr> <td>LP</td> <td>75%</td> <td>9 326</td> <td>5 789</td> <td>62%</td> </tr> <tr> <td>MP</td> <td>75%</td> <td>11 808</td> <td>9 104</td> <td>77%</td> </tr> <tr> <td>NC</td> <td>75%</td> <td>2 707</td> <td>1 040</td> <td>38%</td> </tr> <tr> <td>NW</td> <td>75%</td> <td>4 882</td> <td>3 547</td> <td>73%</td> </tr> <tr> <td>WC</td> <td>75%</td> <td>5 506</td> <td>3 264</td> <td>59%</td> </tr> <tr> <td>TOTAL</td> <td>75%</td> <td>10 0016</td> <td>65 943</td> <td>66%</td> </tr> </tbody> </table>	Prov.	Target	No. received	No. resolved	% resolved	EC	75%	5 057	2 308	46%	FS	75%	5 818	4 854	83%	GP	75%	42 034	26 035	62%	KZN	75%	12 878	10 002	78%	LP	75%	9 326	5 789	62%	MP	75%	11 808	9 104	77%	NC	75%	2 707	1 040	38%	NW	75%	4 882	3 547	73%	WC	75%	5 506	3 264	59%	TOTAL	75%	10 0016	65 943	66%	-9%	66% instead of 75% was achieved because of the lack of relevant capacity by CSOs on labour legislation. lack of relevant capacity by CSOs on labour legislation
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STRATEGIC OBJECTIVE 5: STRENGTHENING SOCIAL PROTECTION													
3. Reduction in workers vulnerability through improved compliance and enforcement	3.1 Number of Workplaces audited to determine their compliance levels in terms of Occupational Health and Safety legislation (Blitz Inspection)	Not achieved 26 333 against a target of 41 965 workplaces were audited , and 13 640 complied, and 12 593 did not comply	59 700	Partially Achieved- 35 174 (59% of the targeted 59 700) workplaces were audited. 26 181 (74%) complied while 8 993 (36%) did not comply		-41%	The target set was too high versus the capacity available to do OHS inspections and audits						
								Prov.	Target	Actual audited	Actual complied	% complied	No. not complying
								EC	2 459	3 109	2 349	76%	760
								FS	1 790	1 357	1 102	81%	255
								GP	17 903	10 466	8 991	86%	1 475
								KZN	14 113	9 941	6 015	61%	3 926
								LP	5 496	2 356	1 866	79%	490
								MP	3 125	2 454	2 007	82%	447
								NC	2 392	618	494	80%	124
								NW	4 062	2 590	2 052	79%	538
WC	8 360	2 283	1 305	57%	978								
TOTAL	59 700	35 174	2 6181	74%	8 993								

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STRATEGIC OBJECTIVE 5: STRENGTHENING SOCIAL PROTECTION																																																																
	3.2 Percentage of noncomplying workplaces audited dealt with in terms of the relevant OHS legislation	Not achieved - 2 270 follow-up inspections audited against a target of 12 593 workplaces were audited; and 1 807 complied, and 1 121 did not comply	100%	<p>Partially Achieved - 6 052 notices issued and 22 cases referred to court. Therefore; 68% of non-compliant workplaces were dealt with in terms of the relevant OHS legislation</p> <table border="1"> <thead> <tr> <th rowspan="2">Prov.</th> <th colspan="3">Notices issued</th> <th rowspan="2">No of cases referred to court</th> </tr> <tr> <th>No. of Contr. notices</th> <th>No. of Improvement notices</th> <th>No. of prohibition notices</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>524</td> <td>14</td> <td>23</td> <td>3</td> </tr> <tr> <td>FS</td> <td>440</td> <td>16</td> <td>35</td> <td>1</td> </tr> <tr> <td>GP</td> <td>461</td> <td>76</td> <td>114</td> <td>7</td> </tr> <tr> <td>KZN</td> <td>1 327</td> <td>1</td> <td>87</td> <td>7</td> </tr> <tr> <td>LP</td> <td>484</td> <td>18</td> <td>8</td> <td>0</td> </tr> <tr> <td>MP</td> <td>322</td> <td>18</td> <td>59</td> <td>0</td> </tr> <tr> <td>NC</td> <td>118</td> <td>11</td> <td>4</td> <td>4</td> </tr> <tr> <td>NW</td> <td>242</td> <td>9</td> <td>21</td> <td>0</td> </tr> <tr> <td>WC</td> <td>1 441</td> <td>107</td> <td>73</td> <td>0</td> </tr> <tr> <td>TOTAL</td> <td>5 359</td> <td>270</td> <td>424</td> <td>22</td> </tr> </tbody> </table>	Prov.	Notices issued			No of cases referred to court	No. of Contr. notices	No. of Improvement notices	No. of prohibition notices	EC	524	14	23	3	FS	440	16	35	1	GP	461	76	114	7	KZN	1 327	1	87	7	LP	484	18	8	0	MP	322	18	59	0	NC	118	11	4	4	NW	242	9	21	0	WC	1 441	107	73	0	TOTAL	5 359	270	424	22	-32%	Delays in issuing notices by inspectors
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	3.3 Number of workplaces audited for compliance with Occupational Exposure Limit (OEL) regarding workers' exposure to silica dust per annum	Partially achieved - 187 workplaces were audited, and 83 complied, and 104 did not comply	2 00 (NC and LP)	Partially Achieved 104 (52% of the target of 200) <table border="1"> <thead> <tr> <th>Prov.</th> <th>Target</th> <th>Actual audited</th> </tr> </thead> <tbody> <tr> <td>NC</td> <td>100</td> <td>16</td> </tr> <tr> <td>LP</td> <td>100</td> <td>88</td> </tr> <tr> <td>TOTAL</td> <td>200</td> <td>104</td> </tr> </tbody> </table>			Prov.	Target	Actual audited	NC	100	16	LP	100	88	TOTAL	200	104	-48%	Inadequate resource capacity												
Prov.	Target	Actual audited																														
NC	100	16																														
LP	100	88																														
TOTAL	200	104																														
	3.4 Percentage of workplaces compliance with OEL	Partially achieved - 13 follow-up inspections against a target of 83 workplaces were audited; and 13 complied	80%	Not Achieved Of the 200 workplaces audited, 20 (19%) complied against a target of 80% <table border="1"> <thead> <tr> <th>Prov.</th> <th>Target</th> <th>Actual audited</th> <th>Actual complied</th> <th>% complied</th> <th>No. not complying</th> </tr> </thead> <tbody> <tr> <td>NC</td> <td>100</td> <td>16</td> <td>6</td> <td>38%</td> <td>10</td> </tr> <tr> <td>LP</td> <td>100</td> <td>88</td> <td>14</td> <td>16%</td> <td>74</td> </tr> <tr> <td>TOTAL</td> <td>200</td> <td>104</td> <td>20</td> <td>19%</td> <td>84</td> </tr> </tbody> </table>			Prov.	Target	Actual audited	Actual complied	% complied	No. not complying	NC	100	16	6	38%	10	LP	100	88	14	16%	74	TOTAL	200	104	20	19%	84	84 (81%) companies did not comply	Employers are not putting control measures in place. Compliance of 19% (achieved) makes 24% of 80% (targeted)
Prov.	Target	Actual audited	Actual complied	% complied	No. not complying																											
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TOTAL	200	104	20	19%	84																											

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES						
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STRATEGIC OBJECTIVE 5: STRENGTHENING SOCIAL PROTECTION						
	3.5 Percentage of noncomplying Workplaces of those audited dealt with in terms of the relevant enforcement regime (Occupational Exposure limit)	New	100%	Achieved 118 % of non-complying workplaces of those audited dealt with in terms of the relevant enforcement regime (occupational exposure limit)	18%	Whilst internal capacity requires the Branch to set the target at 90%, additional requests for audits cannot be turned down and whilst some audits may be difficult by virtue of the nature of that specific audit others may have not been as difficult freeing up additional resources

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
STRATEGIC OBJECTIVE 5: STRENGTHENING SOCIAL PROTECTION						
	3.6 Provinces selected for roll-out of approved preventative strategy and implementation programme on Noise Induced Hearing Loss	<p>Achieved - Research was conducted and all respective companies were provided with findings of the research</p> <p>Copies of the research were provided to Management, Unions and Occupational and Health Personnel</p> <p>The national feedback session for the research outcome, also coincided with the signing of the Accord which was held on 27 March 2013</p>	All identified companies implement the preventative strategy in MP, FS and GP	Achieved 26 companies identified and the preventative strategy implemented to all 26 companies (100%)	None	None
	3.7 Occupational Health and Safety legislation evaluated and amended	Achieved - OHS Act was submitted to the Advisory Council and its constituents for approval and will be submitted in Q4 to State Law Advisors	Amend the General Administrative Alignment	Achieved Draft General Administrative Regulation developed. Awaiting consideration by the Advisory Council for Occupational Health and Safety (ACOHS)	None	None

2.3.3.3 PUBLIC EMPLOYMENT SERVICES

The programme consists of the following sub-programmes:

- 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 sub-programmes
- Employer Services: facilitates registering vacancies, 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
- Work-Seeker 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
- Designated Groups Special Services: facilitates the transfer of subsidies to national councils to promote the employment of people with disabilities, youth, and women, in collaboration with Sheltered Employment Factories and other relevant bodies.

The programme has oversight over the following entities:

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

Strategic Outcome Oriented Goals 1: (Outcome 4) through inclusive economic growth	Improve the quality of labour market services to contribute to decent employment
Goal statement	1. Contribute to decent employment creation

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION (%)						
1. Employment Services legislation, related regulations and guidelines in place	1.1 Percentage of work completed on the Employment Services Bill and its regulations and guidelines	<p>Achieved - PES Branch tabled the Bill to the Portfolio Committee on Labour in March 2013.</p> <p>Private Employment Agencies (PEA) and Career Guidance Regulations and guidelines in place</p> <p>Verification Source (VS): Recordings of the Portfolio Committee on Labour</p>	80% of work completed on Employment Services Bill and its regulations and guidelines	<p>Achieved 84% achieved. The work that the Department was expected to do regarding the ES Bill was completed by March 2014</p> <p>Labour Portfolio Committee, concluded deliberations on the ES Bill. The National Assembly subsequently referred the Bill to the National Council of Provinces (NCOP) for endorsement. During these parliamentary process amendments we incorporated to the Bill</p> <p>The Bill was then sent to the President for signature in March 2014.</p> <p>Draft Regulations and Guidelines developed</p>	+4%	Draft regulations were developed but could not be published before the ES Act was promulgated and ES Board established
2. PES initiatives and interventions communicated through various media channels	2.1 Number of PES advocacy campaigns conducted	<p>Achieved - 44 major campaigns and 3 306 minor campaigns were held</p> <p>VS: Provincial Quarterly Reports</p>	At least 2 major and 5 local advocacy campaigns conducted per province annually	Achieved 58 Major and 801 local advocacy were conducted	+56 Major and +796 local advocacy were conducted	PES initiatives are undertaken by Labour Centers and are in house which carries no budget implications. During the past 12 months, Labour Centers were able to exceed their planned targets

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES										
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS			
STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION (%)										
3. Work-seekers registered on the ESSA system	3.1 Number of work-seekers registered on ESSA system per year	Achieved - A total of 600 259 work-seekers against a target of 450 000 was registered on the system	500 000	Achieved A total of 618 092 workseekers registered on ESSA. 607 229 of the total work-seekers registered were registered Provincially while 10 863 (2%) were registered On-Line. This implies that against an annual target of 500 000 set for Provinces (except on-line), 122% (607 229 of 500 000) was achieved.		+118 092	In terms of Section 17 of UI Act; all beneficiaries that apply for unemployment benefits must be registered as work seekers. The number of unemployed beneficiaries has increased therefore the increase in the number of work seeker registration			
				Prov.	Target			Actual	Variance	% Registered
				EC	55 000			65 670	10 669	119
				FS	40 000			43 478	3 478	109
				GP	120 000			139 953	19 953	117
				KZN	95 000			109 914	14 914	116
				LP	40 000			62 959	22 959	157
				MP	40 000			47 680	7 680	119
				NC	15 000			20 304	5 304	135
				NW	30 000			26 791	-2 013	89
				WC	65 000			90 480	25 480	139
On-line	0	10 863	0	0						
TOTAL	500 000	618 092	107 228	124						

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES										
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS			
STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION (%)										
4. Registered work-seekers provided with employment counselling, placement or referral, to registered opportunities and other services	4.1 Percentage of work-seekers registered provided with employment counselling	<p>Achieved - 59% of work seekers were profiled against a 60% target. That is, with a target of 450 000, 600 259 work-seekers were registered on the system, of which 264 068 were provided with career counselling and employability enhancement against a 60% (270 000) target</p> <p>Calculating the 264 068 of 270 000 at 60% gives 59%</p>	50% of work-seekers registered provided with employment counselling	Achieved 41% of 50% was achieved. 250 160 work-seekers were provided with employment counselling.		-9% 41% (achieved) is 82% of 50% (target)	The 9% of the target could not be achieved due to the capacity constraint of Career Counselors at Labour Centres and due to the increase of the number of work seekers registered			
				Prov.	Actual registered			Target to be counselled	Number counselled	% counselled
				EC	65 670			50%	30 568	47%
				FS	43 478			50%	27 724	64%
				GP	139 953			50%	39 959	29%
				KZN	109 914			50%	41 244	38%
				LP	62 959			50%	27 096	43%
				MP	47 680			50%	27 134	57%
				NC	20 304			50%	13 499	66%
				NW	26 791			50%	15 787	59%
WC	90 480	50%	27 149	30%						
TOTAL	607 229	50%	250 160	41%						

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES																																																													
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STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION (%)																																																													
	4.2 Number of work-seekers placed in registered employment opportunities	Partially achieved – 16 171 work-seekers against a target of 18 000 was placed	At least 19 000 placed in registered employment opportunities	Achieved A total of 15 570 (82% of 19 000) work-seekers was placed in registered employment opportunities		-3 430	- 3 430 work seekers could not meet the entry requirements for registered opportunities																																																						
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	4.3 Number of work-seekers referred to registered opportunities	New	At least 76 000 referred to registered opportunities	Achieved A total of 98 829 (130 % of 76 000) work-seekers was referred to registered opportunities		+22 829 [130% of the target of 76 000] work-seekers was referred	There was an increase on the number of opportunities registered which led to the increase on the number of work seekers referred																																																							
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	4.4 Number of work-seekers referred to other services	Achieved - A total of 396 172 work-seekers against a target of 72 000 was referred	120 000 work-seekers referred to other services	Achieved A total of 448 124 (373% of 120 000) work-seekers was referred to to other services		+328 124	In terms of Section 17 of UI Act; all beneficiaries that apply for unemployment benefits must be registered as work seekers. The number of unemployed beneficiaries has increased therefore the increase in the number of work seeker referred to other services																																																						
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STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION (%)										
5. Employment opportunities (vacancies, skills development, etc.) registered on ESSA system	5.1 Number of employers registering vacancies on ESSA	Achieved - A total of 2 620 companies registered vacancies on ESSA	Employers registering vacancies on ESSA increased by 1 000 at financial year end	Achieved 2 427 employers registered vacancies on ESSA. This target was exceeded by 1 427		1 427	More employers registered vacancies because of the increased advocacy campaigns.			
				Prov.	Target			Actual	Variance	% Registered
				EC	95			293	198	308
				FS	87			174	87	200
				GP	193			389	196	202
				KZN	165			230	65	139
				LP	80			262	182	328
				MP	105			391	286	372
				NC	48			130	82	271
				NW	93			244	151	262
				WC	134			314	180	234
TOTAL	1 000	2 427	1 427	243						

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STRATEGIC OBJECTIVE 1: CONTRIBUTE TO EMPLOYMENT CREATION (%)										
6. Employment Agencies registered	6.1 Number of Private Employment Agencies registered, increased	Partially achieved - A total of 350 existing PEAs were registered	Private Employment Agencies registered increased by 500 at financial year end	Partially Achieved PEA's registered were increased by 309 at financial year end		-191	Absence of the regulatory framework			
				Prov.	Target			Actual	Variance	% Registered
				EC	55			15	-40	27
				FS	35			5	-30	14
				GP	105			135	30	129
				KZN	80			13	-67	16
				LP	45			14	-31	31
				MP	45			18	-27	40
				NC	20			5	-15	25
				NW	30			5	-25	17
WC	85	99	14	116						
TOTAL	500	309	-191	62						

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7. International cross border labour migration managed	7.1 Percentage of compliant migrant work permits applications processed within a specified number of days	Achieved - A total of 153 applications received were processed within 30 days, 108 were corporate permits covering 12 631 employment opportunities of which 8 320 were positively recommended. Out of 45 applications for individual work permit 32 were negatively recommended	Recommendations made for all received migrant work permits applications, within 30 days	<p>Achieved 193 applications were received. 165 (86%) were finalised within 30 days and 28 (14%) were finalised in 60 days</p> <p>Corporate permits</p> <table border="1"> <thead> <tr> <th>Prov.</th> <th>Applications Received</th> <th>No of Workers</th> <th>Positive recomm</th> <th>Negative recomm</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>4</td> <td>633</td> <td>483</td> <td>150</td> </tr> <tr> <td>FS</td> <td>6</td> <td>1 734</td> <td>1 704</td> <td>30</td> </tr> <tr> <td>GP</td> <td>30</td> <td>3 158</td> <td>859</td> <td>2 299</td> </tr> <tr> <td>KZN</td> <td>3</td> <td>63</td> <td>63</td> <td>0</td> </tr> <tr> <td>LP</td> <td>42</td> <td>7 475</td> <td>6 304</td> <td>1 171</td> </tr> <tr> <td>MP</td> <td>22</td> <td>3 111</td> <td>2 987</td> <td>124</td> </tr> <tr> <td>NC</td> <td>5</td> <td>348</td> <td>333</td> <td>15</td> </tr> <tr> <td>NW</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>WC</td> <td>30</td> <td>4 502</td> <td>2 728</td> <td>1 774</td> </tr> <tr> <td>TOTAL</td> <td>142</td> <td>21 024</td> <td>15 461</td> <td>5 563</td> </tr> </tbody> </table>	Prov.	Applications Received	No of Workers	Positive recomm	Negative recomm	EC	4	633	483	150	FS	6	1 734	1 704	30	GP	30	3 158	859	2 299	KZN	3	63	63	0	LP	42	7 475	6 304	1 171	MP	22	3 111	2 987	124	NC	5	348	333	15	NW	0	0	0	0	WC	30	4 502	2 728	1 774	TOTAL	142	21 024	15 461	5 563	14%	The 14% was not finalised within the set time frames due to the incomplete applications received
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8. Designated groups funded as per drawdown agreement	8.1 Number of Memoranda of Agreements (MOA) concluded with eligible designated group organisations and funding transferred and monitored per year	New	At least 7 MOAs concluded, performance report submitted quarterly, and financial transfers effected	Achieved 7 MOAs concluded by DG during Quarter 1 on 24 June 2013. During Q2, performance report was submitted and financial transfers effected to the amount of R2 394 500.00		None	None				
				Workshop	No of PWD subsidized			No of PWD Admin staff subsidized	Total staff	Transferred Amount	Transfer Date
				Services for the Blind, Johannesburg	61			3	82	R222 750.00	15/08/13
				Johannesburg Society for the Blind	46			3	60	R167 750.00	15/08/13
				Pretoria Workshop for the Blind	67			5	155	R244 500.00	16/08/13
				Natal Society for the Blind	79			4	113	R288 250.00	04/09/13
				KZN Blind and Deaf Society	47			5	93	R171 500.00	23/08/13
				Worcester Society for the Blind	236			8	283	R861 750.00	15/08/13
				Cape Town Society for the Blind	120			17	164	R438 000.00	15/08/13
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9. Sheltered Employment Factories (Protected employment Factories) funded as per drawdown agreement	9.1 MOA concluded by March each year, performance report submitted quarterly and financial transfers effected	New	MOA concluded by 31 March, performance report submitted quarterly and funding transferred quarterly	<p>Achieved Performance during Q1: Draft MoA and APP are in place awaiting approval. Quarterly report has been received. Monthly tranches allocated</p> <p>Performance during Q2: MOA concluded; Budget was approved, Strategic plan and APP were also approved</p> <table border="1"> <thead> <tr> <th>SEF</th> <th>Amount transferred</th> <th>Transfer Date</th> </tr> </thead> <tbody> <tr> <td>Out of 11 indicators, 4 were achieved and 7 were not achieved</td> <td>R8,007,250.00 R24,021,750.00</td> <td>05/07/2013 22/08/2013</td> </tr> <tr> <td>TOTAL: 11</td> <td>R32 029 000.00</td> <td></td> </tr> </tbody> </table> <p>Performance during Q3: QPR 3 received and verified, 30% achieved, 20% Partially Achieved, 50% not achieved. A total of R32 021 750.00 transferred.</p> <table border="1"> <thead> <tr> <th>SEF</th> <th>Amount transferred</th> <th>Transfer Date</th> </tr> </thead> <tbody> <tr> <td>Out of 10 indicators, 4 were achieved and 7 were not achieved</td> <td>R24,021,750.00 R8,000,000.00</td> <td>22/10/2013 21/11/2013</td> </tr> <tr> <td>TOTAL: 11</td> <td>R32 021 750.00</td> <td></td> </tr> </tbody> </table> <p>Performance during Q4: QPR 4 received and verified, 36% achieved, 27% Partially Achieved, 36% not achieved. Financial transfers effected to the amount of R23 841 750.00</p> <table border="1"> <thead> <tr> <th>SEF</th> <th>Amount transferred</th> <th>Transfer Date</th> </tr> </thead> <tbody> <tr> <td>Out of 11 indicators, 4 were achieved, 3 partially achieved and 4 were not achieved</td> <td>R15 841 750.00 R8 000 000.00</td> <td>16/01/2014 20/02/2014</td> </tr> <tr> <td>TOTAL</td> <td>R23 841 750.00</td> <td></td> </tr> </tbody> </table>	SEF	Amount transferred	Transfer Date	Out of 11 indicators, 4 were achieved and 7 were not achieved	R8,007,250.00 R24,021,750.00	05/07/2013 22/08/2013	TOTAL: 11	R32 029 000.00		SEF	Amount transferred	Transfer Date	Out of 10 indicators, 4 were achieved and 7 were not achieved	R24,021,750.00 R8,000,000.00	22/10/2013 21/11/2013	TOTAL: 11	R32 021 750.00		SEF	Amount transferred	Transfer Date	Out of 11 indicators, 4 were achieved, 3 partially achieved and 4 were not achieved	R15 841 750.00 R8 000 000.00	16/01/2014 20/02/2014	TOTAL	R23 841 750.00		None	None
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10. Productivity SA funded	10.1 MOA concluded by March each year, performance report submitted quarterly and financial transfers effected	New	MOA concluded by 31 March, performance report submitted quarterly and funding transferred quarterly	<p>Achieved MoA was concluded by 31 March ,quarterly performance reports received and R40 285 000.00</p> <p>Performance during Q1: 1st Quarter Report was received. 52% achievements was recorded as out of 21 indicators; 11 were achieved, 4 were partially achieved and 6 were not achieved and a total amount of R13 428 333.00 was transferred</p> <table border="1"> <thead> <tr> <th>Productivity SA Performance Report</th> <th>Amount Transferred</th> <th>Date Transferred</th> </tr> </thead> <tbody> <tr> <td>16 Indicators achieved 5 not achieved</td> <td>R6 714 166.00</td> <td>02.07.2013</td> </tr> <tr> <td></td> <td>R6 714 166.00</td> <td>26.07.2013</td> </tr> <tr> <td>TOTAL INDICATORS 21</td> <td>R13 428 333.00</td> <td></td> </tr> </tbody> </table> <p>Performance during Q3: 3rd Quarter Report was received. 76% achievements was recorded as out of 21 indicators; 16 were achieved and 5 were not achieved and a total amount of R13 428 334.00 was transferred</p> <table border="1"> <thead> <tr> <th>Productivity SA Performance Report</th> <th>Amount Transferred</th> <th>Date Transferred</th> </tr> </thead> <tbody> <tr> <td>18 Indicators achieved 3 not achieved</td> <td>R7 200,000.00</td> <td>22.10.2013</td> </tr> <tr> <td></td> <td>R6 228, 334.00</td> <td>04.12.2013</td> </tr> <tr> <td>TOTAL INDICATORS 21</td> <td>R13 428 334.00</td> <td></td> </tr> </tbody> </table> <p>MOA concluded. Fourth Quarter Report was received. 86% achievements were recorded. Out of 21 indicators; 18 were achieved</p>	Productivity SA Performance Report	Amount Transferred	Date Transferred	16 Indicators achieved 5 not achieved	R6 714 166.00	02.07.2013		R6 714 166.00	26.07.2013	TOTAL INDICATORS 21	R13 428 333.00		Productivity SA Performance Report	Amount Transferred	Date Transferred	18 Indicators achieved 3 not achieved	R7 200,000.00	22.10.2013		R6 228, 334.00	04.12.2013	TOTAL INDICATORS 21	R13 428 334.00		None	None
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11. Compensation Fund reimbursed for occupational injuries and diseases by public servants	11.1 Percentage of claims received for occupational injuries and diseases by public servants settled within 30 days	New	MOA concluded by 31 March, performance report submitted quarterly and funding transferred quarterly	<p>Achieved 100% of all claims received for occupational injuries and diseases by public servants settled within 30 days and the total paid out is R10 542 209.69</p> <p>Performance during Q1: 100% claims received were settled within 30 days and amount paid out was R2 248 781.12</p> <table border="1"> <thead> <tr> <th>Month/ Period</th> <th>Claim Amount</th> <th>Date received</th> <th>Date paid</th> </tr> </thead> <tbody> <tr> <td>April</td> <td>784 006.48</td> <td>31 May 2013</td> <td>31 May 2013</td> </tr> <tr> <td>April</td> <td>1 464 774.64</td> <td>31 May 2013</td> <td>31 May 2013</td> </tr> <tr> <td>TOTAL</td> <td>2 248 781.12</td> <td></td> <td></td> </tr> </tbody> </table> <p>Performance during Q2: 100% claims received were settled within 30 days and amount paid out was R2631 225.49</p> <table border="1"> <thead> <tr> <th>Month/ Period</th> <th>Claim Amount</th> <th>Date received</th> <th>Date paid</th> </tr> </thead> <tbody> <tr> <td>May</td> <td>1 091 720.76</td> <td>3 September 2013</td> <td>5 September 2013</td> </tr> <tr> <td>June</td> <td>148 612.81</td> <td>3 September 2013</td> <td>5 September 2013</td> </tr> <tr> <td>July</td> <td>1 390 891.92</td> <td>9 September 2013</td> <td>12 September 2013</td> </tr> <tr> <td>August</td> <td></td> <td>No claim</td> <td></td> </tr> <tr> <td>September</td> <td></td> <td>No claim</td> <td></td> </tr> </tbody> </table>		Month/ Period	Claim Amount	Date received	Date paid	April	784 006.48	31 May 2013	31 May 2013	April	1 464 774.64	31 May 2013	31 May 2013	TOTAL	2 248 781.12			Month/ Period	Claim Amount	Date received	Date paid	May	1 091 720.76	3 September 2013	5 September 2013	June	148 612.81	3 September 2013	5 September 2013	July	1 390 891.92	9 September 2013	12 September 2013	August		No claim		September		No claim		None	None
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2.3.3.4 LABOUR POLICY AND INDUSTRIAL RELATIONS

The programme consists of the following sub-programmes:

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

Strategic Outcome Oriented Goals 1: (Outcome 4)	Improve the quality of labour market services to contribute to decent employment through inclusive economic growth
Goal Statement	2. Promote equity in the labour market 3. Protect vulnerable workers 6. Promote sound labour relations 7. Monitor the impact of legislation
Strategic Outcome Oriented Goals 2: (Outcome 11)	Creating a better South Africa and contributing to a better and safer Africa
Goal Statement	4. Strengthen multilateral and bilateral relations

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
STRATEGIC OBJECTIVE 2: PROMOTE EQUITY IN THE LABOUR MARKET (%)						
1. Employment equity in the labour market ensured	1.1 Employment Equity Act (EEA) regulations amended in line with the amended Act	Achieved NEDLAC engagement finalised on the EEA Amendments by November 2012	Amended EE Act and its regulations promulgated and implemented by March 2014	Partially Achieved The Employment Equity Amendment Act, 2013 assented into law on 14 January 2014. Amended EE regulations published for public comments on the 28 February 2014 for 30 days and tabled at NEDLAC for social partner deliberations	The amended Act was only assented into law on 14 January 2014 which resulted in delays in finalising the regulations Public comments and NEDLAC deliberations on the amended regulations could not start prior to the EE Amendment Act being assented to	Promulgation of the Amended EE Act and implementation of its regulations are planned for Q2 of 2014/2015
	1.2 Annual Employment Equity Report published and launched	New	31 March	Achieved Employment Equity Annual Report developed by end of March Verification Sources • Advisory letter from the CEE to the Minister • Copy of the 14th CEE Annual Report	None	None
	1.3 Number of income differentials assessed to determine race and gender disparities in salaries per year	Achieved - 31 income differentials assessed to determine race and gender disparities in salaries	30	Achieved 30 income differentials assessed Verification Sources: • Copy of Close-Out Report and letters of approved EE Plans	None	None

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
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STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS (%)						
2. Basic Conditions of Employment in the labour market ensured	2.1 BCEA regulations finalised in line with the amended Act	Achieved Bill submitted to Cabinet by March 2013	Amended BCEA and its regulations promulgated and implemented by March 2014	Partially Achieved - The Basic Conditions of Employment Act, 2013 assented into law on 4 December 2013 BCEA regulations finalised in line with the amended Act	Regulations not yet promulgated	State Law Advisors delayed in the process of considering regulations
	2.2 One Child Labour Programme of Action implemented in line with the five-years plan	Partially achieved - Child Labour Programme of Action submitted to the Minister for approval	One Child Labour	Achieved One Child Labour Programme of Action implemented in line with the 5-year plan Verification Source: • Programme. Meeting of the Child Labour Implementation Committee was held on 14 August 2013 Verification Source: • Minutes of the meeting The minister approved annual report on Child Labour programme Verification Source: • Annual report on Child Labour programme	None	None
3 Sectoral Determinations (SD) published for residual and emerging vulnerable workers	3.1 Number of existing sectoral determinations reviewed	Achieved - Amendment to the hospitality sectoral published on 22 June 2012 in 81: 35460	2	Achieved Hospitality Sector Amendments published in Government Gazette Verification Source: • Government Gazette No. 36624 dated 01 July 2013 Taxi Sector Amendments published in Government Gazette Verification Source: • Government Gazette No. 36619 dated 01 July 2013	None	None

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
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STRATEGIC OBJECTIVE 3: PROTECTING VULNERABLE WORKERS (%)						
	3.2 Number of new areas for setting sectoral determinations investigated	Not achieved - Investigation to establish provident funds for domestic and farm workers sector delayed	1	Partially Achieved Funeral Undertaking Sector <u>Verification Source:</u> Report to the EEC	Due to the lack of relevant information from the Private and Public sectors	ECC concerned with lack of information on sector, as contained in the report The report lacks information on who the major role-players in the sector are; how many employers are certified with Department of Health, sector size, SMME composition etc.
4. Civil society organisations that protect vulnerable workers funded	4.1 Number of civil society organisations involved in the world of work funded and monitored per year	Achieved - 11 civil society organisations were funded	12	Achieved - 12 Civil society organisations involved in the world of work funded and monitored per year. Allocated budget for 2013/14 = R16 504 000	None	None

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
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STRATEGIC OBJECTIVE 4: STRENGTHENING MULTILATERAL AND BILATERAL RELATIONS (%)						
5. Relations Strengthened through Memoranda of Understanding (MOU) with fraternal countries	5.1 Signed MOUs reviewed	Partially achieved - Review of China MOU finalised and ready for signing	Review signed Memoranda with China, Lesotho, Namibia, Algeria, Brazil, Zimbabwe and Cuba by end of March 2014	<p>Achieved</p> <p>Lesotho – Signed</p> <p>Namibia - process finalised awaiting dates for signing after June 2014</p> <p>Algeria – awaiting dates of the signing</p> <p>China - the Chinese proposed that this be signed in 2014 when they visit South Africa</p> <p>Brazil – Consultations are still being undertaken on the work programme that would propel the cooperation forward</p> <p>Zimbabwe - The matter was referred to the Joint Technical Committee on Migration and Security meeting between Zimbabwe and South Africa for its consideration</p> <p>Cuba – This failed to materialize due to organizational changes in Cuba, that is, a government wide process of restructuring the administration</p>	None	None
	5.2 Number of reports on the implementation of MOUs produced annually	New	Annual report on the implementation of all signed MOU's submitted by end of March 2014	<p>Achieved -</p> <p>Report prepared and submitted to the Minister</p>	None	None
	5.3 Advocate South Africa's position on agenda items of the ILO	Achieved - South Africa's position documents on the agenda items of the ILO GB and ILC developed	South Africa's position documents on the agenda items for the International Labour Conference developed and submitted by May 2013	<p>Achieved -</p> <p>South Africa's position documents were developed, briefing notes finalised and submitted to Minister for approval for the International Labour Conference</p>	None	None

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
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STRATEGIC OBJECTIVE 4: STRENGTHENING MULTILATERAL AND BILATERAL RELATIONS (%)						
	5.5 Implement the decisions of the SADC Employment and Labour Sector and the AU Labour and Social Affairs Commission	Achieved - Briefing documents and position documents for the SADC ELS developed A country report on the Ouagadougou Declaration and Plan was developed and submitted to the AU	South Africa's position on issues for discussion in the SADC ELS and AULSAC developed and a report produced	Achieved - South Africa's position on issues for discussion in the SADC ELS and AULSAC were developed and a report produced and submitted to the Minister	None	None
	5.4 Number of reports to ensure compliance with the ILO Constitutional requirements in terms of Article 19 and 22 of the ILO Constitution	Achieved - four Reports compiled and submitted to the ILO in terms of Article 19 (unratified) and Article 22 (ratified) Conventions	5 reports submitted	Achieved - 6 Reports submitted: Article 19 1. Minimum Wage Fixing Article 22 1. Forced Labour Convention, 1930 (No. 29) 2. Night Work (Women) Convention (Revised), 1948 (No.89) 3. Abolition of Forced Labour Convention, 1957 (No. 105) 4. Minimum Age Convention, 1973 (No.138) 5. Worst forms of Child Labour Convention, 1999, (No.182).	None	None
	5.6 Participation in the G20 Meeting of Ministers of Labour and Employment ensured	New	Briefing notes on issues for discussion developed and a report of the meeting produced by August 2013	Achieved Briefing notes on issues for discussions were developed and a report of the meeting produced by August 2013	None	None
	5.7 Advocate South Africa's position in the ARLAC Governing Council	Achieved - Briefing documents developed and submitted to Minister for approval	Develop briefing documents for ARLAC Governing Council by May 2013	Achieved Briefing documents were prepared and submitted report of the meeting to the Minister	None	None

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
STRATEGIC OBJECTIVE 6: PROMOTING SOUND LABOUR RELATIONS [%]						
6. Sound labour relations ensured	6.1 LRA regulations amended in line with the amended Act	Achieved - Bill approved by Cabinet and currently in Parliament	Amended LRA and its regulations promulgated and implemented by March 2014	Partially Achieved LRA regulations not finalised nor published	Amended Act not assented; hence slower progress on regulations	Amended Act passed by National Assembly but not assented to as at 31 March 2014
	6.2 Number of Collective agreements extended within 60 days of receipt	Achieved - 25 collective agreements approved Averaged turnaround time: 52 days	17	Achieved 17 collective agreements were extended to non-parties within 60 days	None	None
	6.3 Percentage of competent labour organisation applications processed within 90 days of receipt	Achieved - 130 New applications received • 15 approved • 115 refused Averaged turnaround time: 86 days	100%	Achieved 159 new application received 146 applications processed: 140 (96%) applications processed with 90 days and 6(4%) processed after 90 days	Not achieved due to poor performance of officials	Officials concerned were counselled
7. Dispute resolution monitored	7.1 Quarterly monitoring reports on CCMA dispute resolution functions compiled within 7 days of the end of each quarter	Achieved - four Quarterly reports on CCMA's Performance and budget transferred as per agreement	4	Partially Achieved 1st, 2nd, and 4th Quarterly reports on CCMA's Performance and budget transferred as per agreement were achieved	Third quarter reports not submitted on time	Late submission due to year-end vacation period
8. Social dialogue monitored	8.1 Quarterly monitoring reports on NEDLAC dispute resolution functions compiled within 7 days of the end of each quarter	Achieved - 4 Quarterly reports on NEDLAC's performance and budget transferred as per agreement	4	Partially Achieved 1st, 2nd and 4th Quarterly reports on Nedlac's Performance and budget transferred as per agreement were achieved	Third quarter reports not submitted on time	Late submission due to year end vacation period

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
STRATEGIC OBJECTIVE 7: MONITORING THE IMPACT OF LEGISLATION (%)						
9. Labour market trends monitored	9.1 Number of annual labour market trends reports produced and disseminated by September	Achieved - Four Annual labour market trends produced and published by September 2012. These include: Annual Industrial Action report 2011, Annual Labour Market Bulletin 2011/12, Annual Job Opportunity and Unemployment in the SA labour market 2011/12 and Annual Administrative Statistics report 2011	4	Achieved 4 annual Labour market trends reports produced and disseminated by September, these reports are 1. Annual Administrative Statistics report 2012 2. Industrial Action report 2012 3. Job Opportunity and Unemployment in the SA Labour Market report 2012/13 4. Annual Labour Market Bulletin 2012/13	None	None
	9.2 Number of briefing reports on Quarterly Labour Force Survey and Unemployment Insurance Fund produced within 14 days after each quarter end	Achieved - Four briefing reports on QLFS and UI data submitted and disseminated by January 2013	4	Achieved 4 briefing reports on Quarterly Labour Force Survey and Unemployment Insurance Fund produced within 14 days after each quarter ends namely: Quarterly Labour Force Survey and Unemployment Insurance Fund were completed, submitted and approved by the Minister and internally disseminated	None	None

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2012/2013	PLANNED TARGET 2013/2014	ACTUAL ACHIEVEMENT 2013/2014	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2013/2014	COMMENTS ON THE DEVIATIONS
STRATEGIC OBJECTIVE 7: MONITORING THE IMPACT OF LEGISLATION (%)						
10. Impact of legislation evaluated and reported on	10.1 Annual Labour Market Review developed and disseminated by March	Achieved - Labour Market Review titled Retirement Funds Provided by Private Bargaining Councils in South Africa was developed	1 Labour Market Review developed by March 2014	Achieved The Annual Labour Market Review (ALMR) topic of Noise Induced Hearing Loss was approved. The document has been sent to Communication for further processing	None	None
	10.2 Number of research reports produced, disseminated and implementations monitored	Achieved - Dissemination of completed research reports Noise Induced Hearing Loss Impact of the Taxi Sectoral Determination on working conditions in the Taxi Sector Occupational Health and Safety in high risk sectors RME agenda 3 was developed and approved by the Minister for further processing and by DBAC for procurement	4 Research reports produced in line with RME agenda 3	Partially Achieved 4 Research reports produced in line with RME agenda Analysis of the Effectiveness of the Bargaining Council Exemptions - Assessing Knowledge Levels about The Work of the The Department and Its Communications Campaigns - Evaluation of Progress made towards The Reduction of Working Hours to a 40-Hour Week - Migration Research Study - Research reports are expected to be finalised during 2014/2015 financial year	Project was extended into 2014/2015 financial year due to delays incurred through procurement stage (i.e. service providers were appointed only after the second bid advert). Hence RME 3 projects are only entering data collection stage now (The project is composed of 4 work packages with 2 work packages completed, resulting in 6 reports produces	The research reports are expected in 2014/2015 with two additional projects entering procurement process The research reports are expected in 2014/2015

2.3.4 STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	REASON FOR MAJOR VARIANCE	REMEDIAL ACTION TO RESOLVE THE PROBLEM
Strengthening social protection	Number of workplaces audited to determine their compliance levels in terms of Occupational Health and Safety legislation (Blitz Inspections)	The target set was too high versus the resource capacity available to do OHS inspections and audits	Reviewing OHS targets and Instant filling of OHS specialist posts
Strengthening the institutional capacity of the Department	Number of newsletters published by end of the performance year	Inadequate governance structure resulted in poor coordination of the production of the newsletter	The Department is capacitating the Chief Directorate: Communication
	Branding strategy and implementation plan approved for three provinces (LP, NW and NC)	Incapacity	The Department is capacitating the Chief Directorate: Communication

2.3.5 LINKING PERFORMANCE WITH BUDGETS

The overall performance information of the Department from 01 April to 31 March 2014 is at 76%. 20% of the targets were partially achieved and 4% were not achieved. 97% of the budget was spent for the Financial Year 2013/14.

Programme 1: Administration

SUB-PROGRAMME NAME	2013/2014			2012/2013		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Ministry	19 219	18 557	662	16 798	16 798	-
Management	427 136	421 288	5 848	458 973	450 746	8 227
Corporate Services	61 303	53 234	8 069	53 290	47 439	5 851
Office of the Chief Financial Officer	142 161	142 161	-	102 561	101 656	905
Office Accommodation	190 630	160 630	30 000	132 963	71 056	61 907
TOTAL	840 449	795 870	44 579	764 585	687 695	76 890

The programme purpose is to provide management, strategic and administrative support services to the Ministry and the Department, with a goal of building institutional capacity. To carry out this objective the Programme spent 97 % of its allocated expenditure for the 2013/2014 Financial Year and performed (information) at 72%. Therefore the allocation was sufficient to carry out the objective of the Programme.

Programme 2: Inspection and Enforcement Services

SUB-PROGRAMME NAME	2013/2014			2012/2013		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Management Support Services: Inspection and Enforcement Services	16 096	16 096	15 528	14 365	1 163	
Occupational Health and Safety	20 535	16 560	3 975	17 462	17 462	-
Registration: Inspection and Enforcement Services	55 687	48 300	7 387	85 691	84 685	1 006
Compliance, Monitoring and Enforcement	315 453	315 453	-	276 975	274 605	2 370
Training of Staff: Inspection and Enforcement Services	16 347	13 111	3 236	4 720	4 457	263
Statutory and Advocacy Services	2 693	2 693	-	-	-	-
TOTAL	426 811	412 213	14 598	400 376	395 574	4 802

The Programme utilised 96.6% of its allocated budget to carry out its mandated objective and deliverables and performed (information) at 71%. The allocation was sufficient for all operations of the Programme. The Programme utilised 100% of its allocated budget to carry out its mandated objective and deliverables and performed (information) at 93%. The allocation was sufficient for all operations of the Programme.

Programme 3: Public Employment Services

SUB-PROGRAMME NAME	2013/2014			2012/2013		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Management and Support Services: Public Employment Services	28 374	28 374	-	21 924	21 812	112
Employer Services	116 293	116 293	-	148 519	148 519	-
Work Seeker Services	95 775	95 775	-	32 762	32 763	-1
Designated Groups Special Services	200	200	-	758	77	681
Sheltered Employment Factories and Subsidies To Designated Workshops	115 610	115 610	-	78 116	76 229	1 887
Productivity South Africa	40 286	40 286	-	37 050	37 050	-
Unemployment Insurance Fund	1	-	1	1	-	1
Compensation Fund	15 640	15 640	-	14 085	14 085	-
Training of Staff: Public Employment Services	1 317	1 317	-	1 116	1 116	-
TOTAL	413 496	413 495	1	334 331	331 651	2 680

The Programme utilised 100% of its allocated budget to carry out its mandated objective and deliverables and performed (information) at 93%. The allocation was sufficient for all operations of the Programme.

Programme 4: Labour Policy and International Relations

SUB-PROGRAMME NAME	2013/2014			2012/2013		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
Management and Support Services: Labour Policy and Industrial Relations	13 406	10 151	3 255	12 981	12 320	661
Strengthen Civil Society	16 504	16 504	-	15 802	15 802	-
Collective Bargaining	13 340	12 306	1 034	11 620	11 234	386
Employment Equity	12 865	12 763	102	13 686	9 907	3 779
Employment Standards	13 222	12 464	758	12 487	8 422	4 065
Commission for Conciliation, Mediation and Arbitration	594 418	594 418	-	478 745	478 745	-
Research, Policy And Planning	12 743	7 419	5 324	11 708	5 262	6 446
Labour Market Information and Statistics	34 301	31 324	2 977	32 870	30 291	2 579
International Labour Matters	27 414	26 591	823	25 459	22 962	2 497
National Economic Development and Labour Council	26 278	25 926	352	24 916	24 707	209
TOTAL	764 491	749 866	14 625	640 274	619 652	20 622

The Programme utilised 98.1% of its allocated budget to carry out its mandated objective and deliverables and performed (information) at 67%. The allocation was sufficient for all operations of the Programme.

2.4 TRANSFER PAYMENTS

Transfer payments to Public Entities

NAME OF PUBLIC ENTITY	SERVICES RENDERED BY THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY R'000
Commission for Conciliation, Mediation and Arbitration (CCMA)	To resolve disputes through conciliation and arbitrations	594 418
Compensation Fund (CF)	To provide compensation for disability, illness and death resulting from occupational injuries and diseases.	15 640
National Economic Development and Labour Council (NEDLAC)	To promote the goals of economic growth, participation in economic decision-making and social equity.	25 828
Productivity South Africa (PSA)	To promote a culture of productivity in workplaces.	40 285
Unemployment Insurance Fund (UIF)	To provide for the payment from the Fund of unemployment benefits to qualifying employees.	UIF did not receive a transfer payment from the Department

Commission for Conciliation, Mediation and Arbitration (CCMA)

The CCMA's statutory functions, as set out in the Labour Relations Act (LRA), No 66 of 1995, and are divided into those that are mandatory and those that are discretionary.

The CCMA's mandatory functions are to:

- Conciliate workplace disputes
- Arbitrate certain categories of disputes that remain unresolved after conciliation
- Establish picketing rules
- Facilitate the establishment of workplace forums and statutory councils
- Compile and publish information and statistics
- Consider accreditation and subsidy of bargaining councils and private agencies
- Provide support for the Essential Services Committee.

The CCMA's discretionary functions are to:

- Supervise ballots by unions and employer organisations
- Provide training and information relating to the primary objective of the LRA
- Advise parties to a dispute about the procedures to follow
- Offer to resolve a dispute that has not been referred to the CCMA
- Publish guidelines on any aspect of the LRA, and to make rules.

Detailed information for the CCMA performance and financial status is available in its published Annual Report. Comparative information for the 2012/13 and 2013/14 financial years are as follows:

DISPUTE RESOLUTIONS	2013/14		2012/13	
	NUMBER OF CASES	%	NUMBER OF CASES	%
Jurisdiction referrals	134 943	N/A	130 978	N/A
Pre-conciliations heard	22 971	17%	22 438	17%
Pre-conciliations settled (of jurisdiction cases)	14 846	11%	11 419	9%
Con-arbs heard (of jurisdiction referrals)	59 147	44%	53 060	41%
Con-arbs finalised of jurisdiction referrals	53 399	40%	47 241	36%
Cases settled (based on finalised cases)	92 005	N/A	83 917	N/A

COMPENSATION FUND (CF)

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

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

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

Detailed information for the Fund's performance and financial status is available in its published Annual Report.

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 coordinated policy on social and economic matters.

Detailed information on the NEDLAC performance and financial status is available in its published Annual Report. Comparative performance examples for the 2012/13 and 2013/14 financial years are as follows:

PERFORMANCE	2012/13	2013/14
Section 77	5	8
Research reports	3	4
Acts under review	14	7
Policy	6	18

Section 77 – Protest action to promote or defend socio-economic interests of workers – NEDLAC had concluded consideration of the following Section 77 notices in the period of 2013/14:

- Cosatu Eastern Cape notice on poor service delivery in the Eastern Cape
- Cosatu notice on the slow pace of socio-economic transformation
- Notice from Trawusa
- Nactu notice on violence in the mining sector
- Satawu and Utatu notice on the privatisation of the Port of Ngqurha
- Numsa notice on the Employment Tax Incentive Bill
- Amcu notice on a living wage.

An updated Section 77 Protocol was approved by the NEDLAC Management Committee.

***Research reports – The following research reports were concluded in the year under review:**

- Repositioning Peak-Level Social Dialogue in South Africa: NEDLAC into the Future
- Study to Develop an Action Plan to Address the Findings of the Green Drop Assessment
- An Analysis of the Impact of Transferring Functions from Eskom to an Independent System and Market Operator (ISMO)
- A study on Water Use Efficiency in Building Regulations and Compulsory Requirements for Specific Plumbing and Piping Products.

***Acts under review – NEDLAC Reports on the following draft legislation were concluded in the 2103-14 financial year:**

- Women Empowerment and Gender Equality Bill
- Restitution of Land Rights Amendment Bill
- Expropriation Bill
- Regulations on the Norms and Standards Relating to School Infrastructure
- Legal Metrology Bill
- Unemployment Insurance Amendment Bill
- Public Administration Management Bill.

All NEDLAC Reports were submitted to the Minister of Labour and the Ministers concerned***Policy under review – Consideration of the following policy matters was concluded in the 2013-14 financial year:**

- Medium-Term Budget Policy Statement
- Expanded Public Works Programme and the Community Works Programme
- Household savings
- Sacu Revenue-Sharing Formula
- Inflation targeting
- Financial sector transformation (with a special focus on the Financial Sector Charter and Scorecard)
- Household access to finance
- Industrial Policy Action Plan
- ILO Article 22
- Institutions falling within the labour market ambit
- 1986 Instrument for the Amendment of the Constitution of the ILO
- Policy on the Appointment of Insolvency Practitioners
- Municipal tariffs
 - Electricity tariffs
 - Water tariffs
 - Port Tariffs
 - Energy
 - National Health Insurance.

NEW DEVELOPMENTS

Engagement on the following matters that arose during the latter part of the 2013-14 Financial Year are underway:

- Employment Equity Regulations
- Gas Amendment Bill
- Extension of Security of Tenure Amendment Bill.

PRODUCTIVITY SOUTH AFRICA (PSA)

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

- To promote a culture of productivity in workplaces
- To develop relevant productivity competencies
- To facilitate and evaluate productivity improvement and competitiveness in workplaces
- To measure and evaluate productivity in the workplace
- To maintain a data-base of productivity and competitiveness systems and publicising these systems
- To undertake productivity-related research
- To support initiatives aimed at preventing job losses.

Detailed information on the PSA performance and financial status is available in the Published Annual Report. Comparative information for the 2012/13 and 2013/14 financial years are as follows:

INDICATORS	2012/13	2013/14
Number of education, training and development service providers trained as productivity trainers per year	647	647
Number of ETD service providers and productivity trainers accredited / Licensing of external service providers	Productivity SA acquired accreditation with the SABPP (south African Board for People's Practice) as per SETA requirements to comply with SAQA prior to the licencing	Procurement Committee has been established to register Service Providers
Number of emerging entrepreneurs trained in productivity improvement and competencies per year	3 884	4 706
Number of skills development facilitators trained in productivity per year	212	436
Number of managers and workers trained per year to enhance productivity competencies and mind-sets in private and public enterprises	764	4 445
Number of future forums established per year at companies with turnaround solutions	24	77

UNEMPLOYMENT INSURANCE FUND (UIF)

This Public Entity did not receive transfer payments from the Department.

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

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

The Unemployment Contributions Act (Act No. 4 of 2002) empowers the SARS Commissioner to collect monthly contributions from both employers and workers.

Detailed information on the UIF performance and financial status is available in its published Annual Report. Comparative information for the 2012/13 and 2013/14 financial years are as follows:

INDICATORS	2012/13	2013/14
Total contribution revenue collected	13 687 497 521	15 309 363 240
Benefits paid (R)	6 012 886 576	7 079 586 525
Total number of beneficiaries	731 131	762 385
Total number of employers registered	1 465 218	1 526 416
Total number of employees registered	8 330 760	8 495 977
Investment revenue	4 660 360 930	5 452 180 554

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

During 2012/13, the Unemployment Insurance Fund together with the Industrial Development Corporation (IDC) enhanced their strategic relationship and interaction. In addition to the R2 billion five-year private placement bond that was issued by the IDC, and in turn subscribed by the UIF in April 2010, the UIF approved four additional bonds of R500 million each to be registered by the IDC and taken up by the UIF.

Three of the four R500 million bonds had been taken up by the UIF at the end of the financial year 2012/13. As at 31 March 2014, the UIF's total direct socially responsible investment with the IDC amounted to R3.56 billion. IDC has indicated that the last bond of R500 million will be taken up in June 2014.

Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2013 to 31 March 2014

NAME OF TRANSFEREE	TYPE OF ORGANISATION	PURPOSE FOR WHICH THE FUNDS WERE USED	DID THE DEPT. COMPLY WITH S 38 (1) (J) OF THE PFMA	AMOUNT TRANSFERRED (R'000)	AMOUNT BUDGETED	REASONS FOR THE FUNDS NOT PAID OVER
Transfers to municipalities	Municipality	Vehicle licences	Yes	446	239	Less transferred than budgeted
FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATIONS						
International Labour Organisation (ILO)	International Labour Organisation	Member fee	Yes	15 110	15 110	-
ARLAC	International Labour Organisation	Member fee	Yes	804	804	-
NON-PROFIT INSTITUTIONS						
SA National Council for the Blind	SA National Council for the Blind	Subsidies to the blind	Yes	14	318	Less claims received than anticipated
National Council for the Physically Disabled	National Council for the Physically Disabled	Subsidies to the Physically Disabled	Yes	186	260	Less claims received than anticipated
Work Centres for the Disabled	Work Centres	Subsidies to the Work Centres	Yes	104 087	104 087	-
Work Centres for the Blind	Work Centres	Subsidies to the Work Centres	Yes	6 911	9 578	Less transferred than budgeted
Strengthening Civil Society	Training providers	To provide resources, support and expertise to improve the independence and self-reliance of workers and employers	Yes	16 504	16 504	-
TOTAL				144 062	146 900	

OTHER ENTITIES

Sheltered Employment Factories (SEF)

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

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

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

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

The Sheltered Employment Factories' turnaround strategy in the form of the Business Case and Implementation Plan was approved by the Director General of the Department of Labour on 5 February 2013 and implementation started from April 2013. The recommendations of the Business Case were aligned with the overall SEF organisational Strategic Plan and Annual Performance Plan for 2013/14 to ensure a synergised approach.

During the period under review the SEF reached record sales of R92 million due to a secured contract with the Department of Basic Education and the Departments of Health and Education in the Western Cape and Gauteng. One hundred and twenty five (125) administration and technical staff were migrated into the Department as per the recommendation of the Business Case to help create stable employment conditions within the SEF. An organizational development exercise was conducted where posts recommended by the Business Case were evaluated and job profiles were completed. The recruitment process for the senior managers will start in the 2014/15 FY.

The approved Business Case recommends a phased approach in the transformation of the SEF which involves:

Stabilising and transforming SEF:

- Through an increase in sales by recruiting a business development team to market SEF products and influence policy makers
- Improving production to meet sales
- Employing more people with disabilities in management and administration
- Offering accredited on-the-job training to employees thus making SEF a model employer
- Bringing in senior experienced managers to drive the change and build capacity to enable SEF to achieve further change and expansion (finance, operations, human resources and business development teams)
- Involvement of the disability stakeholders and worker representatives in the change process to shape the new SEF and get buy-in from Government, the private sector and civil society
- Stabilise the current financial situation of the SEFs.

SEF Performance Information

INDICATORS	2012/13	2013/14
APPROVED POLICY AND LEGAL FRAMEWORK	PARTIALLY ACHIEVED	ACHIEVED
Business Case finalised	Achieved	-
Increased sales of goods and services from service products leading to intake of people with disabilities into SEF	Not Achieved	Achieved
Strategic risks monitored in line with the Risk Appetite Model/Framework	Partially Achieved	Partially Achieved
Number of factories conducted operations risk assessments	Achieved	-
Percentage of final report issued as per time frames indicated in the approved annual audit plan	Achieved	-
Procurement done in line with the SCM Policy	Partially Achieved	Achieved
% of debt recovery rate	Achieved	Not Achieved
% increase in debt recovery rate and maintain an age analysis of number of days for debts	Not Achieved	-
Implementation of the performance management system	Achieved	-
% of Youth and Women employed in SEF	Partially Achieved	Partially Achieved
Increase awareness of SEF to the market	Not Achieved	Achieved

2.5 CONDITIONAL GRANTS

During the year under review, the Department did not receive conditional grants.

2.6 DONOR FUNDS

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

2.7 CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

INFRASTRUCTURE PROJECTS	2013/2014			2012/2013		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	1 549	1 549	-	8 637	8 637	-
Existing infrastructure assets	-	-	-	-	-	-
- Upgrades and additions	-	-	-	-	-	-
- Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
- Maintenance and repairs	1 196	7 225	(6 029)	1 456	5 507	(4 051)
Infrastructure transfer	-	-	-	-	-	-
- Current	-	-	-	-	-	-
- Capital	-	-	-	-	-	-
TOTAL	2 745	8 774	(6 029)	10 093	14 144	(4 051)

The Department of Labour requested various new construction projects as well as maintenance projects. The timeframes for implementing the projects by the Department of Public Works (DPW) is long and it can take up to four years just to perform the site clearance phase and then the planning phase can take another three years. No new Repair and Maintenance Programmes (RAMP) are currently implemented by DPW. The only completed capital project for the Department took DPW 12 years to complete. The Department is planning to provide accommodation via construction and purchasing by the Public Investment Corporation (PIC) under the auspice of the Unemployment-(UIF) and Compensation Funds (CF). The Department will be leasing the accommodation from the PIC. Planning in this regard is currently underway. A user Asset Management Plan (UAMP) for 2015 to 2018 was provided to DPW and is awaiting the Custodian Asset Management Plan (C-AMP) from DPW. The UAMP for 2016 to 2019 is underway and will form part of the appointment of the CSIR to perform an accommodation audit and to compile the UAMP based on the findings of the report.

The only completed capital works project for the past 14 years is the construction of the new Rustenburg Labour Centre where the site was handed over to the contractor in October 2010 and the project was planned for 18 months. The first site delivery only took place in March 2014, 41 months after the site was handed to the contractor. DPW is in charge of all construction projects and the Department may not interfere with this function. The delay in the construction of the facility caused The Department under-expenditures in many financial years and when the project eventually took off it took 41 months to complete instead of the 18 months which again caused cash flow challenges. The final payments are to be done in the 2014/15 financial year, while the Department was not allocated any funds for this project.

Construction projects requested from DPW are:

Potchefstroom LC, Brits LC, Mmabatho PO, Mafikeng LC, Lichtenburg LC, Temba LC, Mamelodi LC, Christiana LC, Mogwase LC, Vryburg LC, Witbank LC, Middelburg LC, Nelspruit LC, Bethal LC, Carolina LC, Ermelo LC, Malelane LC, Volksrust LC, Standerton LC, Secunda LC, Sabie LC, Piet Retief LC, Paarl LC, Bellville LC, Cape Town PO, George LC, Knysna LC, Mosselbay LC, Oudtshoorn LC, Worcester LC, Vredendal LC, Mokopane LC, Bochum LC, Mt Ayliff LC, Lusikisiki LC and Bochum LC. The Mt Ayliff, Bochum and Lusikisiki projects have been planned for several years without DPW progressing with the projects. The Department was not allocated any capital funds as from the 2014/15 financial year and thus the projects cannot continue until funds have been allocated. All the mentioned projects are in the site clearance phase.

The Department have no plans to close or down-grade any state-owned facilities as the Department is an expanding department and actually needs more facilities and space.

The only maintenance project currently funded by the Department is for the Silverton Sheltered Employment Factory which is in the third year and which will be completed in the 2014/15 financial year. DPW indicated that they will fund the maintenance projects for the other Sheltered Employment Factories, but currently only the Bloemfontein factory was completed. The rest is still in a planning phase and it is unsure when DPW will commence with the projects. DPW is funding the projects and thus controlling the projects.

Due to the long delivery times by DPW it is extremely difficult for the Department to budget for any project as the Department will use the information received from DPW, but the DPW will not perform according to the information provided and the Department is left to explain under and over expenditures or non-performance. DPW is the custodian of all government accommodation and is the only entity who may manage any construction or maintenance projects, but the Department is the entity who is receiving the funds and who should make funds available to DPW when needed, but this is an impossible task as DPW does not perform according to the programmes and expenditure planning provided.

The state-owned accommodation occupied in 2009 was in a good condition when the RAMPs were completed, but due to the RAMPs being discontinued, the properties deteriorated and almost all the accommodation is in dire need of maintenance. Day-to-day maintenance is being performed where possible, but this is not sufficient to keep the buildings in an acceptable condition. DPW needs to implement new repair contracts on all buildings to bring them up to standard and then implement maintenance contracts to maintain the buildings. None of the state-owned building currently occupied, is in good condition.

PART C: GOVERNANCE

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PART C

3.1 INTRODUCTION

The Department maintain the highest standards of governance which is fundamental to the management of public finances and resources.

CORPORATE GOVERNANCE ARRANGEMENTS

Governance structures and responsibilities:

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

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

3.2 RISK MANAGEMENT

The Risk Management Policy and Strategy were developed and approved in the 2010/2011 financial year in line with the relevant Public Sector Risk Management Framework and other risk management best practice and standards. In the 2013/14 financial year the Risk Management Policy and Strategy were reviewed. Risk Assessments are conducted annually at both strategic and operational level. Monitoring is conducted quarterly throughout the year.

The Department has a National Risk Committee that advises the Accounting Officer about the effectiveness of the risk management system. The Committee meets at least quarterly. This Committee also interlinks with the Audit Committee to ensure that combined assurance is promoted by all governance structures.

The Department has performed an assessment of the Enterprise Risk Management (ERM) Maturity in the 2013/2014 financial year. The results indicated that the Department is improving in the implementation of the risk management system.

3.3 FRAUD AND CORRUPTION

The Department has a Fraud Prevention Strategy supported by an Implementation Plan to prevent, detect and investigate fraudulent activities pertaining to any dishonest and unethical behaviour. The Whistle Blowing Policy was approved in the 2011/2012 financial year. The fraud prevention plan is implemented in the form of conducting Risk Assessments, Anti-Fraud and Corruption awareness campaigns and workshops. A fraud risk assessment is also conducted by the Risk Management Unit.

The Department has reporting mechanisms in place in the form of a fraud hotline, fraud email and facsimile. The overall intent is to intensify the whistleblowing mechanisms in the Department. All cases detected and received are dealt with in terms of the Department's Fraud Prevention Plan, relevant policies, practices and prescripts including the Public Service Resolution 1 of 2003 (as amended).

3.4 MINIMISING CONFLICT OF INTEREST

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.

3.5 CODE OF CONDUCT

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.

3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

THE DEPARTMENT DEVELOPED AN ENVIRONMENTAL, HEALTH AND SAFETY PLAN

The Department has a Health and Safety Committee to ensure that health and safety issues are adhered to.

In respect of the year under review, meetings were held to discuss the following:

- Ventilation in building
- Safety of officials with regards to hazards
- The protocol to report incidents
- OHS compliance checklists to be completed monthly
- Training for internal staff regarding OHS matters
- Installation cables properly isolated
- Training of Security Officers.

3.7 PORTFOLIO COMMITTEES

The purpose of this report is to provide an account of the Department of Labour's performance and engagement with the Portfolio Committee on Labour and the Select Committee on Labour and Public Enterprises for 2013/2014 financial year; highlight key issues pertaining to the oversight and legislative programme of the Department of Labour and its entities and flag outstanding issues.

For the year under review, the Department of Labour appeared 28 times before the Portfolio Committee, and the Portfolio Committee had three oversight visits to the Department's Labour Centres and Provincial Offices. Noting that the Minister of Labour tabled four pieces of legislation in Parliament during the year under review, it is appropriate to report upfront that the majority of the 28 meetings held, were dominated by processing those pieces of legislation. The next table gives a high level account of some meetings that were held with the Portfolio Committee outside of those that were convened to consider the various Amendment Bills.

DATE	ACTIVITY	PURPOSE/ OBJECTIVE	CONCERNS RAISED BY THE PORTFOLIO COMMITTEE	RESPONSES BY THE DEPARTMENT	STATUS IN RESOLVING THE PROBLEM
29 January 2013 to 1 February 2013	Oversight visit to KwaZulu-Natal Department of Labour Offices	Portfolio Committee visiting Labour Centres to check levels of service delivery	<p>Location of offices</p> <p>Poor IT infrastructure to Labour Centres</p> <p>Shortage of transport for inspectors</p> <p>Tools of trade</p> <p>Inconsistencies in grading and notches</p>	<p>The Department assured the Portfolio Committee members that Project Shanduka, which was established to assist the Department with organisational redesign, was moving to its second phase. Once finalised, it will resolve most challenges faced by the Department and raised by Committee members</p> <p>As the PPP IT Contract was coming to an end, it was not feasible for the Department to source IT equipment from the service provider that was on its way out. The Department will engage and bring SITA on board for a smooth transition of the IT Infrastructure</p>	<p>The Organisational Development Project, "Shanduka" has been commissioned to look at reviewing the organisational needs and possibly reorganising the Department in order to optimise service delivery</p> <p>The State Information Technology Agency (SITA) is on board and assisting the Department in addressing the IT Infrastructure requirements</p> <p>The Department has purchased vehicles for the Inspectors</p>

DATE	ACTIVITY	PURPOSE/ OBJECTIVE	CONCERNS RAISED BY THE PORTFOLIO COMMITTEE	RESPONSES BY THE DEPARTMENT	STATUS IN RESOLVING THE PROBLEM
30 April 2013	Budget Review: Strategic Plan and Annual Performance Plan of Productivity South Africa	To consider and adopt the Committee Report on Budget Vote 18	Review the Funding Model of Productivity South Africa and articulate its work in line with the key priorities of Government	Productivity South Africa to be integrated into the Budgetary processes of the Department	The budgetary needs of Productivity SA and a review of its funding model are being dealt with
7 May 2013	Budget Review: Strategic Plan and Annual Performance Plan of the Department's entities: Compensation Fund	To ensure the Committee executes its oversight mandate	Claims management system, Claims adjudication processes. Managing letters of good standing. Lack of internal capacity hence the involvement of too many consultants in most of its areas of work. Persistent audit qualifications by the Auditor-General (AG)	The Executive Authority adopted a hands-on approach to address the challenges in the Compensation Fund through its Statutory Advisory Board and working closely with the Commissioner	The Compensation Fund has adopted the set of recommendations from the AG as the platform for its turnaround strategy The Fund is piloting an electronic claims management system with the help of Rand Mutual Assurance The Fund has initiated a process to build internal capacity in project management by strengthening its Project Management Office The submission of returns is now electronic which reduce turnaround time significantly. Legislative shortcomings are being addressed in the forthcoming COIDA Amendment Bill A new Chief Financial Officer with an excellent track record, in addressing the kind of issues that are raised by the AG from time to time has been appointed with a clear directive to address the persistent audit related issues
7 May 2013	Unemployment Insurance Fund	To ensure the Committee executes its oversight mandate	The Committee raised no issues in respect of the Unemployment Insurance Fund except to point out that it remains the best practice among the Department's entities that is worth emulating by others	No issues to respond to except that the Executive Authority gave notice that she intends tabling an amendment Bill to improve the benefits for contributors and to create a legal framework for the Fund to play a meaningful role in job creation efforts	The Unemployment Insurance Amendment Bill was tabled in Parliament but could not be considered due to the fact that 2014 was the year of the general elections The Bill will have to be considered by the new Administration
8 May 2013	Budget Review: Strategic Plan and Annual Performance Plan of the entities: the CCMA and Nedlac	To ensure the Committee executes its oversight mandate			

DATE	ACTIVITY	PURPOSE/ OBJECTIVE	CONCERNS RAISED BY THE PORTFOLIO COMMITTEE	RESPONSES BY THE DEPARTMENT	STATUS IN RESOLVING THE PROBLEM
14 May 2013	Consideration and adoption of the Report on the Strategic Plan and the APP and the entities. Briefing on the NEDLAC Report on the Employment Equity Amendment and the Employment Services Bills	To ensure the Committee executes its oversight mandate	Given that the session was merely to brief the Committee on the rationale behind the proposed Amendments and to establish the view of the social partners, not much in the way of probing substance was entertained The briefing was merely a pre-cursor to the Committee's own work when considering proposed amendments	The Department expressed the urgency of the Bills and accordingly appealed to the Committee to take that into account when dealing with the Bills	Both Bills were finalised by both houses of Parliament and they have since been referred to the President for consideration and sign-off
15 May 2013	Public hearings on the Employment Equity Amendment and the Employment Services Bills	To ensure the Committee executes its oversight mandate			
21 May 2013	Public hearings on the Employment Equity Amendment and the Employment Services Bills	To ensure the Committee executes its oversight mandate			
24 July 2013	Briefing by the Compensation Fund on outstanding issues and questions forwarded to the fund	To receive a briefing on outstanding issues and challenges of the Entity	The committee raised concerns around the slow pace of turnaround strategy implementation To obtain a commitment from the Compensation Funds management to accelerate implementation	The Compensation Fund gave an unequivocal commitment to fast track the implementation of the turnaround strategy	The implementation of the turnaround strategy anchored on the AG's recommendation is underway
17 September 2013	Briefing by the Department of Labour on the Quarterly Performance Report	To ensure the Committee executes its oversight mandate	The Department has shown an improvement in performance and financial management, but the Committee emphasised that the pace of improvement needed to be accelerated	Noted	All performance aspects are being reviewed and fast tracked

ISSUES FOR FOLLOW-UP RAISED BY THE PORTFOLIO COMMITTEE ON LABOUR

The fifth Parliament should consider following up on the following concerns that arose:

- Monitoring of new entities being established
- New mechanisms to address challenges
- Monitoring the implementation of the new laws as amended.

Summary of outstanding issues relating to the Department/entities that the committee has been grappling with

The following key issues are outstanding from the committee's activities during the fourth Parliament:

RESPONSIBILITY	ISSUE(S)
Department of Labour	Provision of ICT services to the Department
Compensation Fund	The Fund received a disclaimer of audit opinion in 2012/13. What has the Fund done to address issues raised by the Auditor-General in the 2012/13 Audit Report?
Compensation Fund	Amendment of the Compensation for Occupational Injuries and Diseases Act (COIDA)
Compensation Fund	Challenges and turnaround initiatives
Unemployment Insurance Fund	Amendment of the Unemployment Insurance Act

Overall recommendations by the Portfolio Committee:

- The Department of Labour should brief the Portfolio Committee on Labour on its Information, Communication and Technology (ICT) strategy and progress with implementation of the strategy
- The Department should brief the Committee on progress with the Shanduka project, which aims to identify the resource needs of the Department
- The Department should brief the Committee on progress with recommendations of the Committee on its oversight reports, e.g.:
 - Professionalisation Project Plan for labour inspectors should be put in place
 - Facilitate the decentralisation of COIDA services
 - IT services for Productivity SA should be decentralised and the funding model should be put in place
 - Involvement of military veterans in the operations of the Supported Employment Enterprises (formerly Sheltered Employment Factories) as was the case with the Second World War veterans
- The Department and the Compensation Fund should brief the Committee on progress regarding the turn-around initiatives of the Compensation Fund.

3.7.1 SELECT COMMITTEE ON LABOUR AND PUBLIC ENTERPRISES

The Select Committee held 15 meetings with the Department of Labour during the year under review. Twelve meetings out of the 15 were specifically to process legislation

The table below provides an overview of the number of meetings held, particularly those meetings that did not deal with legislation.

DATE	ACTIVITY	PURPOSE/OBJECTIVE	CONCERNS RAISED BY THE SELECT COMMITTEE	RESPONSES BY THE DEPARTMENT	STATUS IN RESOLVING THE PROBLEM
13 February 2013	Consideration of the following ILO conventions:- Decent Work for Domestic workers Convention, 2011 (No. 189) and Recommendations, 2011 (No. 201). Labour Inspection Convention 1974 (No. 81). Maritime Labour Convention, 2006; and Work in the Fishing Sector Convention, 2007 (no. 188)	To obtain approval of the ILO Convention from Parliament	The Committee emphasized that the Department must ensure that it has the legal instruments to implement the requirements of the recommendations in question	The Department assured the Committee that indeed the existing labour legislative framework either already cover the salient aspects of the conventions or the proposed Amendments to various labour laws take them into account	All the ILO conventions and / or ILO Recommendations were adopted by the Committee and sent back to the National Assembly for sign-off and/or concurrence
	International Labour Organisation (ILO) Recommendation concerning HIV and AIDS and the world of Work, No. 200 (Recommendation 200) and South African Code of Good Practice on HIV and AIDS and the world of work, 2012 (HIV Code), including its Technical Assistance Guidelines (TAGs)	Same as above	Same as above	Same as above	Same as above
27 February 2013	Briefing the Committee on Compensation Fund and Shanduka Projects	Updating Parliament on progress made regarding the turnaround initiatives of the Compensation Fund and status update on Project Shanduka	The committee raised concerns around the slow pace of turnaround strategy implementation. Sought a commitment from the Compensation Fund Management to accelerate implementation	The Compensation Fund gave an unequivocal commitment to fast track the implementation of the turnaround strategy	The implementation of the turnaround strategy anchored on the AG's recommendation is underway

DATE	ACTIVITY	PURPOSE/OBJECTIVE	CONCERNS RAISED BY THE SELECT COMMITTEE	RESPONSES BY THE DEPARTMENT	STATUS IN RESOLVING THE PROBLEM
20 March 2013	Briefing the Select Committee on the Departmental Strategic Plan	<p>A brief overview of the key aspects of the Strategic/ Business Plan for 2012/13. How has the Department performed in terms of this Strategic Plan especially with regard to its key targets? Were they achieved, and if not what were the challenges?</p> <p>A brief summary of the Department's expenditure for the 2012/13 financial year, and how it has helped the Department to fulfil its mandate</p> <p>What are the key aspects of the Strategic Plan for the 2013/14 financial year?</p>	The Department has shown an improvement in performance and financial management, but the committee emphasised that the pace of improvements needed to be accelerated	Noted	All performance aspects are being reviewed and fast tracked
8 May 2013	Presentation of the Department of Labour's Budget Vote	Seeking approval for the Department's budget for the 2013/14 financial year	The proposed plans of the Department were noted with an emphasis on improving the pace of service delivery, addressing the challenges experienced by the Sheltered Employment Factories and the Compensation Fund	Noted with a commitment to address these concerns	Progress will be noted in the Annual Report
14 August 2013	Briefing the Select Committee on the Department's initiatives on job creation, job saving, training, lay-off schemes, youth employment and saving distressed companies	Departmental entities (UIF, CCMA and Productivity SA) briefing the Select Committee	<p>All the initiatives were noted and the job fairs highlighted as the major success.</p> <p>The Committee raised the question of ease with which accessibility of the training lay-off scheme and the long lead times for some applicants to access the scheme as a major concern</p>	The Department noted the comments of the Committee and undertook to examine what could be done to make the training lay-off schemes easily accessible to applicants given that it is a function that straddles two departments of government, viz: Department of Higher Education and Training and the Department of Labour	The process to streamline the administration aspect of the training lay-off scheme is being addressed by the two departments in question

3.8 SCOPA RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
Second report of the Committee on Public Accounts on the Report of the Auditor-General on the 2011/12 Financial Statements of the Department of Labour, dated 20 August 2013	Usefulness and reliability of information	<p>The Auditor-General reported the following:</p> <p>a) Performance targets were not specific, time-bound, or well-defined</p> <p>b) Planned and reported indicators were not verifiable</p> <p>c) For the selected programmes a total of 22% and 47% of the indicators relevant to Inspection and Enforcement Services and Public Employment Services respectively were not valid, accurate or complete when compared to the source information</p> <p>d) Of the total number of 140 planned targets, only 82 were achieved during the year under review. This represents 41% of total planned targets that were not achieved during the year under review</p> <p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> • The planned and reported performance targets and objectives are specific, measurable and time-bound • The planned and reported indicators are clearly defined and understandable • The systems used to collect and collate information on predetermined objectives facilitate the preparation of reports 	<p>The revised and improved reporting template addresses the finding and further monitoring of responses will be done</p> <p>The 2014/15 APP also ensures that clear indicators and targets are set to address the challenge pertaining to inability to respond to targets</p> <ul style="list-style-type: none"> • The CD: Performance Management and Evaluation has stringent quality control measures in place – all reports that do not comply are sent back to Branches and Provinces until compliance is adhered to • Inadequate IT system for measuring Performance Indicators is still a challenge for the Department. 	No – not resolved
	Annual financial statements	<p>The Auditor-General reported that:</p> <p>The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. Material misstatements of capital assets: PPP and disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p> <p>The Committee recommended that the Accounting Officer ensures that:</p> <p>The financial statements and other information included in the annual report are checked and reviewed for completeness and accuracy prior to audit. All amendments to financial statements and information should be done before the annual audit commences</p>	The recommendations of SCOPA have been implemented	Yes – resolved

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
	Asset management	<p>The Auditor-General reported that: Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1) (d) of the Public Finance Management Act and Treasury Regulation 10.1.1(a) as a material number of minor assets had no physical location and condition recorded</p> <p>The Committee recommended that the Accounting Officer ensures that: a) A verifiable asset register; which contains asset descriptions, dates on which they were acquired, as well as serial numbers; is created and updated on a monthly basis b) Proper control systems and policies are implemented to safeguard and maintain assets, and that appropriate action is taken against individuals who do not comply with the prescribed policies</p>	<p>An action plan was developed by the Department to comply with section 38(1) (d) of the PFMA, as well as Treasury Regulation 10.1.1, in respect of asset management</p> <p>The following was implemented by the Department to address the Asset Management findings of the Auditor-General:</p> <ul style="list-style-type: none"> • Monthly reconciliations are done by the Asset Management Unit: Head Office on the major and minor asset registers on a monthly basis • A report of discrepancies discovered are provided to the Asset Practitioners: Provincial Operations to correct the registers • All Deputy Directors: Management Support Services and Assistant Directors: Finance and SCM have access to these reports to ensure the discrepancies are corrected <p>The existing policy makes provision for Financial Misconduct</p> <p>The SCOPA resolutions were circulated to all the Provincial Offices to take cognisance of the Committee's recommendations</p> <p>The Department received an unqualified audit report for the 2012/13 financial year, which further indicates that monitoring and controls are in place to effectively address the findings relating to assets and the management thereof</p>	Yes – resolved finding did not recur in the 2012-2013 financial year

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
	Revenue management	<p>The Auditor-General reported that: The accounting officer did not take effective and appropriate steps to collect all money due as required by section 38(1) (c) (i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2 (e)</p> <p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> • The monthly debtors' reconciliations are prepared and reviewed through regular monitoring to ensure that the debtors' balances are correct at the end of the financial year • The Department implements a system to assist in accounting for these transactions, and the system should automatically calculate the outstanding balances at financial year end, including the correct interest for the period 	The recommendations of SCOPA have been implemented	Yes – resolved

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
	Procurement / supply chain management	<p>The Auditor-General reported the following:</p> <ul style="list-style-type: none"> The Department did not comply with paragraph 16A.3 of the Treasury Regulations as the supply chain management policy is not sufficiently documented with regard to measures to prevent non-compliance with the SCM system and processes Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury regulation 16A6.4 The accounting officer did not report the deviation from normal procurement processes to National Treasury and the Auditor-General as required by paragraph 16A.6.4 of the Treasury regulations Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the State or connected to any person employed by the State, which is prescribed in order to comply with Treasury regulation 16A8.3 Employees of the Department performed remunerative work outside their employment in the Department without written permission from the relevant authority as required by Section 30 of the Public Service Act <p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> The Department's Supply Chain Management (SCM) policy is updated, encompassing all the elements of the PFMA, Treasury Regulations, Preferential Procurement Policy Framework Act (No. 5 of 2000), Preferential Procurement Regulations and Supply Chain Management Practice Notes issued by the National Treasury. This will ensure an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective Appropriate disciplinary measures are taken against officials who do not comply with SCM requirements Supply chain personnel are trained in all SCM policies and procedures 	<p>The Department ensures that each procurement submission is complete and all the relevant documents are attached</p> <ul style="list-style-type: none"> A checklist was developed to ensure compliance to SCM prescripts. The checklist is completed, verified and approved by three (3) officials The SCM policy was amended to address the finding regarding deviations and in house training sessions as well as workshops were arranged for the officials responsible for SCM processes Deviations are reported to National Treasury on a monthly basis. The Department does not have access to a system(s) to detect that vendors are employed by the state; however the Department ensures quotes received from vendors are accompanied by the declaration of interest forms (SBD 4:8 and 9 forms) Employees are ensuring that approval is solicited prior to performing remunerative work outside their employment – the finding was not raised in the 2012/13 financial year by the Auditor-General 	Resolved

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
	Internal control	<p>The Auditor-General reported that: The accounting officer did not effectively exercise oversight responsibility regarding compliance with laws and regulations and related internal controls relating to assets, supply chain management and reporting on predetermined objectives. 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 which resulted in the ICT strategy for the department and its entities reporting to it not being developed and approved</p> <p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> • There is oversight responsibility over financial management and internal controls, and appropriate disciplinary measures are taken against individuals who fail to exercise this responsibility • Internal controls are strengthened and monitored continuously to ensure compliance with the Department's policies and procedures • There is regular monitoring and review of the policies related to the safeguarding and maintenance of assets • An ICT governance framework is established and implemented 	The recommendations of SCOPA have been implemented	Yes – resolved
	Financial and performance management	<p>The Auditor-General reported that: Management did not prepare adequate, regular and complete financial and performance reports that are supported and evidenced by reliable information.</p> <p>Material differences which were not identified by management prior to submission of the financial statements were identified between the financial statements and the supporting schedules for PPP assets, lease commitments, commitments and accruals. Further, differences were noted on the figures reported in the annual performance report and the auditor's recalculation</p> <p>The Committee recommended that the Accounting Officer ensures that: The financial statements and other information included in the annual report are checked and reviewed for completeness and accuracy prior to audit. All amendments to financial statements and information should be done before the annual audit commences</p>	The recommendations of SCOPA have been implemented	Yes – resolved

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
	Investigations	<p>The Auditor-General reported that: The disciplinary process resulting from the outcome of the forensic investigation at Indlela which was instituted by the Department of Higher Education and Training has not been finalised at the date of the report for the Department to consider the impact on its financial statements</p> <p>The Committee recommended that: The Accounting Officer follows up on the progress of the investigation with the Department of Higher Education and report to the Committee in the next quarterly report as required</p>	<p>This function has been transferred to DHET, therefore the responsibility resides with the respective Department</p> <p>The matter was not raised by the Auditor-General in the Audit Report for the 2012/2013 financial year and is therefore resolved</p>	Resolved

PARLIAMENTARY COMMITTEES

Parliamentary committees are mandated to:

- Monitor the financial and non-financial performance of government departments and their entities to ensure that national objectives are met
- Process and pass legislation
- Facilitate public participation in Parliament relating to issues of oversight and legislation.

The Department of Labour is accountable to both Portfolio Committee on Labour in the National Assembly and the Select Committee on Labour and Public Enterprises in the National Council of Provinces.

3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Audit report and important matters in the management report for the 2012/13 financial year:

	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER*
Qualification	Unqualified opinion	Unqualified opinion
Disclaimer	None	None
Adverse opinion	None	None
MATTERS OF NON-COMPLIANCE		
<p>Restatement of prior year figures As disclosed in note 22, and note 30 to the Financial Statements the corresponding figures for 31 March 2012, has been restated as a result of an error discovered during the 31 March 2013 in the Financial Statements of the Department of Labour, at and for the year ended 31 March 2012</p> <p>Material under spending of the budget/vote As disclosed in the appropriation statement, the department has materially under spent the budget to the amount of R104 994 000. The under spending on current payments is mainly attributable to less than anticipated payments to the Department of Public Works (DPW) , as incorrect invoices received from DPW were returned to be corrected and not received in time for payment, amounting to R61 907 000, and compensation of employees, amounting to R19 399 000</p>	2012/13	Resolved
<p>Additional matters I draw attention to the matters below. My opinion is not modified in respect of these matters</p> <p>Financial reporting framework The financial reporting framework prescribed by the National Treasury and applied by the Department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the Financial Statements have been prepared in accordance with this framework and not that they "present fairly". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the Financial Statements. The wording of my opinion therefore reflects this requirement</p>		
Usefulness of information Consistency		

	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER*
<p>Reported indicators/targets not consistent with planned indicators/targets Treasury Regulation 5.2.4 requires that the Strategic Plan should form basis for the Annual Report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 23% of the reported targets are not consistent with the targets as per the approved Strategic Plan and 66% of reported indicators are not consistent with the indicators as per the approved Strategic Plan. This is due to management not reviewing reports on time thus ensuring consistency of reported information</p> <p>Measurability Indicators not well defined The National Treasury Framework for Managing Programme Performance Information requires that indicators should be well defined. Overall 67% of the indicators were not well defined. This was due to management not establishing and communicating technical indicators descriptions to enable collection, collating, and support of the execution of indicators</p>	2011/12	<p>The revised and improved reporting template addresses the finding and further monitoring of responses will be done</p> <p>The 2014/15 APP also ensures that clear indicators and targets are set to address the challenge pertaining to inability to respond to targets</p> <p>The CD: Performance Management and Evaluation has stringent quality control measures in place – all reports that do not comply are sent back to Branches and Provinces until compliance is adhered to</p>
<p>Additional matter I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above</p> <p>Achievement of planned targets Of the total number of 53 targets planned for the year, 28 of targets were not achieved during the year under review. This represents 55% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators were not suitably developed during the strategic planning process and the Department did not also consider relevant systems for producing the performance information</p>	2011/12	<p>The revised and improved reporting template addresses the finding and further monitoring of responses will be done</p> <p>The 2014/15 APP also ensures that clear indicators and targets are set to address the challenge pertaining to inability to respond to targets</p> <p>The CD: Performance Management and Evaluation has stringent quality control measures in place – all reports that do not comply are sent back to Branches and Provinces until compliance is adhered to</p>

	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER*
<p>Compliance with laws and regulations I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:</p> <p>Annual financial statements The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. Material misstatements identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion</p>	2011/12	This matter has been addressed by the Department and is therefore resolved
<p>Procurement and contract management Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer in contravention of Treasury Regulation 16A6.4</p>	2010/11	<p>All procurement above R500K will follow the competitive bidding process</p> <p>Proper / valid motivations for deviations to be documented for DBAC approval and reporting thereof to NT (if the amount exceeds R1 million)</p> <p>The Department invites and accepts written price quotations from at least three approved suppliers registered on the Department's database (IQUAL Database)</p> <p>In the event, that less than three quotations are received – motivation are provided and approval is solicited from the delegated authority</p>

	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER*
Suppliers were awarded contracts without submitting SBD 4, 8 and 9 documents, in contravention of the treasury regulations 16A and practice notes, and the following amounts may result in irregular expenditure	2012/13	<ul style="list-style-type: none"> The Department ensures that each procurement submission is complete and all the relevant documents are attached - a checklist was developed to ensure compliance to SCM prescripts. The checklist is completed, verified and approved by three (3) officials The SCM policy was amended to address the finding regarding deviations and in house training sessions as well as workshops were arranged for the officials responsible for SCM processes Deviations are reported to National Treasury on a monthly basis The Department does not have access to systems to detect vendors that are employed by the state; however the Department ensures quotes received from vendors are accompanied by the declaration of interest forms (SBD 2, 8 and 9 forms) Employees are ensuring that approval is solicited prior to performing remunerative work outside their employment - the finding was not raised in the 2012/13 financial year by the Auditor-General
The systems in place, are inadequate to prevent, irregular and fruitless and wasteful expenditure, in contravention of section 38(1)c, of the PFMA	2010/11	Training of officials on SCM prescripts. Regular inspections conducted to ensure compliance with SCM prescripts
HUMAN RESOURCE MANAGEMENT AND COMPENSATION Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2. Vacant positions in the Department were not advertised within six months of becoming vacant	2010/11	Persal establishment reports are sent to all Programmes and vacancy rate is monitored weekly
Vacant posts at senior management level were not filled in the required time as per Public Service Regulation C.1A	2010/11	Persal establishment reports are sent to all Programmes and vacancy rate is monitored weekly

	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER*
Lump sum payment of a terminated employee in contravention of section 17 of the Public Service Act	2012-13	<p>The Public Service Act, Public Service Regulations or Public Service Commission (PSC) does not place any restrictions on the DG to enter into a Mutual Separation Agreement – Employment Relations (ER)</p> <p>Research was conducted and other departments were consulted to verify any best practices on the matter. Consultations revealed that other departments are also not aware of any restrictions on the discretionary powers of the DG in this regard</p> <p>In the meeting held between ER and an official from the Auditor-General's office, it was concluded that the finding will be rescinded and the payments made to the value of R465 886.75 in terms of the Mutual Separation agreement will be removed from the Fruitless and Wasteful register</p>
<p>EXPENDITURE MANAGEMENT There were creditors that were not settled within 30 days of receipt of the invoice or statement, in contravention of TR 8.2.3</p>	2012/13	<p>Request reports regarding payments not processed within 30 days. Registers of invoices in place to monitor payments</p> <p>Provide reasons why the creditor(s) was/were not paid within 30 days after receipt of the invoice. Disciplinary action taken against officials in the event of delay of payment of invoices</p> <p>Monthly reporting to NT of payments not processed within 30 days</p>
The accounting officer did not take effective steps to prevent fruitless and wasteful expenditure as required by TR 9.1.1	2010/11	<p>Training of officials on SCM prescripts. Regular inspections conducted to ensure compliance with SCM prescripts</p>

	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER*
<p>REVENUE AND RECEIVABLES MANAGEMENT The accounting officer did not take effective and appropriate steps to collect all money due as required by section 38(1)(c) (i) of the PFMA and TR 11.2.1, TR 15.10.1.2(a) and TR 15.10.1.2 (e)</p>	2010/11	<p>Identify and record debt(s) on the Basic Accounting System</p> <p>Notify the debtor of the amount owing in terms of payment and the type (detail) of debt</p> <p>Either instate the deduction or refer the debt to Legal Services</p> <p>Perform regular reconciliations of debtors to follow-up on long outstanding debts</p>
<p>INTERNAL CONTROL I considered internal control relevant to my audit of the Financial Statements, annual performance report for the Department of Labour and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the findings on the Department's annual performance report and the findings on compliance with laws and regulations included in this report</p> <p>LEADERSHIP The accounting officer did not effectively exercise oversight responsibility regarding compliance with laws and regulations and related internal controls relating to accruals, assets, commitments, including lease commitments, human resources, revenue management supply chain management and reporting on predetermined objectives. Management has developed a plan to address prior year internal and external audit findings, but adherence to the plan was not monitored on a timely basis, resulting in a number of deficiencies reported in the prior year recurring in the current year</p> <p>The accounting officer did not effectively exercise oversight responsibility regarding information technology (IT) security management controls,(including network controls), over-reliance on the IT service provider and inadequate development of a BCP and DRP systems.</p> <p>Financial and performance management The accounting officer did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework and this resulted in made to material misstatements, corrected, in the annual financial statements and material misstatements identified in the annual performance report</p> <p>Non-compliance with laws and regulations regarding procurement and contract management could have been prevented had compliance with laws and regulations been adequately reviewed and monitored. The Department needs to implement corrective, and possibly disciplinary action to ensure that all non-compliance is eradicated</p>	2012-13	<p>The matters under the heading Internal Control has been addressed by the Department and is therefore resolved</p>

3.10 INTERNAL CONTROL UNIT

The following tasks were performed by the Internal Control (Financial Control) Unit:

- Workshop was held to discuss findings raised by the Auditor-General, which was attended by Head Office and Provincial Offices' officials. During the financial year, each office was assisted with developing an audit action plan from their respective audit management reports (to monitor and resolve the audit findings)
- Financial inspections were performed at all provincial offices, problematic offices visited twice and where appropriate training was provided in respect of compliance to prescripts
- Financial Inspections conducted to provide training to ensure compliance with procedure manuals and policies in respect of revenue, payments, Basic Accounting System (BAS), SafetyNet, Debts, Travel and Subsistence, Commitments, accruals and cashier duties (petty cash)
- Review of procedure manuals to ensure compliance to amended financial prescripts as issued by National Treasury
- Document control in respect of financial transactions to detect duplicate and fraudulent transactions to ensure that all financial documentation are received for audit purposes. These documents are checked for correctness to ensure completeness and accuracy
- Compile and review of financial delegations of the Accounting Officer.

3.11 INTERNAL AUDIT AND AUDIT COMMITTEES

Report of the Audit Committee for the period 2013/14.

Introduction

The Committee is pleased to present its annual report for the financial year ending 31 March 2014.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 88(1)(a)(ii) of the Public Finance Management Act, Treasury Regulation 3.1.13 and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (King III). The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Committee Meetings

The Audit Committee of the Department is constituted of four independent members and remained instrumental in providing independent advises to the entire Department. The Committee also provide oversight responsibilities to the Sheltered Employment Factories. The term of the current Committee commenced in the second semester of the financial year.

The table below discloses relevant information on the audit committee members

NAME	RANK	DATE APPOINTED	DATE RESIGNED/ CONTRACT ENDED	NUMBER OF MEETINGS ATTENDED	COMMENT
Mr T Mageza	Chairperson (External)	September 2013	N/A	3/3	None
Mr N Mhlongo	Member (External)	September 2013	N/A	3/3	None
Ms R Kalidass	Member (External)	September 2013	N/A	3/3	None
Mr S Makhubu	Co-opted (External)	5 March 2012	N/A	3/3	Acting UIF Chairperson

Subsequent to the financial year end 2013/14, Mr. D. Hlatshwayo was appointed as the UIF Audit Committee Chairperson.

In the first term of the year, Department of Labour still had a constituted Audit committee which its term of office ended, comprising of four independent non-executive directors. The committee met two times during the year as follows:

NAME	RANK	DATE APPOINTED	DATE RESIGNED/ CONTRACT ENDED	NUMBER OF MEETINGS ATTENDED	COMMENT
Ms M Chokoe	Chairperson (External)	May 2009	April 2013	1/2	Apology for one meeting
Mr T Mageza	Member (External)	May 2009	April 2013	2/2	None
Mr K Buthelezi	Member (External)	May 2009	April 2013	2/2	None
Mr M Zakwe	Member (External)	September 2010	April 2013	1/2	Apology for one meeting
Mr S Makhubu	Co-opted (External)	05 March 2012	N/A	1/1	None

The committee also had special meetings with the Accounting Officer, Auditor General, the Executive Authority and the induction of the new Committee members.

EFFECTIVENESS OF INTERNAL CONTROL

In line with the PFMA and best practice on corporate governance requirements, Internal Audit provides the Audit Committee and management with the assurance that the internal controls are adequate and effective. This is achieved by means of risk management processes, as well as the identification of corrective actions and recommendations to enhance the control environment.

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the department revealed certain weaknesses, which were then raised with the Department.

The following Internal Audit work was completed during the year under review:

- Performance Information
- Information Technology
- Financial Management
- Compliance Audits

The following were areas of concern:

DEPARTMENT OF LABOUR

The system of internal control has shown improvements in certain areas for the period under review. There were several deficiencies that were identified during the year and the Audit Committee was appraised with reports by both the Internal Audit and Auditor General, including the National Risk Management Committee. The Audit Committee further noted that the following areas still need attention:

- Information Technology control environment risks which includes the turnaround times on the appointment of the Chief Information Officer.
- Management of organisational performance due to the Department's inability to provide valid and accurate information and reliable IT system.

SHELTERED EMPLOYMENT FACTORIES

The system of internal control has shown improvements in comparison to the previous financial years. There were still some challenges noted by both the Internal Audit and Auditor General during the year, however most of these were dealt with at the end of the financial period. This indicates a need for SEF management to promptly improve and follow up on the issues raised during the previous (i.e 2012/13) financial year's.

The Audit Committee further noted that the following areas still need attention:

- Management of the SEF
- Implementation of SEF Business Case
- Compliance with laws and regulations
- Financial sustainability or funding and income generation capability
- Management of organisational performance

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

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

COMBINED ASSURANCE

INTERNAL AUDIT

There were 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 coordination of Internal Audit and other assurance providers (i.e Auditor-General) assisted in the Audit Committee fulfilling its responsibilities. Internal Audit performed periodic independent evaluations of the adequacy and effectiveness of controls, financial reporting and the integrity of information systems and records. The committee is satisfied with the operations of the Internal Audit.

NATIONAL RISK MANAGEMENT COMMITTEE

During the reporting period, the Risk Committee also played an important role to assist the Audit Committee in fulfilling its responsibilities. The Risk Committee provided reports of its work and some recommendations to the Audit Committee. This relationship will continue to ensure that there is improved combined assurance level.

AUDITOR-GENERAL'S REPORT

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters have been adequately resolved except the management of the organisational performance.

APPRECIATION

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



Mr T Mageza
Chairperson: Audit Committee - 2014

PART D: HUMAN RESOURCE MANAGEMENT

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PART D

4.1 INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service and relates to the following;

- The status of human resources in the department
- Human resource priorities for the year under review and the impact of these
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce
- Employee performance management
- Employee wellness programmes
- Highlight achievements and challenges faced by the department, as well as future human resource plans /goals.

4.2 HUMAN RESOURCES OVERSIGHT STATISTICS

4.2.1. PERSONNEL RELATED EXPENDITURE

Table 4.2.1.1 Personnel expenditure by programme for the period 1 April 2013 and 31 March 2014

PROGRAMME	TOTAL EXPENDITURE (R'000)	PERSONNEL EXPENDITURE (R'000)	TRAINING EXPENDITURE (R'000)	PROFESSIONAL AND SPECIAL SERVICES EXPENDITURE (R'000)	PERSONNEL EXPENDITURE AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE
Administration	795 870	267 317	4 197	44 958	11.3	91
Inspection and Enforcement Services	412 213	318 566	14 436	935	13.4	109
Public Employment Services	413 495	212 767	1 330	71	9.0	73
Labour Policy and Industrial Relations	749 866	67 487	868	3 351	2.8	23
TOTAL	2 371 444	866 137	20 830	49 315	36.5	296

Table 4.2.1.2 Personnel costs by salary band for the period 1 April 2013 and 31 March 2014

SALARY BANDS	PERSONAL EXPENDITURE R'000	% OF TOOTAL PERSONNEL COST R'000	AVERAGE PERSONNEL COST PER EMPLOYEE R'000
Lowered skilled (Level 1-2)	0	0.000	00
Skilled (Level 13-5)	167 122	19.30	57
Highly skilled production (Levels 6-8)	563 398	65.05	192
Highly skilled supervision (Levels 9-12)	117 310	13.54	40
Senior management (Level 13-16)	17 804	2.06	6
Other	503	0.06	0
TOTAL	866 137	100	296

Table 4.2.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2013 and 31 March 2014

PROGRAMME	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	MEDICAL AID AS A % OF PERSONNEL COSTS
Administration	186 666	21.55	3 292	0.38	9 145	1.05	14 488	1.67
Inspection and Enforcement Services	228 564	26.39	171	0.02	11 760	1.36	19 135	2.21
Public Employment Services	155 670	17.97	19	0.00	5 726	0.66	9 609	1.11
Labour Policy and Industrial Relations	48 723	5.63	0	0.00	1 535	0.18	2 587	0.30
TOTAL	619 623	71.54	3 482	0.40	28 166	3.25	45 819	5.29

Table 4.2.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	SALARIES		OVERTIME		HOME OWNERS ALLOWANCE		MEDICAL AID	
	AMOUNT (R'000)	SALARIES AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	OVERTIME AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	HOA AS A % OF PERSONNEL COSTS	AMOUNT (R'000)	MEDICAL AID AS A % OF PERSONNEL COSTS
Skilled (Level 1-2)	119 557	13.80	672	0.08	5 435	0.63	8 841	1.02
Skilled (Level 3-5)	403 047	46.54	2 264	0.26	18 321	2.12	29 803	3.44
Highly skilled production (Levels 6-8)	83 922	9.69	472	0.05	3 815	0.44	6 206	0.72
Highly skilled supervision (Levels 9-12)	12 737	1.47	72	0.01	579	0.07	942	0.11
Senior management (Level 13-16)	360	0.04	2	0.00	16	0.00	27	0.00
TOTAL	619 623	71.54	3 482	0.40	28 166	3.25	45 819	5.29

4.2.2 EMPLOYMENT AND VACANCIES

The tables in this section summarise the position with regard to 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
- Salary band
- Critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 4.2.2.1 Employment and vacancies by programme as on 31 March 2014

PROGRAMME	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Administration (Corporate Services)	497	441	11.3	2
Chief Operations Officer	6 621	5 994	9.5	14
Public Employment Services	227	71	69.0	0
Labour Policy and Labour Market Programmes	127	113	11.0	1
Inspection and Enforcement	76	56	26.3	0
Social Insurance	UIF-517 CC-690	428 521	17.21 24.5	2 89
TOTAL	8 755	7 624	12.9	108

Table 4.2.2.2 Employment and vacancies by salary band as on 31 March 2014

SALARY BAND	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Lower skilled (Level 1-2)	3	0	100	0
Skilled (Level 3-5)	1 955	1 746	10.7	100
Highly skilled production (Level 6-8)	5 531	4 893	11.5	5
Highly skilled supervision (Level 9-12)	1 121	880	21.5	2
Senior management (Level 13-16)	145	105	27.6	1
TOTAL	8 755	7 624	12.9	108

Table 4.2.2.3 Employment and vacancies by critical occupations as on 31 March 2014

CRITICAL OCCUPATION	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Inspectors	1 417	1 324	6.56	0
Employment Services Practitioners and Career 133	279	268	3.9	0
TOTAL	1 696	1 592	6.1	0

4.2.3 FILLING OF 127 POSTS

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 4.2.3.1 SMS post information as on 31 March 2014

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	8	6	75	2	25
Salary Level 14	34	30	88.2	4	11.8
Salary Level 13	100	70	70	30	30
TOTAL	143	107	74.8	36	25.2

Table 4.2.3.2 SMS post information as on 30 September 2013

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS POSTS FILLED	% OF SMS POSTS FILLED	TOTAL NUMBER OF SMS POSTS VACANT	% OF SMS POSTS VACANT
Director-General/ Head of Department	1	1			
Salary Level 16	1	1	100	0	0
Salary Level 15	8	4	50	4	50
Salary Level 14	30	24	80	6	20
Salary Level 13	100	56	56	44	44
TOTAL	140	86	61.2	54	38.9

Table 4.2.3.3 Advertising and filling of SMS posts for the period 1 April 2013 and 31 March 2014

SMS LEVEL	ADVERTISING	FILLING OF POSTS	
	NUMBER OF VACANCIES PER LEVEL ADVERTISED IN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL FILLED IN 6 MONTHS OF BECOMING VACANT	NUMBER OF VACANCIES PER LEVEL NOT FILLED IN 6 MONTHS BUT FILLED IN 12 MONTHS
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	3	2	2
Salary Level 14	3	0	1
Salary Level 13	12	0	1
TOTAL	18	2	4

Table 4.2.3.4 Reasons for not having complied with the filling of funded vacant SMS - advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2013 and 31 March 2014**REASONS FOR VACANCIES NOT ADVERTISED WITHIN TWELVE MONTHS**

Restructuring of the Compensation Fund caused delays in the advertising of posts

REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS

The Department struggles to attract suitable candidates for posts. In some instances headhunting and re-advertising had to be done

Table 4.2.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2013 and 31 March 2014**REASONS FOR VACANCIES NOT ADVERTISED WITHIN TWELVE MONTHS**

None

REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS

None

4.2.4 JOB EVALUATION

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.2.4.1 Job evaluation by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF JOBS EVALUATED	% OF POSTS EVALUATED BY SALARY BANDS	POSTS UPGRADED		POSTS DOWNGRADED	
				NUMBER	% OF POSTS EVALUATED	NUMBER	% OF POSTS EVALUATED
Lower Skilled (Levels 1-2)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	1 935	45	2	0	0	0	0
Highly skilled production (Levels 6-8)	5 554	1 705	31	1 647	97	0	0
Highly skilled supervision (Levels 9-12)	1 120	163	15	119	73	0	0
Senior Management Service B and A	100	8	8	0	0	0	0
Senior Management Service B and B	34	2	6	0	0	0	0
Senior Management Service B and C	8	0	0	0	0	0	0
Senior Management Service B and D	1	0	0	0	0	0	0
TOTAL	8 755	1 923	22	1 766	92	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 4.2.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2013 and 31 March 2014

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	802	24	164	44	1 034
Male	592	22	81	37	732
TOTAL	1 394	46	245	81	1 766

Employees with a disability

0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 4.2.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2013 and 31 March 2014

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATION
Director	1	13	14	The incumbent was previously a Chief of Staff at the Ministry and was later transferred to the post of Director: ESSA Dev. Management.
Deputy-Director	3	11	12	One Official was initially promoted to SR 11 in August 2006. She was later upgraded to SR12 Two Officials were transferred from SR12 posts at their previous establishments to SR11 posts on their current establishments.
Assistant-Director	2	9	10	One Official was transferred from NC to Gauteng. She was upgraded from SR9 to SR10. Another Official was upgraded from SR9 to SR10 with effect from 2013/09/01.
TOTAL NUMBER OF EMPLOYEES WHOSE SALARIES EXCEEDED THE LEVEL DETERMINED BY JOB EVALUATION				6
Percentage of total employed				0.07

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.2.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2013 and 31 March 2014

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	5	0	0	1	6
Male	0	0	0	0	0
TOTAL	5	0	0	1	6
Employees with a disability	0	0	0	0	0

TOTAL NUMBER OF EMPLOYEES WHOSE SALARIES EXCEEDED THE GRADES DETERMINE BY JOB EVALUATION	6
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4.2.5 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 and critical occupations (see definition in notes below).

Table 4.2.5.1 Annual turnover rates by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD-1 APRIL 2013	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)	3 200	150	56	1.7
Highly skilled production (Levels 6-8)	3 424	183	191	5.6
Highly skilled supervision (Levels 9-12)	786	99	41	5.2
Senior Management Service Bands A	55	9	5	9.1
Senior Management Service Bands B	23	8	4	17.4
Senior Management Service Bands C	6	0	1	16.7
Senior Management Service Bands D	1	0	0	0
Contracts	213	97	88	41.3
TOTAL	7 708	546	386	5.0

Table 4.2.5.2 Annual turnover rates by critical occupation for the period 1 April 2013 and 31 March 2014

CRITICAL OCCUPATION	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD-APRIL 2013	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE
Inspectors	1 429	51	69	4.8
Employment Services Practitioners and Career Counsellors	273	19	16	5.9
TOTAL	1 702	70	85	5.0

Table 4.2.5.3 Reasons why staff left the department for the period 1 April 2013 and 31 March 2014

TERMINATION TYPE	NUMBER	% OF TOTAL RESIGNATIONS
Death	25	8.4
Resignation	151	51.0
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	19	6.4
Dismissal – inefficiency	0	0
Discharged due to ill-health	7	2.3
Retirement	42	14.1
Transfer to other Public Service Departments	54	18.1
Other	0	0
TOTAL	298	100
Total number of employees who left as a % of total employment	8 755	3.4

Table 4.2.5.4 Promotions by critical occupation for the period 1 April 2013 and 31 March 2014

OCCUPATION	EMPLOYEES 1 APRIL 2013	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY LEVEL PROMOTIONS AS A % OF EMPLOYEES BY OCCUPATION	PROGRESSIONS TO ANOTHER NOTCH WITHIN A SALARY LEVEL	NOTCH PROGRESSION AS A % OF EMPLOYEES BY OCCUPATION
Inspectors	1 429	11	0.8	0	0
Employment Services Practitioners and Career Councillors	273	59	21.6	0	0
TOTAL	1 702	70	4.1	0	0

Table 4.2.5.3 Promotions by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	EMPLOYEES 1 APRIL 2013	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY BAND PROMOTIONS AS A % OF EMPLOYEES BY SALARY LEVEL	PROGRESSIONS TO ANOTHER NOTCH WITHIN A SALARY LEVEL	NOTCH PROGRESSION AS A % OF EMPLOYEES BY SALARY BANDS
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	3200	34	1.1	0	0
Highly skilled production (Levels 6-8)	3424	232	6.8	0	0
Highly skilled supervision (Levels 9-12)	786	162	20.6	0	0
Senior Management (Level 13-16)	85	17	20.0	0	0
TOTAL	7 495	445	5.9	0	0

4.2.6 EMPLOYMENT EQUITY

Table 4.2.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2014

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	47	5	3	8	33	1	1	5	103
Professionals	146	8	14	17	106	10	0	33	334
Technicians and associate professionals	1 004	104	47	94	1 092	129	46	302	2 818
Clerks	1 500	166	48	70	1 861	243	47	173	4 108
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	99	11	2	2	126	16	1	4	261
SUB-TOTAL	2 796	294	114	191	3 218	399	95	517	7 624
Employees with disabilities	73	58	8	8	4	4	13	23	191
TOTAL	2 869	352	122	199	3 222	403	108	540	7 815

Table 4.2.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2014

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	6	0	0	0	1	0	0	0	7
Senior Management	41	5	3	8	32	1	1	5	96
Professionally qualified and experienced specialists and mid-management	353	25	23	39	339	32	6	67	884
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	797	87	38	72	859	107	40	268	2 268
Semi-skilled and discretionary decision making	1 500	166	48	70	1 861	243	47	173	4 108
Unskilled and defined decision making	99	11	2	2	126	16	1	4	261
TOTAL	2 796	294	114	191	3 218	399	95	517	7 624

Table 4.2.6.3 Recruitment for the period 1 April 2013 to 31 March 2014

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	4	1	0	5	6	0	0	1	17
Professionally qualified and experienced specialists and mid-management	44	2	4	13	30	0	0	6	99
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	51	3	4	6	49	0	1	2	116
Semi-skilled and discretionary decision making	74	9	5	4	73	5	1	9	180
Unskilled and defined decision making	18	0	0	0	16	1	0	2	37
TOTAL	195	15	13	28	174	6	2	20	449
Employees with disabilities	4	0	0	0	2	1	0	1	8

Table 4.2.6.4 Promotions for the period 1 April 2013 to 31 March 2014

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	7	1	1	1	4	0	1	0	15
Professionally qualified and experienced specialists and mid management	85	3	5	14	45	9	0	1	162
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	75	6	0	2	82	2	0	0	167
Semi-skilled and discretionary decision making	49	4	1	4	38	1	2	0	99
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	217	14	7	21	170	12	3	1	445
Employees with disabilities	1	0	0	0	1	0	0	0	2

Table 4.2.6.5 Terminations for the period 1 April 2013 to 31 March 2014

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	4	1	0	0	4	0	0	1	10
Professionally qualified and experienced specialists and mid management	20	1	1	2	13	1	0	3	41
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	47	8	0	7	47	2	1	12	124
Semi-skilled and discretionary decision making	54	7	0	7	42	5	1	3	119
Unskilled and defined decision making	1	0	0	0	3	0	0	0	4
SUB-TOTAL	126	17	1	16	109	8	2	19	298
Employees with Disabilities	6	0	0	0	2	0	0	0	8
TOATL	132	17	1	16	111	8	2	19	306

Table 4.2.6.6 Disciplinary action for the period 1 April 2013 to 31 March 2014

DISCIPLINARY ACTION	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
	110	17	8	2	58	7	8	10	220

Table 4.2.6.7 Skills development for the period 1 April 2013 to 31 March 2014

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	21	0	1	1	19	0	0	1	43
Professionals	170	15	5	10	186	8	2	6	402
Technicians and associate professionals	504	60	27	27	404	168	15	61	1 266
Clerks	877	92	32	57	1 289	135	36	165	2 683
Service and sales workers	60	2	0	2	9	1	1	0	75
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	10	10	0	0	0	0	1	0	21
Elementary occupations	20	0	0	0	29	2	0	1	52
SUB-TOTAL	1 662	179	65	97	1 936	314	55	234	4 542
Employees with disabilities	20	5	2	2	21	6	2	6	64
TOTAL	1 682	184	67	99	1 957	320	57	240	4 606

4.2.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 4.2.7.1 Signing of performance agreements by SMS members as on 31 May 2013

SMS LEVEL	TOTAL NUMBER OF FUNDED SMS POSTS	TOTAL NUMBER OF SMS MEMBERS	TOTAL NUMBER OF SIGNED PERFORMANCE AGREEMENTS	SIGNED PERFORMANCE AGREEMENTS AS % OF TOTAL NUMBER OF SMS MEMBERS
Director-General/Head of Department	1	1	1	100
Salary Level 16	0	0	0	0
Salary Level 15	8	6	0	0
Salary Level 14	27	23	21	91.3
Salary Level 13	69	55	42	76.3
TOTAL	105	85	64	75.2

Table 4.2.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 May 2013

REASONS
8 SMS members = Their Performance Agreements were awaiting supervisor's signature. They have now submitted.
1 SMS member = Their supervisor was outside the country. Submitted in June.
11 SMS members = Submitted after May but did not provide reasons for not submitting on time.

Table 4.2.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 May 2013

REASONS
SMS members who submitted later than 31 May 2013 will forfeit their performance incentives including pay progression.

4.2.8 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, disability, salary bands and critical occupations (see definition in notes below)

Table 4.2.8.1 Performance Rewards by race, gender and disability for the period 1 April 2013 to 31 March 2014

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN GROUP	COST (R'000)	AVERAGE COST PER EMPLOYEE
AFRICAN					
Male	571	2719	21.0%	R8 527 355.00	R14 934.07
Female	871	3138	27.8%	R12 290 540.74	R14 110.84
ASIAN					
Male	34	98	34.7%	R632 064.77	R18 590.14
Female	42	93	45.2%	R636 173.81	R15 146.99
COLOURED					
Male	52	288	18.1%	R943 786.70	R18 149.74
Female	109	400	27.3%	R1 617 128.78	R14 836.04
WHITE					
Male	37	170	21.8%	R761 197.29	R20 572.90
Female	198	810	24.4%	R3 639 379.52	R18 380.70
TOTAL	1 914	7 716	24.8%	R29 047 626.61	R15 176.39

Table 4.2.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2013 to 31 March 2014

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
Lower Skilled (Levels 1-2)	0	0	0%	0	0	0%
Skilled (Level 3-5)	670	3 168	21.2%	R3744 375.00	R5 588.62	11.7%
Highly skilled production (Level 6-8)	930	3 407	27.3%	R16 914 791.00	R18 187.94	8.5%
Highly skilled supervision (Level 9-12)	268	788	34.0%	R6 782 909.00	R25 309.36	0.5%
TOTAL	1 868	7 363	25.4%	R27 442 075.00	R14 690.62	13.8 %

Table 4.2.8.3 Performance Rewards by critical occupation for the period 1 April 2013 to 31 March 2014

CRITICAL OCCUPATION	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN OCCUPATION	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE
Employment Service Practitioners	47	178	26.4%	R969 704.00	R20 632.00
Career Councillors	32	90	35.6%	R896 135.90	R28 004.25
TOTAL	79	268	29.5 %	R1 865 839.90	R23 618.22

Table 4.2.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2013 to 31 March 2014

SALARY BAND	BENEFICIARY PROFILE			COST		TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE	
B and A	1	55	1.8	R74 136.60	R74 136.60	3.7%
B and B	0	23	0	0	0	0
B and C	0	6	0	0	0	0
B and D	0	1	0	0	0	0
TOTAL	1	85	1.1	R74 136.60	R 74 136.60	3.7%

1.1.9 FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 4.2.9.1 Foreign workers by salary band for the period 1 April 2013 and 31 March 2014

SALARY BAND	1 APRIL 2013		31 MARCH 2014		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Lower skilled	0	0	0	0	0	0
Highly skilled production (Level 6-8)	1	100	1	100	0	0
Highly skilled supervision (Level 9-12)	0	0	0	0	0	0
Contract (Level 9-12)	0	0	0	0	0	0
Contract (Level 13-16)	0	0	0	0	0	0
TOTAL	1	100	1	100	0	0

Table 4.2.9.2 Foreign workers by major occupation for the period 1 April 2013 and 31 March 2014

MAJOR OCCUPATION	1 APRIL 2013		31 MARCH 2014		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Administrative Office Workers	1	100	1	100	0	0
TOTAL	1	100	1	100	0	0

4.2.3 LEAVE UTILISATION

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 and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 4.2.10.1 Sick leave for the period 1 January 2013 to 31 December 2013

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 Skills (Level 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	20 970	80.5	1 967	28.4	11	9 078
Highly skilled production (Levels 6-8)	42 704.5	80.2	4 236	61.1	10	27 149
Highly skilled supervision (Levels 9-12)	6 079.5	80.1	728	10.5	8	8 788
Top and Senior management (Levels 13-16)	465	76.8	71	1.0	7	1 468
TOTAL	70 219	56.2	7 002	100	10	46 483

Table 4.2.10.2 Disability leave (temporary and permanent) for the period 1 January 2013 to 31 December 2013

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATION	NUMBER OF EMPLOYEES USING DISABILITY LEAVE	% OF TOTAL EMPLOYEES USING DISABILITY LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	974	100	27	33.7	36	410
Highly skilled production (Levels 6-8)	2 601	100	51	63.8	51	1 812
Highly skilled supervision (Levels 9-12)	85	100	2	2.5	43	107
Senior management (Levels 13-16)	0	0	0	0	0	0
TOTAL	3 660	100	80	100	46	2 329

The table below 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 4.2.10.3 Annual Leave for the period 1 January 2013 to 31 December 2013

SALARY BAND	TOTAL DAYS TAKEN	AVERAGE PER EMPLOYEE	NUMBER OF EMPLOYEES USING ANNUAL LEAVE
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	44 809.29	2 096	21
Highly skilled production (Levels 6-8)	112 412.76	4 608	24
Highly skilled supervision (Levels 9-12)	21 094	852	25
Senior management (Levels 13-16)	2 265	99	23
TOTAL	180 581.05	7 655	24

Table 4.2.10.4 Capped leave for the period 1 January 2013 to 31 December 2013

SALARY BAND	TOTAL DAYS OF CAPPED LEAVE TAKEN	NUMBER OF EMPLOYEES USING CAPPED LEAVE	AVERAGE NUMBER OF DAYS TAKEN PER EMPLOYEE	AVERAGE CAPPED LEAVE PER EMPLOYEE AS ON 31 DECEMBER 2013
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	61	20	3	25
Highly skilled production (Levels 6-8)	222	72	3	33
Highly skilled supervision (Levels 9-12)	22	7	3	40
Senior management (Levels 13-16)	0	0	0	0
TOTAL	305	99	3	33

The following table summarise payments made to employees as a result of leave that was not taken.

Table 4.2.10.5 Leave payouts for the period 1 April 2012 and 31 March 2013

REASON	TOTAL AMOUNT (R'000)	NUMBER OF EMPLOYEES	AVERAGE PER EMPLOYEE (R'000)
Leave payout for 2012/13 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2012/13	6 109	302	20 228
Current leave payout on termination of service for 2012/13	1 632	271	6 022
TOTAL	7 741	573	13 510

4.2.11 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 4.2.11.1 Steps taken to reduce the risk of occupational exposure

UNITS/CATEGORIES OF EMPLOYEES IDENTIFIED TO BE AT HIGH RISK OF CONTRACTING HIV and RELATED DISEASES (IF ANY)	KEY STEPS TAKEN TO REDUCE THE RISK
Yes	<p>By implementing the HIV and AIDS Technical Guidelines and the Code of Good Practice on Managing HIV and AIDS in the World of Work which is meant for external clients as well</p> <p>The Departmental HIV and AIDS, STIs and TB Management policy is being reviewed to effectively respond to the needs of all employees in the Department in line with the NSP 2012-2016 and the Technical Assistance Guidelines</p> <p>An annual HIV, STIs and TB Management operation is developed and implemented</p> <p>Conducting regular HIV and TB awareness</p>

Table 4.2.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

QUESTION	YES	NO	DETAILS, IF YES
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr Risimati F Chauke, Chief-Director: Human Resources Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>The department has a dedicated Employee Health and Wellness (EHW) sub-directorate which has a structure that makes provision for the following 4 staff members who coordinates the programme Nationally:</p> <p>1 Deputy-Director; 2 Assistant-Directors; and 1 Senior-Practitioner</p> <p>The sub-directorates are supported by Wellness Champions who fulfils the role of peer educators in all Provinces</p> <p>The budget for EHW for 2013/2014 was R2 577 835.00</p>
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		<p>Rendering psychotherapy sessions on individual and or groups to employees experiencing performance impairing programmes</p> <p>A programme on Trauma Debriefing was introduced focusing on employees at risk</p> <p>Wellness days were conducted to provide employees with an opportunity to test and know their health status including HIV</p> <p>Creating awareness by writing articles on health and wellness issues</p> <p>Conducting Health Awareness and Educational Sessions focusing on a wide array of health and wellness issues such as Financial Wellness; Stress Management; Breast Cancer Awareness; TB Awareness; Diet and Nutrition; Drug and Substance Abuse; Leading a Healthy Lifestyles; Men's Health; and STIs awareness</p> <p>Promotion of physical activities through sports and recreation</p> <p>Commemorating health and Wellness days in line with the national health calendar of events</p> <p>Rolling-out of HIV Counselling and Testing Campaigns.</p>

QUESTION	YES	NO	DETAILS, IF YES
<p>4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	X		<p>National Employment Equity Consultative Forum which consists of the representatives from all the provincial offices of the Department. Chairperson: Mr RF Chauke- CD HRM Deputy Chairperson: Mr. GM Mabunda D: HRM: Ms P. Mthethwa</p> <p>Designated groups: Disabled: Mr ZJ Mbala Women: Ms Z Gqodi Blacks: Mr SC Cornelius</p> <p>Non-designated group: White Male: Mr HN Weitsz</p> <p>Representatives from the Chief Directorates: Finance: Ms G. Mathibe Communication: Mr L. Ramutloa Employment Equity: Mr TS Siobo</p> <p>Representatives from the Directorates: SCM and OA: Mr P.A Naake T and D: Ms D Chiloane PMandCS: Mr R Thwala EHWP and GDY: Mr. RB Mkansi</p> <p>Chairperson/Delegate of each LEECF: Head Office: Ms. L.M Kekana Eastern Cape: Mr L Matiwane Free State: Mr SZ Segalo Gauteng: Mr R Reddy KwaZulu-Natal: Mr V Mabaso Limpopo: Mr GM Mabunda Mpumalanga: Ms P. Dyalvani Northern Cape: Mr. A.A Makape North West: Mr W.N Khuzwayo Western Cape: Ms. A.X Bobani CF: Ms TA Molloy UIF: Ms. P.M Roux</p> <p>Representatives of Unions: NEHAWU/PAWUSA: Mr S Singila PSA: Mr Y Phalaso SASAWU: Mr S Pinana</p> <p>Secretariat: Ms L Rudah Ms IS Groenewald Ms G Maritz Ms VY Mokoena</p>

QUESTION	YES	NO	DETAILS, IF YES
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	x		<p>Under review are the following policies: HIV and AIDS, STI's and TB Management policy; Health and Productivity Management policy (newly developed policy); Wellness Management policy;</p> <p>The draft the Employee Health and Wellness Strategic Plan is currently being consulted with relevant stakeholders. The strategy will provide direction for the Implementation of the programme nationally in the Department in line with the Public Service Employee Health and Wellness Strategic Framework, 2009.</p>
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	x		<p>Through the review of HIV, STIs and TB Management policy to be in line with the revised Code of Good Practice on Managing HIV and AIDS in the World of Work; and the NSP 2012-2016</p> <p>Conducting advocacy sessions to ensure reasonable accommodation, and support for people infected and affected by HIV</p> <p>Conducting regular HCT programme to de-stigmatise HIV testing.</p>
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	x		<p>The Employee Health and Wellness Annual Performance Plan had an indicator of ensuring that 20% of The Department Staff complement participates in HIV Counselling and Testing by end of March 2014</p> <p>The programme is implemented through raising awareness on HCT and also conducting on-site HCT onsite through the use of GEMS and other service providers</p> <p>A total of 1803 employees which amount to 23.6% were tested for HIV at the end of March 2014.</p>
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		<p>Monitoring and Evaluation is done through the Local Employment Consultative Forum which feeds to the National Employment Equity Consultative Forum, and the HR Programme Management Committee where quarterly reports are submitted to evaluate performance against set targets</p> <p>The Department also utilises the System Monitoring Tool which was developed by the DPSA to enable departments to check their readiness to implement EHWP.</p>

4.2.12. LABOUR RELATIONS

Table 4.2.12.1 Collective agreements for the period 1 April 2013 and 31 March 2014

SUBJECT MATTER	DATE
Total number of Collective agreements	None
Total number of Collective agreements	None

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review

Table 4.2.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2013 and 31 March 2014

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
Correctional counselling	7	5
Verbal warning	0	0
Written warning	29	20
Final written warning	59	41
Suspended without pay	13	9
Fine	0	0
Demotion	0	0
Dismissal	19	13
Not guilty	5	3
Case withdrawn	13	9
TOTAL	145	100
TOTAL NUMBER OF DISCIPLINARY HEARINGS FINALISED	NONE	

Table 4.2.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2013 and 31 March 2014

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
Absenteeism	23	19.82
Abuse of power	1	0.86
Alcohol abuse	1	0.86
Assault	2	1.74
Bribery	4	3.44
Dereliction of duty	6	5.17
Email abuse	7	6.03
Failure to declare IES monies	0	0
Fraud	5	4.35
Fruitless expenditure	13	11.20
Insubordination	12	10.34
Misrepresentation	6	5.17
Negligence	17	14.65
Sexual harassment	3	2.58
State vehicle misuse	16	13.79
TOTAL	116	100

Table 4.2.12.4 Grievances logged for the period 1 April 2013 and 31 March 2014

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	122	64
Number of grievances not resolved	68	36
TOTAL NUMBER OF GRIEVANCES LODGED	190	100

Table 4.2.12.5 Disputes logged with Councils for the period 1 April 2013 and 31 March 2014

DISPUTES	NUMBER	% OF TOTAL
Number of disputes upheld	4	11%
Number of disputes dismissed	32	89%
TOTAL NUMBER OF DISPUTES LODGED	36	100%

Table 4.2.12.6 Strike actions for the period 1 April 2013 and 31 March 2014

TOTAL NUMBER OF PERSONS WORKING DAYS LOST	0
Total costs working days lost	0
AMOUNT RECOVERED AS A RESULT OF NO WORK NO PAY (R000)	0

Table 4.2.12.7 Precautionary suspensions for the period 1 April 2013 and 31 March 2014

NUMBER OF PEOPLE SUSPENDED	11
Number of people whose suspension exceeded 30 days	5
Average number of days suspended	30
COST OF SUSPENSION(R000)	R1 022 728

4.2.13 SKILLS DEVELOPMENT

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

Table 4.2.13.1 Training needs identified for the period 1 April 2013 and 31 March 2014

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	29	0	25	0	25
	Male	51	0	25	0	25
Professionals	Female	351	0	303	0	303
	Male	270	0	250	0	250
Technicians and associate professionals	Female	1 266	0	778	0	778
	Male	1 321	0	812	0	812
Clerks	Female	2 386	0	1 680	0	1 680
	Male	1 464	0	1 070	0	1 070
Service and sales workers	Female	51	0	20	0	20
	Male	105	0	60	0	60
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	1	0	1
	Male	25	0	18	0	18
Elementary occupations	Female	123	0	60	0	60
	Male	96	0	50	0	50
Sub total	Female	4 207	0	2 867	0	2 867
	Male	3 332	0	2 285	0	2 285
TOTAL		7 539	0	5 152	0	5 152

Table 4.2.13.2 Training provided for the period 1 April 2013 and 31 March 2014

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2013	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	29	0	25	0	25
	Male	51	0	25	0	25
Professionals	Female	351	0	303	0	303
	Male	270	0	250	0	250
Technicians and associate professionals	Female	1 266	0	778	0	778
	Male	1 321	0	812	0	812
Clerks	Female	2 386	0	1 680	0	1 680
	Male	1 464	0	1 070	0	1 070
Service and sales workers	Female	51	0	20	0	20
	Male	105	0	60	0	60
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	1	0	1
	Male	25	0	189	0	189
Elementary occupations	Female	123	0	60	0	60
	Male	96	0	50	0	50
Sub Total	Female	4 207	0	2 867	0	2 867
	Male	3 332	0	2 456	0	2 456
TOTAL		7 539	0	5 323	0	5 323

4.2.14 INJURY ON DUTY

The following tables provide basic information on injury on duty

Table 4.2.14.1 Injury on duty for the period 1 April 2013 and 31 March 2014

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
Required basic medical attention only	35	97%
Temporary Total Disablement	0	0%
Permanent Disablement	1	3%
Fatal	0	0%
TOTAL	36	100%

4.2.15 UTILISATION OF CONSULTANTS

The following tables relate information on the utilisation of consultants in the department

In terms of the Public Service Regulations consultant means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice
- The drafting of proposals for the execution of specific tasks
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 4.2.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2013 and 31 March 2014

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	CONTRACT VALUE IN RAND
To conduct an organizational design and review exercise to galvanise the Department including CF, UIF and Head Office into a single efficient entity design and geared for improved service delivery in order to efficiently and effectively deliver on its mandate	144	12 Months	R7 815 507.21
To conduct Information Technology Audits	4	12 Months	R336 245.16
To conduct Research on the RME Agenda 3; Project 2: Progress made towards the reduction of working hours to a 40-Hour	10	8 Months	R570 386.49
To conduct Research on the RME Agenda 3; project 3: Assessing Knowledge levels about the work of the Department of Labour and its communication campaigns	7	12 Months	R1 789 575.20
To conduct Research on the RME Agenda 3; project 1: Analysis of the effectiveness of the bargaining council exemptions	3	12 Months	R604 800.00
Transition Advisory	4	12 Months	R3 063 180.00

TOTAL NUMBER OF PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	TOTAL DURATION WORK DAYS	TOTAL CONTRACT VALUE IN RAND
6	172	68 Months	R14 179 694.06

Table 4.2.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2013 and 31 March 2014

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
To conduct information technology audits	50%	N/A	4
To conduct research on the RME Agenda 3; Project 2: Progress made towards the reduction of working hours to a 40-Hour week for the Department	10 0%	N/A	5
To conduct research on the RME Agenda 3; Project 3: Assessing Knowledge levels about the work of the Department of Labour and its communication campaigns	100%	N/A	6
To conduct research on the RME Agenda 3; Project 1: Analysis of the effectiveness of the bargaining council exemptions, for the Department	100%	N/A	3

4.2.16 SEVERANCE PACKAGES

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2013 and 31 March 2014

SALARY BAND	NUMBER OF APPLICATIONS RECEIVED	NUMBER OF APPLICATIONS REFERRED TO THE MPSA	NUMBER OF APPLICATIONS SUPPORTED BY MPSA	NUMBER OF PACKAGES APPROVED BY DEPARTMENT
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	1	1	0	0
Highly skilled supervision (Levels 9-12)	1	1	0	0
Senior management (Levels 13-16)	0	0	0	0
TOTAL	2	2	0	0

PART E: FINANCIAL INFORMATION - DEPARTMENT OF LABOUR

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PART E

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

5.1 REPORT ON THE FINANCIAL STATEMENTS

5.1.1 Introduction:

I have audited the financial statements of the Department of Labour set out on pages **168** to **234**, which comprise of the appropriation statement, the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and the cash flow statement, for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

5.1.2 Accounting 162 responsibility for the financial statements:

The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

5.1.3 Auditor-General's responsibility:

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

5.1.4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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.

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

5.1.6 Opinion:

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Labour as at 31 March 2014 and its financial performance and cash flows for the year that ended, in accordance with the Modified Cash Standard, and the requirements of the PFMA.

5.1.7 Emphasis of matter:

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

5.1.8 Material under spending of the budget/vote:

As disclosed in the appropriation statement, the Department has underspent the budget to the amount of R73 803 000 (3%). The under spending on current payments is mainly attributable to less than anticipated payments under Programme 1 (Administration) to, the Department of Public Works (DPW), as incorrect invoices received from DPW were returned to be corrected and not received back in time for payment. These invoices amounted to R62 757 000, while less than anticipated payments under Programme 2 (Inspection Enforcement Services) for compensation of employees, amounted to R10 857 000.

ADDITIONAL MATTER

5.1.9 Unaudited supplementary schedules:

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

5.1.10 The supplementary information set out on pages **235** to **247**, Annexure 1 to 6 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

5.1.11 In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

5.1.12 I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2014:

- Programme 2: Inspections and enforcement service on page (163)
- Programme 3: Public employment services on pages (164)
- Programme 4: Labour policy and industrial relations on pages (165)

5.1.13 I evaluated the reported performance information against the overall criteria of usefulness and reliability.

5.1.14 I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).

5.1.15 I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

5.1.16 The material findings in respect of the selected programmes are as follows:

PROGRAMME 2: INSPECTIONS AND ENFORCEMENT SERVICE

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

5.1.17 The FMPPi requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 24% of significantly important targets were not specific
- Performance targets must be measurable. We could not measure the required performance for 41% of significantly important targets
- The period or deadline for delivery of targets must be specified. A total of 47% of significantly important targets were not time bound
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use a total of 47% of significantly important indicators were not well defined
- This was as a result of management not adhering to the requirements of the FMPPi due to a lack of proper systems and processes and inadequate technical indicator descriptions.

RELIABILITY OF REPORTED PERFORMANCE INFORMATION

5.1.18 Reasons for variances between planned and actual achievements reported in the annual performance report were not supported by adequate and reliable corroborating evidence for 65% of the targets not achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by the Planning, Monitoring and Evaluation unit.

5.1.19 The National Treasury FMPPi requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to programme 2 Inspection and enforcement services.

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

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

- 5.1.20** No reasons for variances between planned and actual achievements reported in the annual performance report were given for 21% of the targets not achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by Planning, Monitoring and Evaluation unit.
- 5.1.21 The FMPPI requires the following:**
- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 64% of significantly important targets were not specific
 - Performance targets must be measurable. We could not measure the required performance for 36% of significantly important targets
 - The period or deadline for delivery of targets must be specified. A total of 29% of significantly important targets were not time bound
 - Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use a total of 50% of significantly important indicators were not well defined
 - Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 50% of the significantly important indicators were not verifiable.

This was as a result of management not adhering to the requirements of the FMPPI due to a lack of proper systems and processes and inadequate technical indicator descriptions.

RELIABILITY OF REPORTED PERFORMANCE INFORMATION

- 5.1.22** Reasons for variances between planned and actual achievements reported in the annual performance report were not supported by adequate and reliable corroborating evidence for 64% of the targets not achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by the, Planning, Monitoring and Evaluation unit.
- 5.1.23** The National Treasury FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. I was unable to obtain the information and explanations I considered necessary to satisfy myself as to the reliability of information presented with respect to programme 3 Public Employment Services.
- 5.1.24** This was due to limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the Public Employment Services.

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

5.1.25 The FMPPI requires the following:

- Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 42% of significantly important targets were not specific.
- Performance targets must be measurable. We could not measure the required performance for 21% of significantly important targets
- The period or deadline for delivery of targets must be specified. A total of 21% of significantly important targets were not time bound
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 29% of significantly important indicators were not well defined
- Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 29% of the significantly important indicators were not verifiable.

This was because management did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and inadequate technical indicator descriptions.

RELIABILITY OF REPORTED PERFORMANCE INFORMATION

5.1.26 Reasons for variances between planned and actual achievements reported in the annual performance report were not supported by adequate and reliable corroborating evidence for 25% of the targets not achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by Planning, Monitoring and Evaluation unit.

5.1.27 The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided, for programme 4. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

ADDITIONAL MATTERS

5.1.28 I draw attention to the following matters:

ACHIEVEMENT OF PLANNED TARGETS

5.1.29 Refer to the annual performance report on page(s) **28 to 99** on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected programmes reported in paragraph(s) **2.3 to 2.7** of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

5.1.30 I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of programme 2, Inspection and enforcement services, programme 3 Public enforcement services and programme 4, Labour policy and industrial relations. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information.

COMPLIANCE WITH LEGISLATION

5.1.31 I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

5.1.32 The financial statements submitted for auditing were not prepared in all material respects in terms of section 40(1) of the PFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

5.1.33 The accounting officer approved bid to be advertised in Government Tender Bulletin for a period less than 21 days before closure, for cases that were not urgent in contravention of Treasury Regulation 16A6.3 (c).

5.1.34 The Accounting Officer did not ensure that preferential procurement policy was implemented within the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) paragraph 2(1)(a).

EXPENDITURE MANAGEMENT

5.1.35 The accounting officer did not take effective steps to prevent irregular expenditure as required by section 38(1) (h), of the PFMA and the Treasury Regulation 9.1.1.

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

5.1.36 The accounting officer did not ensure that the department's budget, included the measurable objectives, expected outcomes, programme outputs, indicators, and targets of the institution as required by the Treasury Regulation 5.2.3(d).

INTERNAL CONTROL

5.1.37 I considered internal control relevant to my audit of the financial statements, and the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report, and the findings on compliance with legislation included in this report.

LEADERSHIP

5.1.38 The accounting officer did not effectively exercise oversight of compliance with laws and regulations and related internal controls with regard to, reporting on predetermined objectives.

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

The directorate, Planning, Monitoring and Evaluation did not provide effective leadership, and oversight of the collation and reporting of the performance information of the department.

5.1.40 The department does not have documented policies and procedures at a programme level for the collation, recording and verification of reporting on actual achievement of planned objectives, indicators and targets.

FINANCIAL AND PERFORMANCE MANAGEMENT

5.1.41 The accounting officer did not prepare regular, accurate and complete financial statements that are supported by reliable evidence. This resulted in material misstatements made, being corrected, in the annual financial statements and misstatements made in the annual performance report.

5.1.42 The department does not have appropriate record management systems to ensure that complete, relevant and accurate information is accessible and available to support performance information reporting and reasons for all variances.

Auditor General

Pretoria
31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

APPROPRIATION PER PROGRAMME									
APPROPRIATION STATEMENT	2013/14							2012/13	
	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	779 311	(18 030)	-	761 281	716 726	44 555	94.1%	664 562	587 672
Transfers and subsidies	1 173	372	-	1 545	1 521	24	98.4%	1 435	1 435
Payment for capital assets	59 965	(479)	-	59 486	59 486	-	100.0%	92 352	92 352
Payment for financial assets	-	18 137	-	18 137	18 137	-	100.0%	6 236	6 236
2. INSPECTION AND ENFORCEMENT SERVICES									
Current payments	440 134	(1 742)	(13 379)	425 013	410 415	14 598	96.6%	397 440	394 520
Transfers and subsidies	56	1 412	-	1 468	1 468	-	100.0%	925	925
Payment for capital assets	-	330	-	330	330	-	100.0%	2 011	129
3. PUBLIC EMPLOYMENT SERVICES									
Current payments	229 440	2 912	13 379	245 731	245 731	-	100.0%	209 124	207 237
Transfers and subsidies	170 427	(2 965)	-	167 462	167 461	1	100.0%	124 307	123 625
Payment for capital assets	250	53	-	303	303	-	100.0%	900	789
4. LABOUR POLICY AND INDUSTRIAL RELATIONS									
Current payments	111 640	(422)	-	111 218	96 756	14 462	87.0%	107 637	87 055
Transfers and subsidies	652 508	422	-	652 930	652 930	-	100.0%	532 440	532 440
Payment for capital assets	343	-	-	343	180	163	52.5%	197	157
TOTAL	2 445 247	-	-	2 445 247	2 371 444	73 803	97.0%	2 139 566	2 034 572
Reconciliation with statement of financial performance									
ADD Departmental receipts				22 601	-			15 670	-
Actual amounts per statement of financial performance (total revenue)				2 467 848	-			2 155 236	-
Actual amounts per statement of financial performance (total expenditure)					2 371 444				2 034 572

APPROPRIATION PER ECONOMIC CLASSIFICATION									
	2013/14							2012/13	
	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	881 956	(4 962)	-	876 994	866 137	10 857	98.8%	839 863	820 465
Goods and services	678 569	(12 320)	-	666 249	603 492	62 757	90.6%	538 877	455 996
Interest and rent on land	-	-	-	-	-	-	-	23	23
TRANSFERS AND SUBSIDIES									
Provinces and municipalities	239	208	-	447	446	1	99.8%	227	227
Departmental agencies and accounts	676 206	-	-	676 206	676 182	24	100.0%	554 071	554 070
Foreign governments and international organisations	15 594	320	-	15 914	15 914	-	100.0%	13 692	13 692
Non-profit institutions	130 970	(3 268)	-	127 702	127 702	-	100.0%	88 711	88 030
Households	1 155	1 981	-	3 136	3 135	1	100.0%	2 406	2 406
PAYMENTS FOR CAPITAL ASSETS									
Buildings and other fixed structures	5 486	(3 938)	-	1 548	1 548	-	100.0%	8 637	8 637
Machinery and equipment	55 072	3 842	-	58 914	58 751	163	99.7%	86 823	84 790
PAYMENTS FOR FINANCIAL ASSETS									
	-	18 137	-	18 137	18 137	-	100.0%	6 236	6 236
TOTAL	2 445 247	-	-	2 445 247	2 371 444	73 803	97.0%	2 139 566	2 034 572

DETAIL PER SUB-PROGRAMME	2013/14							2012/13	
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 MINISTER									
Current payments	15 106	3 836	-	18 942	18 283	659	96.5%	16 633	16 633
Transfers and subsidies	4	1	-	5	2	3	40.0%	3	3
Payment for capital assets	40	232	-	272	272	-	100.0%	162	162
1.2 MANAGEMENT									
Current payments	422 161	(4 038)	-	418 123	412 295	5 828	98.6%	401 748	393 521
Transfers and subsidies	1 159	201	-	1 360	1 340	20	98.5%	1 056	1 056
Payment for capital assets	4 605	3 048	-	7 653	7 653	-	100.0%	56 169	56 169
1.3 CORPORATE SERVICES									
Current payments	61 598	(1 111)	-	60 487	52 419	8 068	86.7%	52 947	47 096
Transfers and subsidies	8	18	-	26	25	1	96.2%	66	66
Payment for capital assets	468	322	-	790	790	-	100.0%	277	277
1.4 OFFICE OF THE CHIEF FINANCIAL OFFICER									
Current payments	89 114	(14 483)	-	74 631	74 631	-	100.0%	68 908	68 003
Transfers and subsidies	2	152	-	154	154	-	100.0%	310	310
Payment for capital assets	49 366	(127)	-	49 239	49 239	-	100.0%	27 107	27 107
Payment for financial assets	-	18 137	-	18 137	18 137	-	100.0%	6 236	6 236
1.5 OFFICE ACCOMMODATION									
Current payments	191 332	(2 234)	-	189 098	159 098	30 000	84.1%	124 326	62 419
Payment for capital assets	5 486	(3 954)	-	1 532	1 532	-	100.0%	8 637	8 637
TOTAL	840 449	-	-	840 449	795 870	44 579	94.7%	764 585	687 695

PROGRAMME 1 PER ECONOMIC CLASSIFICATION	2013/14							2012/13	
	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	272 100	(3 436)	-	268 664	267 317	1 347	99.5%	295 319	284 618
Goods and services	507 211	(14 594)	-	492 617	449 410	43 207	91.2%	369 220	303 031
Interest and rent on land	-	-	-	-	-	-	-	23	23
TRANSFERS AND SUBSIDIES									
Provinces and municipalities	239	178	-	417	416	1	99.8%	213	213
Departmental agencies and accounts	35	-	-	35	11	24	31.4%	28	28
Households	899	194	-	1 093	1 093	-	100.0%	1 194	1 194
PAYMENT FOR CAPITAL ASSETS									
Buildings and other fixed structures	5 486	(3 938)	-	1 548	1 548	-	100.0%	8 637	8 637
Machinery and equipment	54 479	3 459	-	57 938	57 938	-	100.0%	83 715	83 715
PAYMENTS FOR FINANCIAL ASSETS	-	18 137	-	18 137	18 137	-	100.0%	6 236	6 236
TOTAL	840 449	-	-	840 449	795 870	44 579	94.7%	764 585	687 695

DETAIL PER SUB-PROGRAMME	2013/14							2012/13	
	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	15 117	429	-	15 546	15 546	-	100.0%	15 504	14 341
Transfers and subsidies	-	354	-	354	354	-	100.0%	-	-
Payment for capital assets	-	196	-	196	196	-	100.0%	24	24
2.2 OCCUPATIONAL HEALTH AND SAFETY									
Current payments	21 514	(1 102)	-	20 412	16 437	3 975	80.5%	17 456	17 456
Transfers and subsidies	-	53	-	53	53	-	100.0%	6	6
Payment for capital assets	-	70	-	70	70	-	100.0%	-	-
2.3 REGISTRATION: INSPECTION AND ENFORCEMENT SERVICES									
Current payments	102 127	(33 173)	(13 379)	55 575	48 188	7 387	86.7%	85 426	84 420
Transfers and subsidies	16	96	-	112	112	-	100.0%	265	265
2.4 COMPLIANCE, MONITORING AND ENFORCEMENT									
Current payments	283 170	31 283	-	314 453	314 453	-	100.0%	274 334	273 846
Transfers and subsidies	40	896	-	936	936	-	100.0%	654	654
Payment for capital assets	-	64	-	64	64	-	100.0%	1 987	105
2.5 TRAINING OF STAFF: INSPECTION AND ENFORCEMENT SERVICES									
Current payments	16 347	-	-	16 347	13 111	3 236	80.2%	4 720	4 457
2.6 STATUTORY AND ADVOCACY SERVICES									
Current payments	1 859	821	-	2 680	2 680	-	100.0%	-	-
Transfers and subsidies	-	13	-	13	13	-	100.0%	-	-
TOTAL	440 190	-	(13 379)	426 811	412 213	14 598	96.6%	400 376	395 574

PROGRAMME 2 PER ECONOMIC CLASSIFICATION	2013/14							2012/13	
	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	342 601	(4 562)	(13 379)	324 660	318 566	6 094	98.1%	306 429	305 243
Goods and services	97 533	2 820	-	100 353	91 849	8 504	91.5%	91 011	89 277
TRANSFERS AND SUBSIDIES									
Provinces and municipalities	-	21	-	21	21	-	100.0%	10	10
Departmental agencies and accounts	-	-	-	-	-	-	-	1	1
Households	56	1 391	-	1 447	1 447	-	100.0%	914	914
PAYMENT FOR CAPITAL ASSETS									
Machinery and equipment	-	330	-	330	330	-	100.0%	2 011	129
PAYMENTS FOR FINANCIAL ASSETS									
	-	-	-	-	-	-	-	-	-
TOTAL	440 190	-	(13 379)	426 811	412 213	14 598	96.6%	400 376	395 574

DETAIL PER SUB-PROGRAMME	2013/14							2012/13	
	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 SERVICES									
Current payments	30 848	(2 769)	-	28 079	28 079	-	100.0%	21 063	21 062
Transfers and subsidies	-	37	-	37	37	-	100.0%	19	19
Payment for capital assets	250	8	-	258	258	-	100.0%	842	731
3.2 EMPLOYER SERVICES									
Current payments	91 382	11 255	13 379	116 016	116 016	-	100.0%	148 285	148 285
Transfers and subsidies	-	232	-	232	232	-	100.0%	176	176
Payment for capital assets	-	45	-	45	45	-	100.0%	58	58
3.3 REGISTRATION AND PLACEMENT SERVICES: PUBLIC EMPLOYMENT SERVICES									
Current payments	99 610	(3 904)	-	95 706	95 706	-	100.0%	32 695	32 696
Transfers and subsidies	35	34	-	69	69	-	100.0%	67	67
3.4 DESIGNATED GROUPS SPECIAL SERVICES									
Transfers and subsidies	801	(601)	-	200	200	-	100.0%	758	77
3.5 SHELTERED EMPLOYMENT FACTORIES AND SUBSIDIES TO DESIGNATED WORKSHOPS									
Current payments	5 625	(1 013)	-	4 612	4 612	-	100.0%	5 965	4 078
Transfers and subsidies	113 665	(2 667)	-	110 998	110 998	-	100.0%	72 151	72 151
3.6 PRODUCTIVITY SOUTH AFRICA									
Current payments	-	1	-	1	1	-	100.0%	-	-
Transfers and subsidies	40 285	-	-	40 285	40 285	-	100.0%	37 050	37 050
3.7 UNEMPLOYMENT INSURANCE FUND									
Transfers and subsidies	1	-	-	1	-	1	-	1	-
3.8 COMPENSATION FUND									
Transfers and subsidies	15 640	-	-	15 640	15 640	-	100.0%	14 085	14 085
3.9 TRAINING OF STAFF: PUBLIC EMPLOYMENT SERVICES									
Current payments	1 975	(658)	-	1 317	1 317	-	100.0%	1 116	1 116
TOTAL	400 117	-	13 379	413 496	413 495	1	100.0%	334 331	331 651

PROGRAMME 3 PER ECONOMIC CLASSIFICATION	2013/14							2012/13	
	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	196 250	3 138	13 379	212 767	212 767	-	100.0%	170 950	169 064
Goods and services	33 190	(226)	-	32 964	32 964	-	100.0%	38 174	38 173
TRANSFERS AND SUBSIDIES									
Provinces and municipalities	-	9	-	9	9	-	100.0%	3	3
Departmental agencies and accounts	55 925	-	-	55 925	55 925	-	100.0%	51 138	51 137
Non-profit institutions	114 466	(3 268)	-	111 198	111 198	-	100.0%	72 909	72 228
Households	36	294	-	330	329	1	99.7%	257	257
PAYMENT FOR CAPITAL ASSETS									
Machinery and equipment	250	53	-	303	303	-	100.0%	900	789
PAYMENTS FOR FINANCIAL ASSETS									
	-	-	-	-	-	-	-	-	-
TOTAL	400 117	-	13 379	413 496	413 495	1	100.0%	334 331	331 651

DETAIL PER SUB-PROGRAMME	2013/14							2012/13	
	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 IR									
Current payments	13 196	-	-	13 196	9 956	3 240	75.4%	12 981	12 320
Transfers and subsidies	164	-	-	164	164	-	100.0%	-	-
Payment for capital assets	46	-	-	46	31	15	67.4%	-	-
4.2 STRENGTHEN CIVIL SOCIETY									
Transfers and subsidies	16 504	-	-	16 504	16 504	-	100.0%	15 802	15 802
4.3 COLLECTIVE BARGAINING									
Current payments	13 306	(16)	-	13 290	12 284	1 006	92.4%	11 585	11 223
Payment for capital assets	50	-	-	50	22	28	44.0%	35	11
4.4 EMPLOYMENT EQUITY									
Current payments	12 849	16	-	12 865	12 763	102	99.2%	13 679	9 900
Payment for capital assets	-	-	-	-	-	-	-	7	7
4.5 EMPLOYMENT STANDARDS									
Current payments	13 297	(141)	-	13 156	12 398	758	94.2%	12 487	8 422
Transfers and subsidies	-	66	-	66	66	-	100.0%	-	-
4.6 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION									
Transfers and subsidies	594 418	-	-	594 418	594 418	-	100.0%	478 745	478 745

DETAIL PER SUB-PROGRAMME	2013/14							2012/13	
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.7 RESEARCH, POLICY AND PLANNING									
Current payments	12 668	75	-	12 743	7 419	5 324	58.2%	11 692	5 246
Transfers and subsidies	-	-	-	-	-	-	-	11	11
Payment for capital assets	-	-	-	-	-	-	-	5	5
4.8 LABOUR MARKET INFORMATION AND STATISTICS									
Current payments	34 281	(24)	-	34 257	31 291	2 966	91.3%	32 817	30 254
Transfers and subsidies	-	24	-	24	24	-	100.0%	31	31
Payment for capital assets	20	-	-	20	9	11	45.0%	22	6
4.9 INTERNATIONAL LABOUR MATTERS									
Current payments	11 593	(332)	-	11 261	10 547	714	93.7%	11 639	9 142
Transfers and subsidies	15 594	332	-	15 926	15 926	-	100.0%	13 692	13 692
Payment for capital assets	227	-	-	227	118	109	52.0%	128	128
4.10 NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL									
Current payments	450	-	-	450	98	352	21.8%	757	548
Transfers and subsidies	25 828	-	-	25 828	25 828	-	100.0%	24 159	24 159
TOTAL	764 491	-	-	764 491	749 866	14 625	98.1%	640 274	619 652

PROGRAMME 4 PER ECONOMIC CLASSIFICATION	2013/14							2012/13	
	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	71 005	(102)	-	70 903	67 487	3 416	95.2%	67 165	61 540
Goods and services	40 635	(320)	-	40 315	29 269	11 046	72.6%	40 472	25 515
TRANSFERS AND SUBSIDIES									
Provinces and municipalities	-	-	-	-	-	-	-	1	1
Departmental agencies and accounts	620 246	-	-	620 246	620 246	-	100.0%	502 904	502 904
Foreign governments and international organisations	15 594	320	-	15 914	15 914	-	100.0%	13 692	13 692
Non-profit institutions	16 504	-	-	16 504	16 504	-	100.0%	15 802	15 802
Households	164	102	-	266	266	-	100.0%	41	41
PAYMENT FOR CAPITAL ASSETS									
Machinery and equipment	343	-	-	343	180	163	52.5%	197	157
PAYMENTS FOR FINANCIAL ASSETS									
	-	-	-	-	-	-	-	-	-
TOTAL	764 491	-	-	764 491	749 866	14 625	98.1%	640 274	619 652

NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1 PROGRAMME

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
	R'000	R'000	R'000	R'000
ADMINISTRATION				
Current payments	761 281	716 726	44 555	5.9%
Transfers and subsidies	1 545	1 521	24	1.6%
Payment for capital assets	59 486	59 486	-	0.0%
Payment of financial assets	18 137	18 137	-	0.0%

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

INSPECTION AND ENFORCEMENT SERVICES				
Current payments	425 013	410 415	14 598	3.4%
Transfers and subsidies	1 468	1 468	-	0.0%
Payment for capital assets	330	330	-	0.0%

The under spending is mainly attributable to vacancies and to less than anticipated orders being processed for the procurement of IT and office equipment.

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
PROGRAMME	R'000	R'000	R'000	R'000
PUBLIC EMPLOYMENT SERVICES				
Current payments	245 731	245 731	-	0.0%
Transfers and subsidies	167 462	167 461	1	0.0%
Payment for capital assets	303	303	-	0.0%

LABOUR POLICY AND INDUSTRIAL RELATIONS				
Current payments	111 218	96 756	14 462	13.0%
Transfers and subsidies	652 930	652 930	-	0.0%
Payment for capital assets	343	180	163	47.5%

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

4.2 PER ECONOMIC CLASSIFICATION

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
PROGRAMME	R'000	R'000	R'000	R'000
CURRENT PAYMENTS				
Compensation of employees	876 994	866 137	10 857	1.2%
Goods and services	666 249	603 492	62 757	9.4%
TRANSFERS AND SUBSIDIES				
Provinces and municipalities	447	446	1	0.2%
Departmental agencies and accounts	676 206	676 182	24	0.0%
Foreign governments and international organisations	15 914	15 914	-	0.0%
Non-profit institutions	127 702	127 702	-	0.0%
Households	3 136	3 135	1	0.0%
PAYMENTS FOR CAPITAL ASSETS				
Buildings and other fixed structures	1 548	1 548	-	0.0%
Machinery and equipment	58 914	58 751	163	0.3%
PAYMENTS FOR FINANCIAL ASSETS				
	18 137	18 137	-	0.0%

Main reasons for savings are due to vacant posts, delays in the submission of invoices by DPW and less audit fees paid than expected.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2014

PERFORMANCE	NOTE	2013/14 R'000	2012/13 R'000
REVENUE			
Annual appropriation	1	2 445 247	2 139 566
Departmental revenue	2	22 601	15 670
TOTAL REVENUE		2 467 848	2 155 236
EXPENDITURE			
Current expenditure			
Compensation of employees	3	866 137	820 465
Goods and services	4	603 492	455 996
Interest and rent on land	5	-	23
Total current expenditure		1 469 629	1 276 484
Transfers and subsidies			
Transfers and subsidies	7	823 379	658 425
Total transfers and subsidies		823 379	658 425
EXPENDITURE FOR CAPITAL ASSETS			
Tangible capital assets	8	60 299	93 427
Total expenditure for capital assets		60 299	93 427
Payments for financial assets	6	18 137	6 236
TOTAL EXPENDITURE		2 371 444	2 034 572
SURPLUS/(DEFICIT) FOR THE YEAR		96 404	120 664
RECONCILIATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR			
Voted funds		73 803	104 994
Departmental revenue and NRF Receipts	13	22 601	15 670
SURPLUS/(DEFICIT) FOR THE YEAR		96 404	120 664

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

POSITION	NOTE	2013/14 R'000	2012/13 R'000
ASSETS			
Current assets		371 006	265 688
Cash and cash equivalents	9	160 556	138 955
Prepayments and advances	10	10 120	6 865
Receivables	11	200 330	119 868
TOTAL ASSETS		371 006	265 688
LIABILITIES			
Current liabilities		365 997	252 196
Voted funds to be surrendered to the Revenue Fund	12	73 803	104 994
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	11 898	6 104
Bank overdraft	14	276 235	140 421
Payables	15	4 061	677
TOTAL LIABILITIES		365 997	252 196
NET ASSETS		5 009	13 492
REPRESENTED BY:			
Recoverable revenue		5 009	13 492
TOTAL		5 009	13 492

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2014

NET ASSETS	NOTE	2013/14 R'000	2012/13 R'000
RECOVERABLE REVENUE			
Opening balance		13 492	19 086
Transfers:		(8 483)	(5 594)
Debts recovered (included in departmental receipts)		(15 107)	(8 490)
Debts raised		6 624	2 896
TOTAL		5 009	13 492

CASH FLOW	NOTE	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 467 848	2 155 236
Annual appropriated funds received	1.1	2 445 247	2 139 566
Departmental revenue received	2	16 284	13 890
Interest received	2.3	6 317	1 780
Net (increase)/decrease in working capital		(80 333)	(41 011)
Surrendered to Revenue Fund		(121 801)	(19 459)
Current payments		(1 469 629)	(1 276 484)
Payments for financial assets		(18 137)	(6 236)
Transfers and subsidies paid		(823 379)	(658 425)
Net cash flow available from operating activities	16	(45 431)	153 621
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(60 299)	(93 427)
Net cash flows from investing activities		(60 299)	(93 427)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(8 483)	(5 594)
Net cash flows from financing activities		(8 483)	(5 594)
Net increase/(decrease) in cash and cash equivalents		(114 213)	54 600
Cash and cash equivalents at beginning of period		(1 466)	(56 066)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	(115 679)	(1 466)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2014

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the Annual Financial Statements. These are based on the best information available at the time of preparation.

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 (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the Division of Revenue Act.

The OAG has developed and issued the Modified Cash Standard in the 2013/2014 Financial Year (hereafter "the Standard") which states out the principles for the recognition, recording, measurement, presentation and disclosure of information required in terms of the prescribed format.

The Standard comprise of separate chapters for assets, liabilities, revenue and expenditure. More than one chapter may exist for each item depending on the nature and complexity of the topic. Each chapter sets out the recognition, recording, measurement, presentation and disclosure requirements of these items.

1	<p>Basis of preparation The Financial Statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern The Financial Statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.</p>
4	<p>Rounding Unless otherwise stated, financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.</p>
6	<p>Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the Appropriation Statement.</p>
7	<p>Revenue</p>
7.1	<p>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 Statement of Financial Performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the Statement of Financial Performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the Statement of Financial Position.</p>
7.2	<p>Departmental revenue Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the Statement of Financial Position.</p>

7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the Notes to the Financial Statements when: it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and the amount of revenue can be measured reliably.</p> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
8	<p>Expenditure</p>
8.1	<p>Compensation of employees</p>
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the Statement of Financial Performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the Department in respect of current employees are recognised in the Statement of Financial Performance on the date of payment.</p> <p>Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the Statement of Financial Performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the Statement of Financial Performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accrued expenditure payable</p> <p>Accrued expenditure payable is recorded in the Notes to the Financial Statements when the goods are received or, in the case of services, when they are rendered to the department.</p> <p>Accrued expenditure payable is measured at cost.</p>
8.4	<p>Leases</p>
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the Statement of Financial Performance on the date of payment.</p> <p>The operating lease commitments are recorded in the Notes to the Financial Statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the Statement of Financial Performance on the date of payment.</p> <p>The finance lease commitments are recorded in the Notes to the Financial Statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: cost, being the fair value of the asset; or the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</p>
9	<p>Aid Assistance</p>
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the Statement of Financial Performance when received. In-kind aid assistance is recorded in the Notes to the Financial Statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the Statement of Financial Position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the Statement of Financial Performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the Statement of Financial Position.</p>

10	<p>Cash and cash equivalents Cash and cash equivalents are stated at cost in the Statement of Financial Position. 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.</p>
11	<p>Prepayments and advances Prepayments and advances are recognised in the Statement of Financial Position when the Department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.</p>
12	<p>Loans and receivables Loans and receivables are recognised in the Statement of Financial Position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
13	<p>Investments Investments are recognised in the Statement of Financial Position at cost.</p>
14	<p>Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the Notes to the Financial Statements.</p>
15	<p>Payables Loans and payables are recognised in the Statement of Financial Position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
16.2	<p>Movable capital assets Movable capital assets are initially recorded in the Notes to the Financial Statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department. Subsequent expenditure for biological assets was added to the policy. This insertion is only applicable to departments that have biological assets and these assets were subsequently revalued at reporting date.</p>

16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the Notes to the Financial Statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the Notes to the Financial Statements when the Department commences the development phase of the project. Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) are recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <p>Provisions are recorded in the Notes to the Financial Statements 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 or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
17.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the Notes to the Financial Statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably</p>
17.3	<p>Contingent assets</p> <p>Contingent assets are recorded in the Notes to the Financial Statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department</p>
17.4	<p>Commitments</p> <p>Commitments are recorded at cost in the Notes to the Financial Statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the Statement of Financial Position until such time as the expenditure is either: approved by Parliament or the Provincial Legislature with funding and the related funds are received; or approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the Statement of Financial Performance; or transferred to receivables for recovery.</p> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the Notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the Notes to the Financial Statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>

20	<p>Irregular expenditure Irregular expenditure is recorded in the Notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting estimates The nature and amounts of the changes in accounting estimates for current and future periods (if applicable). If the effect on future periods could not reasonably be determined the fact should be disclosed.</p>
22	<p>Prior period errors The nature and amounts of the errors along with whether the errors were corrected retrospectively. Where the amounts could not be reasonably determined the fact should be disclosed.</p>
23	<p>Non-adjusting events after the reporting date The nature of the event and an estimate of its financial effect (or a statement to that effect where such estimate cannot be made) for each material category of non-adjusting event after the reporting date.</p>
24	<p>Agent-Principal arrangements Public sector entities are frequently required to perform activities and/or provide goods and services on behalf of others. In the public sector, the performance of these activities or provision of goods and services is most often governed by legislation or contracts concluded between the affected parties. Despite this, there are a number of practical accounting issues that arise from these arrangements. The foremost question is which department/entity, or to what extent a department/entity should account for the revenues, expenses, assets and or liabilities arising from such arrangements (Refer to Note 35 of the AFS).</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 ANNUAL APPROPRIATION

1.1 ANNUAL APPROPRIATION

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

	FINAL APPROPRIATION	ACTUAL FUNDS RECEIVED	2013/14 FUNDS NOT REQUESTED/ NOT RECEIVED	2012/13 APPROPRIATION RECEIVED
	R'000	R'000	R'000	R'000
Administration	840 449	840 449	-	764 585
Inspection and Enforcement Services	426 811	440 190	(13 379)*	400 376
Public Employment Services	413 496	400 117	13 379*	334 331
Labour Policy and Industrial Relations	764 491	764 491	-	640 274
TOTAL	2 445 247	2 445 247	-	2 139 566

*Virement between programmes.

2 DEPARTMENTAL REVENUE

	NOTE	2013/14 R'000	2012/13 R'000
TAX REVENUE			
Sales of goods and services other than capital assets	2.1	4 209	3 179
Fines, penalties and forfeits	2.2	44	107
Interest, dividends and rent on land	2.3	6 317	1 780
Transactions in financial assets and liabilities	2.4	12 031	10 604
DEPARTMENTAL REVENUE COLLECTED		22 601	15 670

2.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

	NOTE	2013/14	2012/13
	2	R'000	R'000
Sales of goods and services produced by the department		4 179	3 167
Sales by market establishment		175	174
Administrative fees		2 234	1 396
Other sales		1 770	1 597
Sales of scrap, waste and other used current goods		30	12
TOTAL		4 209	3 179

2.2 FINES, PENALTIES AND FORFEITS

	NOTE	2013/14	2012/13
	2	R'000	R'000
Fines		4	107
Penalties		40	-
TOTAL		44	107

2.3 INTEREST, DIVIDENDS AND RENT ON LAND

	NOTE	2013/14	2012/13
	2	R'000	R'000
Interest		6 317	1 780
TOTAL		6 317	1 780

2.4 TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES

	NOTE	2013/14	2012/13
	2	R'000	R'000
Receivables		9 160	7 130
Stale cheques written back		3	-
Other receipts including recoverable revenue		2 868	3 474
TOTAL		12 031	10 604

**Staff Debts to the amount of R18,137 million was written off during the 2013/14 financial year which impacted on the capital portion of the debt (receivables) as well as interest as disclosed in par. 2.3.*

3 COMPENSATION OF EMPLOYEES

3.1 SALARIES AND WAGES

	NOTE	2013/14 R'000	2012/13 R'000
Basic salary		619 623	582 410
Performance awards		13 293	11 625
Service based		1 321	1 178
Compensative/circumstantial		5 246	5 027
Other non-pensionable allowances		100 898	96 237
TOTAL		740 381	696 477

3.2 SOCIAL CONTRIBUTIONS

	NOTE	2013/14 R'000	2012/13 R'000
Employer contributions			
Pension		79 751	75 512
Medical		45 819	48 304
UIF		5	-
Bargaining council		181	172
TOTAL		125 756	123 988
TOTAL COMPENSATION OF EMPLOYEES		866 137	820 465
AVERAGE NUMBER OF EMPLOYEES		2 928	3 146

*Average number of employees is based on posts funded from the Vote only, and excludes post recovered in respect of agency services provided for UIF and CF.

4 GOODS AND SERVICES

	NOTE	2013/14 R'000	2012/13 R'000
Administrative fees		4 424	5 512
Advertising		12 068	14 407
Capital assets less than R5 000	4.1	2 396	2 130
Bursaries (employees)		2 446	2 344
Catering		4 501	4 853
Communication		34 462	37 270
Computer services *	4.2	106 342	71 029
Consultants, contractors and agency/outsourced services	4.3	68 316	50 482
Entertainment		272	276
Audit cost – external	4.4	14 011	14 810
Fleet services		12 824	6 409
Consumables	4.5	19 626	13 102
Operating leases **		148 071	47 790
Property payments	4.6	53 164	47 731
Rental and hiring		648	962
Transport provided as part of the departmental activities		-	76
Travel and subsistence	4.7	79 027	106 192
Venues and facilities		7 795	9 947
Training and development		20 830	11 904
Other operating expenditure	4.8	12 269	8 770
TOTAL		603 492	455 996

*Increase due to payments for termination support services after the expiry of the IT PPP contract.

**Increase due to payments to DPW for leasing of buildings.

4.1 CAPITAL ASSETS LESS THAN R5 000

	NOTE	2013/14	2012/13
	4	R'000	R'000
Tangible assets		2 396	2 130
Machinery and equipment		2 396	2 130
Intangible assets		-	-
TOTAL		2 396	2 130

4.2 COMPUTER SERVICES

	NOTE	2013/14	2012/13
	4	R'000	R'000
SITA computer services		16 373	39 162
External computer service providers		89 969	31 867
TOTAL		106 342	71 029

4.3 CONSULTANTS, CONTRACTORS AND AGENCY/OUTSOURCED SERVICES

	NOTE	2013/14	2012/13
	4	R'000	R'000
Business and advisory services		45 320	39 612
Laboratory services		-	1
Legal costs		3 995	3 751
Contractors		16 037	3 953
Agency and support/outsourced services		2 964	3 165
TOTAL		68 316	50 482

4.4 AUDIT COST – EXTERNAL

	NOTE	2013/14	2012/13
	4	R'000	R'000
Regularity audits		14 011	14 810
TOTAL		14 011	14 810

4.5 CONSUMABLES

	NOTE	2013/14	2012/13
	4	R'000	R'000
Consumable supplies		1 943	1 588
Uniform and clothing		320	-
Household supplies		1 171	-
Building material and supplies		126	133
IT consumables		176	-
Other consumables		150	1 455
Stationery, printing and office supplies		17 683	11 514
TOTAL		19 626	13 102

4.6 PROPERTY PAYMENTS

	NOTE	2013/14	2012/13
	4	R'000	R'000
Municipal services		20 445	24 414
Property management fees		1 039	354
Property maintenance and repairs		7 225	-
Other		24 455	22 963
TOTAL		53 164	47 731

4.7 TRAVEL AND SUBSISTENCE

	NOTE	2013/14	2012/13
	4	R'000	R'000
Local		67 006	98 810
Foreign		12 021	7 382
TOTAL		79 027	106 192

4.8 OTHER OPERATING EXPENDITURE

	NOTE	2013/14	2012/13
	4	R'000	R'000
Professional bodies, membership and subscription fees		94	20
Resettlement costs		3 704	2 222
Other		8 471	6 528
TOTAL		12 269	8 770

5 INTEREST AND RENT ON LAND

	NOTE	2013/14	2012/13
		R'000	R'000
Interest paid		-	23
TOTAL		-	23

6 PAYMENTS FOR FINANCIAL ASSETS

	NOTE	2013/14 R'000	2012/13 R'000
Debts written off	6.1	18 137	6 236
TOTAL		18 137	6 236

6.1 DEBTS WRITTEN OFF

	NOTE	2013/14 R'000	2012/13 R'000
Nature of debts written off	6		
Staff debts		14 626	883
Subsidised transport debts		3 511	5 353
TOTAL DEBT WRITTEN OFF		18 137	6 236

7 TRANSFERS AND SUBSIDIES

	NOTE	2013/14 R'000	2012/13 R'000
Provinces and municipalities	Annex 1A	446	227
Departmental agencies and accounts	Annex 1B	676 182	554 070
Foreign governments and international organisations	Annex 1C	15 914	13 692
Non-profit institutions	Annex 1D	127 702	88 030
Households	Annex 1E	3 135	2 406
TOTAL		823 379	658 425

8 EXPENDITURE FOR CAPITAL ASSETS

	NOTE	2013/14 R'000	2012/13 R'000
Tangible assets		60 299	93 427
Buildings and other fixed structures	34	1 549	8 637
Machinery and equipment	32	58 750	84 790
TOTAL		60 299	93 427

8.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2013/14

	VOTED FUNDS R'000	AID ASSISTANCE R'000	TOTAL R'000
Tangible assets	60 299	-	60 299
Buildings and other fixed structures	1 549	-	1 549
Machinery and equipment	58 750	-	58 750
TOTAL	60 299	-	60 299

8.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2012/13

	VOTED FUNDS R'000	AID ASSISTANCE R'000	TOTAL R'000
Tangible assets	93 427	-	93 427
Buildings and other fixed structures	8 637	-	8 637
Machinery and equipment	84 790	-	84 790
TOTAL	93 427	-	93 427

8.3 FINANCE LEASE EXPENDITURE INCLUDED IN EXPENDITURE FOR CAPITAL ASSETS

NOTE	2013/14 R'000
Tangible assets	272
Machinery and equipment	272
TOTAL	272

9 CASH AND CASH EQUIVALENTS

NOTE	2013/14 R'000	2012/13 R'000
Cash on hand	482	482
Cash in transit (FNB account)**	160 074	138 473
TOTAL	160 556	138 955

***Department of Labour's FNB account balances on the bank statement did not successfully interface into the PMG account at the end of the 2013/14 financial year. This amount was classified as cash in transit and to account for this in the Statement of Financial Position, the cash and cash equivalents were increased by R160 074 143.09 in 2013/14 and R138 472 956.74 in the prior financial year. The receivables were decreased with the same amounts, refer to Note 11 below.*

10 PREPAYMENTS AND ADVANCES

NOTE	2013/14 R'000	2012/13 R'000
Travel and subsistence	267	146
Prepayments	9 853	6 719
TOTAL	10 120	6 865

11 RECEIVABLES

	NOTE	2013/14			2012/13	
		LESS THAN ONE YEAR	ONE TO THREE YEARS	OLDER THAN THREE YEARS	TOTAL	TOTAL
		R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1 Annex 3	174 176	4 373	12 562	191 111	97 027
Recoverable expenditure	11.2	490	432	886	1 808	1 517
Staff debt	11.3	1 281	2 815	3 306	7 402	21 265
Other debtors	11.4	9	-	-	9	59
TOTAL		175 956	7 620	16 754	200 330	119 868

*Included in the total amount for Claims recoverable is R12 176 694.95 in respect of claim submitted to the DHET for the procurement of SAP. This was disclosed as an unconfirmed balance in Annexure 3.

11.1 CLAIMS RECOVERABLE

	NOTE	2013/14	2012/13
	11	R'000	R'000
National departments		16 609	12 928
Provincial departments		214	301
Public entities		174 288	83 798
TOTAL		191 111	97 027

11.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)

	NOTE	2013/14	2012/13
	11	R'000	R'000
Disallowance Miscellaneous		841	840
Deduction Disallowance Account		-	1
Disallowance Account		950	639
Clearing Account		17	37
TOTAL		1 808	1 517

11.3 STAFF DEBT

	NOTE	2013/14	2012/13
	11	R'000	R'000
Subsidised transport		108	1 298
Travel and subsistence		2	189
Bursaries		2 386	3 945
Salary overpayment (In-Service)		193	2 119
Salary overpayment (Out-Service)		1 389	5 631
State guarantees		127	894
Other		3 197	7 189
TOTAL		7 402	21 265

11.4 OTHER DEBTORS

	NOTE	2013/14	2012/13
	11	R'000	R'000
Clearing Accounts		9	59
TOTAL		9	59

12 VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	NOTE	2013/14 R'000	2012/13 R'000
Opening balance		104 994	10 261
Transfer from statement of financial performance		73 803	104 994
Paid during the year		(104 994)	(10 261)
CLOSING BALANCE		73 803	104 994

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

	NOTE	2013/14 R'000	2012/13 R'000
Opening balance		6 104	(368)
Transfer from Statement of Financial Performance		22 601	15 670
Paid during the year		(16 807)	(9 198)
CLOSING BALANCE		11 898	6 104

14 BANK OVERDRAFT

	NOTE	2013/14 R'000	2012/13 R'000
Consolidated Paymaster General Account*		(276 235)	(140 421)
TOTAL		(276 235)	(140 421)

*The PMG account is in overdraft due to the expenditure incurred on behalf of the Unemployment Insurance Fund (UIF) and the Compensation Fund (CF). An amount of R75 163 104.30 (UIF) and R84 909 665.72 (CF) was received in the department's FNB bank account from 29-31 March 2014. This amount did not interface into the PMG account and therefore will be disclosed as such in the 2014/15 financial year. Claims for March 2014 which were not paid in the 2013/14 financial year amounts to R165 342 040.78 and will be paid in the 2014/15 financial year.

15 PAYABLES – CURRENT

	NOTE	2013/14	2012/13
		R'000	R'000
Amounts owing to other entities		1 605	-
Clearing accounts	15.1	1 933	462
Other payables	15.2	523	215
TOTAL		4 061	677

15.1 CLEARING ACCOUNTS

	NOTE	2013/14	2012/13
	15	R'000	R'000
Salary Control Accounts		1 933	462
TOTAL		1 933	462

15.2 OTHER PAYABLES

	NOTE	2013/14	2012/13
	15	R'000	R'000
Arrear wages		523	215
TOTAL		523	215

16 NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

NOTE	2013/14 R'000	2012/13 R'000
Net surplus/(deficit) as per Statement of Financial Performance	96 404	120 664
Add back non cash/cash movements not deemed operating activities	(141 835)	32 957
(Increase)/decrease in receivables – current	(80 462)	(39 451)
(Increase)/decrease in prepayments and advances	(3 255)	(1 494)
Increase/(decrease) in payables – current	3 384	(66)
Expenditure on capital assets	60 299	93 427
Surrenders to Revenue Fund	(121 801)	(19 459)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES	(45 431)	153 621

17 RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

NOTE	2013/14 R'000	2012/13 R'000
Consolidated Paymaster General account	(116 161)	(1 948)
Cash on hand	482	482
TOTAL	(115 679)	(1 466)

18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

18.1 CONTINGENT LIABILITIES

		NOTE	2013/14	2012/13
			R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 2A	4 197	6 989
Claims against the Department		Annex 2B	2 505	2 928
Intergovernmental payables (unconfirmed balances)		Annex 4	44	2 756
TOTAL			6 746	12 673

18.2 CONTINGENT ASSETS

		NOTE	2013/14	2012/13
			R'000	R'000
Nature of contingent asset				
Disputed invoices from Department of Public Works			-	61 907
TOTAL			-	61 907

19 COMMITMENTS

	NOTE	2013/14 R'000	2012/13 R'000
CURRENT EXPENDITURE		199 484	120 323
Approved and contracted		198 049	117 894
Approved but not yet contracted		1 435	2 429
CAPITAL EXPENDITURE		588	5 503
Approved and contracted		580	5 105
Approved but not yet contracted		8	398
TOTAL COMMITMENTS*		200 072	125 826

The above amount of R200 072 165.56 includes commitments longer than a year amounting to R117 725 814.63 and commitments relating to projects amounted to R14 261 394.02 in the 2013/14 financial year.

Of this amount, R143 342 201.87 is for Admin, R1 007 006.86 is for IES, R55 554 417.08 is PES (of which R50 337 475.08 relates to commitments for the UIF and the CF) and R168 539.75 is for LP and IR.

20 ACCRUALS

			2013/14	2012/13
	30 DAYS	30+ DAYS	TOTAL	TOTAL
	R'000	R'000	R'000	R'000
Listed by economic classification				
Goods and services	30 085	15 071	45 156	36 116
Interest and rent on land	-	-	-	2
Transfers and subsidies	34	-	34	2 599
Capital assets	6 847	-	6 847	323
TOTAL	36 966	15 071	52 037	39 040

	NOTE	2013/14	2012/13
		R'000	R'000
Listed by programme level			
Programme 1 – Administration		44 998	31 528
Programme 2 – Inspection and Enforcement Services		3 926	3 348
Programme 3 – Public Employment Services		2 581	3 477
Programme 4 – Labour Policy and Industrial Relations		532	687
TOTAL		52 037	39 040

*Accrual amount of R52 037 273.33 includes the total amount of R868 685.77 which was apportioned to the Unemployment Insurance Fund and the Compensation Fund.

	NOTE	2013/14	2012/13
		R'000	R'000
Confirmed balances with other departments	Annex 4	88	550
Confirmed balances with other government entities	Annex 4	3 799	2 600
TOTAL		3 887	3 150

21 EMPLOYEE BENEFITS

	NOTE	2013/14	2012/13
		R'000	R'000
Leave entitlement		33 425	28 906
Service bonus (Thirteenth cheque)		27 110	24 162
Performance awards		1 692	1 797
Capped leave commitments		33 714	32 421
TOTAL*		95 941	87 286

*During January 2014 to March 2014, leave is at times taken in excess of the accrued leave days (one quarter of leave entitlement) and this result in negative balances at year-end. Included in the leave entitlement of R33 425 334.78 for the year-ended 31 March 2014, is the value of leave with negative balances amounting to R1 248 245.32.

22 LEASE COMMITMENTS

22.1 OPERATING LEASES EXPENDITURE

	BUILDINGS AND OTHER FIXED STRUCTURES	MACHINERY AND EQUIPMENT	TOTAL
2013/14	R'000	R'000	R'000
Not later than 1 year	65 516	7 288	72 804
Later than 1 year and not later than 5 years	134 045	6 167	140 212
Later than 5 years	212 851	-	212 851
TOTAL LEASE COMMITMENTS*	412 412	13 455	425 867

*Lease Commitments amount of R412 412 017.00 includes amounts to be apportioned to the Unemployment Insurance Fund and the Compensation Fund for R943 063.20 and R118 178.30 respectively.

	BUILDINGS AND OTHER FIXED STRUCTURES	MACHINERY AND EQUIPMENT	TOTAL
2012/13	R'000	R'000	R'000
Not later than 1 year	89 393	7 401	96 794
Later than 1 year and not later than 5 years	94 220	4 511	98 731
TOTAL LEASE COMMITMENTS	183 613	11 912	195 525

	MACHINERY AND EQUIPMENT	TOTAL
2012/13	R'000	R'000
Not later than 1 year	283	283
TOTAL LEASE COMMITMENTS	283	283

23 ACCRUED DEPARTMENTAL REVENUE

	NOTE	2013/14	2012/13
		R'000	R'000
Sales of goods and services other than capital assets		7	48
Fines, penalties and forfeits		-	69
Interest, dividends and rent on land		65	14
Transactions in financial assets and liabilities		4	-
TOTAL		76	131

23.1 ANALYSIS OF ACCRUED DEPARTMENTAL REVENUE

	NOTE	2013/14	2012/13
		R'000	R'000
Opening balance		131	398
Less: amounts received		(131)	(398)
Add: amounts recognised		76	131
CLOSING BALANCE		76	131

24 IRREGULAR EXPENDITURE

24.1 RECONCILIATION OF IRREGULAR EXPENDITURE

NOTE	2013/14 R'000	2012/13 R'000
Opening balance	49 113	20 123
Add: Irregular expenditure – relating to current year	4 851	41 580
Less: Prior year amounts condoned	(39 750)	(3 574)
Less: Current year amounts condoned	(2 431)	(9 016)
Irregular expenditure awaiting condonation	11 783	49 113
ANALYSIS OF AWAITING CONDONATION PER AGE CLASSIFICATION		
Current year	2 420	41 580
Prior years	9 363	7 533
TOTAL	11 783	49 113

24.2 DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

INCIDENT	DISCIPLINARY STEPS TAKEN/ CRIMINAL PROCEEDINGS	2013/14 R'000
Correct procurement procedures not followed	Investigation in Progress	2 816
Inspectors wrongful remuneration	Investigation in Progress	8 929
Accenture to assist the Department with IT related services	Investigation in Progress	38
TOTAL		11 783

24.3 DETAILS OF IRREGULAR EXPENDITURE CONDONED

INCIDENT	CONDONED BY ACCOUNTING OFFICER	2013/14 R'000
Correct procurement procedures not followed	Accounting Officer	17 060
Accenture to assist the Department with IT related services	Accounting Officer	25 121
TOTAL		42 181

25 FRUITLESS AND WASTEFUL EXPENDITURE**25.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE**

	NOTE	2013/14 R'000	2012/13 R'000
Opening balance		880	-
Fruitless and wasteful expenditure – relating to current year		-	880
Less: Amounts resolved		(467)	-
Fruitless and wasteful expenditure awaiting resolution		413	880

25.2 ANALYSIS OF AWAITING RESOLUTION PER ECONOMIC CLASSIFICATION

	NOTE	2013/14 R'000	2012/13 R'000
Current		413	880
TOTAL		413	880

25.3 ANALYSIS OF CURRENT YEAR'S FRUITLESS AND WASTEFUL EXPENDITURE

INCIDENT	DISCIPLINARY STEPS TAKEN/ CRIMINAL PROCEEDINGS	2013/14 R'000
Gauteng Ministerial Imbizo scheduled for 4-5 May 2012 was cancelled due to urgent and unavoidable commitments that the Minister had to attend to.	Investigation in process	312
Minister's visit (Job Fair)	Investigation in process	43
Damaged Minolco photocopier machine	Investigation in process	58
TOTAL		413

26 RELATED PARTY TRANSACTIONS**Expenditure paid on behalf of the Funds and recovered in the financial year.**

RELATED PARTIES	NATURE OF RELATIONSHIP	TRANSACTION TYPE	2013/14 R'000	2012/13 R'000
Compensation Fund	Remuneration of staff and payment for goods and services on behalf of the entity	Compensation of Employees	365 064	330 606
		Goods and Services	207 678	69 359
		Transfers	5 705	6 716
		Capital Expenses	16	53 108
		TOTAL	578 463	459 789
Unemployment Insurance Fund	Remuneration of staff and payment for goods and services on behalf of the entity	Compensation of Employees	755 484	633 903
		Goods and Services	305 785	156 235
		Transfers	2 070	1 615
		Capital Expenses	-	53 108
		TOTAL	1 063 339	844 861
Sheltered Employment Factories	Remuneration of staff and Transfer payments to Sheltered Employment Factories	Compensation of Employees	3 410	2 477
		Compensation of Employees (Internal Audit)	440	-
		Goods and services (Service providers)	1 583	-
		Transfers	104 087	63 029
		TOTAL	109 520	65 506

The Department of Labour pay lease rentals to the Department of Public Works on behalf of Sheltered Employment Factories.

	NOTE	2013/14 R'000	2012/13 R'000
Year end balances arising from revenue/payments:			
Receivables from related parties		493 472	215 743
Cash in transit (FNB)		(160 074)	(138 462)
TOTAL		333 397	77 281

27 KEY MANAGEMENT PERSONNEL

	NO. OF INDIVIDUALS	2013/14 R'000	2012/13 R'000
Political office bearers	1	2 107	2 006
OFFICIALS:			
Level 15 to 16	8	8 954	9 517
Level 14	29	24 118	20 537
Acting Positions	2	42	-
TOTAL		35 221	32 060

28 PUBLIC PRIVATE PARTNERSHIP

Description of the arrangement

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

TERMINATION SUPPORT

- Annexure 12 of the PPP Agreement provides for the Department to, among others, request certain Services to be rendered by the Contractor during the contract termination support period, i.e. 1 December 2012 to 30 November 2013. The Department has requested the Contractor by way of its contract termination support service request, dated 8 August 2012, to render certain services and the contractor has subsequently provided the Department with a proposal setting out the services to be rendered
- During November 2012, the Department and the Contractor agreed to activate the termination support period, stipulated in the contract (extended to 31 May 2014). During this period the Contractor will provide specific services to the Department with a focus of transferring skills, knowledge and staff to the Department. The Department paid a negotiated termination support fee to the Contractor for this support period
- The Department is managing the transition from an IT Public-Private Partnership to a departmental managed Information Technology environment – in the process to develop and implement internal capacity to render ICT support in line with ICT Strategy and roadmap.

Amounts paid for termination support:

PAYMENT TYPE	TOTAL PAYMENTS	DEPARTMENT OF LABOUR PORTION	UNEMPLOYMENT INSURANCE FUND PORTION	COMPENSATION FUND PORTION
	R'000	R'000	R'000	R'000
2012/13				
Termination support fee	30 916	10 305	10 305	10 306
2013/14				
Termination support fee*	177 237	65 578	56 716	54 943

*The amounts paid for the 2013/14 termination support is disclosed in Note 4 of the AFS.

Amounts paid for unitary fee during the 2013/14 financial year:

PAYMENT TYPE	TOTAL PAYMENTS	DEPARTMENT OF LABOUR PORTION	UNEMPLOYMENT INSURANCE FUND PORTION	COMPENSATION FUND PORTION
	R'000	R'000	R'000	R'000
2013/14				
Unitary fee**	22 075	8 168	7 064	6 843

**Invoices received in 2013/14 for services rendered (maintenance) in previous financial years. The amount was paid due to a recalculation in respect of the unitary fee during the termination period of the PPP contract.

SOFTWARE LICENSES

The Department paid an amount of R46 452 349.00 for software licenses to take ownership of the licenses from the PPP contractor.

PAYMENT TYPE	TOTAL PAYMENTS	DEPARTMENT OF LABOUR PORTION	UNEMPLOYMENT INSURANCE FUND PORTION	COMPENSATION FUND PORTION
	R'000	R'000	R'000	R'000
2013/14				
Software Licenses	46 452	15 484	15 484	15 484

SIGNIFICANT TERMS OF THE ARRANGEMENT THAT MAY AFFECT THE AMOUNT, TIMING AND CERTAINTY OF FUTURE CASH FLOWS

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

- **Fees**
The Department of Labour pays a fixed fee ("unitary fee"), which is subject to escalation with CPIX annually on 1 April, of each year
- **Service credits**
The Department of Labour is entitled to deduct service credits from the unitary fee if and when the quality of service falls below the agreed service levels
- **Additional services**
Provision is made for additional services to be obtained from a table of rates that is adjusted annually by CPIX and benchmarked at 3-yearly intervals. The private partner does not have an exclusive right to provide additional services, but does however, have a "first call" option
- **Variations**
The contractual change management procedures make provision for the approval of changes in respect of the PPP Agreement via mutual agreement and payment will either be in the form of an agreed change in the unitary fee or a lump sum payment
- **Scalability**
Provision is made for scalability of services within certain boundaries in terms of volume and usage. The unitary fee may be adjusted for the following categories if the actual number of users exceeds the stipulated breakpoints:
 - Number of end-user devices
 - Rural and urban spread of end-user devices
 - Number of end-user devices with high license and maintenance cost.
- **Excess Profit Regime**
Any actual profits achieved by the private partner on the PPP Agreement above a stipulated percentage have to be deposited in the re-investment fund by the private partner
- **Foreign exchange rate mechanism**
The PPP Agreement makes provision for sharing the risk of devaluation of the Rand against foreign currency over the PPP Agreement period. The Department of Labour's risk in the event that the Rand devaluates against foreign currency is capped and managed through a prescribed mechanism which is stipulated in PPP Agreement.

THE NATURE AND EXTENT OF THE ARRANGEMENT

a) Rights to use specified assets

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

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

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

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

- **Initial Services**

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

- **Improvement Services**

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

- **Operational Services**

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

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

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

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

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

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

e) Renewal and termination options

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

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

The PPP Agreement makes provision for the following termination options:

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

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

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

g) Changes in the arrangement occurring during the period

None.

h) Reinvestment fund

The reinvestment fund is a separate bank account for purposes of administering and the separate safekeeping of excess profit, foreign exchange rate savings and service credits.

The reinvestment fund may be used during the term of the PPP Agreement to fund:

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

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

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

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

	2013/14 R'000	2012/13 R'000
Department of Labour	-	1 000 765
Compensation Fund	-	305 603
Unemployment Insurance Fund	-	301 055
TOTAL	-	1 607 423

The remaining reinvestment fund balance was utilised towards the payment of the termination support by the Private partner**During the 31 March 2013 year end, the following was paid from the reinvestment fund in accordance with the provisions of the contract.**

	2013/14 R'000	2012/13 R'000
Department of Labour	-	(12 193 445)
Compensation Fund	-	(8 203 781)
Unemployment Insurance Fund	-	(7 080 806)
TOTAL	-	(27 478 032)

i) Expenditure for the financial year

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

YEAR ENDED	UNITARY FEE	ADDITIONAL SERVICES	TOTAL
31 March 2003	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	R230 418 314	R7 593 339	R238 011 653
31 March 2012	R229 588 725	R6 447 288	R236 036 013
31 March 2013 (Note 1)	R160 858 054	R19 016 526	R179 874 580

Note: As per the PPP agreement the contract expired at the end of November 2012. This amount therefore reflects the unitary fee payment for 8 months.

The Department of Labour makes all payments to the private partner in respect of the unitary fee element in terms of the PPP Agreement. The unitary fee element of the PPP Agreement is divided equally between the Department of Labour, the Unemployment Insurance Fund and the Compensation Fund, as agreed to in writing between the entities. The Unemployment Insurance Fund and Compensation Fund pay their applicable portion of the unitary fee to the Department of Labour.

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

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

PAYMENT TYPE	TOTAL PAYMENTS	DEPARTMENT OF LABOUR PORTION	UNEMPLOYMENT INSURANCE FUND PORTION	COMPENSATION FUND PORTION
	R'000	R'000	R'000	R'000
Unitary fee	160 857	53 619	53 619	53 619
Additional services	19 015	8 622	5 225	5 168
TOTAL	179 872	62 241	58 844	58 787

The 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	2013/14 R'000	2012/13 R'000
Contract fee received	-	(107 238)
Unitary fee portion paid to the Department by the:		
- Unemployment Insurance Fund	-	(53 619)
- Compensation Fund	-	(53 619)
Contract fee paid	-	189 736
Fixed component (Note 1)	-	160 858
Decrease/(increase) in reinvestment fund	-	20 256
Additional services	-	8 622
TOTAL	-	82 498

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

ADDITIONAL DISCLOSURE

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

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

Notes 32 and 33 of the Annual Financial Statements – Tangible and Intangible capital assets

Notes 32 and 33 of the Annual Financial Statements would require the following additions in respect of the PPP Agreement:

PPP IT environment asset movement schedule as at 31 March 2013

	OPENING BALANCE	CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES	ADDITIONS	DISPOSALS	CLOSING BALANCE
	COST	COST	COST	COST	COST
	R'000	R'000	R'000	R'000	R'000
PPP IT ENVIRONMENT					
TANGIBLE ASSETS					
- IT hardware (Note 1)	158 050	720	23 052	(30 518)	151 304
INTANGIBLE ASSETS (NOTE 2)	375 402	-	4 911	-	380 313
TOTAL ASSETS IN PPP IT ENVIRONMENT	533 452	720	27 963	(30 518)	531 617

Note: The above mentioned amounts are included in the department's asset registers and are disclosed in Note 32 and 33 of the AFS.

A breakdown of the categories of IT hardware for the 2012/13 financial year is as follows:

	OPENING BALANCE	*CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES	ADDITIONS	DISPOSALS	CLOSING BALANCE
	COST	COST	COST	COST	COST
	R'000	R'000	R'000	R'000	R'000
Laptops	12 579	41	1 410	(3 111)	10 919
Thin clients (terminals)	12 121	19	7 327	(4 741)	14 726
Fat clients (PC's)	27 875	15	6 610	(12 943)	21 557
Monitors	9 352	34	2 936	(3 673)	8 649
Printers	9 072	301	3 093	(4 080)	8 386
Servers	65 812	173	1 229	(1 317)	65 897
Network equipment	19 698	134	71	(454)	19 449
Cabinets	1 541	3	376	(199)	1 721
TOTAL	158 050	720	23 052	(30 518)	151 304

Note: The above mentioned amounts are included in the department's asset registers and are disclosed in Note 32 and 33 of the AFS.

Note 22 of the Annual Financial Statements – Lease Commitments

22.1 FINANCE LEASES:

Public Private Partnership Agreement in respect of information technology:

For the year ended 31 March 2013

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

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

YEAR ENDS	MONTHS IN PERIOD	UNITARY FEE	ADDITIONAL SERVICE FEE	TOTAL PAYMENT TO PRIVATE PARTNER	CAPITAL EXPENDITURE BY PRIVATE PARTNER	"DEEMED" LEASE PAYMENTS	INTEREST ELEMENT OF "DEEMED" LEASE PAYMENT	COMPUTER SERVICES
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1 December to 31 March 2003	4	40 833	-	40 833	-	-	-	40 833
1 April 2003 to 31 March 2004	12	125 463	36 807	162 270	34 184	12 871	2 381	149 399
1 April 2004 to 31 March 2005	12	136 963	22 646	159 609	44 976	29 804	4 633	129 805
1 April 2005 to 31 March 2006	12	160 211	14 131	174 342	20 459	37 509	3 948	136 833
1 April 2006 to 31 March 2007	12	158 421	21 989	180 410	15 654	30 532	2 710	149 878
1 April 2007 to 31 March 2008	12	194 901	11 387	206 288	10 578	17 598	1 779	189 968
1 April 2008 to 31 March 2009	12	202 500	11 967	214 467	9 065	13 342	1 418	201 125
1 April 2009 to 31 March 2010	12	219 219	12 249	231 468	73 475	41 500	6 734	189 968
1 April 2010 to 31 March 2011	12	230 418	7 593	238 011	177 015	109 362	16 442	128 649
1 April 2011 to 31 March 2012	12	229 589	6 447	236 036	75 023	149 394	16 512	85 933
1 April 2012 to 30 November 2012	8	160 858	19 017	179 875	26 437	27 964	1 527	151 911
TOTAL	120	1 859 376	164 233	2 023 609	486 866	469 876	58 084	1 554 302

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

"Deemed" lease payments have been calculated based on the capital expenditure and unitary fee, the weighted average government borrowing rate (being 8,45%), a lease term of the remaining period of the PPP Agreement, monthly lease payments in arrears and assuming that all capital expenditure in a year is incurred on the first day of the financial year.

The table below provides reconciliation between the Department of Labour's portion in respect of the PPP Agreement and the total payments made to the private partner:

	TOTAL 2013/14 R'000	TOTAL 2012/13 R'000
Total payments to private partner	-	179 875
Allocated to the Department of Labour	-	62 242
Allocated to Unemployment Insurance Fund	-	58 845
Allocated to Compensation Fund	-	58 788
"Deemed" finance lease payments (additional disclosure in respect of note 22.2)	-	(27 964)
Total computer services in respect of the PPP (additional disclosure in respect of note 4)	-	151 911
Payments allocated to the Department of Labour as per the Statement of Financial Performance		
"Deemed" finance lease payments	-	9 321
Computer services	-	52 921
TOTAL PAYMENTS BY THE DEPARTMENT OF LABOUR (INCLUDED IN NOTE 4)	-	62 242

29 IMPAIRMENT

	NOTE	2013/14 R'000	2012/13 R'000
IMPAIRMENT			
Private Enterprises		-	1
Staff Debtors		1 498	1 605
Other Debtors		193	59
TOTAL		1 691	1 665

30 PROVISIONS

PROVISIONS	NOTE	2013/14 R'000	2012/13 R'000
Private Enterprises		-	64
Staff Debtors		2 935	11 349
Other Debtors		371	6 059
TOTAL		3 306	17 472

30.1 RECONCILIATION OF MOVEMENT IN PROVISIONS – 2013/14

	PRIVATE ENTERPRISES R'000	STAFF DEBTORS R'000	OTHER DEBTORS R'000	PROVISIONS TOTAL R'000
Opening balance	64	11 349	6 059	17 472
Increase in provision	-	1 191	137	1 328
Settlement of provision	(64)	(9 605)	(5 825)	(15 494)
CLOSING BALANCE	-	2 935	371	3 306

31 NON-ADJUSTING EVENTS AFTER REPORTING DATE

NATURE OF EVENT	2013/14 R'000
IT Assets written off in the 2014/15 Financial year (Note 32.5)	26
Transport Assets written off in the 2014/15 Financial year (Note 32.5)	1 344
Expenditure for Deputy Minister appointed on 26 May 2014	215
Salaries of migrated Sheltered Employment Factories staff to the Department with effect from 1 April 2014	27 098
TOTAL	28 683

32 MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	OPENING BALANCE	CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	198 130	(4 597)	65 118	(5 598)	253 053
Transport assets	72 686	(7 185)	54 363	(481)	119 383
Computer equipment	47 450	4 687	7 732	(3 398)	56 471
Furniture and office equipment	51 085	(2 479)	2 762	(613)	50 755
Other machinery and equipment	26 909	380	261	(1 106)	26 444
TOTAL CAPITAL ASSETS	198 130	(4 597)	65 118	(5 598)	253 053

32.1 ADDITIONS**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	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
MACHINERY AND EQUIPMENT	58 750	(272)	6 640	65 118
Transport assets	49 452	(272)	5 183	54 363
Computer equipment	7 015	-	717	7 732
Furniture and office equipment	2 037	-	725	2 762
Other machinery and equipment	246	-	15	261
TOTAL ADDITIONS	58 750	(272)	6 640	65 118

32.2 DISPOSALS**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	TRANSFER OUT OR DESTROYED OR SCRAPPED	TOTAL DISPOSALS
	R'000	R'000
MACHINERY AND EQUIPMENT	(5 598)	(5 598)
Transport assets	(481)	(481)
Computer equipment	(3 398)	(3 398)
Furniture and office equipment	(613)	(613)
Other machinery and equipment	(1 106)	(1 106)
TOTAL DISPOSAL	(5 598)	(5 598)

32.3 MOVEMENT FOR 2012/13

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

	OPENING BALANCE	CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
-	138 200	38 256	30 283	(8 609)	198 130
Transport assets	51 147	(4 690)	26 959	(730)	72 686
Computer equipment	8 989	45 300	-	(6 839)	47 450
Furniture and office equipment	49 197	(329)	2 878	(661)	51 085
Other machinery and equipment	28 867	(2 025)	446	(379)	26 909
TOTAL MOVABLE	138 200	38 256	30 283	(8 609)	198 130

32.4 MINOR ASSETS**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2014**

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
Opening balance	15	101 724	101 739
Current Year Adjustments to Prior Year balances	232	6 110	6 342
Additions	-	2 770	2 770
Disposals	-	(4 878)	(4 878)
TOTAL MINOR ASSETS	247	105 726	105 973

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
Number of R1 minor assets	-	6 609	6 609
Number of minor assets at cost	71	94 616	94 687
TOTAL NUMBER MINOR ASSETS	71	101 225	101 296

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

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
Opening balance	15	80 753	80 768
Current Year Adjustments to Prior Year balances	-	24 898	24 898
Additions	-	2 298	2 298
Disposals	-	(6 225)	(6 225)
TOTAL MINOR ASSETS	15	101 724	101 739

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
Number of R1 minor assets	-	5 605	5 605
Number of minor assets at cost	4	94 764	94 768
TOTAL NUMBER MINOR ASSETS	4	100 369	100 373

32.5 MOVABLE ASSETS WRITTEN OFF**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2014**

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
Assets written off	-	-	-
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-

*Transport and IT assets amounting to R 1 344 225.63 and R 26 410.58 were written-off in the 2014/15 financial year.

33 INTANGIBLE CAPITAL ASSETS**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	OPENING BALANCE	CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	40	357 320	-	(164 884)	192 476
TOTAL INTANGIBLE CAPITAL ASSETS	40	357 320	-	(164 884)	192 476

33.1 DISPOSALS**DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	TRANSFER OUT OR DESTROYED OR SCRAPPED	TOTAL DISPOSALS
	R'000	R'000
SOFTWARE	(164 884)	(164 884)
TOTAL DISPOSALS	(164 884)	(164 884)

33.2 MOVEMENT FOR 2012/13**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	OPENING BALANCE	CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	40	-	-	-	40
SERVICES AND OPERATING RIGHTS	23	-	-	(23)	-
TOTAL INTANGIBLE CAPITAL ASSETS	63	-	-	(23)	40

34 IMMOVABLE TANGIBLE CAPITAL ASSETS

	OPENING BALANCE	CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	100	106	1 549	(1 533)	222
Non-residential buildings	100	(2)	1 549	(1 533)	114
Other fixed structures	-	108	-	-	108
TOTAL CAPITAL ASSETS	100	106	1 549	(1 533)	222

44.1 ADDITIONS**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	CASH	RECEIVED CURRENT, NOT PAID (PAID CURRENT YEAR, RECEIVED PRIOR YEAR)	TOTAL
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	1 549	-	1 549
Non-residential buildings	1 549	-	1 549
TOTAL ADDITIONS	1 549	-	1 549

34.2 DISPOSALS**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	TRANSFER OUT OR DESTROYED OR SCRAPPED R'000	TOTAL DISPOSALS R'000
BUILDINGS AND OTHER FIXED STRUCTURES	(1 533)	(1 533)
Non-residential buildings	(1 533)	(1 533)
TOTAL DISPOSALS	(1 533)	(1 533)

34.3 MOVEMENT FOR 2012/13

	OPENING BALANCE R'000	CURRENT YEAR ADJUSTMENTS TO PRIOR YEAR BALANCES R'000	ADDITIONS R'000	DISPOSALS R'000	CLOSING BALANCE R'000
BUILDINGS AND OTHER FIXED STRUCTURES	88	(77)	(8 726)	8 637	100
Non-residential buildings	88	(77)	(8 726)	8 637	100
TOTAL IMMOVABLE TANGIBLE ASSETS	88	(77)	(8 726)	8 637	100

35 AGENT-PRINCIPAL ARRANGEMENTS

35.1 DEPARTMENT ACTING AS THE PRINCIPAL

	2013/14
	R'000
Government Communication and Information Systems (GCIS)	5 904
Compensation Fund (CF)	15 640
Commission for Conciliation Mediation and Arbitration (CCMA)	594 418
National Economic Development and Labour Council (NEDLAC)	25 828
Productivity South Africa (PSA)	40 285
DITSELA Workers Education Institute	16 504
National Council for the Physically Disabled	186
National Council for the Blind	14
Workshops for the Blind	6 911
Work Centres for the Disabled	104 087
TOTAL	809 777

Government Communication and Information Systems (GCIS):

Advance payments are made to GCIS to provide communication projects for the Department.

Compensation Fund (CF):

The Compensation Fund provides for costs incurred for civil servants who sustained injuries on duty or occupational related illnesses and diseases. The Compensation Fund claims these amounts from the Department. (The Department budgets for the funding of claims from the Compensation Fund).

Commission for Conciliation Mediation and Arbitration (CCMA)

The Department transfers funds to the CCMA to promote fairness in the workplace through dispute prevention and dispute resolution services.

National Economic Development and Labour Council (NEDLAC):

The Department transfers funds to NEDLAC to promote economic growth, participation in economic decision making and social equity through social dialogue.

Productivity South Africa (PSA):

The Department transfers funds to the PSA to promote workplace productivity, competitiveness and social plan interventions.

National Council for the Physically Disabled:

The Department transfers funds to the National Council for the Physically Disabled to provide employment to people with disabilities that cannot be placed in the mainstream economy.

National Council for the Blind:

The Department transfers funds to the National Council for the Blind to provide employment to people with disabilities that cannot be placed in the mainstream economy.

Workshops for the Blind:

The Department transfers funds to the Workshops for the Blind to provide employment to people with disabilities that cannot be placed in the mainstream economy.

Work Centres for the Disabled:

The Department transfers funds to the Work Centres for the Disabled to provide employment to people with disabilities that cannot be placed in the mainstream economy.

ANNEXURE 1A

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2012/13
	AMOUNT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	AMOUNT RECEIVED BY MUNICIPALITY	AMOUNT SPENT BY MUNICIPALITY	% OF AVAILABLE FUNDS SPENT BY MUNICIPALITY	TOTAL AVAILABLE
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Transfers										
Municipal Vehicle Licences	239	-	208	447	446	100%	-	-	-	227
TOTAL	239	-	208	447	446		-	-		227

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2012/13
	ADJUSTED APPROPRIATION	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	APPROPRIATION ACT
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Licences (Radio and TV)	35	-	-	35	11	31%	31
Compensation Fund (CF)	15 640	-	-	15 640	15 640	100%	14 085
Unemployment Insurance Fund (UIF)	-	-	-	-	-	-	-
Commission for Conciliation, Mediation and Arbitration (CCMA)	594 418	-	-	594 418	594 418	100%	478 745
Productivity SA	40 285	-	-	40 285	40 285	100%	37 050
National Economic Development and Labour Council (NEDLAC)	25 828	-	-	25 828	25 828	100%	24 159
TOTAL	676 206	-	-	676 206	676 182		554 070

ANNEXURE 1C

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	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 (ILO)	14 891	-	219	15 110	15 110	100%	13 072
African Regional Labour Administration Centre (ARLAC)	703	-	101	804	804	100%	620
TOTAL	15 594	-	320	15 914	15 914		13 692

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	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	318	-	(304)	14	14	100%	18
Deaf Federation of South Africa	223	-	(223)	-	-	-	-
National Council for the Physical Disabled	260	-	(74)	186	186	100%	59
Workcentres for the Disabled	104 087	-	-	104 087	104 087	100%	63 029
Workshops for the Blind	9 578	-	(2 667)	6 911	6 911	100%	9 122
Strengthen Civil Society	16 504	-	-	16 504	16 504	100%	15 802
TOTAL	130 970	-	(3 268)	127 702	127 702		88 030

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2012/13
	ADJUSTED APPROPRIATION ACT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	APPROPRIATION ACT
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Severance Package	53	-	(53)	-	-	-	-
Leave Gratuity	1 101	-	1 948	3 049	3 048	100%	2 279
Exgratia payments	1	-	86	87	87	100%	127
TOTAL	1 155	-	1 981	3 136	3 135		2 406

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

GUARANTOR INSTITUTION	GUARANTEE IN RESPECT OF	ORIGINAL GUARANTEED CAPITAL AMOUNT	OPENING BALANCE 1 APRIL 2013	ADJUSTMENT TO OPENING BALANCE	GUARANTEES DRAW DOWNS DURING THE YEAR	GUARANTEES REPAYMENTS/ CANCELLED/ REDUCED/ RELEASED DURING THE YEAR	CLOSING BALANCE 31 MARCH 2014	GUARANTEED INTEREST FOR YEAR ENDED 31 MARCH 2014	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
Standard Bank of SA Limited	Housing Loan Guarantee	1 148	1 148	(100)	-	(286)	762	-	-
Nedbank Limited (former Cape of Good Hope)	Housing Loan Guarantee	16	16	-	-	-	16	-	-
Nedbank Limited	Housing Loan Guarantee	748	748	39	93	(332)	548	-	-
Firststrand Bank Limited: FNB	Housing Loan Guarantee	1 147	1 147	(59)	-	(360)	728	-	-
MEEG Bank	Housing Loan Guarantee	25	25	-	-	(25)	-	-	-
ABSA	Housing Loan Guarantee	1 598	1 598	(62)	-	(976)	560	-	-
Company Unique Finance (PTY)	Housing Loan Guarantee	30	30	-	-	-	30	-	-
Old Mutual Finance Limited	Housing Loan Guarantee	34	34	-	-	-	34	-	-
Peoples Bank (former FBC Fidelity Bank)	Housing loan guarantee	281	281	-	-	(56)	225	-	-
Nedbank LTD Incorp. (former Peoples Bank NBS)	Housing loan guarantee	505	505	-	-	(68)	437	-	-

ANNEXURE 2A (continued)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2014 – LOCAL

GUARANTOR INSTITUTION	GUARANTEE IN RESPECT OF	ORIGINAL GUARANTEED CAPITAL AMOUNT	OPENING BALANCE 1 APRIL 2013	ADJUSTMENT TO OPENING BALANCE	GUARANTEES DRAW DOWNS DURING THE YEAR	GUARANTEES REPAYMENTS/ CANCELLED/ REDUCED/ RELEASED DURING THE YEAR	CLOSING BALANCE 31 MARCH 2014	GUARANTEED INTEREST FOR YEAR ENDED 31 MARCH 2014	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
Firststrand Bank Limited: FNB (former Saambou)	Housing Loan Guarantee	500	500	(37)	-	(34)	429	-	-
Old Mutual Bank Division of Nedbank (former PERM)	Housing Loan Guarantee	717	717	(260)	-	(180)	277	-	-
Future Bank Corporation Limited	Housing Loan Guarantee	14	14	-	-	-	14	-	-
Free State Development Corporation	Housing Loan Guarantee	78	78	-	-	-	78	-	-
VBS Mutual Bank	Housing Loan Guarantee	41	41	-	-	(34)	7	-	-
Mpumalanga Housing Finance Unibank	Housing Loan Guarantee	43	43	-	-	(43)	-	-	-
BOE Bank Limited	Housing Loan Guarantee	19	19	-	-	-	19	-	-
SA Homeloans (PTY) LTD	Housing Loan Guarantee	12	12	-	-	(12)	-	-	-
Green Start Home Loans (PTY) LTD	Housing Loan Guarantee	33	33	-	-	-	33	-	-
TOTAL		6 989	6 989	(479)	93	(2 406)	4 197	-	-

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2014

NATURE OF LIABILITY	OPENING BALANCE 1 APRIL 2013	LIABILITIES INCURRED DURING THE YEAR	LIABILITIES PAID/CANCELLED/ REDUCED DURING THE YEAR	LIABILITIES RECOVERABLE (PROVIDE DETAILS HEREUNDER)	CLOSING BALANCE 31 MARCH 2014
	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
Claims: Supplier-related	717	-	(405)	-	312
Claims: Employee-related	2 092	-	(1 753)	-	339
Civil Claims	119	1 753	(18)	-	1 854
TOTAL	2 928	1 753	(2 176)	-	2 505

ANNEXURE 3

CLAIMS RECOVERABLE

GOVERNMENT ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENT						
Agriculture	10	10	-	-	10	10
Higher Education and Training	130	12 400	12 177	-	12 307	12 400
Health	84	255	-	-	84	255
Public Works	65	65	-	-	65	65
Gauteng Shared Services	27	27	-	-	27	27
Social Development	82	82	-	-	82	82
Justice and Constitutional Development	-	9	-	-	-	9
Rural and Development	10	20	-	-	10	20
Transport	-	50	-	-	-	50
Water Affairs and Forestry	9	20	-	-	9	20
National Treasury	-	52	-	-	-	52
Environmental Affairs	-	14	-	-	-	14
Economic Development, Environmental Affairs and Tourism	-	-	-	-	-	-
South African Police Service	-	70	-	-	-	70
Art and Culture	13	13	-	-	13	13
Limpopo Provincial Government	4	4	-	-	4	4
KZN Agriculture, Environment Affairs and Rural Development	4	4	-	-	4	4
Co-operative Governance and Traditional Affairs	17	17	-	-	17	17

ANNEXURE 3 (continued)

CLAIMS RECOVERABLE

GOVERNMENT ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENT						
Mpumalanga Provincial Government	-	20	-	-	-	20
Mineral Resources	-	25	-	-	-	25
Public Service and Administration (DPSA)	19	-	-	-	19	-
Correctional Services	9	-	-	-	9	-
FS Provincial Treasury	12	-	-	-	12	-
Provincial Health and Social Development	38	-	-	-	38	-
NW Health	15	-	-	-	15	-
Gauteng Health (Helen Joseph Hospital)	41	-	-	-	41	-
Provincial Roads and Transport	73	-	-	-	73	-
OTHER GOVERNMENT ENTITIES						
Compensation Fund (CF)	66 762	57 108	-	-	66 762	57 108
National Skills Fund (NSF)	964	964	-	-	964	964
Unemployment Insurance Fund (UIF)	110 482	25 726	-	-	110 482	25 726
Government Employees Pension Fund (GEPF)	-	8	-	-	-	8
South African Social Security Agency (SASSA)	64	64	-	-	64	64
TOTAL	178 934	97 027	12 177	-	191 111	97 027

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Justice and Constitutional Development	12	532	-	-	12	532
Higher Education and Training	-	18	-	-	-	18
Public Service and Administration	-	-	-	366	-	366
Home Affairs	-	-	-	60	-	60
Public Works	-	-	-	12	-	12
Social Development	-	-	2	18	2	18
Water Affairs	3	-	-	-	3	-
Environmental Affairs	73	-	-	-	73	-
Finance	-	-	42	-	42	-
OTHER GOVERNMENT ENTITY						
Current						
Government Printing Works	-	-	-	697	-	697
Palama	-	-	-	1 424	-	1 424
Compensation Fund	3 799	2 600	-	-	3 799	2 600
Gauteng Province: Education	-	-	-	111	-	111
Provincial Government: Limpopo Health	-	-	-	4	-	4
South African Social Security Agency	-	-	-	20	-	20
Province of the Eastern Cape: Social Development and Special Programmes	-	-	-	35	-	35
Eastern Cape Province: Roads and Public Works	-	-	-	9	-	9
TOTAL	3 887	3 150	44	2 756	3 931	5 906

ANNEXURE 5

INVENTORY

INVENTORY	NOTE	QUANTITY	2013/14	QUANTITY	2012/13
			R'000		R'000
opening balance		363 025	8 887	199 684	4 298
Add/(Less): Adjustments to prior year balance		-	70	(1 098)	(582)
Add: Additions/Purchases - Cash		468 936	25 907	953 971	23 543
Add: Additions - Non-cash		468	-	25 300	32
(Less): Disposals		(5 109)	(88 132)	(4 592)	(296)
(Less): Issues		(474 887)	(24 232)	(810 045)	(18 012)
Add/(Less): Adjustments		108 064	87 296	(195)	(96)
CLOSING BALANCE		460 497	9 796	363 025	8 887

ANNEXURE 6A

MOVEMENT IN CAPITAL WORK IN PROGRESS

	OPENING BALANCE	CURRENT YEAR CAPITAL WIP	COMPLETED ASSETS	CLOSING BALANCE
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	14 598	-	1 533	13 065
Non-residential buildings	14 598	-	1 533	13 065
TOTAL	14 598	-	1 533	13 065

PART F: FINANCIAL INFORMATION - SHELTERED EMPLOYMENT FACTORIES

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PART F

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

REPORT ON THE FINANCIAL STATEMENTS

5.1.1 INTRODUCTION

I have audited the financial statements of the Sheltered Employment Factories set out on pages **254 to 296**, which comprise statement of financial position as at 31 March 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

5.1.2 ACCOUNTING OFFICERS]’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

5.1.3 AUDITOR-GENERAL’S RESPONSIBILITY

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

5.1.4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

5.1.6 OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Sheltered Employment Factories as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

5.1.7 EMPHASIS OF MATTERS

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

CONTINGENT ASSETS

5.1.8 As disclosed in note 25, the entity has disclosed a contingent asset. The contingent asset is as a result of the entity lodging a dispute with the South African Revenue Services for the 2013/2014 financial year, relating to overpayments of VAT for the period amounting to R2 905 901.

FINANCIAL SUSTAINABILITY

5.1.9 As per the Statement of Comprehensive income, 44% of SEF revenue is generated from single contract that terminates in the 2014/15 year. There are currently no further orders or contracts in place that would replace the revenue and productivity generated from the aforementioned contract, casting doubt on the entities sustained financial stability.

MATERIAL LOSSES

5.1.10 As disclosed in note 6 to the financial statements, material losses to the amount of R5 459 000 were incurred as a result of a write-off of irrecoverable trade debtors.

RESTATEMENT OF CORRESPONDING FIGURES

5.1.11 As disclosed in note 19 to the financial statements, the corresponding figures relating to the financial period ending 31 March 2013, was restated as a result of an error discovered during the financial period ending 31 March 2014 in the financial statements of Sheltered Employment factories at, and for the year ended 31 March 2013.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

5.1.12 In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for the selected objectives presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

5.1.13 I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives] presented in the annual performance report of the trading entity for the year ended 31 March 2014:

5.1.14 I evaluated the reported performance information against the overall criteria of usefulness and reliability.

5.1.15 I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).

5.1.16 I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

5.1.17 The material findings selected programmes/objectives are as follows:

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

CONSISTENCY

5.1.18 Treasury Regulation 5.2.4) requires that the annual performance plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 27% of the reported indicators were not consistent with the indicators as per the approved annual performance plan. This was due to the insufficient review by management of the planned indicators, and the Annual Monitoring Report by the trading entity.

REPORTED INDICATORS NOT MEASURABLE

5.1.19 The FMPPI requires the following

- Performance targets must be measurable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. We could not measure the required performance for 27% of the targets. This was due to non-adherence by management to FMPPI and did not receive the necessary training to enable application of the principles
- Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 27% of the indicators were not well defined.

This was because management was not adequately trained in the requirements of the FMPPI.

ADDITIONAL MATTER

5.1.20 I draw attention to the following matter:

ACHIEVEMENT OF PLANNED TARGETS

5.1.21 Refer to the annual performance report on page(s) **95 to 96** for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information reported in paragraph(s) **2.4** of this report

COMPLIANCE WITH LEGISLATION

5.1.22 I performed procedures to obtain evidence that the trading entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

ASSET MANAGEMENT AND LIABILITY MANAGEMENT

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

EXPENDITURE MANAGEMENT

- 5.1.24 The CEO did not take effective and appropriate steps to prevent irregular as well as fruitless and wasteful expenditure as required by section 38(c) of the PFMA, and TR 9.1.1

FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORT

- 5.1.25 The financial statements submitted for auditing were not prepared in all material respects in terms of section 40(1) of the PFMA. . Material misstatements relating to revenue, the cash flow statement, and value added tax, identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

- 5.1.26 A portion of goods and services with a transaction value of between R2000 and R30 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Treasury Regulation (TR) 16A6.1.and the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA

REVENUE MANAGEMENT

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

STRATEGIC PLANNING AND PERFORMANCE MANAGEMENT

- 5.1.28 The CEO did not ensure that there were expected outcomes, programme outputs, indicators (measures) and targets that were linked to a financial budget, as per the requirements of Treasury Regulation 5.2.3(d).

INTERNAL CONTROL

- 5.1.29 I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.

LEADERSHIP

- 5.1.30 The CEO was ineffective in monitoring controls to ensure adherence to laws and regulations relating to procurement, project management, revenue management, and expenditure management,
- 5.1.31 The CEO was ineffective in ensuring adequate review of financial statements prior to submission as corresponding figures weren't appropriately disclosed in the current year financial statement submitted for audit.

FINANCIAL AND PERFORMANCE MANAGEMENT

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

GOVERNANCE

- 5.1.33 The CEO did develop a plan to address prior year internal and external audit findings, however adherence to the plan was not adequately monitored resulting in a number of deficiencies reported in the prior year not being addressed.
- 5.1.34 The entity did develop a fraud prevention plan, however the fraud prevention plan was not implemented, and consequently, a number of control deficiencies identified previously remain unaddressed

Auditor General

Pretoria
31 July 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

5.2 STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING OFFICER

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

As the Director-General is also responsible for the system of internal financial control, it should be noted that these are designed to provide reasonable, but not absolute, assurance as to the fair presentation of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatements and loss. Nothing has come to the attention of the Director-General to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

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

The financial statements were approved by the Acting Director-General on 31 May 2014.



S Morotoba
Acting Director-General: Labour

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

5.3.1 GENERAL REVIEW OF THE STATE OF AFFAIRS

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

The factories have operated without enabling legislation since inception, except for a Cabinet Memorandum; first compiled in 1943 The Employment Services Act 4 of 2014 which was promulgated the 7th April 2014 makes provision for the establishment of Supported Employment Enterprises (SEE). The SEE will be established in terms of section 7A of the Public Service Act of 1994 as a National Government Component. This is in line with the implementation of turnaround strategies to ensure that the factories are viable sustainable entities. There are currently 12 factories across the country in seven of the nine provinces. Income from the factories is generated from sales of manufactured goods that include wood and metal furniture, hospital commodities, linen, bedding, protective clothing, garments, upholstery and screen printing. The income from sales, supplemented by subsidy transfers through 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 labour market. The SEF is in the process of implementing the business case recommendations; 64% of the implementation targets were achieved in the period under review (2013/14)

5.3.2 SERVICES RENDERED BY SEF

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

5.3.3 CAPACITY CONSTRAINTS

The Business Case provided guidance on proposed organogram (including management structure) for the SEF. The structure of the SEF has been approved and the process of filling positions will commence in 2014/15.

5.3.4 CORPORATE GOVERNANCE ARRANGEMENTS

Department of Labour is currently providing the following services to SEF:

- Risk management
- Internal audit
- Audit and Risk committee.

5.3.5 INVENTORIES

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

5.3.6 EVENTS AFTER THE REPORTING DATE

114 SEF administration employees were migrated into the PSR conditions of employment and were placed under the Department of Labour's establishment. The Employment Services Act 4 of 2014 was approved by Parliament/President on 7th. April 2014. The ES Act provides for guidelines in the forming the SEF into a National Government Component. This will require the SEF to be proclaimed as a NGC and align its operations to be compliant to those of a NGC.

Information on predetermined objectives

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

5.3.7 SCOPA RESOLUTIONS

Reference to previous audit reports and SCOPA resolutions	Subject	Progress
<p>The Committee recommends that the Accounting Officer ensures the following:</p> <p>The entity's management makes certain that the prior period errors are retrospectively corrected as required by International Accounting Standards (IAS) 8; and</p> <p>The entity's management makes certain that future minimum lease payments are disclosed in its annual financial statements to comply with the requirements of IAS 17</p>	Inadequate disclosure of leases	<p>Prior period errors for the year in question were retrospectively corrected. Controls have been put in place on procurement of assets to ensure correct accounting treatment</p> <p>Future minimum lease payments are disclosed in the SEF Annual Financial Statements</p> <p>Training was provided to the Finance Staff members to better comprehend the accounting treatment of leased assets</p>

The Committee recommends that the Accounting Officer ensures the following: The entity's management makes certain that all the designed internal controls are implemented and adhered to by all personnel, through the assigning of oversight responsibilities.	Variances during stock counts and no assessment were done to determine the stage of completion on work in progress.	Internal controls are currently in place and quarterly stock counts are conducted at all factories Work in progress assessments is done at the end of each financial year, 2013/14 was assessed successfully. There were no inventory related discrepancies in the 2013/14 FY
The Committee recommends that the Accounting Officer should ensure that: The entity's management makes certain that the prior period errors are retrospectively corrected as required by IAS 8.	Incorrect classification of production costs	Classification of production costs has been corrected Constant monitoring of expenditure allocations are performed monthly to avoid recurrence.
The Committee recommends that the Accounting Officer ensures that: The entity's management makes certain that the prior period errors are retrospectively corrected as required by IAS 8.	Incorrect accounting treatment of property, plant and equipment	All assets below R 3 000 which were expensed in the prior years were corrected. Physical verification of assets is performed bi-annually to avoid possible recurrence of understatement of assets. No similar instances reoccurred in the 2013/14 FY.

PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Matters affecting the audit report		
None		
Report on pre-determined objectives		
Non-compliance with Chapter 7 of the Framework for Managing Programme Performance Information paragraph 7.3 - Targets not aligned to the strategic plan	31 March 2011	Resolved The revised strategic plan has been approved
Non-compliance with PFMA 38(1)(a) - Policy on predetermined objectives not developed	31 March 2012	Resolved Performance management policy was submitted to the Department of Labour for approval.
Compliance with laws and regulations		
Non-compliance TR 9.1.1 – Irregular and fruitless and wasteful expenditure	31 March 2010	Resolved; procurement process have been put in place and irregular expenditure was reduced by 99,9% in 2013/14
Non-compliance with the Basic Conditions of Employment Act 75 of 1997 – No policy for overtime worked	31 March 2012	Resolved The overtime policy was adopted by the SEF Management Committee and approved by the Department of Labour

Non-compliance TR 8.3.4 – Payroll certification not done	31 March 2012	Resolved Certification is done for all SEF employees monthly
Non-compliance TR 11.2 – Collection of debtors	31 March 2010	Regular follow-ups in respect of debt recovery are conducted. Enforcing signatures on delivery notes. Non responsive debtors are handed over to legal services department for debt collection. 50 % deposit is a requirement from customers through acceptance of SEF quotation.
Non-compliance with the Public Service Act 103 of 1994, section 30 – No declaration of remuneration work outside SEF	31 March 2012	Resolved All SEF employees have completed the declaration forms.
Non-compliance TR 3.2.1 - Risk management strategy and fraud prevention plan not approved timely	31 March 2012	Resolved The Risk Management Strategy and Fraud Prevention Plan were approved.
Non-compliance TR 8.2.1 - The delegation of authority has not been approved	31 March 2011	Pending Financial delegations of authority were submitted to Department of Labour for approval.
Non-compliance PFMA 38(1)(a) - Weak policy and procedure framework	31 March 2010	Target date 31 August 2013 The following policies were approved: Debtors Management, Assets Management, Accounts Payables and Payroll Management. VAT manual and Preparation of Financial Statement and Year-end procedure manuals were also approved. Human Resources policies were approved in 2014/15 FY
Non-compliance TR 44 - No approved price list	31 March 2012	Target date 31 October 2014
Non-compliance TR8.4.1 - Conditional grants not used for intended purpose	31 March 2012	Resolved
Non-compliance with Public Service Regulations Chapter 1 part V D2© - No proper overtime register are kept	31 March 2012	Resolved

APPROVAL

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



Mr. S Morotoba
Acting Director-General of Labour
31 May 2014

COMPREHENSIVE INCOME	Note	2013/14 R'000	2012/13 R'000
Revenue from exchange transactions			
Sale of goods and services	1	92 859	47 241
Cost of sales		(70 094)	(29 814)
Gross profit		22 765	17 427
Other Revenue from exchange transaction			
Interest earned – external investments	2.1	1 066	772
Interest earned – outstanding receivables	2.2	333	-
Other Income	2.3	874	4 426
Revenue from non exchange transactions			
Transfers and sponsorships	3	104 087	63 029
Operating expenses	4	(102 659)	(95 162)
Operating (loss) / profit		26 466	(9 507)
Finance costs	5	(400)	(80)
(Loss)/Profit for the year		26 066	(9 587)
Total Comprehensive Income / (loss)		26 066	(9 587)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2014

POSITION	Note	2013/14 R'000	2012/13 R'000
ASSETS			
Non-current assets		9 511	11 438
Property, plant and equipment	6	9 511	11 438
Current assets		46 413	56 583
Inventories	7	17 298	13 828
Trade and other receivables	8	26 663	10 041
Cash and cash equivalents	9	2 452	32 714
TOTAL ASSETS		55 924	68 021
NET ASSETS AND LIABILITIES			
NET ASSETS		25 862	(205)
Retained earnings		25 862	(205)
TOTAL NET ASSETS		25 862	(205)

POSITION	Note	2013/14 R'000	2012/13 R'000
LIABILITIES			
Non-current liabilities		1 602	2 551
Non-current finance lease liability	10	1 602	2 551
Current liabilities		28 460	65 675
Trade and other payables	11	25 781	63 034
Deferred income	12	1 240	1 509
Current portion of finance lease liability	10	1 439	1 132
TOTAL LIABILITIES		30 062	68 226
TOTAL NET ASSETS AND LIABILITIES		55 924	68 021

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2014

	Retained earning R'000	Total equity R'000
Balance at 1 April 2012	9 382	9 382
Prior period error		
Total comprehensive loss for the year	(9 587)	(9 587)
Restated balance at 31 March 2013	(205)	(205)
Total comprehensive surplus for the year	26 066	26 066
Balance at 31 March 2014	25 861	25 861

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2014

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

	Note	2013/14 R'000	2012/13 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		132 558	159 149
Cash paid to suppliers and employees		(163 234)	(133 358)
Cash generated from operations	13	(30 676)	25 791
Interest income		1 399	772
Finance costs		(400)	(80)
Net cash flow available from operating activities		(29 677)	26 483
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(650)	(147)
Proceeds on disposal of property, plant and equipment		65	16
Net cash flows from investing activities		(585)	(131)
Net increase/(decrease) in cash and cash equivalents		(30 262)	26 352
Cash and cash equivalents at beginning of period		32 714	6 362
Cash and cash equivalents at end of period	9	(2 452)	32 714

5.8 ACCOUNTING POLICIES

5.8.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognized Accounting Practice (GRAP), including the interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements were prepared on the accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

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

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

The principal accounting policies, applied in the preparation of these Annual Financial Statements, are set out below. These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements.

5.8.2 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand which is the functional currency of the entity and have been rounded off to the nearest thousand.

5.8.3 GOING CONCERN ASSUMPTION

These annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

5.8.4 COMPARATIVE INFORMATION

5.8.4.1 CURRENT YEAR COMPARATIVES (BUDGET)

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

5.8.4.2 PRIOR YEAR COMPARATIVES

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and /or restatement is not required by the standard of GRAP.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

5.8.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister. The entity has not early adopted these standards but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

5.8.5.1 GRAP 25 – EMPLOYEE BENEFITS

5.8.5.2 GRAP 104 – FINANCIAL INSTRUMENTS

5.8.6 SIGNIFICANT JUDGEMENTS AND ESTIMATES

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgments, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods.

5.8.6.1 JUDGMENTS

In the process of applying these accounting policies, management has made the following judgments that may have a significant effect on the amounts recognised in the financial statements.

5.8.6.2 ESTIMATES

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies the following estimates, were made:

5.8.6.2.1 PROVISIONS

Provisions are recognised in the statement of financial position when:

- SEF has a present legal obligation as a result of a past event
- It is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate which reflects current market assessments of the time value of money and where appropriate, the risk specific to the liability.

5.8.6.2.2 DEPRECIATION

Depreciation and amortization recognised on property, plant and equipment and intangible assets on straight line basis and are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, and expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

The estimated useful lives are:

ASSET CLASS	YEARS
Plant and Machinery	10 – 15
Office Furniture and Fittings	12 – 15
Computer Equipment	3 – 5
Appliances	5 – 8
Office equipment	8 – 10
Leased Assets	3 – 5

5.8.6.2.3 EFFECTIVE INTEREST RATE

The entity uses an appropriate interest rate, taking into account guidance provided in the standards, and applying professional judgment to the specific circumstances, to discount future cash flows. The entity used the following in arriving at the effective interest rate used:

No	Consideration	Inputs related to the consideration
1	Base rate used as starting point	Prime rate of lending

5.8.6.2.4 ALLOWANCE FOR DOUBTFUL DEBTS

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilization of estimates, assumptions and management judgments. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

5.8.6.2.5 IMPAIRMENTS OF ASSETS

The carrying amounts of SEF's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired; its recoverable service amount is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the asset's remaining service potential.

This is determined using the depreciated replacement cost method. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

5.8.7 FINANCIAL INSTRUMENTS

5.8.7.1 INITIAL RECOGNITION AND MEASUREMENT

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

Financial assets are derecognised if the entity's contractual rights to the cash flows from the financial assets expire or if SEF transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Authority's obligations specified in the contract expire or are discharged or cancelled.

5.8.7.2 GAINS AND LOSSES ON SUBSEQUENT MEASUREMENT

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

5.8.7.3 OFFSETTING

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

5.8.7.4 CASH AND CASH EQUIVALENTS

Cash consists of balances on current and call account and cash on hand with the 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.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at reporting date. The entity categorises cash and cash equivalents as financial assets: loans and receivables.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

5.8.7.5 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account. Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

5.8.7.6 TRADE AND OTHER PAYABLES

Trade payables consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost which is initial carrying amounts, less repayments, plus interest.

5.8.8 INVENTORIES

5.8.8.1 INITIAL RECOGNITION AND MEASUREMENT

Inventories consist of raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted-average method. Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. The cost of manufactured inventory includes the cost of labour, materials and overheads used during the manufacturing process excluding discounts received.

5.8.8.2 SUBSEQUENT MEASUREMENT

The carrying amount of inventories is recognised as an expense (where as direct cost are released to cost of sales) in the period in which the related revenue is recognised, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

Discount received are recognised as a reduction to the cost of raw materials purchased.

5.8.8.3 DERECOGNITION

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

5.8.9 PROPERTY, PLANT AND EQUIPMENT

5.8.9.1 INITIAL RECOGNITION AND MEASUREMENT

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

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bringing 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 at which the asset is recognised.

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

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

5.8.9.2 SUBSEQUENT MEASUREMENT AND DEPRECIATION

Property, plant and equipment's are subsequently carried at cost less accumulated depreciation and impairments. The cost of an asset is depreciated over the estimated useful life. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

5.8.9.3 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5.8.10 EMPLOYEE BENEFITS

5.8.10.1 SHORT-TERM EMPLOYEE BENEFITS

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

5.8.10.2 DEFINED CONTRIBUTION PLANS

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

5.8.10.3 DEFINED BENEFIT PLANS

Pursuant to the entity's obligation to fund the post-employment benefits provided through a defined benefit plan, the entity recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the entity recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the entity recognises as defined benefit asset. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the entity nor can they be paid directly to the entity.

Plan assets included in the defined benefit plan asset or liability recognised are measured at their fair values. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of any defined benefit asset recognised is limited to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The plan liabilities are measured at the present value of the future benefits payable. This present value of the plan liabilities is determined through actuarial valuation techniques. The entity operates one defined benefit pension plans, all of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plans is determined separately for each plan, using the projected unit credit method.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

5.8.11 LEASES

5.8.11.1 THE ENTITY AS LESSEE

5.8.11.1.1 RECOGNITION

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. 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 municipality 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.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. 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. The aggregate benefit of incentives of operating lease is recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

5.8.12 REVENUE

5.8.12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue comprise of sale of manufactured furniture, metal products, textile and canteen items. Whereas services rendered comprise of bookbinding and other services. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, VAT and other similar allowances.

Sale of manufactured items: Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods have passed to the consumer.

Revenue from rendering bookbinding, textile and other services: Revenue is recognised when the service has been rendered and they become due and payable.

5.8.12.1.1 FINANCE INCOME

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the entity

5.8.12.1.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Any Government or International donor grant is initially recognised in the statement of financial position as deferred revenue when there is reasonable assurance that the conditions attached to it will be complied with and that the grant will be received

5.8.12.1.3 SUBSEQUENT TO INITIAL RECOGNITION:

- Grants for the purpose of giving immediate financial support with no future related costs are recognised in the statement of financial performance in the period in which they become receivable.
- Grants that compensate the entity for expenses or losses incurred are recognised as revenue in the statement of financial performance on a systematic basis in the same periods in which the expenses or losses are incurred.

Grants received that carry any restrictions or conditions as to the use thereof are held in a deferred revenue account until such time as the conditions or stipulations related thereto have been fulfilled or a repayment has been made. Effectively each grant is assessed to determine if any liability exists and if so, the grant is recorded as deferred revenue until such time as there is no longer any liability by the entity that relates to that grant.

The entity receives a grant from the Department of Labour (Controlling Entity) to subsidise operating expenses. No conditional or international grants were received in the current year. All grants received were recognised in the statements of financial performance at the fair value of the amount received upon receipt of the grant.

5.8.13 GAINS AND LOSSES ON SUBSEQUENT MEASUREMENT

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

5.8.14 COMMITMENT, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

SEF does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

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.

5.8.15 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

5.8.16 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 Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

5.8.17 RECOVERY OF IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The recovery of irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognized when the recovery thereof from the responsible officials is probable. The recovery of unauthorized, irregular, fruitless and wasteful expenditure is treated as other income.

5.8.18 RELATED PARTIES

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

NOTES OF THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1 REVENUE FROM EXCHANGE TRANSACTIONS

	Note	2013/14 R'000	2012/13 R'000
Revenue from sale of goods		91 146	45 739
Revenue from services rendered		1 713	1 502
Total		92 859	47 241

2 OTHER REVENUE FROM EXCHANGE TRANSACTIONS

2.1 INTEREST EARNED – EXTERNAL INVESTMENTS

Bank		1 066	772
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2.2 Interest earned – outstanding receivables

Interest earned on outstanding Debtors		333	-
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2.3 Other Income

Deferred revenue recognised	12	270	4 267
Commission received		30	32
Discounts received		574	127
		874	4 426

3. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Department of Labour transfer		104 087	63 029
		104 087	63 029

4 OPERATING EXPENSES

	Note		
Advertising		115	73
Auditor's remuneration	4.1	1 012	1 275
Bad debts written off		4 789	-
Bank charges		769	145
Professional fees		673	4 341
Depreciation on property, plant and equipment		3 168	2 003
Employee costs		78 917	69 754
Operational expenses		4 378	8 493
Write down of inventory expense		241	572
Entertainment		21	23
Provision for doubtful debts movement		(4 966)	(648)
Minor assets expensed		-	-
Loss on disposal of assets		15	123
IT expenses		909	847
Printing and stationery		456	399
Repairs and maintenance		-	18
Rentals (lease charges)		-	69
Health and safety		-	5
Security		1 207	1 045
Telephone and fax		1 594	1 259
Training		145	69
Transport and freight		7 758	4 809
Travel local		1 458	488
TOTAL		102 659	95 162

4.1 AUDITOR'S REMUNERATION

	Note	2013/14 R'000	2012/13 R'000
Fees		1 012	1 275
TOTAL		1 012	1 275

5 FINANCE COSTS

Interest charge on finance leases		319	74
Other interest paid		81	6
TOTAL		400	80

6 PROPERTY, PLANT AND EQUIPMENT**Carrying amounts of:**

Plant and machinery		5 596	6 510
Furniture and fixtures		724	888
Office equipment		150	116
Computer equipment		252	310
Appliances		44	59
Leased assets		2 745	3 555
TOTAL		9 511	11 438

	PLANT AND MACHINERY	FURNITURE AND FIXTURES	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	APPLIANCES	LEASED ASSETS	TOTAL
COST/VALUATION	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2012	16 297	1 812	411	1 452	157	804	20 934
Additions	4	35	-	108	1	3 506	3 654
Disposals	(225)	(30)	(22)	(50)	(1)	(160)	(489)
Balance at 31 March 2013	16 076	1 817	389	1 510	157	4 149	24 099
Additions	354	72	70	149	5	672	1 322
Disposals	(17)	(2)	(8)	(37)	(2)	(70)	(137)
Balance at 31 March 2014	16 413	1 887	451	1 622	160	4 751	25 284

	PLANT AND MACHINERY	FURNITURE AND FIXTURES	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	APPLIANCES	LEASED ASSETS	TOTAL
ACCUMULATED DEPRECIATION	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 31 March 2012	8 385	711	245	1 046	80	392	10 860
Eliminated on disposal of assets	(123)	(19)	(20)	(42)	(-)	(144)	(350)
Depreciated expense	1 304	236	48	196	18	346	2 150
Balance at 31 March 2013	9 566	928	273	1 200	98	594	12 660
Eliminated on disposal of assets	(3)	(1)	(8)	(42)	(1)	-	(56)
Depreciated expense	1 254	236	37	211	18	1 412	3 169
Balance at 31 March 2014	10 817	1 163	302	1 369	115	2 006	15 773

CHANGE IN ESTIMATES	NOTE	2013/14	2012/13
		R'000	R'000
Decrease in depreciation due to change in useful life and residual values		81	201

7 INVENTORIES

	NOTE	2013/14 R'000	2012/13 R'000
Raw materials and components		8 766	8 928
Work in progress		3 353	1 864
Finished goods		5 590	3 100
		<u>17 709</u>	<u>13 892</u>
Inventory write downs to net realizable value		(411)	(64)
TOTAL		<u><u>17 298</u></u>	<u><u>13 828</u></u>

8 TRADE AND OTHER RECEIVABLES

	NOTE	2013/14 R'000	2012/13 R'000
Trade receivables		30 011	20 045
Provision for doubtful debts	8.1	(5 056)	(10 023)
		<u>24 955</u>	<u>10 022</u>
VAT receivable		1 708	-
Sundry debtors		-	19
TOTAL		<u><u>26 663</u></u>	<u><u>10 041</u></u>

Age of receivables that are past due but not impaired

Current (0 – 30 Days)		7 242	8 077
31 – 60 Days		4 508	979
61 – 90 Days		5 544	786
91 – 120 Days		2 435	180
Greater than 120 days		5 226	-
TOTAL		<u><u>24 955</u></u>	<u><u>10 022</u></u>

Age impaired trade receivables

Greater than 120 days		<u><u>5 056</u></u>	<u><u>10 023</u></u>
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The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security

8.1 RECONCILIATION OF THE DOUBTFUL DEBT PROVISION

	NOTE	2013/14 R'000	2012/13 R'000
Balance at beginning of the year		10 023	10 671
Contributions to provisions		5 056	-
Amounts written off during the year as uncollectible		(5 459)	-
Reversal of provision		(4 564)	-
Increase / (decrease) in provision		-	(648)
Balance at end of the year		5 056	10 023

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.

9 CASH AND CASH EQUIVALENTS

Bank balances	2 429	32 691
Cash on hand	23	23
Total	2 452	32 714

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

	1 240	1 509
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10 FINANCE LEASE LIABILITY

The entity leases certain of its office equipment and motor vehicles in term of financial leases. The entity does not have the option to acquire the assets at the termination of the lease. The average lease term is between three and five years and the average effective borrowing rate was 9%. Interest rates are linked to prime at the contract date. All the leases have fixed repayment

	NOTE	2013/14	2012/13
AMOUNTS PAYABLE UNDER FINANCE LEASES:		R'000	R'000
Finance lease liability – Minimum lease payments			
Not later than 1 year		1 644	1 405
Later than 1 year and no later than 5 years		1 690	2 796
Later than 5 years		-	-
Future finance charges on finance leases		(293)	(518)
Present value of finance lease liability		<u>3 041</u>	<u>3 683</u>
Present Value of minimum lease obligations:			
Not later than 1 year		1 439	1 132
Later than 1 year and no later than 5 years		1 602	2 551
Later than 5 years		-	-
		<u>3 041</u>	<u>3 683</u>

11 TRADE AND OTHER PAYABLES

	NOTE	2013/14 R'000	2012/13 R'000
Trade payables		16 405	2 566
Accruals		1 083	3 096
Income received in advance		2 113	51 883
VAT payable		-	765
Accrued leave pay		5 080	2 385
Provision for long service allowance		978	1 015
Accrued staff and workers back pay		-	-
Stabilisation fund		107	107
Reconciled receipts		-	-
Outstanding cheques		15	276
Unidentified deposits		-	941
Total		25 781	63 034

12 DEFERRED INCOME

Balance at beginning of the year		1 509	5 776
Conditions met and recognised as revenue	2	(269)	(4 267)
Balance at end of the year		1 240	1 509

Balance at end of year relates to the following projects:

Business case project		-	111
Other special projects		1 240	1 398
Total		1 240	1 509

13 CASH GENERATED FROM OPERATIONS

NOTE	2013/14 R'000	2012/13 R'000
(Loss) / profit for the year	26 066	(9 587)
Adjustments for:	(3 854)	1 249
Depreciation on property, plant and equipment	3 169	2 003
Interest income	(1 399)	(772)
Finance costs	400	80
Write down of inventory expense	241	571
Impairment on trade and other receivables	(4 966)	(648)
Finance lease instalments	(1 314)	(256)
Prior period error	-	-
Loss on disposal of assets	15	123
Recovery of depreciation	-	147
Operating surplus before working capital changes:	(52 888)	34 129
(Increase)/decrease in inventories	(3 711)	(5 903)
(Increase)/decrease in trade and other receivables	(11 655)	(2 204)
Increase/(decrease) in trade and other payables	(37 252)	46 503
Increase/(decrease) in deferred income	(270)	(4 267)
	(30 676)	25 791

14 DEFINED CONTRIBUTION PLAN

	NOTE	2013/14	2012/13
		R'000	R'000
Included in employee costs are the following:			
Pension fund		2 274	2 182
Provident fund		2 948	2 514
TOTAL		5 222	4 696

15 RELATED PARTIES

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

15.1 RELATED PARTY TRANSACTIONS

SEF is an entity controlled by the Department of Labour (The Department), the Accounting Officer of SEF is the Director-General of the The Department and The Department has control and significant influence on the operations of the SEF as defined in IPSAS 20: Related Parties.

SEF is a related party to key Management Personnel and close family members of Key Management Personnel.

15.2 RELATED PARTY TRANSACTIONS**Revenue received**

Sale of goods to government departments and entities	97 671	43 430
Sale of goods to SEF CEO	3	-
Sale of goods to SEF CFO	9	-
Transfers- Department of Labour subsidy	104 807	65 623
TOTAL	202 490	109 053

15.3 COMPENSATION TO KEY MANAGEMENT PERSONNEL

	NOTE	2013/14 R'000	2012/13 R'000
Salaries and benefits of key management personnel		<u>3 047</u>	<u>2 594</u>

15.4 NON EXCHANGE REVENUE FROM THE DEPARTMENT OF LABOUR

The Department of Labour renders internal audit services to the SEF		<u>440</u>	<u>-</u>
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15.5 NON- EXCHANGE REVENUE FROM THE DEPARTMENT OF LABOUR

The Department of Labour pays lease rentals to the Department of Public Works on behalf of Sheltered Employment Factories

16 IRREGULAR EXPENDITURE

	2013/14 R'000	2012/13 R'000
Reconciliation of Irregular Expenditure:		
Opening balance	95	37 333
Irregular Expenditure current year	290	36 853
Condoned by accounting officer	-	(74 091)
Closing balance	<u>385</u>	<u>95</u>

Irregular expenditure relates to expenditure incurred through procurement from sole suppliers by means other than tender without accounting officer authorisation of this deviation, procurement without requesting the number of quotes as required by Treasury Regulations and procurement without acquiring the necessary tax clearance certificates.

17 FRUITLESS AND WASTEFUL EXPENDITURE RESTATED

	NOTE	2013/14 R'000	2012/13 R'000
Opening balance		1 384	584
Fruitless and wasteful expenditure – relating to current year	18.1	30	800
Condoned by accounting officer		-	-
Fruitless and wasteful expenditure awaiting condonement		<u>1 414</u>	<u>1 384</u>

17.1 DETAIL OF FRUITLESS AND WASTEFUL EXPENDITURE CURRENT YEAR

Interest incurred on late payment of accounts		9	718
Payment of vehicle repairs for a vehicle which was in an accident		-	71
Payment of a traffic fine		2	-
Payment of accounts not in use		19	7
Overpayment of salaries after an individual's services was terminated		-	4
		<u>30</u>	<u>800</u>

18 COMMITMENTS

SEF has the following contractual commitments that it has entered into for the coming financial years.

Purchase Orders (Suppliers)		1 363	-
Contractual commitments:			
Financial Lease		3 334	2 796
Security Services		1 597	1 207
Total		<u>6 294</u>	<u>4 003</u>

19 PRIOR PERIOD ERROR

The prior period error is the basis of the SEF qualification in 2012/2013 FY, which was investigated and corrected as stated in the notes below:

19.1 REVENUE FROM SALE OF GOODS AND SERVICES RENDERED

19.1.1 A REVISED INVOICE HAD TO BE RAISED, THIS RESULTED IN AN INCREASE IN REVENUE AND AN INCREASE IN ACCOUNTS RECEIVABLES.

Increase in sale of goods and services	4 464
Increase in Output Vat	625
Increase in Accounts Receivable	5 089

19.1.2 A REVISED CREDIT NOTE HAD TO BE RAISED, THIS RESULTED IN A DECREASE IN REVENUE AND A DECREASE IN ACCOUNTS RECEIVABLES

Decrease in sale of goods and services	925
Increase in Input Vat	130
Decrease in Accounts Receivable	1 055

19.1.3 COST OF SALES HAD TO BE ADJUSTED AND THIS RESULTED AS FOLLOWS:

Increase in Cost of Sales	1 942
Decrease in Cost of Sales	231
Inventory had to be adjusted and this resulted as follows:	
Decrease in Inventory	1 711
.	

20 FINANCIAL INSTRUMENTS

20.1 CLASSIFICATION

20.1.1 FINANCIAL ASSETS

In accordance with GRAP 104 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	Held for trading

Summary of financial assets

		2013/14	2012/13
		R'000	R'000
Receivables			
Trade receivables (incl doubtful debt provision)	Loans and receivables	24 955	10 022
VAT receivable	Loans and receivables	1 708	-
Sundry debtors	Loans and receivables	-	19
		<u>26 663</u>	<u>10 041</u>
Held for trading			
Bank balances and Cash	Bank balance	2 452	32 714
		<u>2 452</u>	<u>32 714</u>
Total financial assets		<u>29 115</u>	<u>42 755</u>

20.1.2 FINANCIAL LIABILITIES

In accordance with GRAP 104 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
Stabilisation fund	Financial liabilities at amortised cost
Accrued leave pay	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

Summary of financial liabilities

		2013/14	2012/13
FINANCIAL LIABILITIES AT AMORTISED COST		R'000	R'000
Long-term liabilities	Non-current finance lease liability	1 602	2 551
Current portion of long-term liabilities	Current portion of finance lease liability	1 439	1 132
Creditors	Trade payables	16 406	2 566
Creditors	Accruals	1 083	3 096
Creditors	Income received in advance	2 114	51 883
Creditors	VAT payable	-	765
Creditors	Accrued leave pay	5 080	2 385
Creditors	Accrued back pay	-	-
Creditors	Stabilisation fund	106	107
Creditors	Unreconciled receipts	-	-
Creditors	Outstanding cheques	15	276
Creditors	Unidentified deposits	-	-
		27 845	64 761
TOTAL FINANCIAL LIABILITIES		27 845	64 761

20.2 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 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 term to repayment of the interest.

The Fair Value of Financial Assets and Financial Liabilities (excluding Derivative Instruments) is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 31 March 2012, as result of the short-term maturity of these assets and liabilities.

31 MARCH 2013	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS	R'000	R'000
Loans and receivables		
Trade receivables (incl doubtful debt provision)	10 040	10 040
Held for trading		
Bank balances and cash	32 714	32 714
TOTAL FINANCIAL ASSETS	42 754	42 754
Financial Liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	2 551	2 551
Current Portion of Long-term Liabilities	1 132	1 132
Creditors	61 078	61 078
TOTAL FINANCIAL LIABILITIES	64 761	64 761

31 MARCH 2014	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS	R'000	R'000
Loans and receivables		
Trade receivables (incl doubtful debt provision)	26 663	26 663
Held for trading		
Bank balances and cash	2 452	2 452
TOTAL FINANCIAL ASSETS	29 115	29 115
Financial Liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	1 602	1 602
Current Portion of Long-term Liabilities	1 439	1 439
Creditors	24 804	24 804
TOTAL FINANCIAL LIABILITIES	27 845	27 845

20.3 FINANCIAL RISK MANAGEMENT OBJECTIVES

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.

20.4 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.

20.5 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

20.6 INTEREST RATE RISK

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. There was no change in the entity's interest rate risk management policy during the period.

All financial instruments attract interest at rates linked directly to the prime bank overdraft rate. The effective interest rate used by the entity is the prime interest rate.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of entity debtors' management policy.

All trade receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Interest Rate Sensitivity Analysis

As the entity has no significant interest risk exposure at financial year end, the effect of a 1% strengthening or weakening of the prime interest rate at reporting date is not considered material.

20.7 LIQUIDITY RISK

Sufficient cash is maintained to manage the entity's liquidity risk. Limitations are imposed by Treasury Regulations 32 to the Public Finance Management Act, 1999 (Act 1 of 1999) on borrowings, which limits the committed lines of credit available to entity.

20.8 CREDIT RISK

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Trade debtors consist mainly of departments of which surety vests in the National Treasury for any such debts owing. Other debtors comprise private sector trade debtors and staff debtors.

	2013/14	2012/13
MAXIMUM CREDIT AND INTEREST RISK EXPOSURE IN RESPECT OF FINANCIAL INSTRUMENTS IS AS FOLLOWS:	R'000	R'000
Trade and other receivables	26 663	10 040
Bank balances and cash	2 452	32 714
Maximum Credit and Interest Risk Exposure	29 115	42 754

21 RESTATEMENT OF COMPARATIVE INFORMATION

SEF changed their financial reporting framework from IFRS to GRAP on the current 2013/14 AFS. The recognition and measurements requirements on IFRS were evaluated against the requirements of GRAP. No additional disclosure notes were necessary as the measurements and estimates remained the same

22 CAPITAL COMMITMENTS

No capital commitments are recorded for the period.

23 EVENTS AFTER THE REPORTING PERIOD

23.1 The Sheltered Employment Factories has a non-adjusting event after the reporting date. The personnel employed by SEF was migrated to the Department of Labour with effect 1 April 2014. This will have a reduced effect on the total salaries cost reported by SEF in their AFS going forward. The effect of this event cannot be estimated at this point

23.2 Based on the qualification received on the 2012/13 AFS. There is an Inventory that could not be verified which may be written off in future depending on the outcome of external investigation

The event is an adjusting event and the estimated amount is R 634 704

23.3 There is a recently promulgated Employment Services Act 4 of 2014 which makes provision for the SEF to be established as a section 7A National Government Component as per the Public Service Act of 1994.

The act was published in the Government Gazette on 7 April 2014, volume 586, No.37539.

The effect will be such that the SEF will undergo a name change and be known as Supported Employment Enterprises.

All assets, rights, liabilities and obligations of the SEF established by Cabinet in 1948 shall be transferred to Supported Employment Enterprises established in terms of section 42 of Employment Service Act 4 of 2014.

24 CONTINGENT LIABILITIES

There are no contingent liabilities

25 CONTINGENT ASSETS

Sheltered Employment Factories has a contingent asset to the value of R 2 905 901, this is a result of overpayment of VAT to the South African Revenue Services. A dispute which has been lodged with the Receiver of Revenue and it is expected that it will result in a cash inflow to the business.

26 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

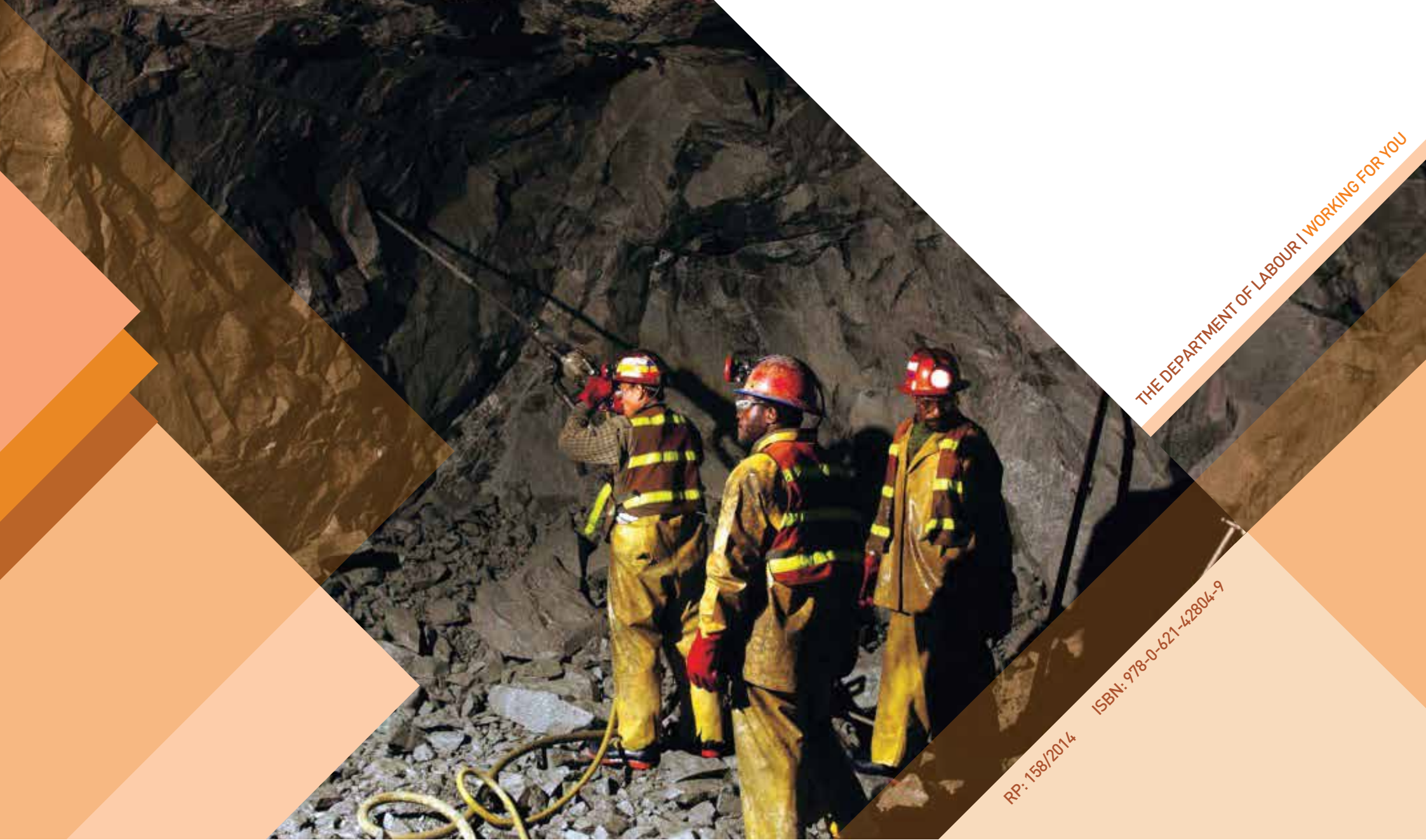
	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL
	R'000	R'000	R'000	R'000	R'000
Receipts					
Rendering of services	54	-	54	93	(39)
Investment revenue	2	-	2	2	(0)
Grant revenue	104	-	104	104	-
TOTAL RECEIPTS	160	-	160	199	(39)
Payments					
Employee Costs	89		89	79	10
Operating expenses	24		24	24	-
Finance charges	0		0	0	(0)
Material and bulk purchases	38		38	67	(29)
Other expenditure			-	-	-
TOTAL PAYMENTS	151	-	151	170	(19)
Net Receipts/(Payment)	9	-	9	29	(20)



“Gold and silver, like other commodities, have an intrinsic value, which is not arbitrary, but is dependent on their scarcity, the quantity of labour bestowed in procuring them, and the value of the capital employed in the mines which produce them”

David Ricardo





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